



บริษัท ไอแอนดีไอ กรุ๊ป จำกัด (มหาชน)
I&I Group Public Company Limited
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No IIG 010/2021

13 May 2021

Subject: Management discussion and analysis for the 3 months ended March 31, 2021

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 3 months ended March 31, 2021 as follows:

Overall Group Performance

Unit : million Baht

	Jan - Mar 2021	%	Jan - Mar 2020	%	Change	%YoY
Sales and services revenues	151.90	100.0	109.86	100.0	42.04	38.3
Total income	151.90	100.0	109.86	100.0	42.04	38.3
Cost of sales and services	113.87	75.0	76.03	69.2	37.84	49.8
Gross margin (exclude other income)	38.03	25.0	33.83	30.8	4.20	12.4
Selling and administrative expenses	23.99	15.8	21.01	19.1	2.98	14.2
Profit before finance costs and income tax	14.04	9.2	12.82	11.7	1.22	9.5
Finance costs	(0.01)	(0.0)	(0.01)	(0.0)	-	-
Profit before tax	14.03	9.2	12.81	11.7	1.22	9.5
Income tax	(2.67)	(1.8)	(2.54)	(2.3)	(0.13)	(5.1)
Net profit after tax	11.36	7.5	10.27	9.3	1.09	10.6

Sales and services revenues

For the first 3 months of 2021, our group achieved total sales and services revenue of 151.90 Mb. Revenue from Salesforce CRM contributed the most with an increase of 28.65 Mb or 51.4% followed by Oracle ERP of 7.38 Mb or 15.2%. Revenue from consulting service of customer experience management increased by 4.09 or 314.6% YoY. Revenue from data analytics & management (iiG Data), newly setup business unit in Q4 2020, increased by 1.20 Mb compared to the same period last year. We foresee a significant and sustainable growth



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in this new business unit in line with our planned strategy to offer end-to-end solutions to our new and existing customers.

Cost of sales and services

Overall cost of sales and service increased in line with our sales increases. For the first 3 months of 2021, Cost of sales and services was 113.87 Mb or 75.0% (Q1 2020: 76.03 Mb or 69.2%) compared YoY increased 5.8%. This is mainly due to the slightly increase in cost of software subscription from Salesforce. In addition, the company hired more staff at the end of last year to support full-year workload. The first quarter is in Low Season, non-recurring revenue from implementation is lower than other quarters and will continuously increase to High Season in the 4th quarter due to the nature of the business.

Selling and administrative expenses

For the first 3 months of 2021, selling and administrative expenses was 23.99 Mb or 15.8%, an increase of 2.98 Mb (Q1 2020: 21.01 Mb or 19.1%) compared YoY decreased by 3.3% points. The increase in SG&A attributed to more sales and management staff for business expansion.

Net profit after tax

For the first 3 months of 2021, net profit after tax was 11.36 Mb or 7.5% of total revenue, increase by 1.09 Mb or 10.6% compared YoY. This is mainly due to the increase in revenue from Salesforce CRM.



Revenue Structure

Unit: million Baht

Revenue Types	Jan - Mar 2021	%	Jan - Mar 2020	%	Change	%YoY
1. Revenue from Customer Relationship Management (CRM)						
1.1 Salesforce software subscription	48.68	32.0	34.18	31.1	14.50	42.4
1.2 Implementation & AMS	35.68	23.5	21.53	19.6	14.15	65.7
Total Revenue from Customer Relationship Management (CRM)	84.36	55.5	55.71	50.7	28.65	51.4
2. Revenue from Enterprise Resource Planning (ERP)						
2.1 Oracle software subscription & MA	10.76	7.1	8.47	7.7	2.29	27.0
2.2 Implementation & AMS	44.46	29.3	36.03	32.8	8.43	23.4
2.3 Oracle license	0.69	0.5	4.03	3.7	(3.34)	(82.9)
Total Revenue from Enterprise Resource Planning (ERP)	55.91	36.9	48.53	44.2	7.38	15.2
3. Revenue from Consulting service of Customer Experience Management (CEM)	5.39	3.5	1.30	1.2	4.09	314.6
4. Revenue from Data Analytics & Management (iiG Data)	1.20	0.8	-	-	1.20	100.0
5. Revenue from Placement Service	5.04	3.3	4.32	3.9	0.72	16.7
Total Revenue	151.90	100.0	109.86	100.0	42.04	38.3

Revenue from Software Subscription from Salesforce

For the first 3 months of 2021, revenue from subscription fee of Salesforce increases by 14.50 Mb or 42.2% compared YoY due to the Company acquired new major customers in the life and non-life insurance businesses, resulting in revenue from subscription fee of Salesforce significantly increased compared YoY.



