

7 August 2023

Subject: Management Discussion and Analysis of Operating Results for the year 2022

To Director and Manager

The Stock Exchange of Thailand

I2 Enterprise Public Company Limited would like to clarify the Company operating result for the year ended 31 December 2022, which has been reviewed by a certified public accountant as following:

For the operating results in 2022, total revenues of the Company amounted to Baht 943.38 million, which decreased by Baht 423.02 million or decreased by 30.96 percent; and net profit of the Company amounted to Baht 44.98 million, which decreased by Baht 35.58 million or decreased by 44.17 percent mainly due to the following reasons:

#### Operating results of the Company

Operating results	2021		2022		Change	
	Mil. Baht	percent	Mil. Baht	percent	Mil. Baht	percent
Revenues from sales and services	1,363.71	99.80%	935.86	99.20%	(427.85)	-31.37%
Cost of sales and services	(1,226.47)	-89.94%	(809.15)	-86.46%	(417.32)	34.03%
<b>Gross Profit</b>	<b>137.24</b>	<b>10.06%</b>	<b>126.71</b>	<b>13.54%</b>	<b>(10.53)</b>	<b>-7.67%</b>
Other income	2.69	0.20%	7.52	0.80%	4.83	179.55%
Administrative expenses	(29.17)	-2.13%	(56.45)	-5.98%	27.27	-93.49%
Selling and distribution expenses	(8.60)	-0.63%	(13.19)	-1.40%	4.59	-53.37%
Finance cost	(1.32)	-0.10%	(8.54)	-0.91%	7.22	-546.97%
<b>Profit before income tax expenses</b>	<b>100.83</b>	<b>7.38%</b>	<b>56.05</b>	<b>5.94%</b>	<b>(44.79)</b>	<b>-44.42%</b>
Income tax expenses	(20.28)	-1.48%	(11.08)	-1.17%	(9.20)	45.36%
<b>Profit for the year</b>	<b>80.56</b>	<b>5.90%</b>	<b>44.98</b>	<b>4.77%</b>	<b>(35.58)</b>	<b>-44.17%</b>

#### Revenues from sales and services

In 2022, revenues from sales of the Company amounted to Baht 935.86 million, which decreased by Baht 427.85 million or decreased by 31.37 percent from the same period of 2021. This was mainly because a large IT Infrastructure project of the Company (IT Infrastructure Design and Consolidation: ITiDC), which the Company has implemented the project since 2020 and has completed the delivery and recognized the full amount of revenue in 2021, resulting in a decrease in revenue from IT Infrastructure business in 2022. In addition, in 2022, the revenue from Digital Transformation business decreased from the previous year, mainly because the project to procure and install a replacement queuing system, which the project owner is the Provincial Electricity Authority (PEA), has completed and recognized 100 percent of the total work value by the year 2021. The main revenue in 2022 was from the Enterprise Performance Management (EPM) project, which the project owner is Provincial

Electricity Authority (PEA), and it was a continuation of work from 2021 and new projects in 2022 such as Oracle Autonomous Data Warehouse Cloud project, etc. In addition, in 2022, revenue from Energy Saving and Management Solutions Business decreased from the previous year mainly because the High Mast project, which is a project that uses energy-saving equipment for high-mast highway lighting in the areas under the supervision of the Department of Highways and the Department of Rural Roads, which the project owner is The Provincial Electricity Authority (PEA), has recognized the full amount of revenue in 2021. Also, revenue from Internet Services Solutions Business of the Company slightly increased from the previous year due to the expansion of services from the increases of internet service points.

#### Cost of sale and services

In 2022, cost of sales and services of the Company amounted to Baht 809.15 million, which decreased by Baht 417.32 million or decreased by 34.03 percent from 2021. The cost of sales and services was for projects of 3 business groups, including IT Infrastructure Solutions Business, Digital Transformation Solutions Business, and Energy Saving and Management Solution Business, amounting to Baht 608.31 million. Such costs decreased from the previous year in the amount of Baht 432.43 million due to the decrease in project work from the full revenue recognition in 2021. In addition, cost of services from internet services of the Company increased to Baht 200.84 million because the Company has to continuously increase the quality monitoring of USO circuits, resulting in a increase in service costs.

