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AMARC-SET 004-2023

15 February 2023

Subject: Management Discussion and Analysis for the year 2022 ended 31 December 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 year 2022 ended 31 December 2022 as follows:

Statement of Comprehensive Income for the year ended 31 December 2022

| Statement of Comprehensive Income (Unit: Million Baht) | As of December 2022 | | |
|---|---------------------|---------------|--------------------------|
| | 2022 | 2021 | %Increase /(Decrease) |
| Revenues | | | |
| Testing service | 241.33 | 216.86 | 11.3% |
| Calibration service | 11.30 | 8.30 | 36.1% |
| Inspection & Certification service | 10.59 | 20.79 | (49.1%) |
| Revenues from services | 263.22 | 245.95 | 7.0% |
| Other revenues | 1.04 | 2.60 | (60.1%) |
| Total Revenues | 264.26 | 248.55 | 6.3% |
| Cost of services | 158.17 | 141.02 | 12.2% |
| Gross Profit (GP) | 105.05 | 104.93 | 0.1% |
| Selling & Administrative expenses | 81.98 | 73.16 | 12.1% |
| Earnings before interest and taxes (EBIT) | 24.12 | 34.37 | (29.8%) |
| Finance costs | 6.17 | 6.89 | (10.4%) |
| Profit before taxes | 17.94 | 27.48 | (34.7%) |
| Income tax expenses | 3.43 | 2.62 | 31.1% |
| Net Profit (NP) | 14.52 | 24.86 | (41.6%) |
| %GP | 39.9% | 42.7% | |
| %EBIT | 9.1% | 13.8% | |
| %NP | 5.5% | 10.0% | |

*IC = Inspection & Certification

**Gross Profit (GP) exclude other revenues

Operating Result

For the year ended 31 December 2022 (YoY)

Revenue

For the year 2022, the Company had revenues from services of 263.22 MB, a 7.0% increase YoY. The increase came from the growth in Testing and Calibration services. While the revenue from Inspection & Certification services decreased. Overall, the ongoing COVID-19 pandemic, the country's economic slowdown and the reduction of government spending budget have a negative impact on the company's revenue resulting in the reduction of growth from the previous. Further details are as follows:

1. Revenues from Testing Service

For the year 2022, the revenues from Testing service were 241.33 MB, an increase of 11.3% YoY. Key growth factors include:

- Increase service usage from hypermarket segments, which are recurring projects from previous years.
- Increase in service usage due to an addition to a testing project from a large food manufacturer group of companies.
- Increase in service usage from existing customers as well as new customers due to expansion of service scopes and accreditations.

2. Revenues from Calibration Service

For the year 2022, the revenues from Calibration service were 11.30 MB, an increase of 36.1% YoY. The main causes of growth are:

- The resurgence of the need for onsite calibration service from the COVID-19 pandemic.
- The expansion of calibration personnel.
- Increase service usage from a calibration project from a large government hospital.

3. Revenues from Inspection & Certification Service

For the year 2022, the revenues from the Inspection & Certification services were 10.59 MB, a decrease of 49.1% 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 year 2022, the Company had a gross profit of 105.05 MB, a 0.1% increase YoY. The impact from the increase in cost of chemicals and consumables, the hiring of new scientists in preparing for the operation expansion, as well as the increase in depreciation from the invested assets, while the positive effect of economy of scale decreased due to the limited growth in revenue, resulted in the gross profit percentage (%GP) of 39.9%, a decrease of 42.7% YoY.

Selling & Administrative Expenses

For the year 2022, the Company had selling and administrative expenses per usual business of 74.70 MB, a 7.8% increase YoY from increase in operating and supporting personal, utilities, and expected credit loss (ECL).

The Company had one time selling and administrative expenses of 3.44 MB from IPO and IPO-related fee and expenses, and employees' medical expenses from the COVID-19 pandemic.

| | As of December 2022 (MB) | | |
|--|--------------------------|-------|--------------------------|
| Selling and Administrative Expenses | 2022 | 2021 | %Increase/ (Decrease) |
| Usual Selling and Administrative Expenses | 74.70 | 69.32 | 7.8% |
| One-time Selling and Administrative Expenses | 7.28 | 3.84 | 89.6% |

Net Profit (Total comprehensive income for the period)

For the year 2022, the Company had a net profit of 14.52 MB, a 41.6% increase YoY. Considering usual operation, the Company had a net profit before one-time expenses of 21.80 MB, a 24.0% decrease. The Net Profit percentage (%NP) was 8.3%, which is the result from the aforementioned increase in the costs of service and the selling and administrative expenses, and the business overall growth situation.

Total Assets

As of 31 December 2022, the Company's total assets increased 251.21 MB or 56.1% compared to total assets as of 31 December 2021:

- Current Assets** increased 227.79 MB or 363.2% compared to current assets as of 31 December 2021 mainly from:
 - Other current financial assets (cash from IPO) 180 MB ; and
 - Cash and cash equivalents 44.31 MB
- Non-Current Assets** increased 23.42 MB or 6.1% compared to non-current assets as of 31 December 2021 from the purchase of scientific equipment.

| Statement of Financial Position | 2022 | 2021 | Increase/(Decrease) | |
|---------------------------------|---------------|---------------|---------------------|--------------|
| As of Dec 2022 | MB | MB | MB | % |
| Current Assets | 290.51 | 62.72 | 227.79 | 363.2% |
| Non-Current Assets | 408.83 | 385.41 | 23.42 | 6.1% |
| Total Assets | 699.35 | 448.13 | 251.21 | 56.1% |

Total Liabilities

As of 31 December 2022, the Company's total liabilities decreased 84.84 MB or (35.9%) compared to total liabilities as of 31 December 2021 mainly from the payment of the short- and long-term loans from financial institutions in quarter 4:

| Statement of Financial Position As of Dec 2022 | 2022 MB | 2021 MB | Increase/(Decrease) | |
|---|---------------|---------------|---------------------|----------------|
| | | | MB | % |
| Current liabilities | 66.39 | 91.55 | (25.15) | (27.5)% |
| Non-current liabilities | 85.06 | 144.74 | (59.69) | (41.2)% |
| Total current liabilities | 151.45 | 236.29 | (84.84) | (35.9)% |

Shareholders' Equity

As of 31 December 2022, the Company's total shareholders' equity increased 158.6% to 336.05 MB compared to total shareholders' equity as of 31 December 2021, mainly from the capital increase and share premium after deducting the expenses from IPO.

Please be informed accordingly.

Sincerely yours,

(Mr. Chindanai Chaiyong)
Managing Director