



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 014/2023

13 Nov 2023

Subject: Management discussion and analysis for the nine months ended September 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 nine months ended September 30, 2023, as follows:

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

Overall Group Performance	For the three months ended 30 September				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	244.01	99.1	246.59	98.6	(2.58)	(1.0)
Other Revenue	2.26	0.9	3.51	1.4	(1.25)	(35.7)
Total Revenue	246.27	100.0	250.10	100.0	(3.83)	(1.5)
Cost of Sales and Services	247.73	100.6	190.87	76.3	56.86	29.8
Gross Margin (Exclude Other Income)	(3.72)	(1.5)	55.72	22.3	(59.44)	(106.7)
Selling and Administrative Expenses	57.08	23.2	34.30	13.7	22.78	66.4
Profit Before Finance Costs and Income Tax	(58.54)	(23.8)	24.93	10.0	(83.47)	(334.8)
Finance Costs	(5.18)	(2.1)	(0.99)	(0.4)	(4.19)	423.2
Profit Before Tax	(63.72)	(25.9)	23.94	9.6	(87.66)	(366.2)
Income Tax	11.98	4.9	(5.63)	(2.3)	17.61	(312.8)
Net Profit After Tax	(51.74)	(21.0)	18.31	7.3	(70.05)	(382.6)



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Statement of comprehensive income for the nine months ended 30 September (9M YoY)

Overall Group Performance	For the nine months ended 30 September				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Sales and Services Revenues	702.04	98.7	698.97	98.7	3.07	0.4
Other Revenue	9.58	1.3	8.91	1.3	0.67	7.5
Total Revenue	711.62	100.0	707.88	100.0	3.74	0.5
Cost of Sales and Services	721.86	101.4	528.26	74.6	193.60	36.6
Gross Margin (Exclude Other Income)	(19.82)	(2.8)	170.71	24.1	(190.53)	(111.6)
Selling and Administrative Expenses	142.22	20.0	87.74	12.4	54.48	62.1
Profit Before Finance Costs and Income Tax	(152.46)	(21.4)	91.88	13.0	(244.34)	(265.9)
Finance Costs	(10.70)	(1.5)	(1.79)	(0.3)	(8.91)	497.8
Profit Before Tax	(163.16)	(22.9)	90.09	12.7	(253.25)	(281.1)
Income Tax	31.89	4.5	(18.84)	(2.7)	50.73	(269.3)
Net Profit After Tax	(131.27)	(18.4)	71.25	10.1	(202.52)	(284.2)



Summary of Performance

Sales and Services Revenues (9M YoY)

For the nine months ended 30 September 2023, the Company recorded total sales and service revenue of THB 702.04 million. This is equal to an increase of 0.4% 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 Nine months ended 30 September (9M YoY)

Revenue Types	For the Nine months ended 31 March				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
1. Revenue from Customer Relationship Management (CRM) ^{/1}	297.44	41.8	390.93	55.2	(93.49)	(23.9)
2. Revenue from Enterprise Resource Planning (ERP)	165.42	23.3	277.44	39.2	(112.02)	(40.4)
3. Revenue from Consulting services of Customer Experience Management (CEM) and Digital Marketing	29.05	4.1	13.89	2.0	15.16	109.1
4. Revenue from Placement Service	201.23	28.3	16.71	2.4	184.52	1,104.3
5. Revenue from Software Development	8.90	1.3	-	0.0	8.90	N/A
Sales and Services Revenues	702.04	98.7	698.97	98.7	3.07	0.4
Other Revenue	9.58	1.4	8.91	1.3	0.70	7.9
Total Revenue	711.62	100.0	707.88	100.0	3.74	0.5

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

1. Revenue from Customer Relationship Management (CRM)

For the nine months ended 30 September 2023, the Revenue from Customer Relationship Management (CRM) decreased by 23.9% YoY. The main reason is that revenue from implementation and application management services for CRM systems decreased by 61.0% YoY. However, the revenue from the subscription service of Salesforce software increased 19.3% YoY, mainly from last year's customer base.



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2. Revenue from Enterprise Resource Planning (ERP)

For the nine months ended 30 September 2023, the revenue from Enterprise Resource Planning (ERP) decreased by 40.4% YoY, mainly from the decrease in revenue from Implementation and Application Management Services for ERP Systems by 55.6%. However, the revenue from Software Subscription & MA and the Grant of License from Oracle increased by 24.3%, mainly from last year's customer base.

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

For the nine months ended 30 September 2023, the revenue from consulting services and implementation specialized in brand strategy planning, customer experience management, and digital marketing increased THB 15.16 million or 109.1% 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 nine months ended 30 September 2023, the revenue from placement service increased THB 184.52 million or 1,104.3% compared to the same period of last year, mainly from a new revenue stream growth from acquired shares of Lansing Business System Co., Ltd. Since 5 Jan 2023.

5. Revenue from Software Development

For the nine months ended 30 September 2023, the revenue from Software Development of THB 8.87 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.



Sales and Services Revenues (3M YoY)

For the three months ended 30 September 2023, the Company recorded total sales and service revenue of THB 244.01 million. Compared to the sales and services revenue last year of THB 246.59. This is equal to a decrease of 1.1% YoY. The significant decrease came from a challenge of a huge project during the year, which the company plans to deliver by the end of this year.

