



บริษัท ไอแอนดีไอ กรุ๊ป จำกัด (มหาชน)
I&I Group Public Company Limited
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IIG 006/2023

24 Feb 2023

Subject: Management discussion and analysis for the year ended December 31, 2022

Attn: Governors and President Market for Alternative Investment (MAI)

I&I Group Public Company Limited (“the Company”) would like to submit the management discussion and analysis of the operating results for the year ended December 31, 2022, as follows:

Statement of comprehensive income for the year ended 31 December

Overall Group Performance	For the year ended 31 December				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	947.77	98.6	684.27	99.1	263.50	38.5
Other Revenue	13.82	1.4	6.02	0.9	7.80	129.6
Total Revenue	961.59	100.0	690.29	100.0	271.30	39.3
Cost of Sales and Services	731.86	76.1	493.12	71.4	238.74	48.4
Gross Margin (Exclude Other Income)	215.91	22.5	191.15	27.7	24.76	13.0
Selling and Administrative Expenses	119.21	12.4	96.31	14.0	22.90	23.8
Profit Before Finance Costs and Income Tax	110.52	11.5	100.86	14.6	9.66	9.6
Finance Costs	(3.01)	(0.3)	(0.55)	(0.1)	(2.46)	447.3
Profit Before Tax	107.51	11.2	100.31	14.5	7.20	7.2
Income Tax	(21.94)	(2.3)	(20.94)	(3.0)	(1.00)	(4.8)
Net Profit After Tax	85.56	8.9	79.37	11.5	6.19	7.8



Summary of Performance

Sales and Services Revenues (12M YoY)

For the year ended 31 December 2022, the Company recorded total sales and service revenue of THB 947.77 million. This is equal to an increase of 38.5% YoY. The significant increase came from the growth of service revenue of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) by 41.7% and 55.3%. respectively.

Table 1: Sales and Services Revenues by type of service

Revenue Types	For the year ended 31 December				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
1. Revenue from Customer Relationship Management (CRM)	517.73	54.0	365.45	53.0	152.28	41.7
2. Revenue from Enterprise Resource Planning (ERP)	379.66	39.6	244.49	35.4	135.17	55.3
3. Revenue from Consulting service of Customer Experience Management (CEM) and Digital Marketing	23.57	2.5	33.75	4.9	(10.18)	(30.2)
4. Revenue from Data Analytics & Management (iiG Data)	3.35	0.4	14.49	2.1	(11.14)	(76.9)
5. Revenue from Placement Service	23.46	2.5	26.09	3.8	(2.63)	(10.1)
Sales and Services Revenues	947.77	98.6	684.27	99.1	263.50	38.5
Other Revenue	13.82	1.4	6.02	0.9	7.80	129.6
Total Revenue	961.59	100.0	690.29	100.0	271.30	39.3



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1. Revenue from Customer Relationship Management (CRM)

For the year ended 31 December 2022, the Revenue from Customer Relationship Management (CRM) increased by THB 152.28 million or 41.7% YoY. The increase is from salesforce subscription increased 21.3% YoY, and revenue from implementation and application management service for CRM system increased 70.2% YoY, mainly from acquiring new major customers in life and other insurance business, property business, and energy business, altogether contributing to the increase in revenue from the subscription service of Salesforce software.

2. Revenue from Enterprise Resource Planning (ERP)

For the year ended 31 December 2022, the revenue from Enterprise Resource Planning (ERP) increased by THB 135.17 million or 55.3% YoY, mainly from the increase in revenue from Implementation and Application Management Service for ERP System of 82.58 million from acquiring a new customer in assets management business and the increase in revenue from Software Subscription & MA and the Grant of License from Oracle of THB 24.11 million compared to the same period of last year, from new service to migrate the legacy ERP on-premises to ERP on Cloud for our clients, resulting in a significant increase in recurring revenue.

3. Revenue from Consulting services of Customer Experience Management (CEM) and Digital Marketing

For the year ended 31 December 2022, the revenue from consulting services and implementation specialized in brand strategy planning, customer experience management, and digital marketing decreased by THB 10.18 million compared to the same period of last year. The company received a high-value Customer Relationship Management (CRM) project. It resulted in insufficient human resources. However, the company is in the process of recruiting additional staff to be able to expand such services continuously.

4. Revenue from Data Analytics & Management (iiG Data)

For the year ended 31 December 2022, the revenue from Data Analytics & Management decreased by THB 11.14 million compared to the same period of last. The company is during the bidding process.

5. Revenue from Placement Service

For the year ended 31 December 2022, the revenue from placement service slightly decreased by THB 2.63 million compared to the same period last year. Resulting in insufficient human resources. Therefore, following Lansing Group's acquisition on January 5th 2023, the placement or outsourcing services business is still growing from Lansing's expertise.



Table 2: Sales and Services Revenues by recurring and non-recurring

Revenue Types	For the year ended 31 December				Change	
	2022		2021		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Revenues- Recurring	390.42	40.7	309.65	44.9	80.77	26.1
Revenues- Non-Recurring	557.35	58.1	374.62	54.3	182.73	48.8
Sales and Services Revenues	947.77	98.6	684.27	99.1	263.50	38.5
Other Revenue	13.82	1.4	6.02	0.9	7.80	129.6
Total Revenue	961.59	100.0	690.29	100.0	271.30	39.3

Recurring and Non-Recurring Revenue for the year ended 31 December 2022 (12M YoY)

For the year ended 31 December 2022, the recurring revenue increased by THB 80.77 million or 26.1% compared to the same period of last year, mainly from an increase in revenue from new customers of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) services. Furthermore, the non-recurring revenue increased by THB 182.73 million or 48.8% compared to last year, mainly from revenue from the new consulting project of Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) during the year. This resulted in the portion of the non-recurring revenue increasing from 54.3% to 58.1% YoY.

