



บริษัท ไอแอนดีไอ กรุ๊ป จำกัด (มหาชน)
I&I Group Public Company Limited
475 Siripinyo Building, Unit 1801, 18th Fl., Si Ayutthaya Road,
Thanon Phaya Thai, Ratchathewi, Bangkok 10400 Thailand
T (+66) 2-248-3745-6 F (+66) 2-248-3747 W www.ii.co.th

IIG 012/2023

11 Aug 2023

Subject: Management discussion and analysis for the six months ended June 30, 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 six months ended June 30, 2023, as follows:

Statement of comprehensive income for the three months ended 30 June (3M YoY)

Overall Group Performance	For the three months ended 30 June				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	210.26	99.1	233.31	99.2	(23.05)	(9.88)
Other Revenue	1.90	0.9	1.84	0.8	0.06	3.26
Total Revenue	212.16	100.0	235.15	100.0	(23.0)	(9.8)
Cost of Sales and Services	236.54	111.5	176.54	75.1	60.0	34.0
Gross Margin (Exclude Other Income)	(26.28)	(12.4)	56.77	24.1	(83.1)	(146.3)
Selling and Administrative Expenses	36.12	17.0	27.47	11.7	8.7	31.5
Profit Before Finance Costs and Income Tax	(60.50)	(28.5)	31.14	13.2	(91.6)	(294.3)
Finance Costs	(3.44)	(1.6)	(0.44)	(0.2)	(3.0)	681.8
Profit Before Tax	(63.94)	(30.1)	30.70	13.1	(94.6)	(308.3)
Income Tax	12.86	6.1	(6.35)	(2.7)	19.21	(302.52)
Net Profit After Tax	(51.08)	(24.1)	24.35	10.4	(75.4)	(309.8)



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Statement of comprehensive income for the six months ended 30 June (6M YoY)

Overall Group Performance	For the six months ended 30 June				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	458.03	98.4	452.38	98.8	5.65	1.2
Other Revenue	7.32	1.6	5.40	1.2	1.92	35.6
Total Revenue	465.35	100.0	457.78	100.0	7.57	1.7
Cost of Sales and Services	474.13	101.9	337.39	73.7	136.74	40.5
Gross Margin (Exclude Other Income)	(2.51)	(0.5)	114.99	25.1	(117.50)	(102.2)
Selling and Administrative Expenses	85.14	18.3	53.44	11.7	31.70	59.3
Profit Before Finance Costs and Income Tax	(93.92)	(20.2)	66.95	14.6	(160.87)	(240.3)
Finance Costs	(5.52)	(1.2)	(0.80)	(0.2)	(4.72)	590.0
Profit Before Tax	(99.44)	(21.4)	66.15	14.5	(165.59)	(250.3)
Income Tax	19.91	4.3	(13.21)	(2.9)	33.12	(250.7)
Net Profit After Tax	(79.53)	(17.1)	52.94	11.6	(132.47)	(250.2)

Summary of Performance

Sales and Services Revenues (6M YoY)

For the six months ended 30 June 2023, the Company recorded total sales and service revenue of THB 458.03 million. This is equal to an increase of 1.2% 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 Six months ended 30 June (6M YoY)

Revenue Types	For the Six months ended 31 March				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
1. Revenue from Customer Relationship Management (CRM) ^{/1}	193.23	41.5	245.52	53.6	(52.29)	(21.3)
2. Revenue from Enterprise Resource Planning (ERP)	106.62	22.9	186.00	40.6	(79.38)	(42.7)
3. Revenue from Consulting services of Customer Experience Management (CEM) and Digital Marketing	24.24	5.2	9.90	2.2	14.34	144.9
4. Revenue from Placement Service	128.13	27.5	10.96	2.4	117.17	1,069.1
5. Revenue from Software Development	5.81	1.3	-	0.0	5.81	N/A
Sales and Services Revenues	458.03	98.4	452.38	98.8	5.65	1.3
Other Revenue	7.32	1.6	5.40	1.2	1.92	35.6
Total Revenue	465.35	100.0	457.78	100.0	7.57	1.7

Note: ^{/1}Revenue from Customer Relationship Management (CRM) included Revenue from Data Analytics (iiG Data)

1. Revenue from Customer Relationship Management (CRM)

For the six months ended 30 June 2023, the Revenue from Customer Relationship Management (CRM) decreased by 21.3% YoY. The main reason is that revenue from implementation and application management services for CRM systems decreased by 62.2% YoY. However, the revenue from the subscription service of Salesforce software increased 22.7% YoY, mainly from last year's customer base.

2. Revenue from Enterprise Resource Planning (ERP)

For the six months ended 30 June 2023, the revenue from Enterprise Resource Planning (ERP) decreased by 42.7% YoY, mainly from the decrease in revenue from Implementation and Application Management Services for ERP Systems by 58.5%. However, the revenue from Software Subscription & MA and the Grant of License from Oracle increased by 31.9%, mainly from last year's customer base.



