



12 September 2023

Subject Management Discussion and Analysis for the year ended December 31, 2022

Attention Director and Management

Stock Exchange of Thailand

Genesis Fertility Center Public Company Limited (collectively called “ the Company”) would like to submit the Company’s financial statement for the year 2022, which has been audited by Certified public accountant, to the Stock Exchange of Thailand.

The company’s performance for the fiscal year ended 2022, the Company’s net profit was THB 65.68 million. The company’s would like to inform the company’s performance as the following details.

Please be informed accordingly,

Sincerely yours,

(Mr. Amorn Triratassawa)
Chief Financial Officer



Genesis Fertility Center Public Company Limited

Management Discussion and Analysis for the year ended 31 December, 2022

Statement of Income

(Unit: THB Million)	2021		2022		Change Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue from Services	242.12	100.00	275.91	100.00	33.79	13.96
Cost of Services	122.90	50.76	146.06	52.94	23.16	18.84
Gross Profit	119.22	49.24	129.85	47.06	10.63	8.92
Other Income	0.48	0.20	0.21	0.07	(0.27)	(56.51)
Service Expenses	9.07	3.75	13.23	4.79	4.16	45.81
Administrative Expenses	23.91	9.87	34.64	12.55	10.73	44.88
Profit from operating Activities	86.72	35.82	82.19	29.79	(4.53)	(5.22)
Financial Costs	1.84	0.76	2.06	0.75	0.23	12.56
Profit before income tax expense	84.88	35.06	80.13	29.04	(4.75)	(5.60)
Tax Expense	15.25	6.30	14.45	5.23	(0.80)	(5.26)
Profit for the year	69.63	28.76	65.68	23.81	(3.95)	(5.67)

Revenue Structure

Revenue	2021		2022		Change increase (Decrease)	
	THB (Million)	%	THB (Million)	%	THB (Million)	%
Revenue from Intracytoplasmic Sperm Injection (ICSI) ⁽¹⁾	177.92	73.34	194.56	70.46	16.63	9.35
Revenue from Next Generation Sequencing (NGS)	39.46	16.27	47.28	17.12	7.82	19.82
Revenue from preliminary examination before counseling or treatment ⁽²⁾	19.62	8.09	26.51	9.60	6.89	35.10
Revenue from Oocyte Freezing service	4.06	1.67	6.42	2.33	2.36	58.31
Revenue from Intra-Uterine Insemination (IUI)	1.06	0.43	1.14	0.41	0.08	7.95
Revenue from services	242.12	99.80	275.91	99.92	33.79	13.96
Other income	0.48	0.20	0.21	0.08	(0.27)	(56.51)
Total Revenue	242.60	100.00	276.12	100.00	33.52	13.82

Remark: ⁽¹⁾ Revenue from ICSI service and other services, including Testicular Sperm Extraction (TESE), Eggs/Sperm/Embryo Freezing, Endometrial Receptivity Analysis (ERA TEST), and Blastocyst culture (Closed system) through Geri plus.

⁽²⁾ Revenue from preliminary examination before counseling or treatment includes consultation fee, laboratory examination fee, and Ultrasound and Endoscopy fee.



Revenue from services

In 2022, the Company's Revenue from services was THB 275.91 million, increasing from 2021 by THB 33.79 million or equivalent to a growth of 13.96 percent. This was mainly due to an increase in number of customers from the improving of COVID-19 pandemic situation, together with the Company becoming famous and popular from providing infertility treatment services and public relations from famous infertile people (Influencers) such as celebrities and singers, etc. Therefore, in 2022, the Company continued to have higher income from services compared to the year 2021.

Cost of services

In 2022, the Company's cost of services was THB 146.06 million or equivalent to 52.94 percent of Revenue from services, increasing from 2021 by THB 23.16 million or equivalent to a growth of 18.84 percent. This was primarily due to a rise in salary expenses by THB 9.77 million from increase in number of doctors, nurses and embryologists for expanding business operations, and a rise in medicine and medical supplies and medical professionals allowance by THB 7.03 million and THB 4.81 million, respectively, This was in line with the increase in number of customers.

Gross profits and gross profit margin

In 2022, the Company's gross profit was THB 129.85 million, increasing from 2021 by THB 10.63 million or equivalent to a growth of 8.92 percent. This corresponded with the increase in service income of the Company, especially, Revenue from Intracytoplasmic Sperm Injection (ICSI), Revenue from Next Generation Sequencing (NGS) and Revenue from preliminary examination before counseling or treatment which increased by THB 16.63 million, THB 7.82 million and THB 6.89 million, respectively or equivalent to a growth of 9.35 percent, 19.82 percent, and 35.10 percent, successively, due to increase in number of customers. However, gross profit margin decreased to 47.06 percent from 49.24 percent in 2021 because of an increase in cost of services, particularly, salary and employee expenses by THB 9.77 million or equivalent to a growth of 40.25 percent. This corresponded to the increased number of embryologists compared to 2021 to supporting business expansion.

