

11 August 2023

Subject: Management Discussion and Analysis of Operating Results for Quarter 2 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 30 June 2023, which has been reviewed by a certified public accountant as following:

For the operating results for 6-month period of 2023, total revenues of the Company amounted to Baht 465.78 million, which increased by Baht 22.08 million or increased by 4.98 percent comparing to the same period of previous year; and net profit of the Company amounted to Baht 24.43 million, which increased by Baht 17.96 million or increased by 277.44 percent comparing to the same period of previous year mainly due to the following reasons:

Operating results of the Company

Operating results	6-month period of 2022		6-month period of 2023		Change	
	Mil. Baht	Percent	Mil. Baht	Percent	Mil. Baht	Percent
Revenues from sales and services	440.71	99.33%	461.81	99.15%	21.10	4.79%
Cost of sales and services	(389.39)	-88.35%	(404.08)	-87.50%	14.70	3.77%
Gross Profit	51.33	11.65%	57.72	12.50%	6.40	12.47%
Selling expenses	(4.14)	-0.93%	(11.77)	-2.53%	7.63	184.33%
Administrative expenses	(38.59)	-8.70%	(14.82)	-3.18%	(23.77)	-61.59%
Total expenses	(42.73)	-9.63%	(26.59)	-5.71%	16.14	37.77%
Other income	2.99	0.67%	3.97	0.85%	0.98	32.84%
Profit before finance cost and Tax expenses	11.58	2.61%	35.11	7.54%	23.52	203.07%
Finance cost	(2.77)	-0.62%	(4.48)	-0.96%	1.71	61.90%
Profit before income tax expenses	8.82	1.99%	30.63	6.58%	21.81	247.37%
Income tax expenses	(2.34)	-0.53%	(6.20)	-1.33%	3.85	164.35%
Profit for the year	6.47	1.46%	24.43	5.25%	17.96	277.44%

Revenues from sales and services

For 6-month period ended 30 June 2023, revenues from sales and services of the Company amounted to Baht 461.81 million, which increased by Baht 21.10 million or increased by 4.79 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 335.80 million increased by 12.33 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 72.71 percent of the total revenues. while the Company has revenues from Internet Services Solutions Business in the amount of Baht 119.64 million, which was close to the same period of 2022.

Cost of sale and services

For 6-month period ended 30 June 2023, cost of sales and services of the Company amounted to Baht 404.08 million, which increased by Baht 14.70 million or increased by 3.77 percent from the same period of previous year. This was mainly because of 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 14.70 million mainly due to an increase in project works of the IT Infrastructure Solution Business.

Administrative expenses

For 6-month period ended 30 June 2023, administrative expenses of the Company amounted to 14.82 million, which decreased by Baht 23.77 million from the same period of previous year, mainly due to a decrease in Allowance for expected credit losses decrease amounted to 21 million.

Selling expenses

For 6-month period ended 30 June 2023, selling expenses of the Company amounted to Baht 11.77 million, which increased by 7.63 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 2.53 percent.

Finance costs

For 6-month period ended 30 June 2023, financial costs of the Company amounted to Baht 4.48 million or 0.96 percent of total revenues. The financial costs of the Company consisted of interest on loans, interest expenses and front-end fee.

Net profit

For 6-month period ended 30 June 2023, net profit of the Company amounted to Baht 24.43 million, representing a net profit margin of 5.25 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.

Report on Financial position of the Company

Financial position	As at 31 December 2022 ^{1/}		As at 30 June 2022		Change	
	Mil. Baht	Percent	Mil. Baht	Percent	Mil. Baht	Percent
Total current assets	617.41	75.61%	658.62	77.90%	41.22	6.68%
Total non-current assets	199.19	24.39%	186.83	22.10%	(12.36)	-6.20%
Total assets	816.60	100%	845.46	100%	28.86	3.53%
Total current liabilities	474.31	58.08%	509.87	60.31%	35.56	7.50%
Total non-current liabilities	91.86	11.25%	83.23	9.84%	(8.63)	-9.39%
Total liabilities	566.17	69.33%	593.10	70.15%	26.93	4.76%
Issued and paid-up capital	150.00	18.37%	150.00	17.74%	0.00	0.00%
Share premium	38.91	4.77%	38.91	4.60%	0.00	0.00%
Retained earnings	61.52	7.53%	63.45	7.50%	1.93	3.14%
Total shareholders' equity	250.43	30.67%	252.36	29.85%	1.93	0.77%
Total liabilities and shareholders' equity	816.60	100%	845.46	100%	28.86	3.53%

Remark : ^{1/}In the financial statements for the 6-month period ended 30 June 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 6-month period ended 30 June 2023, Clause 12 Reclassification. The reclassifications had no effect on shareholders' equity and the profit and loss statement of the Company.

