



บริษัท ไอแอนดีไอ กรุ๊ป จำกัด (มหาชน)
I&I Group Public Company Limited
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No. IIG 002/2020

14 August 2020

Subject: Management discussion and analysis for the second quarter of 2020

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 first half of 2020 ended June 30, 2020 as follows:

Revenue from Software Subscription from Salesforce

For the first 6 months of 2020, revenue from subscription fee of Salesforce increased by 23.88 Mb. or 43.39 % compared to the first 6 months of 2019. This is due to the fact that businesses in banking and insurance sector began to bring technology into the business operations resulting in a significant increase in revenue compared with the same period of last year.

Description (THB'000)	Company	JAN-JUN	JAN-JUN	VARIANCE	VARIANCE (%)
		Y.2020	Y.2019		
Revenue from Software Subscription From Salesforce	I&I GROUP PUBLIC CO.,LTD.	78,919.44	55,038.33	23,881.11	43.39%

Revenue from Software Subscription and the Grant of License from Oracle

For the first 6 months of 2020, revenue from subscription fee and one-time license from Oracle significantly increased by 12.87 Mb or 151.44% compared to the first 6 months of 2019. (The acquisition of ICE, appointed Reseller of Oracle, completely finished on 27th March 2019).

Description (THB'000)	Company	JAN-JUN	JAN-JUN	VARIANCE	VARIANCE (%)
		Y.2020	Y.2019		
Revenue from Software Subscription and the Grant of License from Oracle	ICE CONSULTING CO.,LTD.	21,369.86	8,498.91	12,870.95	151.44%

Revenue from Implementation and Application Management Service for CRM System

For the first 6 months of 2020, revenue from implementation and application management service for CRM system significantly increased by 16.83 Mb. or 42.29% compared to the first 6 months of 2019. This mainly due to the company (iiG) won a big project in Insurance Industry, Thai Life Insurance Plc., In addition to that, the company was able to continue to provide service to many existing customers.



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Description (THB'000)	Company	JAN-JUN	JAN-JUN		
		Y.2020	Y.2019	VARIANCE	VARIANCE (%)
Revenue from Implementation and Application Management Service from CRM	I&I GROUP PUBLIC CO.,LTD.	56,626.43	39,796.93	16,829.50	42.29%

Revenue from Implementation and Application Management Service for ERP System

For the first 6 months of 2020, revenue from implementation and application management service for ERP system increased by 35.38 Mb or 125.15% compared with the first 6 months of 2019. (The acquisition of ICE, appointed Reseller of Oracle, completely finished on 27th March 2019).

Description (THB'000)	Company	JAN-JUN	JAN-JUN		
		Y.2020	Y.2019	VARIANCE	VARIANCE (%)
Revenue from Implementation and Application Management Service for ERP System	ICE CONSULTING CO.,LTD.	63,651.88	28,270.29	35,381.60	125.15%

Revenue from Placement Service

For the first 6 months of 2020, revenue from placement service declined by 4.46 Mb or 34.27% compared with the first half of last year. This mainly due to the major customer which is Siam Commercial Bank (SCB) Plc., reduced quite a number of our service staffs attributed to the shutdown of the customer sites during the spread over of the pandemic, COVID-19.

Description (THB'000)	Company	JAN-JUN	JAN-JUN		
		Y.2020	Y.2019	VARIANCE	VARIANCE (%)
REVENUE FROM PLACEMENT SERVICES	I&I GROUP PUBLIC CO.,LTD.	8,559.37	13,022.16	(4,462.79)	-34.27%

Revenue from Consulting Service and Implementation specialized in Brand Strategy Planning, Customer Experience Management and Digital Marketing

I&I Experience Company Limited (the subsidiary) was established on June 25, 2019. The main business is to provide consulting service in strategic planning, branding, customer experience management, and digital marketing. For the first 6 months of 2020, revenue from consulting service and implementation was 5.89 Mb. This amount included services rendered to its parent company (iiG) of 3.10 Mb. The organic revenue earned from 3rd party customers equal to 2.79Mb.



Operating Profit and Net Profit

For the first 6 months of 2020, operating profit for the company and its subsidiary equal to 65.87 Mb. or an increase of 83.14% when compared with the same period of last year while net profit significantly increased by 20.72Mb. or 153.42% compared with the same period of last year, Y.2019. This mainly due to the acquisition of iCE completed in March Y.2019 resulted to the group ability to synergize and better manage resources especially the back-office functions as well as the management team to streamline our service operations and to save cost.

GROSS MARGIN (%)	Company	JAN-JUN	JAN-JUN	VARIANCE	VARIANCE (%)
		Y.2020	Y.2019		
Gross Margin from Software Subscription From Salesforce	I&I GROUP PUBLIC CO.,LTD.	25.00%	13.94%	11.06%	79.3%
Gross Margin from Software Subscription and the Grant of License from Oracle	ICE CONSULTING CO.,LTD.	36.90%	26.15%	10.76%	41.1%
Gross Margin from Implementation and Application Management Service from CRM	I&I GROUP PUBLIC CO.,LTD.	23.54%	25.84%	-2.30%	-8.9%
Gross Margin from Implementation and Application Management Service for ERP System	ICE CONSULTING CO.,LTD.	32.80%	23.85%	8.95%	37.5%
Gross Margin from Placement Services	I&I GROUP PUBLIC CO.,LTD.	39.33%	39.79%	-0.46%	-1.1%

Financial Position

As of the year ended 2019 and for the period as of June of 2020. The Company (iiG) and ICE/iiXP (the subsidiaries), recorded the total Assets of 443.14 Mb.and 480.68 Mb respectively.

The current assets presented in the audited financial statement consist of trade receivables, other receivables, prepaid cost of software license which is recorded in accordance with the nature of the business.

The key item of Non Current Assets show on the financial statement is Goodwill, that will be tested impairment at least on a yearly basis. The good will is the amount recorded from company valuation/appraisal from the purchase price allocation of ICE which the company restructuring process was completely finished in March 27th, 2019.



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At the end of 2019 and the first 6 months of 2020, the Company and its subsidiary recorded the total liabilities of 144.85 Mb. and 195.17 Mb. or 32.69% and 40.60% of total assets respectively.

Current liabilities included Current Portion of Unearned Revenue (bill and collected in advance) which will be recognized within 1 year, Trade Payables, Other Payables, Corporate Tax Liabilities, which were arose by nature and from normal company business. The company and its subsidiary had no outstanding loan as of June 2020.

Non-current liability included Unearned Revenue which will be recognized after 1 year, Lease Liability, and Long Term Employee Benefit obligations (TAS19).

At the end of 2019 and the first 6 months of 2020, the Company and its subsidiaries had the shareholder's equity of 298.28Mb. and 285.51Mb. or 67.31% and 59.40% of total assets respectively. For the first 6 months of 2020, legal reserve equal to 4.60Mb. and unappropriated retained earnings closed at 7.70 Mb.

Cashflow

The company and its subsidiaries show cash flow from operations of 42Mb for the first six months of 2020, increased 30Mb compared with the first six months of the same period last year. The solid cash flow status is attributed to a strong business performance of the group and an effective credit management for both customers and suppliers.

	Company	AS OF JUN	AS OF DEC		
		Y.2020	Y.2019	VARIANCE	VARIANCE (%)
Cashflow from Operating Activities	I&I GROUP PUBLIC CO.,LTD. AND ITS SUBSIDIARIES	42,238.62	12,549.08	29,689.55	236.6%

Please be informed accordingly.

Sincerely Yours,

(Mr. Somchai Mekasuvanroj)
Chief Executive Officer
I&I Group Public Company Limited