

## Business overview

Safe Fertility Group Public Company Limited (“SAFE” or “the Company”) was established in 2009 by Dr. Wiwat Quangkananurug who is a physician specializing in infertility for more than 22 years with using advanced assisted reproductive technology with standards and safety and received accreditation for IVF clinic standards from the Reproductive Technology Accreditation Committee (RTAC) from Australia and New Zealand, accredited with ISO9001:2015 quality management standards for quality control of reproductive laboratories (Fertility Lab from the British Standard Institute Thailand : BSI Thailand and received a laboratory quality assessment by an external organization (External Quality Assessment : EQA) from the UK NEQAS Institute, England. In addition, the group's embryologists are certified to the European Scientist Standard (Certified Clinical Embryologist by ESHRE).

At present, the Company has registered and paid capital of 303,947,800 baht and has 2 subsidiaries in which the Company holds 99.99% and 80% respectively, namely: (1) Next Generation Genomic Co., Ltd. (NGG) operates a business of genetic diagnosis. embryos and fetuses and various genetics laboratory services and (2) Safe Wellness Co., Ltd. (SWC) operates a skin and aesthetic business. The Company and its subsidiaries will be referred to later as “the Group” by providing services of subsidiaries to support the business of the company, including providing services to customers from leading hospitals and fertility treatment centers in Thailand. However, SWC established on 15 November 2022 and has commercial income in 2023.

## Performance Analysis

Consolidated	31 December 2022	31 December 2023	Increase (Decrease)	
	(Mil. Baht)	(Mil. Baht)	Mil. Baht	%
Revenue from sales and services	726.61	848.64	122.03	16.79
Cost of sales and services	(329.16)	(379.55)	(50.39)	15.31
<b>Gross profit</b>	<b>397.45</b>	<b>469.09</b>	<b>71.64</b>	<b>18.02</b>
Other income	2.71	8.32	5.62	207.51
Profit before expenses	400.16	477.41	77.25	19.31
Selling expenses	(37.79)	(60.81)	23.02	60.90
Administrative expenses	(156.89)	(165.86)	8.96	5.71
Reversal of expected credit loss	0.93	0.0002	(0.93)	(99.98)
Other gain(loss)	(0.02)	0.006	(0.03)	(130.46)
Net gain (loss) from exchange rate	1.0	(0.0005)	(1.00)	(100.51)
<b>Profit before finance costs and income tax</b>	<b>206.48</b>	<b>250.75</b>	<b>44.27</b>	<b>(21.44)</b>
Finance costs	(3.45)	(3.44)	0.01	(0.31)

Consolidated	31 December 2022	31 December 2023	Increase (Decrease)	
	(Mil. Baht)	(Mil. Baht)	Mil. Baht	%
Profit before income tax	203.02	247.31	44.28	21.81
Income tax	(41.29)	(47.17)	5.88	14.23
Net profit for the period	161.73	200.14	38.41	23.75
Other comprehensive income (expense) for the year, net of tax	2.23	-	(2.23)	(100.00)
Total comprehensive income for the year	163.96	200.14	36.18	22.07
<b>Profit attributable to owners of the parent</b>	<b>161.93</b>	<b>201.83</b>	<b>39.92</b>	<b>24.66</b>
<b>Basic earnings per share (Baht)</b>	<b>0.72</b>	<b>0.77</b>	<b>0.05</b>	<b>6.94</b>

#### Revenue from sales and services

The Group has revenue from sales and services for 2023 equal to 848.64 million baht, compared to the same period of 2022 at 726.61 million baht, an increase 122.03 million baht or 16.79%.

