

October 17, 2022

Subject Management Discussion and Analysis of the Company's Performance for the 6-Month Period of 2022

To President  
The Stock Exchange of Thailand

Asia Medical and Agriculture Laboratory and Research Center Public Company Limited (“the Company”) would like to inform the Company's performance and submit the financial statement for the first 6-month period of 2022 ended June 30, 2022, which has been reviewed by certified public accountant to the Stock Exchange of Thailand. The Company reported net profit THB 12.70 million. In this regard, the Company would like to explain the reasons for its performance as follows.

#### Revenue Structure

Revenue	Financial Statements			
	Jan - Jun 2021		Jan - Jun 2022	
	THB million	%	THB million	%
1. Revenue from Testing Service				
1.1 Agricultural and Food	96.60	79.49	96.60	79.49
1.2 Agricultural Production Factor and Environment	1.42	1.17	1.42	1.17
1.3 Pharmaceuticals	6.79	5.59	6.79	5.59
<b>Total revenue from Testing Service</b>	<b>104.82</b>	<b>86.25</b>	<b>104.82</b>	<b>86.25</b>
2. Revenue from Calibration Service	3.84	3.16	3.84	3.16
3. Revenue from Inspection and Certification Service	12.34	10.16	12.34	10.16
<b>Total Service Revenue</b>	<b>121.00</b>	<b>99.57</b>	<b>121.00</b>	<b>99.57</b>
4. Other Revenue <sup>1/</sup>	0.52	0.43	0.52	0.43
<b>Total Revenue</b>	<b>121.52</b>	<b>100.00</b>	<b>121.52</b>	<b>100.00</b>

Remark: <sup>1/</sup> Other revenue including revenue from training service, insurance compensation, interest income and accounting adjustment

## Analysis of Financial Position and Results of Operations

### **Results of Operations**

The Company provides comprehensive scientific services for the agriculture, food, pharmaceutical and environment sectors; including testing, calibration, inspection and certification according to international quality standards. The Company's revenues can be classified into 3 groups as follows:

(1) Testing services can be divided by types of products into 3 types as follows:

(1.1) Agriculture and Food Product

For the first 6-month period of 2022, the Company's revenues from agricultural and food product testing services increased by THB 14.58 million, representing an increase of 15.09% compared to the same period of the previous year since the Company was contracted for more agricultural and food product safety testing projects from a large group of hypermarket, as well as water quality testing from a large public hospital, more projects from provincial departments, and more subcontracting projects from other companies.

(1.2) Agricultural Production Factor and Environment

For the first 6-month period of 2022, the Company's revenues from agricultural production factor and environment testing services increased by THB 3.17 million, representing an increase of 222.28% compared to the same period of the previous year due to the overall expansion of services. In addition, the Company was contracted for more research and efficacy tests of agricultural hazardous substances projects.

(1.3) Drug, Herb, Food Supplement and Cosmetics

For the first 6-month period of 2022, the Company's revenues from drugs, herbs, supplementary foods, and cosmetics testing services decreased by THB 1.68 million, representing a decrease of 24.71% compared to the same period of the previous year due to the completion of drug research projects by private drug manufacturers. As a result, the Company's the number of drugs testing has dropped.

(2) Calibration Services

For the first 6-month period of 2022, the Company's revenues from calibration services increased by THB 0.61 million, representing an increase of 15.78% compared to the same period of the previous year due to the relaxation of the Covid-19 pandemic; therefore, on-site calibration services could be more provided. In addition, the Company expanded to new customers such as distributors of tools and equipment, which were required to be calibrated, as well as the revenues continually increased from public university hospital projects since 2021.

**(3) Inspection Body and Certification Body Services**

For the first 6-month period of 2022, the Company's revenues from inspection body and certification body services decreased by THB 6.30 million, representing a decrease of 51.08% compared to the same period of the previous year due to the adjustment of the government's budget period; therefore, the auction of projects was continually postponed to the third/fourth quarter of the year. However, the Company has the positive view on the revenue growth from government sector in 2022 due to the policy and schedule for transferring inspection and certification mission from government sector, and the long-term policy on enhancing agricultural standards of the Ministry of Agricultural and Cooperatives.

The Company's expenses include cost of services, selling and administrative expenses and financial costs. The cost of services can be divided into 3 groups according to the types of business.

For the first 6-month period of 2022, the Company's cost of testing services was THB 63.97 million, representing a gross profit margin of 47.08% which slightly increased from the same period of the previous year at 46.95%. Although the Company was affected by an increase in the prices of testing chemicals and supplies, including an increase of scientists' salary as the number of personnel increased, the Company was benefited from the economies of scale due to the growth of agricultural production factor and environment testing service revenues for such period.

For the first 6-months period of 2022, the Company's cost of calibration services was THB 4.14 million, representing a gross profit margin of 6.83% which increased from the same period of the previous year at 3.53% since the Company had continually focused on providing calibration services that used less testing chemicals or supplies.

For the first 6-month period of 2022, the Company's cost of inspection body and certification body services was THB 6.13 million, representing a negative gross margin since a decrease in revenues caused by the postponement of the government's budget, while the cost of personnel increased as the number of personnel increased in order to expand the capacity of services.

For the first 6-month period of 2022, the Company's selling expense was THB 7.87 million, representing 5.99% of service revenue, which increased by 8.77% from the same period of the previous year due to an increase in the number of personnel, including an increase in commission and expenses for the sales team to reach out to customers.

For the first 6-month period of 2022, the Company's administrative expenses was THB 31.86 million, representing 24.25% of service revenue, which increased by 8.30% due to an increase in the number of personnel,

an increase in building renovation expense, advertising cost, and expenses related to the advisory fees for preparing to be listed on the Stock Exchange of Thailand.

### Operating Income and Net Income

For the first 6-month period of 2022, the Company's operating profit margin and net profit margin increased from the same period of the previous year due to an increase in revenue from agricultural and food product testing services and agricultural production factor and environment testing services, while the Company was able to control the cost of services in such businesses more effectively, as well as maintain the selling and administrative expenses ratio at the same level as the same period of the previous year.

### **Financial Position**

#### Assets

As of December 31, 2019, 2020 and 2021, and June 30, 2022, the Company's total assets were THB 277.13 million, THB 417.47 million, THB 448.13 million, and THB 486.59 million, respectively. The Company's total assets grew since the Company bought an office building from LPH for using as the headquarters. In addition, the Company invested in laboratory tools and equipment for preparing to expand the scope of services in accordance with the Company's business plan in the future.

#### Liabilities

As of December 31, 2019, 2020 and 2021, and June 30, 2022, the Company's total liabilities were THB 104.87 million, THB 223.80 million, THB 236.29 million, and THB 277.04 million, representing 37.84%, 53.61%, 52.73%, and 56.94% of total assets, respectively. The Company's total liabilities increased due to an increase in long-term loans from financial institutions for investing in the office building, and an increase in lease liabilities for laboratory tools and equipment.

#### Shareholders' Equity

As of December 31, 2019, 2020 and 2021, and June 30, 2022, the Company's shareholders' equity were THB 172.26 million, THB 193.67 million, THB 211.84 million, and THB 209.55 million, representing 62.16%, 46.39%, 47.27%, and 43.06% of total assets, respectively. The shareholders' equity increased due to an increase in revenue from testing services; therefore, the retained earnings of the Company increased.