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AMARC-SET 004-2024

15 February 2024

Subject: Management Discussion and Analysis for the year 2023 ended 31 December 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 year 2023 ended 31 December 2023 as follows:

### Statement of Comprehensive Income for the year ended 31 December 2023

Statement of Comprehensive Income (Unit: Million Baht)	consolidated financial statement	Separate financial statements		
	2023	2023	2022	%Increase /(Decrease)
<b>Revenues</b>				
Testing service	263.51	263.51	241.33	9.2%
Calibration service	10.59	10.59	11.30	-6.3%
Inspection & Certification service	15.11	15.11	10.58	42.8%
<b>Revenues from services</b>	<b>289.21</b>	<b>289.21</b>	<b>263.21</b>	<b>9.9%</b>
Other revenues	4.63	4.63	1.04	345.7%
<b>Total Revenues</b>	<b>293.84</b>	<b>293.84</b>	<b>264.25</b>	<b>11.2%</b>
Cost of services	180.74	180.74	155.94	15.9%
<b>Gross Profit (GP)</b>	<b>108.47</b>	<b>108.47</b>	<b>107.27</b>	<b>1.1%</b>
Selling & Administrative expenses	97.33	97.30	84.20	15.6%
<b>Earnings before interest and taxes (EBIT)</b>	<b>15.77</b>	<b>15.80</b>	<b>24.11</b>	<b>-34.5%</b>
Finance costs	2.83	2.83	6.17	-54.1%
Share of loss of investments in associated company	(0.33)	-	-	-
Income tax expenses	<b>12.61</b>	<b>12.97</b>	<b>17.94</b>	<b>-27.7%</b>
<b>Net Profit (NP)</b>	2.97	2.97	3.43	-13.4%
%GP	9.64	<b>10.00</b>	<b>14.51</b>	<b>-31.1%</b>
%EBIT	37.51%	37.51%	40.76%	
%NP	5.37%	5.38%	9.13%	
Revenues	3.28%	3.40%	5.49%	

\*IC = Inspection & Certification

\*\*Gross Profit (GP) excludes other revenues

## Operating Result

For the year ended 31 December 2023 (YoY)

### Revenue

For the year, the Company and its subsidiary had revenues from services of **289.21** million Baht, an increase of **9.9%** y-o-y. The growth came from the testing, inspection & certification services, which has been a positive trend due to the overall economy recovering from the impact of the COVID-19 pandemic and the spending from the government sector last year. The details are as follows:

#### 1. Revenues from Testing Service

For the year, the Company had revenues from testing service of **263.51** million Baht, an increase of **9.2%** y-o-y. Main factors include the country's resumption of normal production and export of agricultural and food products from the medium and large enterprises as well as the increased revenues from the opening of branches in the east and the north.

#### 2. Revenues from Calibration Service

For the year, the Company had revenues from calibration service of **10.59** million Baht, a **6.3%** decrease y-o-y. mainly due to a slowdown of service usage from government agencies while there has been an increase usage from the private sector especially from upcountry.

#### 3. Revenues from Inspection & Certification Service

For the year, the Company had revenues from inspection & certification service of **15.11** million Baht, an increase of **42.8%** y-o-y which mainly driven by government bidding projects and private sectors in the latter half of the year.

As for the subsidiary which just registered later this year, has still been in the process of preparing of launching its operation.

### Gross Profit

The Company and its subsidiary had an annual gross profit (%GP) of **37.5%**, a decrease of **3.2%** y-o-y. This was mainly due to higher service costs from continued investment in service capacity expansion following the planned IPO, increasing the number of scientists and equipment to support future workload and growth. In addition, external factors such as electricity and utility bills, chemicals, medical supplies, consumables, and maintenance costs for scientific instruments have increased, resulting in higher cost development than revenue growth.

### Selling & Administrative Expenses

The Company and its subsidiary had selling and administrative expenses of **97.33** million Baht, an increase of **15.6%** y-o-y. This is due to the increase in expenses related to the conduct of important business operations including administrative personnel for the capacity expansion, utilities, selling and marketing expenses.

### Share of loss from investment in associated company

The Company and its subsidiary recognized the proportionated **32.99%** loss of **0.33** million Baht from the investment. This was mainly due to pre-opening costs. The associated company is ready to launch its services in the coming operating year 2024.

## Net Profit for the year

The Company and its subsidiary posted a net profit for the year of 9.64 million Baht, 33.6% less y-o-y. This was mainly due to the increases in service costs with higher sales and management expenses than revenue growth as well as the impact of pre-operating expenses of the new associate and the subsidiary to support the expansion of service capacity and generate income in the future as formerly explained.

## Statement of Financial Position for the year ended 31 December 2023

STATEMENT OF FINANCIAL POSITION (Unit: Million Baht)	consolidated financial statement	Separate financial statements			
	2023	2023	2022	%Increase /(Decrease)	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	33.02	32.77	47.42	-14.64	-30.9%
Other current financial assets	90.00	90.00	180.00	-90.00	-50.0%
Other current assets	72.14	72.14	63.10	9.04	14.33%
<b>Total current assets</b>	<b>195.16</b>	<b>194.91</b>	<b>290.52</b>	<b>-95.61</b>	<b>-32.9%</b>
<b>Non-current assets</b>					
Investments in associates and its subsidiary	-	0.58	-	0.58	100.0%
Property, plant and equipment	382.02	382.02	355.29	26.73	7.5%
Right-of-use assets	11.88	11.88	5.41	6.47	119.8%
Other non-current assets	59.61	59.61	48.13	11.48	23.85%
<b>Total non-current assets</b>	<b>453.51</b>	<b>454.09</b>	<b>408.83</b>	<b>45.26</b>	<b>11.1%</b>
<b>Total assets</b>	<b>648.67</b>	<b>649.00</b>	<b>699.35</b>	<b>-50.35</b>	<b>-7.2%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Current liabilities	65.54	65.50	66.39	-0.89	-1.3%
Non-current liabilities	68.81	68.81	85.06	-16.25	-19.1%
<b>Total liabilities</b>	<b>134.34</b>	<b>134.31</b>	<b>151.45</b>	<b>-17.14</b>	<b>-11.3%</b>
Shareholders' equity	<b>514.33</b>	<b>514.69</b>	<b>547.90</b>	<b>-33.21</b>	<b>-6.1%</b>
<b>Total liabilities and shareholders' equity</b>	<b>648.67</b>	<b>649.00</b>	<b>699.35</b>	<b>-50.35</b>	<b>-7.2%</b>

### Total Assets

As of 31 December 2023, the Company and its and its subsidiary had total assets of 648.67 million Baht, a decrease of 7.2% y-o-y. This was mainly due to the use of investments in respect to the proceeding of IPO funds after listing on the Stock Exchange of Thailand.

### Total Liabilities

As of 31 December 2023, the Company and its subsidiaries had total liabilities of 134.34 million Baht, a decrease of 11.3% y-o-y. This was mainly due to the lack of loan obligations and the ability to repay lease liabilities as per normal cause of business.

# AMARC

ASIA MEDICAL AND  
AGRICULTURAL LABORATORY  
AND RESEARCH CENTER

Please be informed accordingly.

Sincerely yours,

(Mr. Chindanai Chaiyong)  
Managing Director