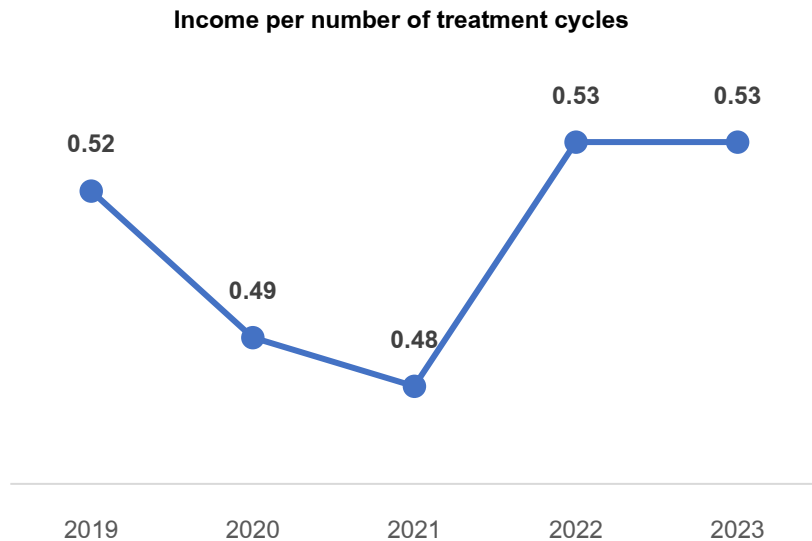
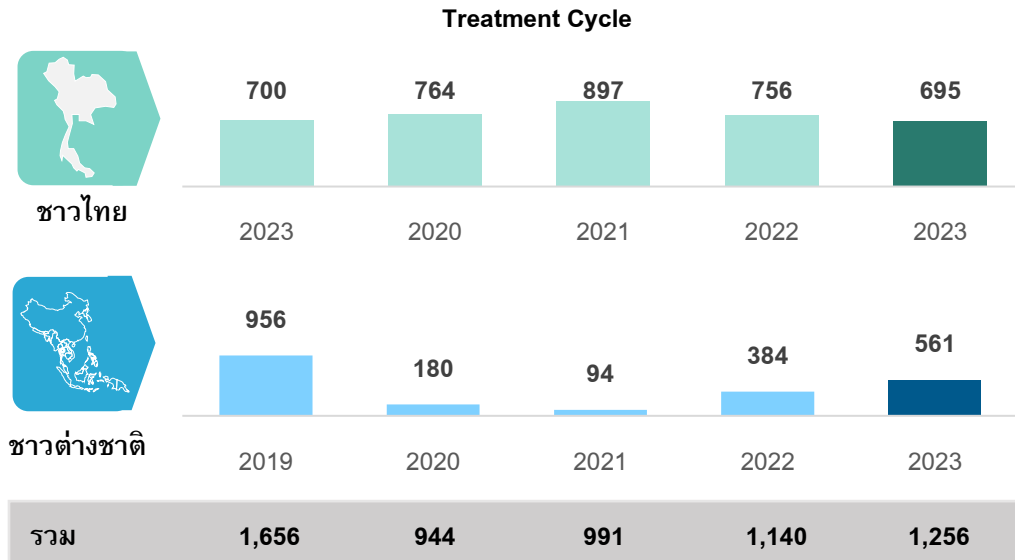
The Company's revenue can be classified into 3 main groups as follows: 1) revenue from infertility treatment services (SAFE) 2) revenue from embryo and fetal genetic screening services (NGG) and 3) revenue from skin and aesthetic business (SWC). Revenue from infertility treatment services is the major revenue of the Group.

	Operate by	31 December 2022	31 December 2023	Increase (Decrease)	
		(Mil. Baht)	(Mil. Baht)	Mil. Baht	%
Revenue from infertility treatment services	SAFE	608.79	667.11	58.32	9.58
Revenue from embryo and fetal genetic testing services	NGG	117.82	175.68	57.86	49.11
Revenue from skin and aesthetic business	SWC	-	5.84	5.84	100.00
<b>Total revenue from sales and services</b>		<b>726.61</b>	<b>848.64</b>	<b>122.03</b>	<b>16.79</b>
Other income		2.71	8.32	5.61	207.01
<b>Total income</b>		<b>729.32</b>	<b>856.96</b>	<b>127.64</b>	<b>17.50</b>

#### - Revenue from infertility treatment services

For the year 2023, revenue from infertility treatment services was 667.11 million baht, compared to the year 2022 at 608.79 million baht, an increase 58.32 million baht or 9.58 %. This is because the total number of treatment

cycles increased to 116 cycles from an increase of the number of infertile patients who came to receive treatment services, compared to the previous year, especially foreign customers who have no restrictions on traveling to Thailand. Treatment cycles from 2019 - 2023 from all branches, divided by nationality is the graph below:



