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FA-IRCP 65/003

August 15, 2022

Subject: Management Discussion and Analysis (MD&A) for the three-month and six-month periods ended June 30, 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 three-month and six-month periods ended June 30, 2022 as follows:

Operating results for the six-month period ended June 30, 2022 represented a net profit of Baht 24.03 million as compare with the same period last year with a net loss of Baht 15.89 million, an increase of Baht 39.92 million or 251.20%. Profit attributable to owner of the parent for the first six-month period of 2022 amounted to Baht 23.78 million as compare with the same period last year with loss of Baht 15.90 million, an increase of Baht 39.68 million or 249.59%.

- Total revenues for the first six-month period of 2022 amounted to Baht 781.05 million, an increase of Baht 358.28 million or 84.75%. The details are as follows:

Unit : Thousand Baht	1H2022	1H2021	Change	%
Revenues				
Revenue from system development services	484,704	143,100	341,604	238.72
Revenue from sales	287,179	257,861	29,318	11.37
Interest income from leases	3,982	5,288	(1,306)	(24.70)
Other incomes	5,188	16,524	(11,336)	(68.60)
<b>Total revenues</b>	<b>781,053</b>	<b>422,773</b>	<b>358,280</b>	<b>84.75</b>

- ❖ Revenue from system development service for the first six-month period of this year increased by Baht 341.60 million or 238.72% from the same period last year due to revenue recognition of a large project. Revenue from sales for the first six-month period of 2022 amounted to Baht 287.16 million, an increase of Baht 29.32 million or 11.37% from the same period of the previous year. The sales revenue came from the operating results of the subsidiaries in distributing IT products for the organization.

- ❖ Other income for the first six-month period of this year amounted to Baht 5.19 million, a decrease of Baht 11.34 million or 68.60% from the same period last year. This was due to the Company recorded revenue from the reduction in the provision of other liabilities of Baht 9.67 million and gain on disposal of investment of Baht 4.26 million in the first six-month period last year.
- Total expenses for the first six-month period of 2022 amounted to Baht 735.43 million, an increase from the same period last year of Baht 300.96 million or 69.27%. The details are as follows:

Unit : Thousand Baht	1H2022	1H2021	Change	%
Expenses				
Cost of system development services	419,534	99,843	319,691	320.19
Cost of sales	239,580	205,041	34,539	16.84
Distribution costs	25,774	24,394	1,380	5.66
Administrative expenses	50,537	105,192	(54,655)	(51.96)
<b>Total expenses</b>	<b>735,425</b>	<b>434,470</b>	<b>300,955</b>	<b>69.27</b>

- ❖ Cost of system development services, which were the cost of projects for the first six-month period of 2022 amounted to Baht 419.53 million, an increase of Baht 319.69 million or 320.19% from the same period of the previous year. Such costs were proportional to the increase of system development service revenue for the six-month period of this year.
- ❖ Most of the cost of sales and distribution costs were the cost of goods for non-project work, an increase of Baht 35.92 million from the same period of the previous year or equivalent to 15.66%, which in line with the increase of sales revenue and the increased cost from the exchange rate.
- ❖ Administrative expenses for the first six-month period of 2022 decreased from the previous year by Baht 54.66 million or 51.96%. This was due to the Company recorded an expected credit loss incurred in accordance with Thai Financial Reporting Standard No. 9 (TFRS 9) amounting to Baht (0.24) million in the first six-month period of this year, compared to last year which was Baht 47.44 million. If such expected credit loss was excluded, the administrative expenses for the first six-month period of this year will be Baht 50.77 million, a decrease from the same period of the previous year by Baht 6.98 million or 12.08%.

- Finance costs for the first six-month period of 2022 increased by Baht 3 million or 24.80% from the same period of the previous year due to the cost of issuing convertible bonds
- For the first six-month of the previous year the subsidiary had a profit sharing from investment in an associated company of Baht 10.52 million. Furthermore, the subsidiary sold such investment in the first quarter last year.
- Profit before income tax for the first half of 2022 amounted to Baht 30.51 million, compared to the same period of the previous year which had a loss before income tax of Baht 13.29 million, an increase of Baht 43.80 million or 329.55%. Tax expense amounted to Baht 6.48 million, an increase of Baht 3.88 million from the same period last year or 149.08% due to an increase of profit before income tax.

Operating results for the three-month period ended June 30, 2022 (Q2/2022), the Company had a net profit of Baht 11.50 million, a decrease of Baht 20.13 million or 63.65% from the same quarter of the previous year which had a net profit of Baht 31.63 million. Net profit attributable to the parent company was Baht 11.36 million, a decrease of Baht 19.73 million or 63.45% from the same quarter of the previous year which had a net profit attributable to the parent company of Baht 31.09 million.

- Total revenues for the second quarter of 2022 amounted to Baht 461.65 million, an increase of Baht 241.98 million or 110.16% from the same quarter of the previous year. The details are as follows:

Unit : Thousand Baht	Q2/2022	Q2/2021	Change	%
Revenues				
Revenue from system development services	320,779	79,136	241,643	305.35
Revenue from sales	137,848	130,572	7,276	5.57
Interest income from leases	1,919	2,579	(660)	(25.59)
Other incomes	1,099	7,381	(6,282)	(85.11)
<b>Total revenues</b>	<b>461,645</b>	<b>219,668</b>	<b>241,977</b>	<b>110.16</b>

- ❖ Revenue from system development services in the second quarter of this year derived from revenue recognition of a large project.

- Total expenses for the second quarter of 2022 amounted to Baht 435.20 million, an increase of Baht 254.38 million or 140.68% from the same quarter last year. The details are as follows:

Unit : Thousand Baht	Q2/2022	Q2/2021	Change	%
Expenses				
Cost of system development services	279,467	36,755	242,712	660.35
Cost of sales	112,175	102,159	10,016	9.80
Distribution costs	13,481	12,042	1,439	11.95
Administrative expenses	30,072	29,860	212	0.71
<b>Total expenses</b>	<b>435,195</b>	<b>180,816</b>	<b>254,379</b>	<b>140.68</b>

- ❖ Cost of system development service, cost of sales and distribution cost increased in line with the increase of income.
- Finance costs in Q2/2022 increased by Baht 5.68 million or 95.25% from the same quarter of the previous year due to the cost of issuing convertible bonds.
- Profit before income tax for Q2/2022 of Baht 14.82 million, decreased from the same quarter of the previous year by Baht 18.08 million or 54.96%, whereas income tax expenses of Baht 3.32 million increased from the same period of the previous year by Baht 2.06 million or 162.79%.

Please be informed accordingly.

Yours faithfully,

(Mr. Dan Hetrakul)

Chief Executive Officer