Service expenses

In 2022, the Company's service expenses was THB 13.23 million, accounting for 4.79 percent of revenue from services, an increase of THB 4.16 million or equivalent to a growth 45.81 percent from 2021. There are 2 main reasons: 1) Increase in employee expenses by THB 1.94 million, in line with the increased number of selling and marketing officers to 12 persons from 6 persons in 2021 to support business expansion and 2) Increase in advertising and marketing promotion by THB 1.05 million due to the fact that the Company hired famous infertile people (Influencers) who have been successfully treated to publicize through television programs and hired outsouces to produce advertising media.

Administrative expenses

In 2022, the Company's administrative expenses were equal to THB 34.64 million, accounting for 12.55 percent of Revenue from services, an increase of THB 10.73 million or equivalent to a growth of 44.88 percent from 2021. There are 3 main reasons: 1) Increase in other administrative expenses by THB 3.68 million due to the fact that the Ministry of Finance considering collecting land and buildings tax in full for the first year after reducing taxes for a period of 2 years 2) Increase in management and employee expenses by THB 3.66 million due to increase in number of management and staff and 3) Increase in depreciation expenses by THB 2.01 million.

Financial costs

In 2022, the Company's financial cost was THB 2.06 million, increasing by THB 0.22 million or equivalent to a growth 11.96 percent from 2021. The was because the Company's entered into additional office building rental agreements with unrelated parties at the end of 2021.

Net profit

In 2022, the Company's net profit was THB 65.68 million, representing a net profit margin of 23.81 percent, decreasing from 2021 by THB 3.95 million due to a decrease in gross profit margin. This was a result of increase in cost of services, especially, salary and employee expenses, together with, an increase in administrative expenses from administrative employee expenses, properties tax, and depreciation as mentioned in the Administrative expenses section.

Summary of Financial information

Financial area	As at 31 December, 2021		As at 31 December, 2022		Change Increase (Decrease)	
	THB (Million)	%	THB (Million)	%	THB (Million)	%
Current Assets	107.57	56.68	104.05	25.51	(3.52)	(3.27)
Non-Current Assets	82.20	43.32	303.82	74.49	221.62	269.61
Total Assets	189.77	100.00	407.87	100.00	218.10	114.93
Current Liabilities	37.87	19.96	87.11	21.36	49.24	130.02
Non-Current Liabilities	28.17	14.84	166.39	40.79	138.22	490.66
Total Liabilities	66.04	34.80	253.50	62.15	187.46	283.86
Shareholders' Equity	123.73	65.20	154.37	37.85	30.64	24.76



Assets

In 2022, the Company's total assets were equal to THB 407.87 million, increasing from 2021 by THB 218.10 million, mainly due to the follows:

- In 2022, the Company's property, Plant and Equipment was equal to THB 275.67 million or equivalent to 67.59 of total assets, rising from 2021 by THB 226.51 million, because of the Company's purchases of Land and building for Suvarnabhumi-Rama 9 branch project amounting to THB 230 million.
- In 2022, the Company's inventories were equal to THB 14.08 million, increasing by THB 5.66 million from 2021 because the Company's had advance inventory ordered for 2-3 months to prevent changes in inventory prices and support the increasing number of customers in the future.

Liabilities

In 2022, the Company's total liabilities were equal to THB 253.50 million, increaseing by 187.46 million from 2021 due to the Company's obtaining a loan from financial institutions to purchase land and building for Suvarnabhumi-Rama 9 branch project.

Shareholder's Equity

In 2022, the Company's total shareholder equity were equal to THB 154.37 million, increasing by THB 30.64 million. This was a result of increase in comprehensive income for the year of THB 64.64 million, subtracted from dividends paid during the year of THB 35 million.

Current ratio

As at 31 December, 2022 the Company had current ratio of 1.19 times, decreasing from 2021 at 1.65 times due to increase in loan from financial institutions to purchase land and building for Suvarnabhumi-Rama 9 branch project.

Debt to equity ratio

As at 31 December, 2022 the Company had debt to equity ratio (D/E) of 1.64 times, increasing by 1.11 times from 2021 due to increase in total liabilities from loan from financial institutions to purchase land and building for Suvarnabhumi-Rama 9 branch project.