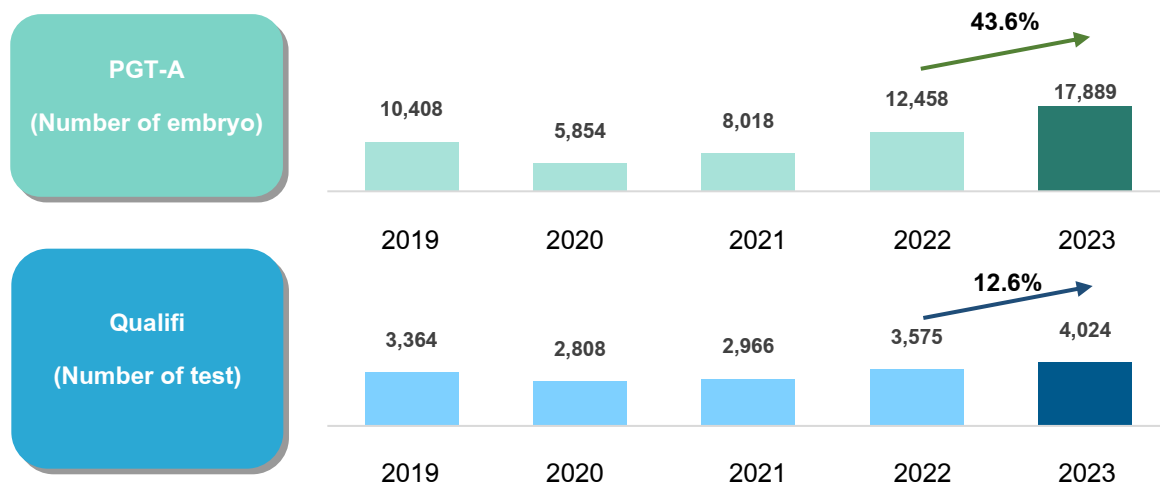
The graph shown that in 2023 the company had the number of treatment cycles at 1,256 cycles, compared to 2022 with the number of treatment cycles at 1,140 cycles, an increase of 116 cycles or representing 10.35%. Foreign customers have 561 cycles, increasing 177 cycles from 2022, or 46.09%, and Thai customers have 695 cycles,

decreasing 61 cycles, or 7.8% from 2022. Income per treatment cycle still the same at 0.53 million baht per 1 treatment cycle.

**- Revenue from embryo and fetal genetic testing services**

For the year 2023, revenue from embryo and fetal genetic testing services was 175.68 million baht, compared to the year 2022 at 117.82 million baht, an increase 57.86 million baht or 49.11%. The main reason is that PGT-A increased by 5,431 embryos and Qualifi increased by 449 tests due to the expansion of IVF, resulting in NGG's customers which are mostly IVF clinics and hospitals more sending for inspection. Moreover, NGG benefits from economies of scale, so it is more cost-effective to send them to NGG for inspection. Embryo and fetal genetic testing is a service that is getting more and more popular because it increases the chances of pregnancy and the fertility of the child to be born.

Statistics on the number of PGT-A and Qualifi from 2019 to 2023 are as follows:



The graph shown that in 2023 NGG had the number of PGT-A at 17,889 embryos, compared to 2022 with the number PGT-A at 12,458 embryos, an increase of 5,431 embryos or 43.59% and the number of Qualifi tests at 4,024 embryos, compared to 2022 with the number of Qualifi tests at 3,575 tests, an increase of 449 tests or 12.56%.

**- Revenue from skin and aesthetic business**

The company begins generating income in March 2023. For the year 2023, revenue from skin and aesthetic business was 5.84 million baht. Safe Wellness Co., Ltd. (SWC) operates a skin and aesthetic business under the brand "The Fountain Wellness Center". The company was registered on 15 November 2022.

- **Other income**

For the year 2023, other income was 8.32 million baht, compared to the same period of 2022 at 2.71 million baht, an increase 5.61 million baht or 207.01%, mainly due to interest income increase and higher interest rate

**Cost of sales and services**

The Group's costs of services consist of 6 main groups of expenses: 1) medicine, medical supplies, and medical equipment, 2) doctor fees, 3) cost of laboratory 4) employee benefit expenses. 5) depreciation and 6) Other costs, such as maintenance costs of medical tools and equipment, etc. The cost of services with the greatest proportion is medicines, medical supplies, and medical equipment.

