



บริษัท ไอแอนดีไอ กรุ๊ป จำกัด (มหาชน)
I&I Group Public Company Limited
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IIG 009/2023

12 May 2023

Subject: Management discussion and analysis for the three months ended March 31, 2023

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 three months ended March 31, 2023, as follows:

Statement of comprehensive income for the three months ended 31 March

Overall Group Performance	For the three months ended 31 March				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	247.78	97.9	219.07	98.4	28.71	13.11
Other Revenue	5.42	2.1	3.55	1.6	1.87	52.68
Total Revenue	253.20	100.0	222.62	100.0	30.6	13.7
Cost of Sales and Services	237.59	93.8	160.84	72.2	76.8	47.7
Gross Margin (Exclude Other Income)	10.19	4.0	58.23	26.6	(48.0)	(82.5)
Selling and Administrative Expenses	49.04	19.4	25.96	11.7	23.1	88.9
Profit Before Finance Costs and Income Tax	(33.43)	(13.2)	35.82	16.1	(69.3)	(193.3)
Finance Costs	(2.07)	(0.8)	(0.37)	(0.17)	(1.7)	459.5
Profit Before Tax	(35.50)	(14.0)	35.45	15.9	(71.0)	(200.1)
Income Tax	7.05	2.8	(6.87)	(3.1)	13.92	(202.62)
Net Profit After Tax	(28.45)	(11.2)	28.58	12.8	(57.0)	(199.5)



Summary of Performance

Sales and Services Revenues (3M YoY)

For the three months ended 31 March 2023, the Company recorded total sales and service revenue of THB 247.78 million. This is equal to an increase of 13.11% YoY. The significant increase came from a new revenue stream growth from acquired shares of Lansing Business System Co., Ltd. Since 5 Jan 2023.

Table 1: Sales and Services Revenues by type of service for the three months ended 31 March

Revenue Types	For the three months ended 31 March				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
1. Revenue from Customer Relationship Management (CRM) ¹	97.44	38.5	114.63	51.5	(17.19)	(15.0)
2. Revenue from Enterprise Resource Planning (ERP)	61.90	24.5	92.54	41.6	(30.64)	(33.1)
3. Revenue from Consulting services of Customer Experience Management (CEM) and Digital Marketing	16.63	6.6	6.11	2.7	10.52	172.2
4. Revenue from Placement Service	66.25	26.2	5.79	2.6	60.46	1044.2
5. Revenue from Software Development	5.56	2.2	-	-	5.56	N/A
Sales and Services Revenues	247.78	97.9	219.07	98.4	28.71	13.1
Other Revenue	5.42	2.1	3.55	1.6	1.87	52.7
Total Revenue	253.20	100.0	222.62	100.0	30.58	13.7

Note: ¹Revenue from Customer Relationship Management (CRM) included Revenue from Data Analytics (iiG Data)

1. Revenue from Customer Relationship Management (CRM)

For the three months ended 31 March 2023, the Revenue from Customer Relationship Management (CRM) decreased by 15.0% YoY. The main reason is that revenue from implementation and application management services for CRM systems decreased by 51.8% YoY. However, the revenue from the subscription service of Salesforce software increased 26.5% YoY, mainly from last year's customer base.



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2. Revenue from Enterprise Resource Planning (ERP)

For the three months ended 31 March 2023, the revenue from Enterprise Resource Planning (ERP) decreased by 33.1% YoY, mainly from the decrease in revenue from Implementation and Application Management Services for ERP Systems by 43.6%. However, the revenue from Software Subscription & MA and the Grant of License from Oracle increased by 52.8%, mainly from last year's customer base.

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

For the three months ended 31 March 2023, the revenue from consulting services and implementation specialized in brand strategy planning, customer experience management, and digital marketing increased THB 10.52 million or increased 172.2% compared to the same period of last year, from providing a service to customers in a commercial bank, hospital, and pharmaceutical manufacturing.

4. Revenue from Placement Service

For the three months ended 31 March 2023, the revenue from placement service increased THB 60.46 million or 1044.2% compared to the same period of last year, mainly from a new revenue stream growth from acquired shares of Lansing Business System Co., Ltd. Since 5 Jan 2023.

5. Revenue from Software Development

For the three months ended 31 March 2023, the revenue from Software Development of THB 5.56 million or 2.2% compared to the same period of last year, mainly from a new revenue stream growth from acquired shares of Lansing Business System Co., Ltd.



