



บริษัท ไอแอนดีไอ กรุ๊ป จำกัด (มหาชน)  
I&I Group Public Company Limited  
475 Siripinyo Building, Unit 1801, 18th Fl., Si Ayutthaya Road,  
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No. IIG 004/2020

24 February 2021

Subject: Management discussion and analysis for Y.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 year ended 31 December 2020 as follows:

Overall Group Performance

Unit : million Baht

	2019	%	2020	%	Change	%YoY
Sales and Services Revenues	394.70	99.7	549.54	99.4	154.85	39.2
Other income	1.31	0.3	3.57	0.6	2.26	173.0
<b>Total income</b>	<b>396.00</b>	<b>100.0</b>	<b>553.11</b>	<b>100.0</b>	<b>157.10</b>	<b>39.7</b>
Cost of sales and services	269.25	68.0	391.26	70.7	122.01	45.3
<b>Gross margin (exclude other income)</b>	<b>125.45</b>	<b>31.7</b>	<b>158.28</b>	<b>28.6</b>	<b>32.83</b>	<b>26.2</b>
Selling and Administration Expense	67.62	17.1	83.21	15.1	15.74	23.1
<b>Profit before finance costs and income tax</b>	<b>59.13</b>	<b>14.9</b>	<b>78.64</b>	<b>14.2</b>	<b>19.36</b>	<b>33.0</b>
Finance costs	(0.16)	(0.0)	(0.05)	(0.0)	0.11	(70.8)
<b>Profit before tax</b>	<b>58.98</b>	<b>14.9</b>	<b>78.59</b>	<b>14.2</b>	<b>19.47</b>	<b>33.0</b>
Income tax	(12.89)	(3.3)	(15.82)	(2.9)	(2.90)	(22.7)
<b>Net profit after tax</b>	<b>46.08</b>	<b>11.6</b>	<b>62.77</b>	<b>11.3</b>	<b>16.57</b>	<b>36.2</b>

Note: Financial information of ICE Consulting Co., Ltd. was consolidated from 27<sup>th</sup> March 2019 onwards



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### **Total Revenues**

Our group total revenue includes Sales and Services and Other Income. Overall, the Revenue for Y.2020 was 553.11Mb, an increase of 157.10 Mb or 39.70% YOY, (Y.2019: 396.00 Mb) attributable to Sales and Services increased 154.85Mb and 2.26Mb increased in other income.

### **Sales and Services Revenues**

For Y.2020, our group achieved total sales and services revenue of 549.54 Mb. Revenue from Salesforce CRM contributed the most with an increase of 98.72 Mb or 45.1% followed by Oracle ERP of 47.11 Mb or 32.2%. Our newly setup business units drove Marketing Cloud and Customer Experience Management Sales to 20.44 Mb, an increase of 16.72 Mb or 449.4% YOY. We foresee a significant growth in these new Business Units 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. Cost of Sales and Services for Y.2020 was 391.26 Mb. or 70.7% (Y.2019: 269.25 Mb or 68.0%) compared YOY increased 2.7p. (2.7% points) which was in line with our incremental rates. We adjusted employee salary to remain competitive in the labour market. We hired more staff, to be prepared for new big projects; launching our owned proprietary product Data Analytics & Management, throughout Y.2020 and for the sales and implementation of the new products from Salesforce. With our strong workforce, our company is prepared to enjoy an Economy of Scale.

### **Selling and Administration Expense**

Y.2020 our SG&A stood at 83.21 Mb or 15.0% compared to Y.2019 we recorded SG&A of 67.62Mb or 17.1% an increase of 15.59Mb; compared YOY our SG&A decreased by 2.1p. (2.1% points). This 15.59Mb included one-offs expenses for IPO of 8Mb plus 7.59Mb increase attributed to upgraded IT expenses, more staff for business expansion, salary increase for staff, recruitment fee for recruiting talents, and an increase of professional fee/audit fee.