For the year 2023, the cost of services of the Group was 379.55 million baht, compared costs of services for the year 2022 at 329.16 million baht, an increase 50.39 million baht or 15.31%, mainly due to (1) an increase in the cost of medicines, medical supplies and medical equipment and cost of laboratory of 38.40 million baht, (2) an increase in doctor fees of 7.66 million baht, according to increasing of the number of infertile patients and more customers using genetics laboratory services. However, the increase in cost of sales and service is a smaller rate compared to the increase in income. This caused the profit margin to increase from the previous year.

**Gross profit and Gross profit margin**

For the year 2023, the Group had a gross profit of 469.09 million baht, compared to gross profit for the year 2022 at 397.45 million baht, an increase of 71.64 million baht or 18.02%, in line with the increase in revenue from services, in particular, revenue from genetic testing services for embryos and fetuses increased significantly. As a result, the group has higher gross profits. Meanwhile, the gross profit margin for the year 2023 was 55.28%, compared to the year 2022 equal to 55.34%, the gross profit margin was relatively stable.

**Selling expenses**

The Group can divide selling expenses into 4 parts, namely 1) commission fee, 2) employee expenses, 3) advertising and sales promotion expenses, and 4) other distribution costs such as entertainment and promotion expenses. other sales, etc.

For the year 2023, the Group had selling expenses equal to 38.39 million baht, compared to the year 2022 with sales expenses equal to 27.59 million baht, an increase of 10.80 million baht or 39.13% due to an increase in advertising and promotion expenses by 14.08 million baht and increase in commission for agents 5.51 million.

**Administrative expenses**

The Group divided administrative expenses into 5 parts, namely 1) employee and management expenses, 2) depreciation expenses, 3) rental and service expenses, 4) repair and maintenance expenses, and 5) other administrative

expenses such as cleaning expenses, signboard tax, bank charge, professional fees, and fines, etc. The main administrative expenses of the Group are employee and management expenses and depreciation.

For the year 2023, the Group had administrative expenses of 165.86 million baht, compared to the year in 2022 at 116.45 million baht, an increase of 8.96 million baht or 5.71%, mainly due to employee benefit expenses increased by 3.68 million baht, other expenses increased by 6.78 million baht.

#### Finance costs

The Group's financial costs is interest on lease liabilities. For the year 2023, the Group had financial costs of 3.44 million baht, compared the year 2022 with financial cost equal 3.45 million baht, a decrease of 0.01 million baht or 0.31%.

#### Net profit and Net profit margin

For the year 2023, the Group had a net profit of 201.83 million baht, representing a net profit margin of 23.58%, compared the year 2022, an increase of 39.92 million baht at a growth rate of 24.66% in line with the increase of income of the group of companies, both in terms of income from infertility treatment services and income from embryo and fetal genetic testing services. Even though the cost of services increase as well, the increase was in a smaller proportion than the increase in income, causing the group of companies to have a net profit and net profit margin increased.

#### Financial position analysis

Consolidated	31 December 2022	30 September 2023	Increase (Decrease)	
	(Mil. Baht)	(Mil. Baht)	Mil. Baht	%
Assets	1,412.69	1,893.60	480.92	34.04
Liabilities	202.45	235.71	33.26	16.42
Equity	1,210.24	1,657.90	447.66	36.98

#### Assets

The Group has total assets as at 31 December 2023 equal to 1,893.60 million baht, compared as at 31 December 2022 with total assets of 1,412.69 million baht, a increase 480.92 million baht or 34.04%. The Group's significant assets include cash and cash equivalents, financial assets measured at fair value through profit or loss, building and equipment and right-of-use assets, etc. The details of the changes are as follows.

Consolidated	31 December 2022	30 September 2023	Increase (Decrease)	
	(Mil. Baht)	(Mil. Baht)	Mil. Baht	%
<b>Current assets</b>				
Cash and cash equivalents	850.66	1,251.02	400.36	47.06
Financial assets measured at fair value through profit or loss	228.47	231.84	3.37	1.48

Consolidated	31 December 2022	30 September 2023	Increase (Decrease)	
	(Mil. Baht)	(Mil. Baht)	Mil. Baht	%
Trade and other accounts receivable	20.25	23.34	3.09	15.28
Inventories	48.66	65.12	16.46	33.81
<b>Total current assets</b>	<b>1,148.05</b>	<b>1,571.33</b>	<b>423.28</b>	<b>36.87</b>
<b><u>Non-current assets</u></b>				
Building and equipment (net)	150.46	151.15	0.69	0.46
Right-of-use assets (net)	87.13	144.25	57.12	65.56
Intangible assets (net)	7.38	8.68	1.29	17.52
Deferred tax assets (net)	5.63	6.46	0.83	14.69
Other non-current assets	14.04	11.74	(2.30)	(16.36)
<b>Total non-current assets</b>	<b>264.64</b>	<b>322.28</b>	<b>57.64</b>	<b>21.78</b>
<b>Total assets</b>	<b>1,412.69</b>	<b>1,893.60</b>	<b>480.92</b>	<b>34.04</b>