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

Revenue Types	For the three months ended 31 March				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Revenues- Recurring	170.62	67.4	84.59	38.0	86.03	101.7
Revenues- Non-Recurring	77.16	30.5	134.48	60.4	(57.32)	(42.6)
Sales and Services Revenues	247.78	97.9	219.07	98.4	28.71	13.1
Other Revenue	5.42	2.1	3.55	1.6	1.87	52.7
Total Revenue	253.2	100.0	222.62	100.0	30.58	13.7

Recurring and Non-Recurring Revenue for the three months ended 31 March 2023 (3M YoY)

For the three months ended 31 March 2023, the recurring revenue increased THB 86.03 million or 101.7% compared to the same period of last year, mainly from a new revenue stream growth of outsourcing service from acquired shares of Lansing Business System Co., Ltd. on 5 Jan 2023. Furthermore, the non-recurring revenue decreased by THB 57.32 million or 42.6% compared to the same period of last year, mainly from the revenue from Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) during the year.

Cost of Sales and Services

For the three months ended 31 March 2023, the Company's cost of sales and services mainly came from cost of consultation and Implementation system. For the three months ended 31 March 2023, the Company recorded cost of sales and services of THB 237.59 million or 93.8% of sales (For the three months ended 31 March 2022: THB 160.84 million or 72.2% of sales.), increased 47.7% YoY. The main reason came from an increase in labor costs.

Selling and Administrative Expenses

For the three months ended 31 March 2023, the Company recorded selling and administrative expenses of THB 49.04 million or 19.4% of total revenues (For the three months ended 31 March 2022: THB 25.96 million or 11.7% of total revenues). It was increased by THB 23.1 million. The main reason came from an acquired share of Lansing Business System Co., Ltd. Early this year.



Net Profit (Loss) After Tax

For the three months ended 31 March 2023, Net Loss after tax of THB 28.45 million or (11.2%) of total revenues decreased by 199.5% compared to the same period of last year. This is mainly due to the decrease in service revenue from Customer Relationship Management (CRM), Enterprise Resource Planning (ERP).

Statement of Financial Position ended 31 March 2023

Financial Position	31 March 2023		31 December 2022		Change Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Assets						
Cash and cash equivalents	147.94	9.6	114.47	10.0	33.47	29.2
Trade and Other receivables, net	212.71	13.8	222.49	19.5	(9.78)	(4.4)
Unbilled receivables	394.46	25.5	354.05	31.1	40.41	11.4
Prepaid software license fees	92.35	6.0	77.93	6.8	14.42	18.5
Other current assets	24.56	1.6	9.56	0.8	15.00	156.9
Deposits at the bank used as collateral	71.79	4.6	64.05	5.6	7.74	12.1
Goodwill	540.97	35.0	251.72	22.1	289.25	114.9
Other non-current assets	62.16	4.0	45.59	4.0	16.57	36.3
Total assets	1,546.94	100.0	1,139.86	100.0	407.08	35.7
Liabilities						
Current liabilities	596.14	38.5	491.30	43.1	104.84	21.3
Non-current liabilities	52.18	3.4	46.55	4.1	5.63	12.1
Total liabilities	648.32	41.9	537.85	47.2	110.47	20.5
Equity	898.62	58.1	602.01	52.8	296.61	49.3
Total liabilities and equity	1,546.94	100.0	1,139.86	100.0	407.08	35.7

Total Assets

Total assets as of 31 March 2023 is THB 1,546.94 million, increased THB 407.08 million or 35.7% compared to total assets as of 31 December 2022. The main reason was the increase in unbilled receivables and goodwill of THB 40.41 million and THB 289.25 million, respectively. Goodwill will be tested for impairment at least on a yearly basis. 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 March 2023 is THB 648.32 million, increased by 110.47 or 20.5% compared to total liabilities as of 31 December 2022 due to the increase in deferred income from software subscription, maintenance, and application management service revenue total of THB 91.41 million, which is in line with the increase in prepaid software license fees.

Equity

Total equity as of 31 March 2023 is THB 898.62 million, an increase of THB 296.61 million or 49.3%, mainly due to net profit from operation from the past three months. And the transaction of an acquired share of Lansing Business System Co., Ltd. Early this year.

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 and its subsidiaries credit terms are 30 days. As of 31 March 2022, the DSO (Day Sales Outstanding) was 67 days on average, a slight decrease of 1 day from 68 days as of 31 December 2022.

Please be informed accordingly.

Sincerely Yours,

Mr. Somchai Mekasuvanroj

Chief Executive Officer

I&I Group Public Company Limited