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FA-IRCP 65/001

February 28, 2022

Subject: Management Discussion and Analysis for the year 2021 ended December 31, 2021

To: The President
The Stock Exchange of Thailand

International Research Corporation Public Company Limited would like to clarify the operating results of consolidated financial statements for the year 2021 ended December 31, 2021 as follows:

Operating results for the year 2021 ended December 31, 2021 represented a net profit attributable to owner of the parent company of Baht 18.57 million (earnings per share of Baht 0.06), an increase of Baht 11.07 million or 147.52% from last year of Baht 7.50 million (earnings per share of Baht 0.03).

➤ Total revenues of 2021 amounted to Baht 763.62 million, a decrease of Baht 178.64 million or 18.96%. The details are as follows:

- ❖ Revenue from system development service of 2021 reduced by 40.16% from last year due to the impact of the Covid-19 outbreak that affected some projects. This caused the operation and delivery of projects to be delayed than planned which resulted in the need to extend the delivery period and affected the recognition of revenues for some projects.
- ❖ Revenue from sales for the year 2021 amounted to Baht 516.83 million, an increase of Baht 29.05 million or 5.96% from the same period of last year. The revenue from sales came from the subsidiary's operating in the distribution of IT products for enterprises, which has increased as organizations have adapted to work from home during the Covid-19 outbreak.
- ❖ Other income for the year 2021 amounted to Baht 24.06 million, a decrease of Baht 62.29 million or 72.14% from last year. Other income of this year consists of gain on disposal of investment in associate of Baht 4.26 million, gain on the reversal of liabilities of Baht 13.67 million and other income of Baht 6.14 million.

- Total expenses for year 2021 amounted to Baht 731.44 million, a decrease of Baht 146.44 million or 16.68% from the same period of last year. The details are as follows:
 - ❖ Cost of system development services, which are the cost of projects for the year 2021 amounted to Baht 164.75 million, a decrease of Baht 136.55 million or 45.32% from last year which was in line with the reduction of revenue from system development service. The reduction rate of cost was greater than the reduction rate of revenue due to the company's improvement of cost control. In addition, backlog and revenue of this year decreased from the previous year. In 2021 there was a reversal of the project estimate cost of Baht 48.92 million due to the change in details of such project operations. In this regard, the Company has completed the delivery of the said project.
 - ❖ Cost of sales are cost of non-project of subsidiaries amounted to Baht 423.03 million, an increase of Baht 8.72 million or 2.10% from last year which are in line with the increase of the subsidiary's sales revenue. While distribution costs amounted to Baht 47.89 million, a decrease of Baht 2.55 million or 5.05%.
 - ❖ Administrative expenses for the year 2021 amounted to Baht 144.67 million, an increase of Baht 32.85 million or 29.38%. This was due to the Company recorded an expected credit loss in accordance with Thai Financial Reporting Standard 9 (TFRS 9) of Baht 39.44 million in 2021. If such expected credit loss was not included, the administrative expenses of 2021 will be Baht 105.23 million, a decrease of Baht 3.85 million or 3.53% from last year.
- As mentioned above, gross profit margin of 2021 was 26.14%, rose from last year with a gross profit margin of 15.14%.
- Financial cost of 2021 decreased by Baht 10.18 million, or 32.31% from last year, in line with the decrease of total liabilities in the amount of Baht 297.18 million or 37.89%.
- In 2021, the subsidiary recorded the profit sharing on investment in associate of Baht 10.52 million. Meanwhile, there was the loss sharing of investment in associate of Baht 3.88 million last year. Such investment was sold in the first quarter of 2021.

- Profit before income tax of 2021 was Baht 21.37 million, a decrease of Baht 7.62 million or 26.28% from last year which resulted in the reduction of income tax expense by Baht 1.10 million or 26.31%. Such income tax expenses came from the profit of the subsidiary.

- In 2021, the Company's net profit of Baht 18.30 million decreased by Baht 6.52 million or 26.27% from last year of Baht 24.82 million. The 2021 net profit attributable to owner of the parent company of Baht 18.57 million (earnings per share of Baht 0.06), increased by Baht 11.07 million or 147.52% from last year of Baht 7.50 million (earnings per share of Baht 0.03).

Please be informed accordingly.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Dan Hetrakul', written in a cursive style.

(Mr. Dan Hetrakul)

Chief Executive Officer