- **Cash and cash equivalents**

Cash and cash equivalents of the Group consist of cash and cash deposits. As at 31 December 2023, the Group had cash and cash equivalents in the amount of 1,251.02 million baht, compared to at the end of 2022 which cash and cash equivalents equal to 850.66 million baht, a increase of 400.36 million baht or 47.06%. The changes in cash and cash equivalents are mainly due to increases or decreases in the Group's net cash flows from or uses in operating, investing, and financing activities. (Please consider additional information in the section cash flow analysis)

- **Financial assets measured at fair value through profit or loss**

As at 31 December 2023, the Group had financial assets measured at fair value through profit or loss in the amount of 231.84 million baht, compared to the end of 2022 with an amount of 228.47 million baht, an increase of 3.37 million baht or 1.48%, due to fair value is measured through profit or loss. The financial assets invested by the Group are still debt securities

- **Trade and other accounts receivable**

As at 31 December 2023, the Group had trade and other receivables in the amount of 23.34 million baht, compared to the end of 2022 with an amount of 20.25 million baht, an increase of 3.09 million baht or 15.28%.

- **Inventories**

As at 31 December 2023, the Group had inventories in amount of 65.12 million baht, compared to the end of 2022 with an amount of 48.67 million baht, an increase of 16.46 million baht, or 33.81%.

- **Building and equipment - net**

Buildings and equipment of the Group mainly consist of buildings, office furnishings, and medical tools and equipment. As at 31 December 2023, the Group had net buildings and equipment in amount of 151.15 million baht, compared to the end of 2022 with an amount of 150.46 million baht, a increase of 0.69 million baht or 0.45% due to relocate Ramintra branch

- **Right-of-use assets - net**

As at 31 December 2023, the Group had right-of-use assets - net in amount of 144.25 million baht, compared to the end of 2022 with an amount of 87.13 million baht, a increase of 57.12 million baht or 65.56% due to relocate Ramintra branch that requires long-term rental payments for the leased land.

**Liabilities**

The Group has total liabilities as at 31 December 2023 equal to 231.51 million baht, compared as at 31 December 2022 with total liabilities of 202.45 million baht, an increase 29.07 million baht or 14.36%. The main liabilities of the Group are trade and other payables, lease liabilities, income tax payable, other current liabilities, employee benefit obligations and provision for decommissioning of fixed assets.

Consolidated	31 December 2022	30 September 2023	Increase (Decrease)	
	(Mil. Baht)	(Mil. Baht)	Mil. Baht	%
<b><u>Current liabilities</u></b>				
Trade and other accounts payable	66.35	85.33	18.98	28.60
Current portion of lease liabilities	13.78	21.31	7.52	54.59
Income tax payable	17.69	16.67	(1.02)	(5.79)
Other current liabilities	1.30	2.06	0.75	57.73
<b>Total current liabilities</b>	<b>99.13</b>	<b>125.36</b>	<b>26.23</b>	<b>26.46</b>
<b><u>Non-current liabilities</u></b>				
Lease liabilities (net)	72.54	72.53	(0.09)	(0.01)
Employee benefit obligations	17.48	20.72	3.25	18.57
Provision for decommissioning	13.29	17.08	3.79	28.51
<b>Total non-current liabilities</b>	<b>103.32</b>	<b>110.34</b>	<b>7.03</b>	<b>6.80</b>
<b>Total liabilities</b>	<b>202.45</b>	<b>235.71</b>	<b>33.26</b>	<b>16.43</b>



- **Trade and other accounts payable**

As at 31 December 2023, the Group had trade and other payables in the amount of 85.33 million baht, compared to the end of 2022 with an amount of 66.35 million baht, an increase of 3.60 million baht, or 28.60%. due to an increase in trade payables from the purchase of NGG's lab solution, which is in line with the income increased

- **Income tax payable**

As at 31 December 2023, the Group has income tax payable in the amount of 16.67 million baht, compared to the end of 2022 with an amount of 17.69 million baht, a decrease of 1.02 million baht, or 5.79%.