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Revenue from Implementation and Application Management Service for CRM System

For the first 3 months of 2021, revenue from implementation and application management service for CRM system increase by 14.15 Mb or 65.7% compared YoY from acquiring new major customers in life insurance business.

Revenue from Software Subscription & MA and the Grant of License from Oracle

For the first 3 months of 2021, revenue from subscription fees (ERP On Cloud) increased by 1.78 Mb or 47.5% compared YoY as a result of "Snowball effect". Our business plan has been focusing on increase new subscriptions licenses of Oracle ERP rather than selling a legacy ERP Oracle on premises. With this reason, we are marketing to offer a new service to migrate the legacy ERP on premises to ERP on Cloud for our clients. This will significantly generate a recurring income to ICE in the near future. In addition, our subsidiary has also developed our own software, E-Tax program, added on services for our Oracle clients and new non-Oracle customers to enjoy a tax saving program with the Revenue Department. As a result of this trend, revenue from one-time license decreased by 3.34 Mb.

Revenue from Implementation and Application Management Service for ERP System

For the first 3 months of 2021, revenue from implementation and application management services for ERP system increased by 8.43 Mb or 23.4% compared YoY due to the Company acquired new customer in assets management business.

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

For the first 3 months of 2021, revenue from consulting service and implementation increase by 4.09 Mb or 314.6% compared YoY due to the Company acquired new customers in commercial bank, hospital, and pharmaceutical manufacturing and distribution business.

Revenue from Data Analytics & Management (iiG Data)

In Q4 2020, the Company launched new business unit, Data Analytics & Management business or "iiG data". For the first 3 months of 2021, revenue from Data Analytics & Management was 1.20 Mb from providing service to customers in the hospital business which is continued contracts from last year.



Revenue from Placement Service

For the first 3 months of 2021, revenue from placement service slightly increased by 0.72 Mb or 16.7% compared YoY due to acquiring new customers in oil and energy and life insurance business. However, most of the customers delay to use this service as a result of COVID-19 pandemic. We believe that revenue from placement service will recover to normal according to the progress of COVID-19 vaccines in Thailand.

The recurring and non-recurring income

Unit: million Baht

Revenue from Customer Relationship Management (CRM)	Jan - Mar 2021	%	Jan - Mar 2020	%	Change	%YoY
Revenues- Recurring	51.81	61.4	37.12	66.6	14.69	39.6
Revenues- Non-Recurring	32.55	38.6	18.59	33.4	13.96	75.1
Total Revenues	84.36	100.0	55.71	100.0	28.65	51.4

Revenue from Enterprise Resource Planning (ERP)	Jan - Mar 2021	%	Jan - Mar 2020	%	Change	%YoY
Revenues- Recurring	14.52	26.0	13.52	27.9	1.00	7.4
Revenues- Non-Recurring	41.39	74.0	35.01	72.1	6.38	18.2
Total Revenues	55.91	100.0	48.53	100.0	7.38	15.2

Revenue from Consulting service of Customer Experience Management (CEM)	Jan - Mar 2021	%	Jan - Mar 2020	%	Change	%YoY
Revenues- Non-Recurring	5.39	100.0	1.30	100.0	4.09	314.6
Total Revenues	5.39	100.0	1.30	100.0	4.09	314.6

Revenue from Data Analytics & Management (iiG Data)	Jan - Mar 2021	%	Jan - Mar 2020	%	Change	%YoY
Revenues- Non-Recurring	1.20	100.0	-	-	1.20	100.0
Total Revenues	1.20	100.0	-	-	1.20	100.0

Revenue from Placement Service	Jan - Mar 2021	%	Jan - Mar 2020	%	Change	%YoY
Revenues- Non-Recurring	5.04	100.0	4.32	100.0	0.72	16.7
Total Revenues	5.04	100.00	4.32	100.0	0.72	16.7



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	Jan - Mar 2021	%	Jan - Mar 2020	%	Change	%YoY
Total Revenue						
Revenues- Recurring	71.37	47.0	54.96	50.0	16.41	29.9
Revenues- Non-Recurring	80.53	53.0	54.90	50.0	25.63	46.7
Total Revenues	151.90	100.0	109.86	100.0	42.04	38.3

Recurring and non-recurring income

For the first 3 months of 2021, revenue from implementation increased by 28.96 Mb minus revenue from one-time license decreased by 3.34 Mb compared YoY. The portion of the non-recurring revenue increased from 50.0% to 53.0%. However, the recurring revenue increased by 16.41 Mb, mainly due to the revenue from software subscription from Salesforce increased by 14.50 Mb.

