



12 September 2023

Subject      Management Discussion and Analysis for the six months ended 30 June 2023

Attention    Director and Management

                 Stock Exchange of Thailand

Genesis Fertility Center Public Company Limited (collectively called “ the Company”) would like to submit to financial statement for the six months ended 30 June 2023, which has been reviewed by Certified Public Account, to the Stock Exchange of Thailand.

Please see further details in the Management’s discussion and Analysis of the Financial Statement as attached.

Please be informed accordingly,

Sincerely yours,

(Mr. Amorn Triratassawa)

Chief Financial Officer



Genesis Fertility Center Public Company Limited

Management Discussion and Analysis for the six months ended 30 June 2023

Statement of income for the six months ended 30 June, 2023

(Unit: THB Million)	Six months 2022		Six months 2023		Change Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue from services	120.80	100.00	166.95	100.00	46.16	38.21
Cost of Services	66.67	55.19	86.44	51.77	19.77	29.65
<b>Gross Profit</b>	<b>54.13</b>	<b>44.81</b>	<b>80.52</b>	<b>48.23</b>	<b>26.39</b>	<b>48.75</b>
Other Income	0.16	0.13	0.37	0.22	0.21	131.17
Service Expenses	5.26	4.35	10.21	6.12	4.95	94.16
Administrative Expenses	14.96	12.39	21.77	13.04	6.81	45.51
<b>Profit from operating Activities</b>	<b>34.07</b>	<b>28.20</b>	<b>48.90</b>	<b>29.29</b>	<b>14.84</b>	<b>43.55</b>
Financial Costs	1.02	0.84	5.57	3.34	4.55	447.64
<b>Profit before income tax expense</b>	<b>33.05</b>	<b>27.36</b>	<b>43.33</b>	<b>25.95</b>	<b>10.28</b>	<b>31.12</b>
Tax Expense	5.77	4.78	9.00	5.39	3.23	56.03
<b>Profit for the period</b>	<b>27.28</b>	<b>22.58</b>	<b>34.33</b>	<b>20.56</b>	<b>7.05</b>	<b>25.85</b>

Revenue Structure

Revenue	Six month period 2022		Six month period 2023		Change Increase (Decrease)	
	THB (Million)	%	THB (Million)	%	THB (Million)	%
	Revenue from Intracytoplasmic Sperm Injection ICSI <sup>(1)</sup>	83.77	69.26	116.45	69.60	32.68
Revenue from Next Generation Sequencing (NGS)	20.84	17.23	30.61	18.29	9.77	46.90
Revenue from preliminary examination before counselling or treatment <sup>(2)</sup>	12.58	10.40	13.28	7.94	0.70	5.54
Revenue from Oocyte Freezing Service	3.11	2.56	6.21	3.71	3.12	100.36
Revenue from Intra-Uterine Insemination (IUI)	0.50	0.42	0.40	0.24	(0.11)	(21.43)
<b>Revenue from services</b>	<b>120.80</b>	<b>99.87</b>	<b>166.95</b>	<b>99.78</b>	<b>46.16</b>	<b>38.21</b>
Other income	0.15	0.13	0.37	0.22	0.22	141.96
<b>Total Revenue</b>	<b>120.95</b>	<b>100.00</b>	<b>167.32</b>	<b>100.00</b>	<b>46.37</b>	<b>38.34</b>

Remark: <sup>(1)</sup> 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.

<sup>(2)</sup> Revenue from preliminary examination before counseling or treatment includes consultation fee, laboratory examination fee, and Ultrasound and Endoscopy fee. <sup>(3)</sup> Other revenue includes interest revenue.



### **Revenue from services**

In the six months ended 30 June 2023, the Company's Revenue from services was THB 166.95 million, increasing by THB 46.16 million or equivalent to a growth of 38.21 percent compared to six months period in 2022. This was mainly due to an increase in the number of customers compared to the same period in the previous year. This was the result of continuous marketing and promotional activities. Therefore, marketing public relations still had better efficiency.

### **Cost of services**

In the six months ended 30 June 2023, the Company's cost of services was THB 86.44 million, rising by THB 19.77 million or equivalent to a growth of 29.65 percent compared to the same period in the previous year. This was primarily due to the cost of medicines and medical supplies of 10.22 million baht and medical professional fees which increased by 5.23 million baht, corresponding to the increase in the number of infertile people who come to receive treatment services with the Company. In addition, the number of doctors, nurses and embryologists increased to 32 persons and 24 persons, respectively (from 28 persons and 14 persons during the same period in the previous year) to support the expansion of the business.

### **Gross profit and Gross profit margin**

In the six months ended 30 June 2023, the Company's gross profit was THB 80.52 million or equivalent to 48.23 percent of Revenue from services and increased by THB 26.39 million, representing a growth rate of 48.75 percent compared to the same period in the previous year. This was in line with the increase in service income of the Companies, especially, Revenue from intracytoplasmic sperm injection (ICSI), Revenue from Next Generation Sequencing (NGS) and Revenue from Oocyte Freezing service which increased by THB 32.68 million, THB 9.77 million and THB 3.12 million, respectively. This was a result of a rise in the number of infertile people coming to receive treatment services from the Company. Meanwhile, the gross profit margin increased to 48.23 percent, resulting from the Company's increase in Revenue from Oocyte Freezing service and the higher growth rate of an increase of Revenue from services than an increase of cost of service compared to the same period in the previous year.

