



No. GFC-003/2567

26 February 2024

Subject Management Discussion and Analysis for the year ended 31 December 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 year ended 31 December 2023, which has been audited 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

Secretary Office

Tel. 0-2108-6413 Ext. 202

Email : SECRETARY@GFC.CO.TH

Genesis Fertility Center Public Company Limited
Management Discussion and Analysis for the year ended 31 December 2023
Statement of income for the year ended 31 December, 2023

(Unit: THB Million)	2023		2022		Change Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue from Services	354.58	100.00	275.91	100.00	78.67	28.51
Cost of Services	182.16	51.37	146.06	52.94	36.10	24.72
Gross Profit	172.42	48.63	129.85	47.06	42.56	32.78
Other Income	1.18	0.33	0.21	0.08	0.97	467.34
Service Expenses	21.83	6.16	13.23	4.79	8.61	65.06
Administrative Expenses	49.26	13.89	34.64	12.55	14.62	42.21
Profit from operating activities	102.51	28.91	82.19	29.79	20.31	24.71
Financial Costs	9.03	2.54	2.07	0.75	6.95	336.03
Profit before income tax expense	93.48	26.36	80.12	29.04	13.36	16.67
Tax Expense	16.01	4.51	14.44	5.23	1.57	10.85
Profit for the period	77.47	21.85	65.68	23.81	11.79	17.95

Revenue Structure

Revenue (Unit : THB Million)	2023		2022		Change Increase / (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue from Intracytoplasmic Sperm Injection ICSI ⁽¹⁾	195.29	54.89	151.37	54.82	43.91	29.01
Revenue from Next Generation Sequencing (NGS)	66.93	18.81	47.28	17.12	19.65	41.56
Revenue from reliminary examination before counselling or treatment ⁽²⁾	52.84	14.85	49.55	17.95	3.29	6.63
Revenue from Oocyte Freezing Service	38.66	10.87	26.56	9.62	12.10	45.53
Revenue from Intra-Uterine Insemination (IUI)	0.86	0.24	1.14	0.41	(0.28)	(24.21)
Revenue from services	354.58	99.67	275.91	99.92	78.67	28.51
Other income	1.18	0.33	0.21	0.08	0.97	467.34
Total Revenue	355.76	100.00	276.12	100.00	79.64	28.84

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. (3) Other revenue includes interest revenue.

Revenue from services

In the year ended 31 December 2023, the Company's Revenue from services was THB 354.58 million, increasing by THB 79.64 million or equivalent to a growth of 28.84 percent compared to previous year. This was mainly due to an increase in the number of customers compared to 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 year ended 31 December 2023, the Company's cost of services was THB 182.16 million , rising by THB 36.10 million or equivalent to a growth of 24.72 percent compared to previous year. This was primarily due to the cost of medicines and medical supplies of 10.62 million baht and medical professional fees which increased by 12.73 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 18 persons for each department, (from 12 persons and 15 persons during in the previous year) to support the expansion of the business.

Gross profit and Gross profit margin

In the year ended 31 December 2023, the Company's gross profit was THB 172.41 million or equivalent to 48.63 percent of Revenue from services and increased by THB 42.56 million, representing a growth rate of 32.78 percent compared to the to 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 43.91 million, THB 19.65 million and THB 12.10 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 48.31 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 previous year.

Selling expenses

In the year ended 31 December 2023, the Company's selling expenses was THB 21.83 million or equivalent to 6.16 percent of Revenue from services, an increase of THB 8.61 million or equivalent to a growth of 65.06 percent compared to the previous year. There are 3 main reasons: 1) Increase in employee expenses of sales and marketing division by THB 3.11 million compared to the previous year for expanding business operation. 2) Increase in advertising and promotion expenses by THB 2.44 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 2.18 million due to the Company's responsible for credit card fee on behalf of customers who pay via credit card.

Administrative expenses

In the year ended 31 December 2023, the Company's administrative expenses were equal to THB 49.26 million, or equivalent to 13.89 percent of Revenue from services, an increase of THB 14.62 million or equivalent to a growth of 42.21 percent compared to the previous year. There are 6 main reasons: 1) Increase in management and employee expenses by THB 3.85 million due to a rise in number of employees compared to the previous year 2) Increase in depreciation by THB 1.75 million due to the Company having entered into an additional office building rental agreement with unrelated parties to support business expansion 3) Increase in Consultant and Professional Fee by 1.19 million from Legal fee and Audit Fee for the Company's listing to Stock Exchange of Thailand 4) Increase in utilities expenses by 1.18 million due to cost of Electricity 5) Increase in other administrative expenses by 3.36 million due to activities expense for investors who interested to subscribe ordinary share issued by the company. And the last reason is office expenses increase by 3.29 million from office repairment and cleaning and security service fee.

Financial costs

In the year ended 31 December 2023, the Company's financial cost was THB 9.02 million, increasing by THB 6.95 million or equivalent to a growth of 366 percent compared to 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 the year ended 31 December 2023, the Company's net profit was THB 77.47 million or equivalent to 21.85 percent of Revenue from services, increasing by THB 11.79 million or equivalent to growth of 17.95 percent compared to 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 previous year. However, net profit margin decreased from the same period in 2022, primarily because of increase in service expenses and administrative expenses from 3 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. 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 2023		30 September 2022		Increase (Decrease)	
	THB (Million)	%	THB (Million)	%	THB (Million)	%
Current Assets	339.01	52.90	104.05	25.51	234.96	225.82
Non-Current Assets	301.84	47.10	303.82	74.49	(1.98)	(0.65)
Total Assets	640.85	100.00	407.87	100.00	232.98	57.12
Current Liabilities	55.42	8.65	87.11	21.36	(31.69)	(36.38)
Non-Current Liabilities	19.11	2.98	166.39	40.79	(147.28)	(88.51)
Total Liabilities	74.53	11.63	253.50	62.15	(178.97)	(70.60)
Shareholder's Equity	566.32	88.37	154.37	37.85	411.95	266.85

As at 31 December 2023 and as at 31 December 2022, the Company's had total assets equal to THB 640.85 million and THB 407.87 million, respectively, increasing from the end of 2022 by THB 232.98 million or 57.12 percent, mainly due to a increase in cash and cash equivalents of THB 223.40 million from cash received from initial public offering.

As at 31 December 2023 and as at 31 December 2022, the Company's had total liabilities equal to THB 74.53 million and THB 253.50 million, respectively, decreasing from the end of 2022 by THB 178.97 million or 70.60 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 2023 and as at 31 December 2022, the Company's had shareholder's equity equal to THB 566.32 million and THB 154.37 million, respectively, increasing from the end of 2022 by THB 411.95 million or 266.85 percent due to increase in paid-up capital and increase in share premium on ordinary shares.



Current ratio

As at 31 December 2023, the Company's current ratio was 6.12 times, increasing from the end of 2022 at 1.19 times due to increase in cash and cash equivalent from cash received from initial public offering, and decreasing in loan from financial institution and lease liabilities due to repayment.

Debt to equity ratio

As at 31 December 2023, the Company's debt to equity ratio was 0.13 times, increasing from the end of 2022 at 1.64 times due to increase in shareholders' equity effected from paid-up capital and increase in share premium on ordinary shares and increase in net profit for the period, and decreasing in loan from financial institution and lease liabilities due to repayment.