Financial Position

Unit : million Baht

	As of 31 Mar 2021	%	As of 31 Dec 2021	%	Change	%YoY
Assets						
Cash and cash equivalents	151.32	21.6	159.00	25.1	(7.68)	(4.8)
Trade and Other receivables, net	81.42	11.6	88.87	14.0	(7.45)	(8.4)
Unbilled receivables	107.21	15.3	80.23	12.7	26.98	33.6
Prepaid software license fees	96.32	13.7	54.85	8.6	41.47	75.6
Other current assets	10.50	1.5	3.72	0.6	6.78	182.3
Goodwill	217.31	31.0	217.31	34.3	-	-
Other non-current assets	37.12	5.3	29.93	4.7	7.19	24.0
Total assets	701.20	100.0	633.91	100.0	67.29	10.6
Liabilities						
Current liabilities	177.64	25.3	124.10	19.6	53.54	43.1
Non-current liabilities	24.48	3.5	22.08	3.5	2.40	10.9
Total liabilities	202.12	28.8	146.18	23.1	55.94	38.3
Equity	499.08	71.2	487.73	76.9	11.35	2.3
Total liabilities and equity	701.20	100.0	633.91	100.0	67.29	10.6



Total Assets

Total assets as of 31 March 2021 is 701.20 Mb. with an increase of 67.29 Mb. or 10.6%. This mainly due to the increase in unbilled receivables of 26.98 Mb. and the increase in prepaid software license fees of 41.47 Mb. The key item of Non-Current Asset shown on the financial statement is goodwill that will be tested for impairment at least on a yearly basis. The Goodwill is the amount recorded from company valuation/appraisal from the purchase price allocation of ICE, (which completed restructuring on March 27, 2019). The goodwill was not impaired in this period due to the good performance and solid cashflow status of ICE.

Total Liabilities

Total liabilities as of 31 March 2021 is 202.12 Mb (31 December 2020: 146.18 Mb) increased of 55.94 Mb or 38.3% due to the increase in deferred income from software subscription, maintenance and application management service revenue total of 53.68 Mb, in line with the increase in prepaid software license fees.

Equity

Equity as of 31 March 2021 is 499.08 Mb, an increase of 11.35 Mb or 2.3% from net profit of Q1'2021.

Cashflow

Unit : million Baht

Net cash provided by (used in)	Jan – Mar 2021	Jan – Mar 2020
Cash Flow from Operating	(2.98)	44.26
Cash Flow from Investing	(4.48)	(0.23)
Cash Flow from Financing	(0.29)	(0.14)
Net increase (decrease) in cash and cash equivalents	(7.75)	43.89

Cash Flow from Operating Activities

For the first 3 months of 2021, net cash used in operating activities was 2.98 Mb, decreased 47.24 Mb YoY. Our decrease in cash flow mainly due to the increasing in unbilled receivables as the company has acquired the new projects. Most of the payment term is in the final milestone. Currently, we are in the process of working; therefore, we have not billed the customers yet.



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Cash Flow from Investing Activities

For the first 3 months of 2021, net cash used in investing activities was 4.48 Mb. This included 1.00 Mb restricted cash for Letter of guarantees, purchasing of office equipment of 1.76 Mb and cash used in software development project 1.72 Mb.

Cash Flow from Financing Activities

For the first 3 months of 2021, net cash used in financing activities was 0.29 Mb, mainly due to lease payment include finance cost (IFRS 16) amounting to 0.28 Mb.

AR Turnover and Collection Period

The standard credit term for our clients running between 30-120 days depending on type of sales and service. Most of the credit terms of the Company and its subsidiaries are 30 days. As of 31 March 2021, the DSO (Day Sales Outstanding) was 42 days on average, a slightly decreased from 57 days as of 31 December 2021.

Please be informed accordingly.

Sincerely Yours,

(Mr. Somchai Mekasuvanroj)

Chief Executive Officer

I&I Group Public Company Limited