### **Net Profit**

Y.2020, our net profit after tax stood at 62.77 Mb or 11.30% increased by 16.69Mb or 36.2% compared to the same period last year. Our net profit was negatively impacted by TAS12 of 0y.9 Mb, the tax amount of taxable underwriting fee expenses. Without the TAS12, our net profit after-tax would-be 17.59Mb or an increase of 37.9% YOY.



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## Revenue Structure

Unit : million Baht

Revenue Types	2019	%	2020	%	Change	%YoY
<b>1. Revenue from Customer Relationship Management (CRM)</b>						
1.1 Salesforce software subscription	115.16	29.1	172.73	31.2	57.57	50.0
1.2 Implementation & AMS	103.90	26.2	145.05	26.2	41.15	39.6
<b>Total Revenue from Customer Relationship Management (CRM)</b>	<b>219.06</b>	<b>55.3</b>	<b>317.78</b>	<b>57.5</b>	<b>98.72</b>	<b>45.1</b>
<b>2. Revenue from Enterprise Resource Planning (ERP)</b>						
2.1 Oracle software subscription & MA	23.27	5.9	39.92	7.2	16.66	71.6
2.2 Implementation & AMS	113.24	28.6	149.75	27.1	36.51	32.2
2.3 Oracle license	9.61	2.4	3.56	0.6	(6.05)	(63.0)
<b>Total Revenue from Enterprise Resource Planning (ERP)</b>	<b>146.12</b>	<b>36.9</b>	<b>193.24</b>	<b>35.0</b>	<b>47.11</b>	<b>32.2</b>
<b>3. Revenue from Consulting service of Customer Experience Management (CEM)</b>	<b>3.72</b>	<b>0.9</b>	<b>20.44</b>	<b>3.7</b>	<b>16.72</b>	<b>449.5</b>
<b>4. Revenue from Placement Service</b>	<b>25.79</b>	<b>6.5</b>	<b>18.08</b>	<b>3.3</b>	<b>(7.71)</b>	<b>(29.9)</b>
<b>5. Other revenue</b>	<b>1.31</b>	<b>0.3</b>	<b>3.57</b>	<b>0.6</b>	<b>2.26</b>	<b>173.0</b>
<b>Total Revenue</b>	<b>396.00</b>	<b>100.0</b>	<b>553.11</b>	<b>100.0</b>	<b>157.10</b>	<b>39.7</b>

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### Revenue from Software Subscription from Salesforce

Y. 2020, revenue from subscription fee of Salesforce increased by 57.57 Mb. or 50.0% compared to Y.2019.

This is due to the fact that businesses in the banking and insurance sectors began to bring technology into their business operations, resulting in a significant increase in revenue compared with the same period last year.

### Revenue from Implementation and Application Management Service for CRM System

Y.2020, revenue from implementation and application management service for CRM system significantly increased by 41.15Mb. or 39.6% compared to Y.2019. This is mainly due to the Company winning a big project in the Insurance Industry. In addition to that, the company has launched a new product, Data Analytics and



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Management. This new business unit started to contribute in Q4'2020 of 1.63 Mb from our two customers in Energy and Hospital businesses.

#### **Revenue from Software Subscription and the Grant of License from Oracle**

Y.2020, revenue from subscription fees and one-time license from Oracle significantly increased by 10.60 Mb or 32.2% compared to Y.2019. (The acquisition of ICE, appointed Reseller of Oracle, completely finished on 27<sup>th</sup> March 2019). The amount comprises an increase in Subscription licenses of 16.66 Mb accounted for an increase of 71.6% in contrast with the reduction in one-time license of 6.05 Mb. This is due to the result of our business plan to 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.