#### Administrative expenses

In 2022, administrative expenses of the Company amounted to 56.45 million, which increased by Baht 27.27 million from the previous year, mainly due to the expected credit loss (non-recurring expense) in the amount of Baht 21.35 million, employee expenses in the amount of Baht 19.71 million (increases from directors' remuneration, Board meeting allowance and provident funds), and professional and consultanting fees in the amount of Baht 6.32 million (consulting fees for preparing to be listed on the Stock Exchange of Thailand), representing 37.82 percent, 34.92 percent and 11.19 percent of administrative expenses, respectively. When comparing to total revenue, the proportion of administrative expenses to total revenue accounted for 5.98 percent.

#### Selling expenses

In 2022, selling expenses of the Company amounted to Baht 13.19 million, which increased by 4.59 million from the previous year, mainly from 1) employee expenses of Baht 7.77 million, or 58.93 percent of the selling expenses as a result of a restructuring of sales team by expanding the team for more employees and increasing the base salary, and 2) commission fee of Baht 3.92 million, or 29.70 percent of the selling expenses. The commission increased from the previous year because the Company delivered 2 big projects in this year, so the commission increased. When comparing selling expenses to total revenue, the proportion was 1.40 percent.

### Finance costs

In 2022, financial costs of the Company amounted to Baht 8.54 million or 0.91 percent of total revenues. The financial costs of the Company, consisting of interest on loans, interest expenses and front-end fee, increased in 2022 comparing to the previous year by Baht 7.22 million, mainly from the interest paid for the High Mast project in the amount of Baht 3.64 million and front-end fee in the amount of Baht 4.20 million.

### Net profit

In 2022, net profit of the Company amounted to Baht 44.98 million, which a decreased by Baht 35.58 million or decreased by 44.17 percent from 2021, representing a net profit margin of 4.77 percent of total revenues. This was mainly due to 100 percent recognition of revenue from large projects and handover of work completed in the previous year, and administrative expenses increased from the allowance for expected losses in the amount of Baht 21.35 million (non-recurring expense).

### Report on Financial position of the Company

Financial position	As of 31 December 2021		As of 31 December 2022		Change	
	Mil. Baht	percent	Mil. Baht	percent	Mil. Baht	percent
Total current assets	440.70	73.37%	603.68	76.08%	162.98	36.98%
Total non-current assets	159.92	26.63%	189.85	23.92%	29.93	18.71%
<b>Total assets</b>	<b>600.62</b>	<b>100.00%</b>	<b>793.53</b>	<b>100.00%</b>	<b>192.91</b>	<b>32.12%</b>
Total current liabilities	277.48	46.20%	448.88	56.57%	171.41	61.77%
Total non-current liabilities	108.87	18.13%	94.22	11.87%	(14.66)	-13.46%
<b>Total liabilities</b>	<b>386.35</b>	<b>64.32%</b>	<b>543.10</b>	<b>68.44%</b>	<b>156.75</b>	<b>40.57%</b>
Issued and paid-up capital	70.59	11.75%	150.00	18.90%	79.41	112.50%
Share premium	38.91	6.48%	38.91	4.90%	-	0.00%
Retained earnings	104.77	17.44%	61.52	7.75%	(43.26)	-41.29%
<b>Total shareholders' equity</b>	<b>214.27</b>	<b>35.68%</b>	<b>250.43</b>	<b>31.56%</b>	<b>36.16</b>	<b>16.87%</b>
<b>Total liabilities and shareholders' equity</b>	<b>600.62</b>	<b>100.00%</b>	<b>793.53</b>	<b>100.00%</b>	<b>192.91</b>	<b>32.12%</b>

### Assets

As of 31 December 2022, total assets of the Company amounted to Baht 793.53 million, which increased by 192.91 million or increased by 32.12 percent from the end of 2021, mainly due to an increase in trade and other receivables – net. This was because the Company has delivered many projects, including the Company's high-value project that has been delivered during the fourth quarter of 2022 and in the process of payment. Most of them were from the IT Infrastructure Solutions Business. In addition, as of 31 December 2022, inventories of

the Company amounted to Baht 74.12 million, which increased by Baht 52.81 million or increased by of 247.74 percent comparing to the end of 2021. The inventories were consisting of finished products (products awaiting installation) in the amount of Baht 22.95 million, representing 2.89 percent of total assets, and work in progress in the amount of Baht 51.18 million, representing 6.45 percent of total assets. Most of the finished goods and work-in-progress were for projects in the IT Infrastructure Solutions Business.