Table 2: Sales and Services Revenues by type of service for the three months ended 30 September (3M YoY)

Revenue Types	For the three months ended 30 September				Change Increase/(Decrease)	
	2023		2022		THB mm	%
	THB mm	%	THB mm	%		
1. Revenue from Customer Relationship Management (CRM) ^{/1}	104.21	42.3	145.41	58.1	(41.20)	(28.3)
2. Revenue from Enterprise Resource Planning (ERP)	58.80	23.9	91.44	36.6	(32.64)	(35.7)
3. Revenue from Consulting services of Customer Experience Management (CEM) and Digital Marketing	4.81	2.0	3.99	1.6	0.82	20.6
4. Revenue from Placement Service	73.10	29.7	5.75	2.3	67.35	1,171.3
5. Revenue from Software Development	3.09	1.2	-	0.0	3.09	N/A
Sales and Services Revenues	244.01	99.1	246.59	98.6	(2.58)	(1.1)
Other Revenue	2.26	0.9	3.51	1.4	(1.25)	(34.8)
Total Revenue	246.27	100.0	250.10	100.0	(3.83)	(1.5)



Recurring and Non-Recurring Revenue for the nine months ended 30 September 2023 (9M YoY)

For the nine months ended 30 September 2023, the recurring revenue increased THB 237.50 million or 84.6% 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. The main revenue stream of Lansing Business System Co., Ltd came from outsourcing services, which equal 76% of total recurring services. Furthermore, the non-recurring revenue decreased by 56.1% 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 (9M YoY)

Revenue Types	For the nine months ended 30 September				Change	
	2023		2022		Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Revenues- Recurring	518.39	72.9	280.89	39.7	237.50	84.6
Revenues- Non-Recurring	183.65	25.8	418.08	59.1	(234.43)	(56.1)
Sales and Services Revenues	702.04	98.7	698.97	98.7	3.07	0.4
Other Revenue	9.58	1.4	8.91	1.3	0.70	7.9
Total Revenue	711.62	100.0	707.88	100.0	3.77	0.5

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

For the three months ended 30 September 2023, the recurring revenue increased THB 77.92 million or 76.9% 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 55.4% 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				Change	
	September				Increase/(Decrease)	
	2023		2022			
THB mm	%	THB mm	%	THB mm	%	
Revenues- Recurring	179.19	72.8	101.27	40.5	77.92	76.9
Revenues- Non-Recurring	64.82	26.3	145.32	58.1	(80.50)	(55.4)
Sales and Services Revenues	244.01	99.1	246.59	98.6	(2.58)	(1.1)
Other Revenue	2.26	0.9	3.51	1.4	(1.25)	(34.8)
Total Revenue	246.27	100.0	250.10	100.0	(3.83)	(1.5)



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Cost of Sales and Services

For the nine months ended 30 September 2023, the Company's cost of sales and services mainly came from cost of consultation and Implementation system. For the nine months ended 30 September 2023, the Company recorded a cost of sales and services of THB 721.86 million or 101.4% of sales (For the nine months ended 30 September 2022: THB 528.26 million or 74.6% of sales.), increased 36.6% YoY. The main reason came from the challenge of managing a big project.

Selling and Administrative Expenses

For the nine months ended 30 September 2023, the Company recorded selling and administrative expenses of THB 142.22 million or 20.0% of total revenues (For the three months ended 30 September 2022: THB 87.74 million or 12.4% of total revenues). It was increased by THB 54.48 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 nine months ended 30 September 2023, Net Loss after tax of THB 131.27 million or (18.4%) of total revenues decreased by 284.2% compared to the same period of last year. This is mainly due to the decrease in service revenue from Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP).



Statement of Financial Position ended 30 September 2023

Financial Position	30 September 2023		31 December 2022		Change Increase/(Decrease)	
	THB mm	%	THB mm	%	THB mm	%
Assets						
Cash and cash equivalents	85.22	5.4	114.47	10.0	(29.25)	(25.6)
Trade and Other receivables, net	178.56	11.3	222.49	19.5	(43.93)	(19.7)
Unbilled receivables	395.94	25.1	354.05	31.1	41.89	11.8
Prepaid software license fees	104.75	6.6	77.93	6.8	26.82	34.4
Other current assets	45.06	2.9	9.56	0.8	35.50	371.4
Deposits at the bank used as collateral	108.83	6.9	64.05	5.6	44.78	69.9
Goodwill	552.58	35.0	251.72	22.1	300.86	119.4
Other non-current assets	105.24	6.7	45.59	4.0	60.00	131.6
Total assets	1,576.19	100.0	1,139.86	100.0	436.33	38.3
Liabilities						
Current liabilities	729.24	46.3	491.30	43.1	237.94	32.6
Non-current liabilities	60.30	3.8	46.55	4.1	13.75	22.8
Total liabilities	789.54	50.1	537.85	47.2	251.69	31.9
Equity	786.65	49.9	602.01	52.8	184.64	23.5
Total liabilities and equity	1,576.19	100.0	1,139.86	100.0	436.33	38.3

Total Assets

Total assets as of 30 September 2023 is THB 1,576.19 million, increased THB 436.33 million or 38.3% compared to total assets as of 31 December 2022. The main reason was the increase in unbilled receivables and goodwill of THB 41.89 million and THB 300.56 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 September 2023 is THB 789.54 million, increased by 251.69 or 31.9% compared to total liabilities as of 31 December 2022 due to the short-term loans from the Bank increased by THB 217.16 million,



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Equity

Total equity as of 30 September 2023 is THB 786.65 million, an increase of THB 184.64 million or 23.5%, mainly due to 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 September 2022, the DSO (Day Sales Outstanding) was 71 days on average, a slight increase of 3 days from 69 days as of 31 December 2022.

Please be informed accordingly.

Sincerely Yours,

Mr. Somchai Mekasuvanroj

Chief Executive Officer

I&I Group Public Company Limited