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AMARC-SET 013-2023

9 November 2023

Subject: Management Discussion and Analysis for the quarter ended 30 September 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 9 months ended 30 September 2023 as follows:

Statement of Comprehensive Income for the quarter ended 30 September 2023

Statement of Comprehensive Income (Unit: Million Baht)	3 months			9 months		
	2023	2022	%Increase /(Decrease)	2023	2022	%Increase /(Decrease)
Revenues						
Testing service	73.55	63.98	15.0%	199.54	184.86	7.9%
Calibration service	3.00	3.60	-16.8%	7.95	8.05	-1.2%
Inspection & Certification service	3.65	3.66	-0.3%	7.87	9.70	-18.9%
Revenues from services	80.20	71.24	12.6%	215.35	202.61	6.3%
Other revenues	0.69	0.10	559.3%	2.54	0.38	572.0%
Total Revenues	80.88	71.35	13.4%	217.89	202.99	7.3%
Cost of services	48.91	41.90	16.7%	132.60	116.13	14.2%
Gross Profit (GP)*	31.29	29.35	6.6%	82.75	86.48	-4.3%
Selling & Administrative expenses	24.82	22.06	12.5%	71.40	61.78	15.6%
Earnings before interest and taxes (EBIT)	7.16	7.40	-3.2%	13.88	25.07	-44.6%
Finance costs	0.69	1.77	-60.8%	2.20	4.97	-55.8%
Profit before taxes	6.46	5.63	-14.9%	11.69	20.10	-41.9%
Income tax expenses	0.73	0.95	-23.4%	2.22	2.72	-18.5%
Net Profit (NP)	5.73	4.67	22.7%	9.47	17.38	-45.5%
%GP	39.0%	41.2%		38.4%	42.7%	
%EBIT	8.9%	10.4%		6.4%	12.4%	
%NP	7.1%	6.6%		4.4%	8.6%	

*Gross Profit (GP) excludes other revenues.

Operating Result

For the 3 months and 9 months ended 30 September 2023 (YoY)

Revenue

For the third quarter of the year 2023, the Company had revenues of 80.88 MB, a 13.4% increase YoY. The Company had revenues from services of 217.89 MB, a 7.3% increase YoY. The overall increase came from the growth in Testing service. Further details are as follows:

1. Revenues from Testing Service

The revenues from Testing service were 73.55 MB, and 199.54 MB, contributing 90.9% and 91.6% to total revenues, an increase of 15.0% and 7.9% YoY, for quarter 3 and the 9 months of the year 2023. Key growth factors include the increased 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 and a major testing project from a private company in quarter 3.

2. Revenues from Calibration Service

The revenues from Calibration Service were 7.95 MB for the 9 months of the year 2023, contributing 3.6% to total revenues, a slight decrease YoY. Portions of revenues were derived from service usage from new customers and increased usages from existing customer which partially compensated the loss of revenues from a major bidding project of a hospital last year.

3. Revenues from Inspection & Certification Service

The revenues from the Inspection and Certification service were 7.87 MB for the 9 months of the year 2023, a decrease YoY due to the postponement of the government budget usage before the election and the set up of a new cabinet. Nevertheless, the Company won bidding and signed contracts totaling over 10 MB which will be recognized as revenues until quarter 1 of the year 2024.

Gross Profit

For the 9 months of the year 2023, the Company had a gross profit percentage (%GP) of 38.4%, a decrease of 4.3% YoY. The key factors included the ongoing service capacity expansion since quarter 3 of the year 2022 as well as the external impacts from the increase in costs of utilities, chemicals, consumables and scientific equipment maintenance. Nevertheless, the revenues from the Testing services began to resume the normal growth rate and the benefits from economy of scale resulted in the positive trend for gross profit.

Selling & Administrative Expenses

For quarter 3 of the year 2023, the Company had selling and administrative expenses of 24.82 MB, a 12.5% increase YoY, which is slightly lower than the growth of total revenues. The increase in the expenses were from the increase in utilities and personnel and its related expenses in comparison to the same period last year.

Net Profit (Total comprehensive income for the period)

The aforementioned factors resulted in a net profit of 5.73 MB, a 22.7% increase YoY, for the quarter 3 of the year 2023. However, for the 9 months of the year 2023, the net profit was 9.74 MB, a 45.5% decrease YoY, which is due to an increase in cost of services and selling and administrative expenses for the purpose of service capacity expansion aiming for the generation of future revenues resulting in a trend of increased net profit as aforementioned.

Please be informed accordingly

Sincerely yours,

(Mr. Chindanai Chaiyong)
Managing Director