- **Lease liabilities**

As at 31 December 2023, the Group had lease liabilities in the amount of 93.84 million baht, compared to the end of 2022 with an amount of 86.33 million baht. Lease liabilities arise from the Group has entered into lease agreements for land used in business operations.

- **Employee benefit obligations**

- As at 31 December 2023, the Group has employee benefits obligations in the amount of 20.72 million baht, compared to the end of 2022 with an amount of 17.48 million baht, an increase of 3.25million baht, or 18.57%. The employee benefit obligations of the Group comprise retirement benefits and other long-term employee benefits. The Company has obligations for compensation to employees upon retirement under labor law and according to other employee compensation programs. The Company treats this compensation as a defined benefit plan for employees that an independent expert has assessed such obligations based on actuarial principles.

- **Provision for decommissioning**

As at 31 December 2023, the Group has a provision for decommissioning of fixed assets in the amount of 17.08 million baht, compared to the end of 2022 with an amount of 13.29 million baht, an increase of 3.79 million baht, or 28.51% due to relocate Ramintra branch

**Equity**

Consolidated	31 December 2022	30 September 2023	Increase (Decrease)	
	(Mil. Baht)	(Mil. Baht)	Mil. Baht	%
<b>Equity</b>				
Issued and fully paid-up share capital	225.00	303.95	78.95	35.09
Premium on share capital	920.11	1,382.23	462.12	50.23
Discount from business combination under common control	(178.29)	(178.29)	-	0.00
Retained earnings - Appropriated	22.42	30.39	7.97	35.55

Consolidated	31 December 2022	30 September 2023	Increase (Decrease)	
	(Mil. Baht)	(Mil. Baht)	Mil. Baht	%
Retained earnings - Unappropriated	212.94	115.48	(97.46)	(45.77)
Other component of equity	2.23	-	(2.23)	(100.00)
<b>Equity attributable to owners of parent</b>	<b>1,204.41</b>	<b>1,653.77</b>	<b>449.36</b>	<b>37.31</b>
Non-controlling interests	5.83	4.13	(1.70)	(29.15)
<b>Total equity</b>	<b>1,210.24</b>	<b>1,657.90</b>	<b>447.66</b>	<b>36.98</b>

#### Discount from business combination under common control

The Extraordinary General Meeting of Shareholders No. 2/2017 held on 29 December 2017 has resolution to approve the purchase of 99.99% of shares in Next Generation Genomic Company Limited (a subsidiary) from the existing shareholders which is same shareholder with the Company. Therefore, it is considered a business combination under the common control. The Company paid for the shares by issuing 29,998 new ordinary shares with a par value of 100 baht per share, totaling 2,999,800 baht and having a value on the payment date of 6,896 baht per share, resulting in a premium on share capital at 6,796 baht per share or equivalent to 203,866,408 baht to existing shareholders of Next Generation Genomic Company Limited.

On 9 January 2018, the book value of the net assets of Next Generation Genomic Company Limited was 28,577,064 baht and the discount from business combination under common control was 178,289,144 baht.

#### Liquidity

	30 December 2022	30 December 2023
	(Mil. Baht)	(Mil. Baht)
Net cash receipts (payment) from operating activities	211.36	252.76
Net cash receipts (payment) from investing activities	38.52	(79.18)
Net cash receipts (payment) from financing activities	(67.14)	226.78
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>182.74</b>	<b>400.36</b>
Cash and cash equivalents – opening balance	667.92	850.66
<b>Cash and cash equivalents – closing balance</b>	<b>850.66</b>	<b>1,251.02</b>

From changing in cash flows from operating activities, investing activities and financing activities, as at 31 December 2023, the Group had cash and cash equivalents at the end of the year equal to 1,251.02million baht with the details of significant changes in cash flows as follows:

### Cash flows from operating activities

For the year 2023, the Group had net cash from operating activities of 252.76 million baht. Profit from operating activities before changes in operating assets and liabilities equal to 305.60 million baht. Cash received from operations were trade payables of 5.97 million baht and other current liabilities 0.50 million baht. While cash used in operations were trade and other receivables of 5.40 million baht and inventory of 1.96 million baht .

