

7 August 2023

Subject: Management Discussion and Analysis of Operating Results for Quarter 1 of 2023

To Director and Manager The Stock Exchange of Thailand

I2 Enterprise Public Company Limited (Company) would like to clarify the Company operating result ended 31 March 2023, which has been reviewed by a certified public accountant as following:

For the operating results for 3-month period of 2023, total revenues of the Company amounted to Baht 300.81 million, which increased by Baht 174.63 million or increased by 138.40 percent comparing to the same period of previous year; and net profit of the Company amounted to Baht 17.05 million, which increased by Baht 11.42 million or increased by 202.75 percent comparing to the same period of previous year mainly due to the following reasons:

#### Operating results of the Company

Operating results	3-month period of 2022		3-month period of 2023		Change	
	Mil. Baht	percent	Mil. Baht	percent	Mil. Baht	percent
Revenues from sales and services	124.61	98.76%	298.65	99.28%	174.04	139.67%
Cost of sales and services	(107.74)	-86.46%	(263.60)	-88.26%	155.86	144.66%
<b>Gross Profit</b>	<b>16.87</b>	<b>13.54%</b>	<b>35.05</b>	<b>11.74%</b>	<b>18.18</b>	<b>107.77%</b>
Other income	1.57	1.24%	2.16	0.72%	0.59	37.58%
Administrative expenses	(7.22)	-5.72%	(8.22)	-2.73%	1.00	13.85%
Selling expenses	(1.95)	-1.54%	(5.65)	-1.88%	3.70	186.74%
Finance cost	(1.56)	-1.24%	(1.97)	-0.66%	0.41	26.28%
<b>Profit before income tax expenses</b>	<b>7.71</b>	<b>6.11%</b>	<b>21.36</b>	<b>7.10%</b>	<b>13.66</b>	<b>177.04%</b>
Income tax expenses	(2.07)	-1.64%	(4.31)	-1.43%	2.24	108.21%
<b>Profit for the year</b>	<b>5.63</b>	<b>4.46%</b>	<b>17.05</b>	<b>5.67%</b>	<b>11.42</b>	<b>202.84%</b>

#### Revenues from sales and services

For 3-month period of 2023, revenues from sales and services of the Company amounted to Baht 298.65 million, which increased by Baht 174.04 million or increased by 139.67 percent from the same period of 2022. This was mainly because the Company had revenues from IT Infrastructure Solution Business in the amount of Baht 236.11 million increased by 365.68 percent. This was because of the gradual delivery of large projects such as the IP Core system procurement and installation project, which the project owner is Provincial Electricity

Authority (PEA), information service system project, which the project owner is the Office of the Permanent Secretary for Interior, and etc. The revenues from the IT Infrastructure Solution Business which was 78.49 percent of the total revenues. while the Company has revenues from Internet Services Solutions Business in the amount of Baht 59.76 million, which was close to the same period of 2022.

#### Cost of sale and services

For 3-month period of 2023, cost of sales and services of the Company amounted to Baht 263.60 million, which increased by Baht 155.86 million or increased by 144.66 percent from the same period of previous year. This was mainly because of 1) the cost of sales and services for projects of 3 business groups, including IT Infrastructure Solutions Business, Digital Transformation Solutions Business, and Energy Saving and Management Solution Business increased by Baht 156.18 million mainly due to an increase in project works of the IT Infrastructure Solution Business. 2) the decreasing in cost of services from Internet Services Business because the Company has to continuously increase the quality monitoring of USO circuits.

#### Administrative expenses

For 3-month period ended 31 March 2023, administrative expenses of the Company amounted to 8.22 million, which increased by Baht 1.00 million from the same period of previous year, mainly due to an increase in employee expenses from an increase in employees. When comparing to total revenues, the proportion of administrative expenses to total revenues accounted for 2.73 percent.

#### Selling expenses

For 3-month period ended 31 March 2023, selling expenses of the Company amounted to Baht 5.65 million, which increased by 3.70 million from the same period of previous year, mainly from 1) employee expenses as a result of expanding the team in 2022, and 2) commission fee. The commission increased because the Company delivered many projects, including big projects, in this period. When comparing selling expenses to total revenues, the proportion was 1.88 percent.

#### Finance costs

For 3-month period ended 31 March 2023, financial costs of the Company amounted to Baht 1.97 million or 0.66 percent of total revenues. The financial costs of the Company consisted of interest on loans, interest expenses and front-end fee.

Net profit

For 3-month period ended 31 March 2023, net profit of the Company amounted to Baht 17.05 million, representing a net profit margin of 5.67 percent of total revenues. The net profit margin increased from the same period of previous year because the Company gradually delivered many projects, including big projects, in this period. As a result, revenue growth rate of the Company was higher than the growth rate of selling and administrative expenses.

Report on Financial position of the Company

Financial position	As of 31 December 2022 <sup>1/</sup>		As of 31 March 2023		Change	
	Mil. Baht	percent	Mil. Baht	percent	Mil. Baht	percent
Total current assets	617.41	75.61%	688.94	78.34%	71.53	11.59%
Total non-current assets	199.19	24.39%	190.47	21.66%	(8.72)	-4.38%
<b>Total assets</b>	<b>816.60</b>	<b>100.00%</b>	<b>879.41</b>	<b>100.00%</b>	<b>62.81</b>	<b>7.69%</b>
Total current liabilities	474.31	58.08%	516.47	58.73%	42.16	8.89%
Total non-current liabilities	91.86	11.25%	95.46	10.85%	3.60	3.92%
<b>Total liabilities</b>	<b>566.17</b>	<b>69.33%</b>	<b>611.93</b>	<b>69.58%</b>	<b>45.76</b>	<b>8.08%</b>
Issued and paid-up capital	150.00	18.37%	150.00	17.06%	-	0.00%
Share premium	38.91	4.77%	38.91	4.42%	(0.00)	0.00%
Retained earnings	61.52	7.53%	78.57	8.93%	17.05	27.72%
<b>Total shareholders' equity</b>	<b>250.43</b>	<b>30.67%</b>	<b>267.48</b>	<b>30.42%</b>	<b>17.05</b>	<b>6.81%</b>
<b>Total liabilities and shareholders' equity</b>	<b>816.60</b>	<b>100.00%</b>	<b>879.41</b>	<b>100.00%</b>	<b>62.81</b>	<b>7.69%</b>

