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AMARC-SET 001-2022

8 November 2022

Subject: Management discussion and analysis for Quarter 3, 2022 ended 30 September 2022

To: The Director and Manager of Market for Alternative Investment (MAI)

Asia Medical and Agricultural Laboratory and Research Center Public Company Limited (the "Company") would like to provide the operating results of the Company for the 3-month and 9-month periods ended 30 September 2022 as follows:

**Statement of Comprehensive Income
for the 3-month and 9-month periods ended 30 September 2022**

Statement of Comprehensive Income (Unit: Million Baht)	For 3-month period			For 9-month period		
	2022	2021	%Increase /(Decrease)	2022	2021	%Increase /(Decrease)
Revenues						
Testing service	63.98	52.15	22.7%	184.86	156.97	17.8%
Calibration service	3.60	2.24	60.7%	8.05	6.08	32.3%
Inspection & Certification service	3.66	3.04	20.4%	9.70	15.38	(37.0%)
Revenues from services	71.24	57.43	24.1%	202.61	178.43	13.5%
Other revenues	0.10	0.81	(87.2%)	0.38	1.34	(71.8%)
Total Revenues	71.35	58.24	22.5%	202.99	179.77	12.9%
Cost of services	41.90	33.05	26.8%	116.13	102.65	13.1%
Gross Profit (GP)	29.35	24.38	20.4%	86.48	75.78	14.1%
Selling & Administrative expenses	22.06	18.27	20.7%	61.78	54.92	12.5%
Earnings before interest and taxes (EBIT)	7.40	6.92	6.9%	25.07	22.20	12.9%
Finance costs	1.77	1.82	(2.9%)	4.97	5.21	(4.5%)
Profit before taxes	5.63	5.10	10.4%	20.10	16.99	18.3%
Income tax expenses	0.95	0.77	23.4%	2.72	1.74	56.7%
Net Profit (NP)	4.67	4.33	8.0%	17.38	15.25	13.9%
%GP	41.2%	42.4%		42.7%	42.5%	
%EBIT	10.4%	11.9%		12.4%	12.3%	
%NP	6.5%	7.4%		8.6%	7.8%	

Operating Result

For the 9-month period ended 30 September 2022 (9M YoY)

Revenue

For the 9-month period, the Company had revenues from services of 202.61 MB, a 13.5% increase YoY. The increase came from the growth in Testing and Calibration services. While the revenue from Inspection & Certification services dropped. For the 3-month period, the Company had a service revenue of 71.24 MB, a 24.1% increase YoY. The increase came from the growth of all three services, which were benefitted from the alleviation of the COVID-19 pandemic. Further details are as follows:

1. Revenues from Testing Service

For the 9-month period, the revenues from Testing service were 184.86 MB, an increase of 17.8% YoY. Three key growth factors are:

- Increase service usage from hypermarket segments, which the service was interrupted in the prior year due to the COVID-19 crisis causing a stoppage in the service plan and was restored to normal operation in the year 2022.
- Increase in service usage due to an addition to a testing project from large food manufacturer group of companies.
- Increase in service usage from a testing project of a government agency.

2. Revenues from Calibration Service

For the 9-month period, the revenues from Calibration service were 8.05 MB, an increase of 32.3% YoY. The main causes of growth are:

- The resurgence of the need for onsite calibration service from the COVID-19 pandemic, especially in Quarter 3 which had an increase of 60.7% YoY
- Increase service usage from a calibration project from a large government hospital.

3. Revenues from Inspection & Certification Service

For the 9-month period, the revenues from the Inspection & Certification services were 9.70 MB, a decrease of 37.0% YoY. The main cause of the decrease was a significant reduction in the of relating-IC project opened for bidding from the government in the fiscal year 2022.

Gross Profit

For the 9-month period, the Company had a gross profit of 86.48 MB, a 14.1% increase YoY. The gross profit percentage (%GP) increased from 42.5% in 2021 to 42.7% in 2022. The main causes of the improvement of %GP are the economy of scale from the increase in Testing services; and the reduction in Inspection & Certification services which yield considerably less %GP than testing service.

