

IRCP-FA 002/66

February 27, 2023

Subject: Management Discussion and Analysis for the year 2022 ended December 31, 2022

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 2022 ended December 31, 2022 as follows:

Operating results for the year 2022 ended December 31, 2022 represented a net profit attributable to owner of the parent company of Baht 49.05 million (earnings per share of Baht 0.10), an increase of Baht 30.48 million or 164.162% from last year of Baht 18.57 million (earnings per share of Baht 0.06).

- Total revenues of 2022 amounted to Baht 1,322.58 million, an increase of Baht 558.96 million or 73.20%.

The details are as follows:

Unit : Million Baht	For the years ended December 31,				Change	
	2022	%	2021	%	Amount	%
Revenues						
Revenue from system development services	652.03	49.30	212.73	27.86	439.30	206.51
Revenue from sales	629.56	47.60	516.83	67.68	112.73	21.81
Interest income from leases	7.35	0.56	10.00	1.31	(2.65)	(26.50)
Other incomes	33.64	2.54	24.06	3.15	9.58	39.82
Total revenues	1,322.58	100.00	763.62	100.00	558.96	73.20

- ❖ Revenue from system development service of 2022 increased by Baht 439.30 million or 206.51% from last year due to the income from the project to change the social security system on the mainframe computer into a Web Application system that has been signed in the contract at the end of December 2021 and recognized revenue from this project in 2022 at the rate of 57 percent of the total project value.

- ❖ Revenue from sales for the year 2022 amounted to Baht 629.56 million, an increase of Baht 112.73 million or 21.81% from last year. The revenue from sales came from the subsidiary's operating result in the distribution of IT products for enterprises. This is in accordance with the normal business conditions that are constantly highly competitive of IT equipment. Some products have changed their primary supplier, which must find out new replacement products and speed up the marketing to maintain sales volume in the Information Technology business. In addition, organizations have adjusted their working styles to work from home during the epidemic situation of COVID-19, which has contributed to increasing sales revenue.
- ❖ Interest income from leases in 2022 amounted to Baht 7.35 million, a decrease of Baht 2.65 million or 26.50% from 2021. Such income came from the rental contracts of sorter equipment, computers, and other equipment from customers. The interest income from the lease contract decreased in accordance with the contract value that gradually decreased.
- ❖ Other income in 2022 of Baht 33.64 million increased by Baht 9.58 million or 39.82% from last year, which was comprised of gains on reversal of liabilities in the amount of Baht 22.33 million and other income of Baht 11.31 million.
- Total expenses for the year 2022 amounted to Baht 1,233.59 million, an increase of Baht 502.15 million or 68.65% from last year. The details are as follows:
 - ❖ Cost of system development services, which are the cost of projects for the year 2022 amounted to Baht 561.09 million, an increase of Baht 396.34 million or 240.57% from last year which was in line with the increase of revenue from system development service in 2022. Furthermore, there was a reversal of the project estimate cost of Baht 48.92 million last year due to the change in details of such project operations. In this regard, the Company has completed the delivery of the said project in 2021.
 - ❖ Most of the cost of sales and distribution costs are the cost of subsidiary. In 2022, such costs increased by Baht 115.30 million or 24.48%, which corresponded to the increase in sales revenue of 2022. In addition, the weaker foreign exchange rate also affected the increasing cost.
 - ❖ Administrative expenses for the year 2022 amounted to Baht 86.21 million, a reduction of Baht 58.46 million or 40.41% from last year. This was due to the Company booked 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.



Administrative expenses for 2022 reduced as a result of controlling the operating expenses of the company.

- The financial cost of 2022 increased by Baht 5.65 million, or 26.47% from last year due to the expense of Convertible Debentures.
- In 2021, the subsidiary booked the profit sharing on investment in associate of Baht 10.52 million. Such investment was sold in the first quarter of 2021.
- Consequently, profit before income tax of 2022 was Baht 62.01 million, an increase of Baht 40.64 million or 190.14% from last year which resulted in the increase of income tax expense by Baht 9.17 million or 298.11%.
- In 2022, the Company's net profit of Baht 49.76 million increased by Baht 31.47 million or 171.99% from last year of Baht 18.30 million. The 2022 net profit attributable to owner of the parent company of Baht 49.05 million (earnings per share of Baht 0.10), increased by Baht 30.48 million or 164.16% from last year of Baht 18.57 million (earnings per share of Baht 0.06).

Please be informed accordingly.

Yours faithfully,

(Mr. Dan Hetrakul)

Chief Executive Officer

Key financial information

Unit : Million Baht	As of 31 December 2022	% of total assets	As of 31 December 2021	% of total assets	Change	
					Amount	%
Statements of financial position						
Current assets	763.08	73.54	490.03	60.87	273.05	55.72
Non-current assets	274.49	26.46	314.97	39.13	(40.48)	(12.85)
Total assets	1,037.57	100.00	805.00	100.00	232.57	28.89
Current liabilities	459.49	44.29	464.12	57.65	(4.63)	(1.00)
Non-current liabilities	45.99	4.43	22.98	2.85	23.01	100.13
Total liabilities	505.48	48.72	487.10	60.51	18.38	3.77
Equity attributable to owners of the parent	552.79	53.28	338.62	42.06	214.17	63.25
Non-controlling interests	(20.70)	(2.00)	(20.72)	(2.57)	0.02	0.10
Total shareholders' equity	532.09	51.28	317.90	39.49	214.19	67.38
Debt profile						
Loan from financial institutions	115.01	11.08	322.62	40.08	(207.61)	(64.35)
Convertible debentures	17.53	1.69	-	-	17.53	-
Total	132.54	12.77	322.62	40.08	(190.08)	(58.92)
Cash and cash equivalents	95.41	9.20	127.53	15.84	(32.12)	(25.19)
Financial ratio						
Current ratio (times)	1.66		1.06			
Debt to equity (times)	0.95		1.53			
ROE (%)	11.01		7.06			
Net profit margin (%)	3.76		2.40			