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FA-IRCP 65/004

November 14, 2022

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

Operating results for the nine-month period ended September 30, 2022 represented a net profit of Baht 19.98 million as compared to the same period last year of Baht 26.43 million, a decrease of Baht 6.45 million or 24.43%. Profit attributable to owner of the parent for the nine-month period of 2022 amounted to Baht 19.82 million as compared to the same period last year of Baht 26.28 million, a decrease of Baht 6.46 million or 24.59%.

- Total revenues for the nine-month period of 2022 amounted to Baht 995.59 million, an increase of Baht 394.57 million or 65.65%. Total expenses for the nine-month period of 2022 amounted to Baht 946.17 million, an increase from the same period last year of Baht 381.80 million or 67.65%. The details are as follows:

<b>Unit : Thousand Baht</b>	<b>9 Months 2022</b>	<b>9 Months 2021</b>	<b>Change</b>	<b>%</b>
<b>Revenues</b>				
Revenue from system development services	553,795	173,362	380,433	219.44
Revenue from sales	430,089	399,289	30,800	7.71
Interest income from leases	5,752	7,730	(1,978)	(25.59)
Other incomes	5,950	20,637	(14,687)	(71.17)
<b>Total revenues</b>	<b>995,586</b>	<b>601,018</b>	<b>394,568</b>	<b>65.65</b>
<b>Expenses</b>				
Cost of system development services	475,807	131,741	344,066	261.17
Reversal of cost estimates for system development	-	(48,916)	48,916	100.00
Cost of sales	359,289	323,940	35,349	10.91
Distribution costs	40,608	34,937	5,671	16.23
Administrative expenses	70,675	123,235	(52,560)	(42.65)
Other (gain) loss	(212)	(567)	(355)	(62.61)
<b>Total expenses</b>	<b>946,167</b>	<b>564,370</b>	<b>381,797</b>	<b>67.65</b>

- ❖ Revenue from system development service for the nine-month period of this year increased by Baht 380.43 million or 219.44% from the same period last year due to most revenue recognition of a large project. Revenue from sales for the nine-month period of 2022 amounted to Baht 430.09 million, an increase of Baht 30.80 million or 7.71% 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 nine-month period of this year amounted to Baht 5.95 million, a decrease of Baht 14.69 million or 71.17% 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 12.48 million and gain on disposal of investment of Baht 4.26 million in the nine-month period last year.
- ❖ Cost of system development services, which were the cost of projects for the nine-month period of 2022 amounted to Baht 475.81 million, an increase of Baht 344.07 million or 261.17% from the same period of the previous year. Such costs were proportional to the increase of system development service revenue for the nine-month period of this year. In addition, there was the reversal of project cost estimates for system development services of Baht 48.92 million in the nine-month period of the previous year due to the changes in the details of the project implementation which resulted in cost reduction. The Company has completed the delivery of the said project.
- ❖ Cost of sales and distribution costs mostly came from the cost of goods for non-project work, an increase of Baht 35.35 million from the same period of the previous year or equivalent to 10.91%, which were in line with the increase of sales revenue and the increased cost from the exchange rate.
- ❖ Administrative expenses for the nine-month period of 2022 reduced from the previous year by Baht 52.56 million or 42.65%. 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 (0.57) million in the nine-month period of this year, compared to last year which was Baht 40.98 million. If such expected credit loss was excluded, the administrative expenses for the nine-month period of this year will be Baht 71.24 million, a decrease from the same period of the previous year by Baht 11.02 million or 13.40%.
- ❖ Finance costs for the nine-month period of 2022 increased by Baht 6 million or 34.44% from the same period of the previous year due to the cost of issuing convertible bonds.
- ❖ For the nine-month period of the previous year, the subsidiary had a profit sharing from investment in an associated company of Baht 10.52 million. Such investment of the subsidiary was sold in the first quarter last year.
- ❖ Profit before income tax for the nine-month period of 2022 amounted to Baht 26.01 million as compared to the same period of the previous year of Baht 29.75 million, a decrease of Baht 3.74 million or 12.58%. Tax expense amounted to Baht 6.04 million, an increase of Baht 2.71 million from the same period last year due to an increase of taxable profit.

Operating results for the three-month period ended September 30, 2022 (Q3/2022), the Company had a net loss of Baht (4.06) million as compared to the same quarter of the previous year which had a net profit of Baht 42.33 million. Net loss attributable to the parent company for Q3/2022 amounted to Baht (3.96) million as compared to the same quarter of the previous year which had a net profit attributable to the parent company of Baht 42.18 million.

- Total revenues for Q3/2022 amounted to Baht 214.53 million, an increase of Baht 37.01 million or 20.85% from the same quarter of the previous year. Total expenses for Q3/2022 amounted to Baht 210.74 million, an increase of Baht 81.57 million or 63.14% from the same quarter last year. The details are as follows:

Unit : Thousand Baht	Q3/2022	Q3/2021	Change	%
<b>Revenues</b>				
Revenue from system development services	69,091	30,262	38,829	128.31
Revenue from sales	142,910	141,428	1,482	1.05
Interest income from leases	1,770	2,442	(672)	(27.52)
Other incomes	762	3,388	(2,626)	(77.51)
<b>Total revenues</b>	<b>214,533</b>	<b>177,520</b>	<b>37,013</b>	<b>20.85</b>
<b>Expenses</b>				
Cost of system development services	56,273	30,369	25,904	85.30
Reversal of cost estimates for system development	-	(47,387)	47,387	100.00
Cost of sales	119,709	118,899	810	0.68
Distribution costs	14,834	10,543	4,291	40.70
Administrative expenses	20,138	17,318	2,820	16.28
Other (gain) loss	(212)	(567)	(355)	(62.61)
<b>Total expenses</b>	<b>210,742</b>	<b>129,175</b>	<b>81,567</b>	<b>63.14</b>



- ❖ Revenue from system development services in the third quarter of this year mostly derived from revenue recognition of a large project. The sales revenue came from the operating results of the subsidiaries in distributing IT products for the organization.
- ❖ Cost of system development service, cost of sales and distribution cost increased in line with the increase of income. In addition, there was the reversal of project cost estimates for system development services of Baht 47.39 million in the third quarter of the previous year due to the changes in the details of the project implementation which resulted in cost reduction as above mentioned.
- ❖ Administrative expenses for Q3/2022 increased from the previous year by Baht 2.82 million or 16.28%. This was due to the Company recorded the reversal of the expected credit loss incurred in accordance with Thai Financial Reporting Standard No. 9 (TFRS 9) amounting to Baht (0.33) million in Q3/2022, as compared to the same quarter last year of Baht (6.47) million. If such expected credit loss was excluded, the administrative expenses for Q3/2022 will be Baht 20.47 million, a decrease from the same quarter of the previous year by Baht 3.32 million or 13.94%.
- ❖ Finance costs in Q3/2022 increased by Baht 2.99 million or 56.48% from the same quarter of the previous year due to the cost of issuing convertible bonds.
- ❖ In Q3/2022, the Company had loss before income tax of Baht (4.50) million, as compared to the same quarter last year which had profit before income tax of Baht 43.05 million.



International Research  
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Please be informed accordingly.

Yours faithfully,

(Mr. Dan Hetrakul)

Chief Executive Officer