



International Research
Corporation Public Co., Ltd.

บมจ.เลขที่ 0107546000024

EM-IRCP 13-63

May 14, 2020

Subject: Submit management discussion and analysis (MD&A) for Q1/2020 ended March 31, 2020

To: Director and Manager
The Stock Exchange of Thailand

International Research Corporation Public Company Limited would like to clarify the operation results for Q1/2020 ended March 31, 2020 as follows:

The Company had net profit (loss) of (34.61) million baht compare to (12.13) million baht in the same period of previous year, or decreased from Q1/2019 for 22.48 million baht. The Company had total revenue of 153.25 million baht, decreased by 69.48 million baht or -31.2% compared with the total revenue of 222.73 million baht in Q1/2019. The Company would like to clarify the substantial reasons as follows:

1. Total revenue decreased from Q1/2562 by 69.48 million baht as revenue from System Development Service declined by 30.06 million baht or -36.4% and revenue from Sales decreased by 32.82 million baht or -25.4%, resulting by high price competition in SI business prolonged from 2019, Covid-19 situations, and the delay reconsideration and reduction of 2020 Government IT fiscal budget. Interest income under Financing Lease reported at 3.37 million baht with 4.07 million baht decreases, due to changes in revenue recognition from straight-line method to effective rate a difference of 5.40 million baht was recorded as revenue in Q1/2019. Other Income was 1.06 million baht or 2.53 million baht decreases, majorly resulted by loss of exchange rate versus gain of Q1/2019.
2. Total expenses were 180.07 million baht, decreased by 46.34 million baht or -20.5% comparing to the same period of previous year. The details are as follows:
 - Cost of system development decreased by 27.80 million baht or -36.5%. The decrease rate was a little higher than decrease rate of the revenue as a result of good control and manage on project cost and expenses. Cost of sales decreased by 25.54 million baht or -23.3%, lower than the decrease rate of revenue from Sale as the price competitions in the market remain in high level.
 - Selling expenses was 10.75 million baht decreased by 2.41 million baht or -18.34 % in regard to marketing activities slowdown and in harmonious with the business condition.



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- Administrative expenses increased by 9.41 million baht or +34.5%, resulting from Financial Advisor expenses of 2.28 million baht, loss from exchanges rate of 1.49 million baht, provisions for 2014-2015 income and VAT tax liabilities 0.33 million baht, TFRS9 allowance for doubtful debts accounts of 1.41 million baht, and the TFRS16 Right-of-use assets depreciation of 1.43 million baht. Meanwhile the administration expenses of the subsidiaries increased by 1.54 million baht in this period.
 - Finance expenses was 8.45 million, increased by 0.28 million baht or 3.37%, due to withdrew bank loan to support projects per plan, as loan from financial institution increased by 24.09 million baht whereas overall borrowing rate declined from last year.
3. Corporate income tax decreased by 0.40 million baht resulting from the adjustment of corporate income tax liabilities.
 4. In additions, due to changes in accounting policy with the introduction of TFRS9, at the beginning of the period the Company adjusted its shareholder's equity down with the allowance for doubtful debts accounts of 32.51 million baht, of which divided into the Company's portion of 14.73 million baht and the subsidiaries of 17.78 million baht.

Please be informed accordingly,

Sincerely yours

Mr. Dan Hetrakul
Chief Executive Officer