

--Translation--

AMARC-SET 010-2023

10 August 2023

Subject: Management Discussion and Analysis for the quarter ended 30 June 2023

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 months and 6 months ended 30 June 2023 as follows:

Statement of Comprehensive Income for the quarter ended 30 June 2023

Statement of Comprehensive Income (Unit: Million Baht)	3 months			6 months		
	2023	2022	%Increase /(Decrease)	2023	2022	%Increase /(Decrease)
Revenues						
Testing service	64.54	63.34	1.9%	125.99	120.88	4.2%
Calibration service	2.46	2.19	12.2%	4.95	4.45	11.4%
Inspection & Certification service	3.23	1.46	122.0%	4.22	6.04	-30.2%
Revenues from services	70.24	66.99	4.9%	135.15	131.37	2.9%
Other revenues	0.88	0.25	250.7%	1.85	0.27	576.8%
Total Revenues	71.12	67.24	5.8%	137.00	131.64	4.1%
Cost of services	43.66	37.64	16.0%	83.69	74.24	12.7%
Gross Profit (GP)*	26.57	29.35	-9.5%	51.46	57.13	-9.9%
Selling & Administrative expenses	23.22	20.34	14.2%	46.58	39.73	17.3%
Earnings before interest and taxes (EBIT)	4.24	9.26	-54.3%	6.73	17.68	-61.9%
Finance costs	0.74	1.62	-54.4%	1.51	3.20	-53.0%
Profit before taxes	3.50	7.64	-54.2%	5.22	14.47	-63.9%
Income tax expenses	0.74	0.94	-21.2%	1.49	1.77	-15.8%
Net Profit (NP)	2.76	6.70	-58.9%	3.74	12.70	-70.6%
%GP	37.8%	43.8%		38.1%	43.5%	
%EBIT	6.0%	13.8%		4.9%	13.4%	
%NP	3.9%	10.0%		2.7%	9.7%	

*Gross Profit (GP) excludes other revenues.

Operating Result

For the 3 months and 6 months ended 30 June 2023 (YoY)

Revenue

For the second quarter of the year 2023, the Company had revenues from services of 71.12 MB, a 5.8% increase YoY, an increase from all service groups. For the first half of the year 2023, the Company had revenues from services of 137.00 MB, a 4.1% increase YoY. The overall increase came from the growth in Testing and Calibration services despite the decrease from Inspection & Certification services. Further details are as follows:

1. Revenues from Testing Service

For the first half of the year 2023, the revenues from Testing service were 125.99 MB, an increase of 4.2% YoY. Key growth factor is the increase service usage from the middle and large businesses in response to Thailand's agriculture and food production and export which began to return to the normal level. Nevertheless, the growth rate does not reach the target due to the postponement of a major testing project and the reduction of molecular service usage after the unraveling of the COVID-19 pandemic.

2. Revenues from Calibration Service

For the first half of the year 2023, the revenues from Calibration service were 4.95 MB, an increase of 11.4% YoY due to the continuously increasing customers' demand.

3. Revenues from Inspection & Certification Service

For the second quarter of the year 2023, the revenues from the Inspection & Certification services were 3.23 MB, an increase of 122.0% YoY. The growth was driven from the increase in service usage from the private sector and the resumption of usage from the public sector. However, for the first half of the year 2023, the revenues decreased 32.0% YoY, a slow down due to the first quarter performance.

Gross Profit

For the first half of the year 2023, the Company had a gross profit percentage (%GP) of 38.1%, a decrease of 9.6% YoY. The key factors included the ongoing service capacity expansion in human resources, technology and scientific equipment since the end of the year 2022 in response to the continuous increase of customers' needs for the services as well as the external impacts from the increase in costs of utilities, chemicals, consumables and scientific equipment maintenance.

Selling & Administrative Expenses

For the first half of the year 2023, the Company had selling and administrative expenses of 46.6 MB, a 17.3% increase YoY from increase in utilities and personnel and its related expenses.

Net Profit (Total comprehensive income for the period)

For the second quarter and the first half of the year 2023, the Company had a net profit of 2.76 MB and 3.74 MB, a 58.9% decrease YoY and a 70.6% decrease YoY respectively. Key factors include the increase in costs of services and the selling and administrative expenses supporting the service capacity expansion aiming for the generation of future revenues as aforementioned.

Please be informed accordingly.

Sincerely yours,

(Mr. Chindanai Chaiyong)
Managing Director