Remark : <sup>1/</sup>In the financial statements for the 3-month period ended 31 March 2023, the Company has reclassified some items, including trade and other receivables, contract liabilities and unbilled payables, as shown in the notes of the interim financial statements for the 3-month period ended 31 March 2023, Clause 12 Reclassification. The reclassifications had no effect on shareholders' equity and the profit and loss statement of the Company.

Assets

As of 31 March 2023, total assets of the Company amounted to Baht 879.41 million, which increased by 62.81 million or increased by 7.69 percent from the end of 2022, mainly due to an increase in trade and other receivables – net, mostly from trade account receivables - unrelated parties that the Company delivered high valued worked during the first quarter of 2023 from the IT Infrastructure Solutions Business and were not yet due. In addition, the current portion of contract assets – net of the Company increased by Baht 81.94 million or increased by 114.95 percent comparing to the end of 2022 from Internet Services Solutions Business and IT Infrastructure Solutions Business.

### Liabilities

As of 31 March 2023, total liabilities of the Company amounted to Baht 611.93 million, which increased by Baht 45.76 million or increased by 8.08 percent from the end of 2022 due to an increase in trade and other payables - unrelated parties. This was because the Company ordered products and services to be used in more project works, especially for projects in IT Infrastructure Solutions Business. As a result, trade payables of the Company increased comparing to the previous year.

### Shareholders' equity

As of 31 March 2023, shareholders' equity of the Company increased by 6.81 percent from the end of 2022 due to the net operating profit of the Company.

### Liquidity and Capital Sufficiency

Item (Unit: Mil. Baht)	For the 3-month period ended 31 March	
	2022	2023
Net cash provided from (used in) operating activities	(0.00)	(39.16)
Net cash provided from (used in) investing activities	(0.65)	(0.51)
Net cash provided from (used in) financing activities	(3.74)	13.07
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4.46)</b>	<b>(26.60)</b>
Cash and cash equivalents at the beginning of the year/period	105.12	89.93
<b>Cash and cash equivalents at the end of the year/period</b>	<b>100.66</b>	<b>63.33</b>

As of 31 March 2023, net cash provided from operating activities of the Company for 3-month period amounted to Baht (39.16) million from profit before income tax of Baht 21.36 million, which was adjusted for changes in non-cash items and non-operating activities totaling Baht 2.02 million, changes in operating assets and liabilities totaling Baht (58.32) million and interest and income tax payments totaling Baht (4.22) million. Adjustment was made for a non-cash item and a non-operating activity from finance costs in the amount of Baht 1.97 million and interest income of Baht (1.83) million. The changes in operating assets and liabilities were mainly from an increase in trade and other receivables of Baht 113.14 million, an increase in contract assets of Baht 43.82 million, an increase in trade payables of Baht 63.15 million, and a decrease in inventories of Baht 35.55 million. In addition, net cash used in investing activities of the Company amounted to Baht (0.51) million, mainly from the purchase of building improvements and equipment in the amount of Baht 0.95 million and the purchase of intangible assets in the amount of Baht 0.16 million, while restricted bank deposits decreased by Baht 0.54 million. And net cash used in financing activities of the Company amounted to 13.07 million, mainly from cash received from installment receivables in the amount of Baht 16.42 million and payment of installment payables in the amount of Baht 5.37 million and increases in bank overdrafts and short-term loans from financial institutions

in the amount of Baht 4.52 million. As a result, as of 31 March 2023, cash of the Company decreased by Baht 26.60 million, and cash and cash equivalents as of 31 March 2023 were Baht 63.33 million.

#### Key Financial Ratio

Key Financial Ratio	For the period ended 31 December 2022	For the period ended 31 March 2023
Current ratio (times)	1.34	1.33
Debt to equity ratio (times)	2.17	2.29
Cash cycle (days)	40.37	77.49

#### Current ratio

As of 31 March 2023, current ratio of the Company was 1.33 times, close to the end of 2022 at 1.34 times. The current assets of the Company increased by 11.59 percent from increases in trade and other receivables – net and inventories. Meanwhile the current liabilities of the Company increased by 8.89 percent from the previous year, mainly due to an increase in trade and other payables.

#### Debt to equity ratio

As of 31 March 2023, the debt to equity ratio of the Company was 2.29 times, which increased from the end of 2022, mainly due to an increase in total liabilities of 8.08 percent comparing to the end of 2022 from an increase in trade and other payables. While the shareholders' equity increased by 6.81 percent comparing to the end of 2022 from the net profit of the Company. As a result, the total debt to equity ratio increased.

#### Cash cycle

As of 31 March 2023, the cash cycle of the Company was 77.49 days, which increased by 37.12 days from the end of 2022, due to 1) an increase in the average debt collection period by 19.39 days from the end of period in the previous year. This was because the Company has delivered works and billed a big project during the three-month period ended 31 March 2023 resulting in increases in trade accounts receivable and average collection period. And 2) the average payment period decreased by 17.95 days because the Company paid trade payables that were invoiced during December 2022 and due in the first quarter of 2023.