Nevertheless, for the 3-month period, the %GP decreased from 42.4% in 2021 to 41.2% in 2022. The main causes are the high increase in cost of consumables and the additional investment in scientific equipment.

Selling & Administrative Expenses

For the 9-month period, the Company had selling and administrative expenses of 61.78 MB, a 12.5% increase YoY. Considering the percentage of the expenses to service revenue, the Company effectively improved the selling and administrative expenses resulting in the reduction of the percentage from 30.8% in 2021 to 30.5% in 2022.

Net Profit (Total comprehensive income for the period)

For the 9-month period, the Company had a net profit of 17.38 MB, a 13.9% increase YoY. The Net Profit percentage (%NP) increased from 7.8% in 2021 to 8.6% in 2022. However, for the 3-month period, the %NP decreased from 7.4% in 2021 to 6.5% in 2022 corresponding to the Gross Profit percentage (%GP)

Statement of Financial Position ended 30 September 2022

Statement of Financial Position	as of	as of	%Increase /(Decrease)	
	30 Sep 2022	31 Dec 2021	Million Baht	%
Assets				
Current assets				
Cash and cash equivalents	5.18	3.11	2.07	66.6%
Trade and other current receivables	42.57	37.43	5.14	13.7%
Current contract assets	17.89	14.44	3.45	23.9%
Inventories	11.46	7.57	3.89	51.4%
Other current assets	0.26	0.16	0.10	60.2%
Total current assets	77.37	62.72	14.64	23.6%
Non-current assets				
Fixed deposits pledged as collateral	15.05	15.03	0.02	0.1%
Property, plant and equipment	358.60	335.49	23.11	6.9%
Intangible assets	20.84	21.03	(0.19)	(0.89%)
Other non-current assets	16.12	13.86	2.26	16.3%
Total non-current assets	410.61	385.41	25.20	6.5%
Total assets	487.97	448.13	39.84	8.9%
Liabilities and Shareholders' Equity				
Current liabilities	120.33	91.55	28.78	31.4%
Non-current liabilities	153.43	144.74	8.69	6.0%
Total liabilities	273.75	236.29	37.46	15.9%
Shareholders' equity	214.22	211.84	2.38	1.1%
Total liabilities and shareholders' equity	487.97	448.13	39.84	8.9%

Total Assets

As of 30 September 2022, the Company's total assets increased 39.84 MB or 8.9% compared to total assets as of 31 December 2021:

1. **Current Assets** increased 14.64 MB or 23.6% compared to current assets as of 31 December 2021 from the increase in trade and current contract assets corresponding to the increased in revenues in quarter 3/2022.
2. **Non-Current Assets** increased 25.20 MB or 6.5% compared to non-current assets as of 31 December 2021 from deposits and purchase of scientific equipment.

Total Liabilities

As of 30 September 2022, the Company's total liabilities increased 37.46 MB or 15.9% compared to total liabilities as of 31 December 2021:

1. **Current Liabilities** increase 28.78 MB or 31.4% compared to current liabilities as of 31 December 2021 from the use of promissory notes from financial institutions for business operation and from rent contracts and scientific equipment lease contracts with payments due within 1-year period.
2. **Non-current Liabilities** increased 8.69 MB or 6.0% compared to non-current liabilities as of 31 December 2021 from the increase in liabilities from rent contracts and scientific equipment lease contracts with payment due after 1-year period but not exceeding 5-year period.

Shareholders' Equity

As of 30 September 2022, the Company's total shareholders' equity increased 2.38 MB or 1.1% compared to total shareholders' equity as of 31 December 2021 from the net profit for the 9-month period valuing 17.38 MB minus dividend valuing 15 MB.

Please be informed accordingly.

Sincerely yours,

(Mr. Chindanai Chaiyong)
Managing Director