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

For the six months ended 30 June 2023, the revenue from consulting services and implementation specialized in brand strategy planning, customer experience management, and digital marketing increased THB 14.34 million or increased 144.9% 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 six months ended 30 June 2023, the revenue from placement service increased THB 117.17 million or 1,069.1% 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 six months ended 30 June 2023, the revenue from Software Development of THB 5.81 million or 1.3% 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 service for the three months ended 30 June (3M YoY)

Revenue Types	For the three months ended 30 June				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
1. Revenue from Customer Relationship Management (CRM) ^{/1}	95.58	45.1	130.89	55.7	(35.31)	(27.0)
2. Revenue from Enterprise Resource Planning (ERP)	44.72	21.1	93.46	39.7	(48.74)	(52.2)
3. Revenue from Consulting services of Customer Experience Management (CEM) and Digital Marketing	7.61	3.6	3.79	1.6	3.82	100.8
4. Revenue from Placement Service	62.09	29.3	5.17	2.2	56.92	1,101.0
5. Revenue from Software Development	0.25	0.1	-	0.0	0.25	N/A
Sales and Services Revenues	210.25	99.1	233.31	99.2	(23.06)	(9.9)
Other Revenue	1.90	0.9	1.85	0.8	0.05	2.7
Total Revenue	212.15	100.0	235.16	100.0	(23.01)	(9.8)



Recurring and Non-Recurring Revenue for the six months ended 30 June 2023 (6M YoY)

For the six months ended 30 June 2023, the recurring revenue increased THB 159.58 million or 88.8% 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 56.4% compared to the same period of last year, mainly from the revenue from service.

Table 3: Sales and Services Revenues by type of recurring and non-recurring (6M YoY)

Revenue Types	For the three six months ended 30 June				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Revenues- Recurring	339.20	72.9	179.62	39.2	159.58	88.8
Revenues- Non-Recurring	118.83	25.5	272.76	59.6	(153.93)	(56.4)
Sales and Services Revenues	458.03	98.4	452.38	98.8	5.65	1.3
Other Revenue	7.32	1.6	5.40	1.2	1.92	35.6
Total Revenue	465.35	100.0	457.78	100.0	7.57	1.7

Recurring and Non-Recurring Revenue for the three months ended 30 June 2023 (3M YoY)

For the three months ended 30 June 2023, the recurring revenue increased THB 73.55 million or 77.7% 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 69.9% compared to the same period of last year, mainly from the revenue from service.

Table 4: Sales and Services Revenues by type of recurring and non-recurring (3M YoY)

Revenue Types	For the three months ended 30 June				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Revenues- Recurring	168.58	79.5	95.03	40.4	73.55	77.4
Revenues- Non-Recurring	41.67	19.6	138.28	58.8	(96.61)	(69.9)
Sales and Services Revenues	210.25	99.1	233.31	99.2	(23.06)	(9.9)
Other Revenue	1.90	0.9	1.85	0.8	0.05	2.7
Total Revenue	212.15	100.0	235.16	100.0	(23.01)	(9.8)



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Cost of Sales and Services

For the six months ended 30 June 2023, the Company's cost of sales and services mainly came from cost of consultation and Implementation system. For the six months ended 30 June 2023, the Company recorded a cost of sales and services of THB 474.13 million or 101.9% of sales (For the six months ended 30 June 2022: THB 337.39 million or 73.7% of sales.), increased 40.5% YoY. The main reason came from the challenge of managing a big project.

Selling and Administrative Expenses

For the six months ended 30 June 2023, the Company recorded selling and administrative expenses of THB 85.14 million or 18.3% of total revenues (For the three months ended 30 June 2022: THB 53.44 million or 11.7% of total revenues). It was increased by THB 31.7 million. The main reason came from an acquired share of Lansing Business System Co., Ltd. Early this year. However, the percentage of SG&A to sales decreased from 19.4 % in Q1'23 to 17.0% in Q2'23. The main reason came from more efficient cost management.

Net Profit (Loss) After Tax

For the six months ended 30 June 2023, Net Loss after tax of THB 79.53 million or (17.1%) of total revenues decreased by 250.2% 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 30 June 2023

Financial Position	30 June 2023		31 December 2022		Change Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Assets						
Cash and cash equivalents	153.94	9.9	114.47	10.0	39.47	34.5
Trade and Other receivables, net	183.50	11.8	222.49	19.5	(38.99)	(17.5)
Unbilled receivables	380.52	24.4	354.05	31.1	26.47	7.5
Prepaid software license fees	70.55	4.5	77.93	6.8	(7.38)	(9.5)
Other current assets	31.64	2.0	9.56	0.8	22.08	231.0
Deposits at the bank used as collateral	96.80	6.2	64.05	5.6	32.75	51.1
Goodwill	552.58	35.5	251.72	22.1	300.86	119.5
Other non-current assets	88.47	5.7	45.59	4.0	42.88	94.1
Total assets	1,558.00	100.0	1,139.86	100.0	418.14	36.7
Liabilities						
Current liabilities	662.15	42.5	491.30	43.1	170.85	34.8
Non-current liabilities	59.46	3.8	46.55	4.1	12.91	27.7
Total liabilities	721.61	46.3	537.85	47.2	183.76	34.2
Equity	836.39	53.7	602.01	52.8	234.38	38.9
Total liabilities and equity	1,558.00	100.0	1,139.86	100.0	418.14	36.7

Total Assets

Total assets as of 30 June 2023 is THB 1,558.00 million, increased THB 418.14 million or 36.7% compared to total assets as of 31 December 2022. The main reason was the increase in unbilled receivables and goodwill of THB 26.47 million and THB 300.86 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.

Total Liabilities

Total liabilities as of 30 June 2023 is THB 721.61 million, increased by 183.76 or 34.2% 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. And Short term loans increased by THB 125.02 million



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Equity

Total equity as of 30 June 2023 is THB 836.39 million, an increase of THB 234.38 million or 38.9%, mainly due to net profit from operation from the past six 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 30 June 2022, the DSO (Day Sales Outstanding) was 71 days on average, a slight increase of 3 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