

IRCP-FA 001/67

February 29, 2024

Subject: Management Discussion and Analysis for the year 2023 ended December 31, 2023

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 2023 ended December 31, 2023 as follows:

Operating results for the year 2023 ended December 31, 2023 represented a net profit attributable to owner of the parent company of Baht 28.99 million (earnings per share of Baht 0.05), a reduction of Baht 20.06 million or 40.89% from last year of Baht 49.05 million (earnings per share of Baht 0.10).

- Total revenues of 2023 amounted to Baht 1,142.25 million, a reduction of Baht 180.27 million or 13.63%.

The details are as follows:

Unit : Million Baht	For the years ended December 31,				Change	
	2023	%	2022	%	Amount	%
Revenues						
Revenue from system development services	438.90	38.42	652.03	49.30	(213.13)	(32.69)
Revenue from sales	665.54	58.27	629.56	47.60	35.98	5.72
Interest income from leases	4.89	0.43	7.35	0.56	(2.46)	(33.47)
Other incomes	32.92	2.88	33.58	2.54	(0.66)	(1.97)
<b>Total revenues</b>	<b>1,142.25</b>	<b>100.00</b>	<b>1,322.52</b>	<b>100.00</b>	<b>(180.27)</b>	<b>(13.63)</b>

- ❖ System development service income of 2023 accounted for 38.42% of total income. Such income reduced from the previous year in the amount of Baht 213.12 million, or 32.69%. Major recognized income came from the project to change the social security system on mainframe computers to a Web Application system that the contract was signed at the end of December 2021 and revenue from such project has been realized in 2022 and 2023.

- ❖ Sales income in 2023 of Baht 665.54 million, accounted for 58.27% of total income. Sales income in 2023 increased from last year by Baht 35.98 million, or 5.72%. Such income came from the subsidiary's operations in distributing IT products for organizations. The products that the subsidiary distributed are all corporate level products. There are a large number of dealers or resellers spread throughout the country. In addition, the subsidiary has the business policy that will make a difference to provide the service and advice by the experts In order to add value to the distributed products.
  - ❖ Interest income from leases in 2023 amounted to Baht 4.89 million, a reduction of Baht 2.46 million or 33.47% from 2022. 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 2023 of Baht 32.92 million slightly reduced from last year by Baht 0.66 million or 1.97%. Other income in 2023 was comprised of the revenue from joint venture, marketing support revenue, gain on exchange rate and miscellaneous income.
- Total expenses for the year 2023 amounted to Baht 1,086.63 million, a reduction of Baht 146.90 million or 11.91% from last year. The details are as follows:
- ❖ Cost of system development services, which are the cost of projects for the year 2023 of Baht 382.17 million, decreased from last year by Baht 178.92 million or 31.89%. Such costs vary according to the decline in revenue from system development service of 2023.
  - ❖ Most of the cost of sales and distribution costs are the cost of subsidiary. In 2023, such costs increased by Baht 39.01 million or 6.65%, which corresponded to the increase in sales revenue of 2023. Furthermore, the weaker foreign exchange rate also affected the increasing cost.
  - ❖ Administrative expenses for the year 2023 amounted to Baht 75.39 million, a reduction of Baht 10.82 million or 12.55% from last year as a result of the company's cost control.
- Financial costs of 2023 decreased from last year by Baht 11.40 million, or 42.25%, due to the decrease of the expenses for Convertible Debentures in 2023 of Baht 7.48 million, or 50.35% from last year. In addition, the interest expenses and bank fees of 2023 also decreased from the previous year.



- Consequently, profit before income tax of 2023 was Baht 40.04 million, a reduction of Baht 21.97 million or 35.43% from last year which resulted in the decrease of income tax expense by Baht 1.77 million or 14.45%.
- In 2023, the Company's net profit of Baht 29.56 million decreased by Baht 20.20 million or 40.59% from last year of Baht 49.76 million. The 2023 net profit attributable to owner of the parent company of Baht 28.99 million, reduced by Baht 20.06 million or 40.89% from last year of Baht 49.05 million.

## Statements of Financial Position

Unit: Thousand Baht	2023	2022
Current assets	995,545	763,078
Non-current assets	227,701	274,495
<b>Total assets</b>	<b>1,223,246</b>	<b>1,037,573</b>
Current liabilities	592,674	459,487
Non-current liabilities	24,470	45,993
<b>Total liabilities</b>	<b>617,144</b>	<b>505,480</b>
Issued and paid-up share capital	311,741	278,850
Premium on ordinary shares	163,663	134,338
Convertible debentures-capital component	-	2,454
Legal reserve	3,166	-
Unappropriated retained earnings	148,770	137,150
Non-controlling interests	(21,238)	(20,699)
<b>Total shareholders' equity</b>	<b>606,102</b>	<b>532,093</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,223,246</b>	<b>1,037,573</b>

As of December 31, 2023, the Company had cash and cash equivalents of Baht 76.66 million, total assets of Baht 1,223.25 million, total liabilities of Baht 617.14 million, and shareholders' equity of Baht 606.10 million which included unappropriated retained earnings of Baht 148.77 million. Debt to equity ratio was 1.02 times.

Please be informed accordingly.

Yours faithfully,

(Mr. Dan Hetrakul)

Chief Executive Officer