#### **Revenue from Implementation and Application Management Service for ERP System**

Y.2020, revenue from implementation and application management services for ERP system increased by 36.51 Mb or 32.2% compared with Y.2019. This is mainly due to the continuous works from end of Y.2019 for an important project in the insurance industry. (Our subsidiary, ICE, appointed Reseller of Oracle, was acquired on 27<sup>th</sup> March 2019). In addition to Oracle ERP, ICE has launched a new product to penetrate the small to middle-end segment, Oracle Net Suite. This has started to significantly contributed to Y.2020 sales increase.

#### **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 Y.2020, revenue from consulting service and implementation was 20.44 Mb or an increase of 449.40% YOY.

#### **Revenue from Placement Service**

Y.2020, revenue from placement service declined by 7.71 Mb or 29.90% compared YOY. This is mainly a result of a reduction in service personnel by a major client, due to COVID 19, and is expected to recover in Y.2021. "e have added new major clients in oil & energy conglomerate.



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### The recurring and non-recurring income

Unit : million Baht

Revenue from Customer Relationship Management (CRM)	2019	%	2020	%	Change	%YoY
Revenues- Recurring	127.94	58.4	185.66	58.4	57.72	45.1
Revenues- Non-Recurring	91.12	41.6	132.13	41.6	41.00	45.0
<b>Total Revenues</b>	<b>219.06</b>	<b>100.0</b>	<b>317.78</b>	<b>100.0</b>	<b>98.72</b>	<b>45.1</b>

Revenue from Enterprise Resource Planning (ERP)	2019	%	2020	%	Change	%YoY
Revenues- Recurring	41.75	28.6	57.91	30.0	16.16	38.7
Revenues- Non-Recurring	104.37	71.4	135.33	70.0	30.96	29.7
<b>Total Revenues</b>	<b>146.12</b>	<b>100.0</b>	<b>193.24</b>	<b>100.0</b>	<b>47.11</b>	<b>32.2</b>

Revenue from Customer Experience Management (CEM)	2019	%	2020	%	Change	%YoY
Revenues- Non-Recurring	3.72	100.0	20.44	100.0	16.72	449.5
<b>Total Revenues</b>	<b>3.72</b>	<b>100.0</b>	<b>20.44</b>	<b>100.0</b>	<b>16.72</b>	<b>449.5</b>

Revenue from Placement Service	2019	%	2020	%	Change	%YoY
Revenues- Recurring	25.79	100.0	18.08	100.0	(7.71)	(29.9)
<b>Total Revenues</b>	<b>25.79</b>	<b>100.0</b>	<b>18.08</b>	<b>100.0</b>	<b>(7.71)</b>	<b>(29.9)</b>

Total Revenues	2019	%	2020	%	Change	%YoY
Revenues- Recurring	195.48	49.5	261.65	47.6	66.16	33.8
Revenues- Non-Recurring	199.22	50.5	287.90	52.4	88.68	44.5
<b>Total Revenues</b>	<b>394.70</b>	<b>100.0</b>	<b>549.54</b>	<b>100.0</b>	<b>154.85</b>	<b>39.2</b>

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### **Recurring and non-recurring income**

The portion of the recurring revenue slightly decreased from 49.5% in Y.2019 to 47.6% for Y.2020 while non-recurring income increased to 52.4% from 50.5% previous year. This was mainly due to change in sales-mixed between the two. Our new non-recurring income business unit in CEM (Customer Experience Management and Digital Marketing) has started to significantly generated revenue to the group with an increase of 16.72Mb



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compared to last year in contrast with the decline in Placement service recurring income of 7.71Mb. Overall recurring income and non-recurring income of the group increased 33.8% and 44.5% from Y.2019, respectively.