Assets

As at 30 June 2023, total assets of the Company amounted to Baht 845.46 million, which increased by 28.86 million or increased by 3.53 percent from the period ended 31 December 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 quarter 1 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 66.03 million or increased by 173 percent comparing to the end of 2022 from Internet Services Solutions Business and IT Infrastructure Solutions Business.

Liabilities

As at 30 December 2023, total liabilities of the Company amounted to Baht 593.10 million, which increased by Baht 26.93 million or increased by 4.76 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 at 30 June 2023, shareholders' equity of the Company increased by 0.77 percent from the end of 2022 due to the net operating profit of the Company., However, the Company dividend paid of Baht 22.50 million.

Liquidity and Capital Sufficiency

รายการ (หน่วย:ล้านบาท)	For the 6-month period ended 30 June	
	2022	2023
Net cash flows used in operating activities	(57.98)	(125.93)
Net cash flow used in investing activities	(11.55)	(0.49)
Net cash flow from (used in) financing activities	(9.85)	76.37
Net decrease in cash and cash equivalents	(79.38)	(50.05)
Cash and cash equivalents at the beginning period	105.12	89.93
Cash and cash equivalents at end of period	25.74	39.88

As at 30 June 2023, net cash flows used in operating activities of the Company for 6-month period amounted to Baht (125.93) million from profit before income tax of Baht 30.63 million, which was adjusted for changes in non-cash items and non-operating activities totaling Baht 4.65 million, changes in operating assets and liabilities totaling Baht (154.88) million and interest and income tax payments totaling Baht (6.32) million. Adjustment was made for a non-cash item and a non-operating activity from finance costs in the amount of Baht 4.48 million and interest income of Baht (3.63) million. The changes in operating assets and liabilities were mainly from an increase in trade and other receivables of Baht 94.07 million, an increase in contract assets of Baht 66.03 million, an decrease in trade payables of Baht 37.89 million, and a decrease in inventories of Baht 36.80 million. In addition, net cash used in investing activities of the Company amounted to Baht (0.49) million, mainly from the purchase of building improvements and equipment in the amount of Baht 1 million and the purchase of intangible assets in the amount of Baht 0.24 million, while restricted bank deposits decreased by Baht 0.54 million. And net cash used in financing activities of the Company amounted to 76.37 million, mainly from short-term loans from financial institutions in the amount of Baht 93.23 million, cash received from installment receivables in the amount of 20.94 million and payment of installment payables in the amount of Baht 10.74 million and increases.As a result, as of 30 June 2023, cash of the Company decreased by Baht 50.05 million, and cash and cash equivalents as of 30 June 2023 were Baht 39.88 million.

Key Financial Ratio

Key Financial Ratio	For the period ended 31 December 2022	For the period ended 30 June 2023
Current ratio (times)	1.34	1.29
Debt to equity ratio (times)	2.17	2.35
Cash cycle (days)	40.37	92.48

Current ratio

As at 30 June 2023, current ratio of the Company was 1.29 times, close to the end of 2022 at 1.34 times. The current assets of the Company increased by 6.68 percent from increases in installment receivables and contract assets. Meanwhile the current liabilities of the Company increased by 7.50 percent from the previous year, mainly due to an increase in short-term loans from financial institutions for the investing in energy project.

Debt to equity ratio

As at 30 June 2023, the debt to equity ratio of the Company was 2.35 times, which increased from the end of 2022, mainly due to an increase in total liabilities of 4.76 percent comparing to the end of 2022 from an increase in short-term loans from financial institutions. While the shareholders' equity increased by 0.77 percent comparing to the end of 2022 from the net profit of the Company. In addition, the Company dividends paid of Baht 22.50 million. As a result, As a result, the total debt to equity ratio increased.

Cash cycle

As at 30 June 2023, the cash cycle of the Company was 92.48 days, which increased by 52.11 days from the end of 2022, due to 1) an increase in the average debt collection period by 30.61 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 18.34 days because the company has a big project that requires outsourcing for operation, As a result company paid to expenses in order to comply with the specified conditions.