### **Selling expenses**

In the six months ended 30 June 2023, the Company's selling expenses was THB 10.21 million or equivalent to 6.12 percent of Revenue from services, an increase of THB 4.95 million or equivalent to a growth of 94.16 percent compared to the same period in the previous year. There are 3 main reasons: 1) Increase in employee expenses of sales and marketing division by THB 2.01 million compared to the same period in the previous year for expanding business operation. 2) Increase in advertising and promotion expenses by THB 1.76 million from the Company's marketing and promotion activities, such as advertising media to prepare for Initial Public Offering (IPO) etc. and 3) Increase in credit card fees by THB 0.94 million due to the Company's responsible for credit card fee on behalf of customers who pay via credit card.



### **Administrative expenses**

In six month ended 30 June 2023, the Company's administrative expenses were equal to THB 21.77 million, accounting for 13.04 percent of Revenue from services, an increase of THB 6.81 million or equivalent to a growth of 45.51 percent compared to the same period in the previous year. There are 3 main reasons: 1) Increase in management and employee expenses by THB 2.42 million due to a rise in number of employees compared to the same period in the previous year 2) Increase in other professional fees by THB 1.45 million from the Company hiring legal advisor, financial advisor and auditor to prepare for the IPO and business expansion. and 3) Increase in depreciation by THB 1.20 million due to the Company having entered into an additional office building rental agreement with unrelated parties to support business expansion.

### **Financial costs**

In six month ended 30 June 2023, the Company's financial cost was THB 5.57 million, increasing by THB 4.55 million or equivalent to a growth of 447.64 percent compared to the same period in the previous year, mainly due to interest expenses from long-term loan from financial institution to purchase land and building for Suvarnabhumi-Rama 9 branch project.

### **Net profit**

In six month ended 30 June 2023, the Company's net profit was THB 34.33 million or equivalent to 20.56 percent of Revenue from services, increasing by THB 7.05 million or equivalent to growth of 25.85 percent compared to the same period in the previous year, mainly due to an increase in gross profit. This was in line with the increase in number of customers compared to the same period of 2022. However, net profit margin decreased from the same period in 2022, primarily because of increase in service expenses and administrative expenses from 4 main reasons: 1) Increase in employee expenses from sales and marketing division 2) Increase in advertising and marketing promotion expenses 3) Increase in employee expenses from management division and 4) Increase in other professional fees from preparations for the IPO and expanding business operations. Moreover, the Company's also has increased in financial cost due to from long-term loan from financial institution for Suvarnabhumi-Rama 9 branch project.

### Summary of Financial information

Financial area	As at		As at		Change	
	31 December 2022		30 June 2023		Increase (Decrease)	
	THB (Million)	%	THB (Million)	%	THB (Million)	%
Current Assets	104.05	25.51	96.32	24.10	(7.73)	(7.43)
Non-Current Assets	303.82	74.49	303.44	75.90	(0.38)	(0.12)
<b>Total Assets</b>	<b>407.87</b>	<b>100.00</b>	<b>399.76</b>	<b>100.00</b>	<b>(8.11)</b>	<b>(1.99)</b>
Current Liabilities	87.11	21.36	87.26	21.83	0.15	0.17
Non-Current Liabilities	166.39	40.79	143.80	35.97	(22.59)	(13.58)
<b>Total Liabilities</b>	<b>253.50</b>	<b>62.15</b>	<b>231.06</b>	<b>57.80</b>	<b>(22.44)</b>	<b>(8.85)</b>
<b>Shareholder's Equity</b>	<b>154.37</b>	<b>37.85</b>	<b>168.70</b>	<b>42.20</b>	<b>14.33</b>	<b>9.28</b>

As at 31 December 2022 and as at 30 June 2023, the Company's had total assets equal to THB 407.87 million and THB 399.76 million, respectively, decreasing from the end of 2022 by THB 8.11 million or 1.99 percent, mainly due to a decrease in cash and cash equivalents of THB 9.00 million from dividend payment and repayment loan from financial institutions.

As at 31 December 2022 and as at 30 June 2023, the Company's had total liabilities equal to THB 253.50 million and THB 231.06 million, respectively, decreasing from the end of 2022 by THB 22.44 million or 8.85 percent due to the decrease in long-term loan from financial institutions and lease liabilities from repayment of loan from financial institution and lease liabilities.

As at 31 December 2022 and as at 30 June 2023, the Company's had shareholder's equity equal to THB 154.37 million and THB 168.70 million, respectively, increasing from the end of 2022 by THB 14.33 million or 9.28 percent due to increase in net profit during the period.

Furthermore, Board of Directors Meeting No. 4/2023 held on July 19, 2023, had approved the interim dividend payment from unappropriated retained earnings prior to the Initial Public Offering (IPO) of newly issued shares. The amount of the interim dividend was 20.00 million baht (dividend payment date is scheduled for July 31, 2023). Impact of the interim dividend payment could be summarized in the table below. Please be aware that the amount of dividend paid in the past did not indicate the amount of dividend that might be paid in the future.



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Impacted items by interim dividend payment	As of 30 June 2022 (million baht)	After interim dividend payment (million baht)
Cash and cash equivalents	76.36	56.36
Retained earning – Unappropriated	80.70	60.70
Shareholders' equity	168.70	148.70
Debt to Equity ratio (D/E) (times)	1.37	1.55

#### **Current ratio**

As at 30 June 2023, the Company's current ratio was 1.10 times, decreasing from the end of 2022 at 1.19 times due to decrease in cash and cash equivalent from interim dividend payment.

#### **Debt to equity ratio**

As at 30 June 2023, the Company's debt to equity ratio was 1.37 times, decreasing from the end of 2022 at 1.64 times due to decrease in total liabilities from repayment loan from financial institutions.