#### Liabilities

As of 31 December 2022, total liabilities of the Company amounted to Baht 543.10 million, which increased by Baht 156.75 million or 40.57 percent from the end of 2021 due to an increase in trade and other payables - unrelated parties. This was because the Company received new projects, therefore, it ordered products and services to be used in each project, most of them were projects in IT Infrastructure Solutions Business. As a result, trade payables of the Company increased comparing to the previous year. In addition, the Company had overdrafts, short-term loans from financial institutions, and loans from other parties in the amount of Baht 70.50 million, which increased by Baht 46.74 million from utilizing trust receipt: T/R facilities to manage liquidity. The proportion of total borrowings to total liabilities and shareholders' equity was 8.88 percent.

#### Shareholders' equity

As of 31 December 2022, shareholders' equity of the Company amounted to Baht 250.43 million, increased by 16.87 percent from the end of 2021. This was because the Annual General Meeting of Shareholders for the year 2022 held on 18 April 2022 resolved to approve the increase of registered capital by Baht 79.41 million from Baht 70.59 million to Baht 150 million by issuing 794,188 new ordinary shares at the par value of Baht 100 per share to the existing shareholders. The Company registered the issued and paid-up capital increase with the Ministry of Commerce on 27 April 2022. During the period the Company has already received payment for such capital increase shares in full amount.

#### Liquidity and Capital Sufficiency

Item (Unit: Mil. Baht)	For the year ended 31 December	
	2021	2022
Net cash provided from (used in) operating activities	112.42	(40.61)
Net cash provided from (used in) investing activities	(12.97)	(6.51)
Net cash provided from (used in) financing activities	(19.78)	31.92
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>79.67</b>	<b>(15.19)</b>
Cash and cash equivalents at the beginning of the year/period	25.45	105.12
<b>Cash and cash equivalents at the end of the year/period</b>	<b>105.12</b>	<b>89.93</b>

In 2022, net cash provided from operating activities of the Company amounted to Baht 40.61 million from profit before income tax of Baht 56.05 million, which was adjusted for changes in non-cash items and non-

operating activities totaling Baht 30.40 million. The changes in operating assets and liabilities totaled Baht (108.60) million and interest and income tax payments totaled Baht (18.46) million. Adjustment was made for a non-cash item and a non-operating activity from the allowance for expected losses in the amount of Baht 21.35 million (non-recurring expense), finance costs in the amount of Baht 8.54 million. The changes in operating assets and liabilities were mainly from a decrease in contract assets of Baht 85.38 million, an increase in inventories of Baht 52.81 million, an increase in trade and other receivables of Baht 246.93 million, and an increase in contract liabilities of Baht 72.88 million. In addition, net cash used in investing activities of the Company amounted to Baht 6.51 million, mainly from the purchase of equipment in the amount of Baht 3.53 million and the purchase of intangible assets in the amount of Baht 2.12 million. And net cash used in financing activities of the Company amounted to 31.92 million, mainly from dividend payment in the amount of Baht 88.24 million and cash received from an increase in ordinary share capital in the amount of Baht 79.41 million and bank overdrafts and short-term loans from financial institutions in the amount of Baht 51.18 million. As a result, in 2022, cash of the Company decreased by Baht 15.19 million, and cash and cash equivalents at the end of 2022 were Baht 89.93 million.

#### Key Financial Ratio

Key Financial Ratio	31 December 2021	31 December 2022
Current ratio (times)	1.59	1.34
Debt to equity ratio (times)	1.80	2.17
Cash cycle (days)	17.05	40.37

#### Current ratio

For the year 2022, current ratio of the Company was 1.34 times, close to the year 2021 at 1.59 times. The current assets of the Company increased by 36.98 percent from increases in trade and other receivables – net and inventories. Meanwhile the current liabilities of the Company increased by 61.77 percent from the previous year. This was mainly due to an increase in trade and other payables.

#### Debt to equity ratio

For the year 2022, the debt to equity ratio of the Company was 2.17 times, which increased from the year 2021, mainly due to an increase in total liabilities of 40.57 percent comparing to 2021 from an increase in trade and other payables and increases in overdrafts, short-term loans from financial institutions and loans from other parties. While the shareholders' equity increased by 16.87 percent from the previous year because the Company paid dividends to shareholders. As a result, the total debt to equity ratio increased in 2022.

Cash cycle

For the year 2022, the cash cycle of the Company was 40.37 days, which increased by 23.32 days from the year 2021, due to 1) the average debt collection period increased by 84.70 days from the end of the previous period. This was because most of the increasing payables were not due together with a decrease in revenues from sales and service in 2022, and 2) the average inventory period increased by 5.92 days due to the Company in stock as part of the work in process that increased comparing to the end of the previous year, and 3) The average repayment period increased by 67.31 days due to many creditors delivering invoices during December 2022.