### Financial Position

Unit : million Baht

	As of 31 Dec 2019	%	As of 31 Dec 2020	%	Change	%YoY
<b>Assets</b>						
Cash and cash equivalents	34.69	7.8	159.00	25.1	124.31	358.3
Trade and Other receivables, net	105.71	23.9	88.88	14.0	(16.83)	(15.9)
Unbilled receivables	22.65	5.1	80.24	12.7	57.59	254.3
Prepaid software license fees	36.16	8.2	54.85	8.7	18.69	51.7
Other current assets	1.62	0.4	3.72	0.6	2.10	129.3
Total Non-current assets	242.31	54.7	247.23	39.0	4.93	2.0
<b>Total assets</b>	<b>443.14</b>	<b>100.0</b>	<b>633.91</b>	<b>100.0</b>	<b>190.78</b>	<b>43.1</b>
<b>Liabilities</b>						
Current liabilities	127.26	28.7	124.10	19.6	(3.15)	(2.5)
Non-current liabilities	17.60	4.0	22.08	3.5	4.49	25.5
<b>Total liabilities</b>	<b>144.85</b>	<b>32.7</b>	<b>146.19</b>	<b>23.1</b>	<b>1.33</b>	<b>0.9</b>
<b>Equity</b>	<b>298.28</b>	<b>67.3</b>	<b>487.73</b>	<b>76.9</b>	<b>189.44</b>	<b>63.5</b>
<b>Total liabilities and equity</b>	<b>443.14</b>	<b>100.0</b>	<b>633.91</b>	<b>100.0</b>	<b>190.78</b>	<b>43.1</b>

### **Total Assets**

Total assets as of 31 December 2020 is 633.91 Mb. with an increase of 190.78 Mb. or 43.1%. The significant increases in current asset were mainly due to an increase in cash and cash equivalent of 124.31 Mb from IPO (Cash received from IPO was 160.46Mb.) and unbilled AR of 57.59Mb. 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 Y.2020 due to the good performance and solid cashflow status of ICE.



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### Total Liabilities

Total liabilities as of 31 December 2020 is 146.19 Mb (2019: 144.85 Mb) increased from Y.2020 1.33Mb or 0.9%. 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 arose from normal Company business. The company and its subsidiaries had no outstanding loans as of 31 December 2020. Non-current liability included Unearned Revenue which will be recognized after 1 year, Lease Liability, and Long Term Employee Benefit obligations (TAS19).

### Equity

Equity as of 31 December 2020 is 487.73Mb, an increase of 189.44 MB or 63.5% from increases in paid-up capital and premium on paid-up capital from, total of 161.37MB and from the net profit of Y.2020.

### Cashflow

Unit : million Baht

	Jan - Dec 2019	Jan - Dec 2020
Net cash provided by (used in)		
Cash Flow from Operating	46.86	8.03
Cash Flow from Investing	12.24	(10.53)
Cash Flow from Financing	(31.97)	126.80
Net increase in cash and cash equivalents	27.13	124.31

### Cashflow from Operating Activities

Cashflow from operating activities as of 31 December 2020 is 8.03 Mb, decreased 38.83 Mb YoY. Our decrease in cash flow mainly attributed to implementation projects which will be collected within Q1'2021. Nevertheless, we remain vigilant in managing our cash flow and continue to monitor our performance of the group. We pay a strong attention to ensure an effective credit management for both customers and suppliers.

### Cash Flow from Investing Activities

Cash Flow from Investing Activities as of 31 December 2020 is (10.53Mb). This included 8.60 Mb restricted cash for Letter of guarantees and purchasing of Office Equipment of 1.93 Mb.



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### Cash Flow from Financing Activities

Cash Flow from Financing Activities as of 31 December 2020 is 126.80 Mb. The significant increase was mainly due to new subscriptions in Ordinary shares from IPO of 160.46Mb minus dividend payment of 33Mb and cost per TFRS16 of .66 Mb. After completed IPO, we have sufficient cashflow for growing our business without any need to borrow from the banks.

### AR Turnover and Collection Period

The standard credit term for our clients running between 30-120 days depending on type of sales and service. Y.2020 the DSO (Day Sales Outstanding) was 56 days on average, a slightly increased from 55 days in Y.2019.

Please be informed accordingly.

Sincerely Yours,

(Mr. Somchai Mekasuvanroj)

Chief Executive Officer

I&I Group Public Company Limited