

20 February 2024

Subject: Management Discussion and Analysis of Operating Results for Year end 2023

To Director and Manager The Stock Exchange of Thailand

I2 Enterprise Public Company Limited (Company) would like to report the Company operating result for the year ended December 31,2023, which has been Audited by a certified public accountant as following:

For the operating results in 2023, total revenues of the Company amounted to Baht 1,427.92 million, which increased by Baht 484.53 million or increased by 51.36 percent and net profit of the Company amounted to Baht 85.35 million, which increased by Baht 40.37 million or increased by 89.75 percent mainly due to the following reasons:

Operating results of the Company

Operating results	2022		2023		Change	
	Mil. Baht	Percent	Mil. Baht	Percent	Mil. Baht	Percent
Revenues from sales and services	935.86	99.20%	1,419.73	99.43%	483.87	51.70%
Cost of sales and services	(809.15)	-86.46%	(1,240.11)	-87.35%	430.96	53.26%
Gross Profit	126.71	13.54%	179.62	12.65%	52.91	41.75%
Selling expenses	(13.19)	-1.40%	(24.41)	-1.71%	11.22	85.03%
Administrative expenses	(56.45)	-5.98%	(42.59)	-2.98%	(13.86)	-24.56%
Total expenses	(69.64)	-7.38%	(67.00)	-4.69%	2.65	3.80%
Other income	7.52	0.80%	8.19	0.57%	0.67	8.85%
Profit before finance cost and Tax expenses	64.59	6.85%	120.81	8.46%	56.22	87.03%
Finance cost	(8.54)	-0.91%	(15.35)	-1.07%	6.81	79.76%
Profit before income tax expenses	56.05	5.94%	105.46	7.39%	49.41	88.14%
Income tax expenses	(11.08)	-1.17%	(20.12)	-1.41%	9.04	81.62%
Profit for the year	44.98	4.77%	85.35	5.98%	40.37	89.75%

Revenues from sales and services

In 2023 revenues from sales and services of the Company amounted to Baht 1,419.73 million, which increased by Baht 483.87 million or increased by 51.70 percent from 2022. This significant grow because the Company had revenues from IT Infrastructure Solution Business in the amount of Baht 765.59 million increased by 18.18 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 53.62 percent of the total revenues. while the revenues from Energy Saving and Management Solution Business amount to Baht 398.73 million with a revenue increase rate of

7,539.31 percent. This increase was due to the gradual procurement and installation of projects for Battery Energy Storage System : BESS on Samui Island, Surat Thani Province. The project is owned by PEA Encom International Company Limited, The revenues from the Energy Saving and Management Solution Business which was 27.92 percent of the total revenues. Additionally, the Internet Services Solutions Business generated Baht 239.38 million in revenue, which is similar to the year 2022.

Cost of sale and services

In 2023 the company incurred cost of sales and services amounted to Baht 1,240.11 million, an increase of Baht 430.96 million or increased by 53.26 percent from 2021. The primary reason for this increase was due to the project sales and service costs of 2 business groups, including IT Infrastructure Solutions Business and Energy Saving and Management Solution Business increased by Baht 457.74 million mainly due to an increase in project works of 2 business groups. However, for the Digital Transformation solution business which decreased from the previous year by Baht 18.40 million.

Administrative expenses

In 2023, administrative expenses of the Company amounted to 42.59 million, which decreased by Baht 13.86 million from the previous year, mainly due to a decrease in Allowance for expected credit losses decrease amounted to 21 million.

Selling expenses

In 2023 selling expenses of the Company amounted to Baht 24.41 million, which increased by Baht 11.22 million from the 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 1.71 percent.

Finance costs

In 2023, financial costs of the Company amounted to Baht 15.35 million or 1.07 percent of total revenues. The financial costs of the Company include interest on loans, interest expenses and front-end fee. In 2023, the financial costs increased by 6.81 million baht from the previous year. The main reason for this increase was attributed to the interest expenses and front-end fee, particularly projects for Battery Energy Storage System : BESS on Samui Island, Surat Thani Province.

Net profit

In 2023, the company reported a net profit of Baht 85.35 million, which increased by Baht 40.37 million or increased by 89.75 percent from 2022, representing a net profit margin of 5.98 percent of total revenues. The primary reasons for the net profit increase were the gradual delivery of projects, including a significant project procurement and installation of projects for Battery Energy Storage System : BESS on Samui Island, Surat Thani Province. Additionally, a decrease in administrative expenses contributed to the profit increase, notably the absence of an expected credit loss by Bath 21 million that did not occur in 2023. Therefore, efficient project delivery management and reduced administrative costs significantly contributed to the company's increased net profit in 2023.

Report on Financial position of the Company

Financial position	As at 31 December 2022 ^{1/}		As at 31 December 2023		Change	
	Mil. Baht	Percent	Mil. Baht	Percent	Mil. Baht	Percent
Total current assets	617.41	75.61%	1,855.53	90.90%	1,238.12	200.54%
Total non-current assets	199.19	24.39%	185.81	9.10%	(13.38)	-6.72%
Total assets	816.60	100%	2,041.34	100%	1,224.74	149.98%
Total current liabilities	474.31	58.08%	649.22	31.80%	174.91	36.88%
Total non-current liabilities	91.86	11.25%	773.65	37.90%	681.80	742.25%
Total liabilities	566.17	69.33%	1,422.87	69.70%	856.70	151.32%
Issued and paid-up capital	150.00	18.37%	210.00	10.29%	60.00	40.00%
Share premium	38.91	4.77%	297.51	14.57%	258.60	664.57%
Retained earnings	61.52	7.53%	110.96	5.44%	49.44	80.37%
Total shareholders' equity	250.43	30.67%	618.47	30.30%	368.04	146.96%
Total liabilities and shareholders' equity	816.60	100%	2,041.34	100%	1,224.74	149.98%

Remark : ^{1/}In the financial statements for year ended December 31,2023. the Company has reclassified some items, including trade and other receivables, contract liabilities and unbilled payables, as shown in the notes of the financial statements for year ended December 31,2023, Clause 34 Reclassification. The reclassifications had no effect on shareholders' equity and the profit and loss statement of the Company.