Cost of Sales and Services

For the year ended 31 December 2022, the company's cost of sales and services mainly came from the cost of consultation and implementation. The overall cost of sales and service increased in line with our sales increases. For the year ended 31 December 2022, the Company recorded a cost of sales and services of THB 731.86 million or 76.3% of sales (For the year ended 31 December 2021: THB 493.12 million or 71.4% of sales.), increased 48.4% YoY. The reason came from the service cost increase, which was in the same direction as sales increased 38.5% YoY. Mainly came from an increase in labor costs from the complicated projects during the year and costs of software licenses that were affected by the rising exchange rates. (The exchange rate of Thai baht per dollar depreciated from last year)



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Selling and Administrative Expenses

For the year ended 31 December 2022, the Company recorded selling and administrative expenses of THB 119.21 million or 12.4% of total revenues (For the year ended 31 December 2021: THB 96.31 million or 14.0% of total revenues), an increase of THB 22.90 million YoY because of the business expansion, The selling expenses increased according to the revenue growth. In addition, In Q3/2022, The company acquired the business of Lansing Group. (Lansing) results in transaction fees such as financial advisory fees (FA), legal advisory fees, and due diligence expenses. Such expenses are one-time expenses, which are approximately THB 3 million. However, the proportion of selling and administrative expenses to total revenue decreased from the previous year by 1.6%, which means that the selling and administrative expenses have improved efficiency of the prior year.

Net Profit After Tax

For the year ended 31 December 2022, Net profit after tax was THB 85.56 million or 8.9% of total revenues, increased by THB 6.19 million. This is mainly due to the increase in service revenue from Customer Relationship Management (CRM), Enterprise Resource Planning (ERP), and other business. Due to the growth of the business operations. With total income representing an increase of 39.0% from the previous year.



Statement of Financial Position ended 31 December 2022

Financial Position	31 December 2022		31 December 2021		Change Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Assets						
Cash and cash equivalents	114.47	10.0	159.45	20.0	(44.98)	(28.2)
Trade and Other receivables, net	222.49	19.5	137.41	17.2	85.08	61.9
Unbilled receivables	354.05	31.1	126.92	15.9	227.13	179.0
Prepaid software license fees	77.93	6.8	61.54	7.7	16.39	26.6
Other current assets	9.56	0.8	3.78	0.5	5.78	152.9
Deposits at the bank used as collateral	64.05	5.6	14.74	1.8	49.31	334.5
Goodwill	251.72	22.1	251.72	31.6	-	-
Other non-current assets	45.59	4.0	41.44	5.2	4.15	10.0
Total assets	1,139.86	100.0	797.00	100.0	342.86	43.0
Liabilities						
Current liabilities	491.30	43.1	195.39	24.5	295.91	151.4
Non-current liabilities	46.55	4.1	47.65	6.0	(1.11)	(2.3)
Total liabilities	537.85	47.2	243.05	30.5	294.80	121.3
Equity	602.01	52.8	553.95	69.5	48.06	8.7
Total liabilities and equity	1,139.86	100.0	797.00	100.0	342.86	43.0

Total Assets

Total assets as of 31 December 2022 is THB 1,139.86 million, an increase of THB 342.86 million or 43.0% compared to total assets as of 31 December 2021. The main reason came from the increase in trade account receivable and unbilled receivables of THB 312.21 million and The increase in Prepaid software license fees of THB 16.39 million. Non-Current Asset shown on the financial statement is deposits at the bank used as collateral and goodwill that will be tested for impairment yearly. The Goodwill is the amount recorded from company valuation/appraisal from the purchase price allocation and not impaired in this period due to the good performance and solid cash flow status.



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Total Liabilities

Total liabilities as of 31 December 2022 is THB 537.85 million, an increase of THB 294.80 million or 121.3% compared to total liabilities as of 31 December 2021 due to the increase in trade and other payables THB 86.6 million, short-term loan from financial institutions THB 155.79 million and deferred income from software subscription, maintenance, and application management service revenue total of THB 37.6 million, which is in line with the increase in prepaid software license fees.

Equity

Total equity as of 31 December 2022 is THB 602.01 million, an increase of THB 48.06 million or 8.7%, mainly due to total comprehensive income for the year of THB 88.06 million offset by dividend paid during the period of THB 40 million.

AR Turnover and Collection Period

The standard credit term for our clients runs between 30-120 days, depending on the type of sales and service. Most of the company's credit terms and its subsidiaries are 30 days. As of 31 December 2022, the DSO (Day Sales Outstanding) was 68 days on average, a slightly increased 12 days from 56 days as of 31 December 2021, because of the increase in unbilled receivables compared to the same period of last year which was in the same direction as serviced revenue.

Please be informed accordingly.

Sincerely Yours,

Mr. Somchai Mekasuvanroj
Chief Executive Officer

I&I Group Public Company Limited