Assets

As at December 31,2023, the company's total assets amounted to Baht 2,041.34 million, an increase of 1,224.74 million or 149.98 percent, from the end of 2022, The primary reason for this increase was a significant rise in Cash and cash equivalents, resulting from the issuance of new common shares to external investors and listed on the Stock Exchange of Thailand. Additionally, trade and other receivables-net increased mainly due to high-value project deliveries in 2023 from the IT Infrastructure solutions business. The majority of trade account receivables - unrelated parties were from transactions not due for payment. An increase in Unbilled receivables of

Baht 421.12 million, a 1,105 percent increase compared to the end of 2022, derived from the energy management solutions business, internet services, and IT infrastructure solutions business.

Liabilities

As at December 31,2023, the company's total liabilities amounted to Baht 1,422.87 million, marking an increase of Baht 856.70 million,or 151.32 percent, from the end of 2022. This significant rise in liabilities was primarily due to an increase in Long-term loans from financial institutions. The increase was attributed to the purchase of goods and services in preparation for an increased number of project works, especially within the Energy Saving and Management Solution Business. Consequently, the company experienced a notable rise in long-term borrowing from financial institutions compared to the previous year.

Shareholders' equity

As at December 31,2023, the company shareholders' equity increased by 146.96 percent from the end of 2022,due to the registration of increased paid-up capital and an increase in share premium, This growth was a result of issuing new common shares to external investors and their subsequent listing on the Stock Exchange of Thailand.

Liquidity and Capital Sufficiency

Item (Unit: Mil. Baht)	For the year ended 31 December	
	2022	2023
Net cash flows from (used in) operating activities	(56.37)	(826.28)
Net cash flow used in investing activities	(6.50)	(79.82)
Net cash flow from (used in) financing activities	47.68	1,082.73
Net decrease in cash and cash equivalents	(15.19)	176.63
Cash and cash equivalents at the beginning period	105.12	89.93
Cash and cash equivalents at end of period	89.93	266.56

As at December 31,2023, the company net cash flows used in operating activities amounted to Baht (826.28) million, despite reporting a from profit before income tax of Baht 105.46 million. This figure was adjusted in non-cash transactions and non-operating activities totaling Baht 25.27 million. The net outflow was primarily due to changes in operating assets and liabilities totaling Baht (926.93)million, and the payment of interest and income taxes amounting to Baht (30.08) million. The adjustments for a non-cash transactions and a non-operating activity included financial costs of Baht 15.35 million and interest income of Baht (7.21) million. The changes in operating assets and liabilities primarily consisted of an increase in Unbilled receivables of Baht 421.11 million, an increase in trade and other receivables of Baht 131.96 million, an increase in inventories of Baht 417.67 million, an increase in Trade and other payables of Baht 43 million. Additionally, the company net cash used in investing activities of the Company amounted to Baht (79.82) million, mainly due to restricted bank deposits of Baht 15.27 million, payments for the purchase of building improvements and equipment in the amount of Baht 1 million and payment

for the purchase of intangible assets in the amount of Baht 0.25 million. And net cash from financing activities of the Company amounted to Baht 1,082.73 million, primarily from cash received from capital increases in of Baht 324 million, Long-term loans from financial institutions of Baht 691 million, cash received from installment receivables of Baht 45.68 million, short-term loans from financial institutions of Baht 84.66 million. However, there were payments for installment payables of Baht 21.48 million. As a result, as of December 31, 2023, the company's cash increased by 176.63 million baht, with cash and cash equivalents totaling 266.56 million baht on the same date.

Key Financial Ratio

Key Financial Ratio	For the year ended 31 December 2022	For the year ended 31 December 2023
Current ratio (times)	1.34	2.86
Debt to equity ratio (times)	2.17	2.30
Cash cycle (days)	40.37	65.50

Current ratio

As at December 31, 2023, the company's current ratio stood at 2.86 times, And at the end of 2022, it was 1.34 times. This primarily due to a 200.54 percent increase in current assets, driven by rises in cash and cash equivalents resulting from an equity offering to external parties and listed on the Stock Exchange of Thailand on August 2023, as well as increases in Trade and other receivables, including Unbilled receivables. Concurrently, the company's current liabilities rose by 36.88 percent compared to the previous year, The main reason for the increase in Trade and other payables is due to the gradual delivery of projects related to the business solutions for IT Infrastructure.

Debt to equity ratio

As at December 31, 2023, the company's debt to equity ratio was 2.30 times, an increase from the end of 2022. This rise was primarily due to a 146.96 percent increase in equity, highlighted by a 40 percent increase in issued and paid-up capital and a 664.57 percent increase in share premium compared to the end of 2022. This significant growth in equity was the result of the company raising capital by offering shares to external parties in August. Concurrently, total liabilities increased by 151.32 percent from the end of 2022, leading to the higher debt-to-equity ratio.

Cash cycle

As at December 31, 2023, the company's cash cycle stood at 65.50 days an increase of 25 days from the end of 2022. The reason for this increase is attributed to the average inventory period of 83 days, which is up by 60 days from the end of 2022, due to the company having a high volume of work in progress, stemming from projects that are in the midst of being carried out.