### Cash flow from investing activities

For the year 2023, the Group had net cash outflows used in investing activities of 79.18 million baht, mostly from prepayment for right-of-use asset of 47.60 million baht and purchase of buildings and equipment of 32.89 million baht.

### Cash flow from financing activities

For the year 2023, the Group had net cash used in financing activities of 226.78 million baht, from cash received from share issuance offering to the public in the amount of 536.86 million baht, while dividend payment in the amount of 293.55 million baht and repayments for lease liabilities in the amount of 16.53 million baht.

## Key financial ratios

### Liquidity Ratios

Financial ratios	Unit	31 December 2022	31 December 2023
Current ratio	times	11.58	12.97
Quick current ratio	times	11.09	12.43
Cash flow ratio	times	2.13	2.29
Trade receivable turnover	times	45.91	38.94
Average Collection Period	days	7.95	9.37
Inventories turnover	times	7.96	6.67
Average Sales (Inventory) Period	days	45.85	54.72
Account receivable turnover	times	5.10	5.00
Average Payment Period	days	71.57	73.00
Cash cycle	days	(17.77)	(8.91)

The Group has current ratios as at 31 December 2023 equal to 12.97 times. The current ratio increased because cash and cash equivalents decreased from dividend payments. and an increase in other current liabilities

In addition, considering the cash cycle as at 31 December 2023, the Group had a cash cycle of (8.91) days. This was mainly due to the average sales period increased form increasing in inventories to support business expansion.

### Profitability Ratios

Financial ratios	Unit	31 December 2022	31 December 2023
Gross profit margin	%	54.70	55.28
EBIT margin	%	28.31	29.26
EBITDA margin	%	37.14	36.14
Net profit margin	%	22.26	23.58
Return of equity (ROE)	%	14.03	13.98

Gross profit margin : The Group has a gross profit margin for the year ending 31 December 2023 equal to 55.28% due to an increase in infertile people who came to receive treatment, especially from foreign customers without travel restrictions. Meanwhile The cost of service increased in a smaller proportion due to cost management measures, resulting profits higher.

EBIT margin : The Group has EBIT margin for 2023 is equal to 29.26%, an increase from 2022 with EBIT Margin at 28.31%

EBITDA margin : The Group has EBITDA Margin for 2023 equal to 36.14%, slightly decreased from 2022 with EBITDA margin at 37.14%.

Net profit margin : The Group has a gross profit margin for the year ending 31 December 2023 equal to 23.58% due to revenue from sales and services increased. Although sales and administrative expenses increased, the proportion was less than revenue. As a result, the net profit margin increased.

Return on equity : As at 31 December 2023, The Group had return on equity equal to 13.98 %, an decreased because shareholder equity increased from the Company's initial public offering of common shares.

### Efficiency ratios

Financial ratios	Unit	31 December 2022	31 December 2023
Return of assets (ROA)	%	11.94	10.62
Return of fixed assets	%	89.11	129.62
Asset turnover	times	53.64	51.97

Return on assets : As at 31 December 2023, The Group had return on assets equal to 10.62%, decreasing because the Group's net profit increased higher than the increase in assets.

Return of fixed assets : As at 31 December 2023, The Group had return on fixed assets equal to 129.62%, an increase compared to 2022.

Asset turnover : As at 31 December 2023, The Group had asset turnover equal to 51.97 times, decreasing due to the Group having more assets.

#### Financial Risk Ratios

Financial ratios	Unit	31 December 2022	31 December 2023
Debt to equity	times	0.17	0.14
Dividend payout	%	80.69	323.49

The Group has total debt to equity ratio as at 31 December 2023 equal to 0.14 times which was mainly due to a decrease in shareholders' equity from paying dividends from retained earnings

#### Details of Dividend Payment

- At The Board of Directors' meeting on 11 May 2023, The Board of Directors resolved to approve the dividend payment from the retained earnings at the rate of 1.85 baht per share for 45.00 million shares, totaling 83.25 million baht. The company paid such dividends within May 2023

- At The Board of Directors' meeting on 10 August 2023, The Board of Directors resolved to approve the dividend payment from the retained earnings at the rate of 0.15 baht per share for 280.00 million shares, totaling 42 million baht. The company paid such dividends within August 2023

- At The Board of Directors' meeting on 27 September 2023, The Board of Directors resolved to approve the dividend payment from the retained earnings at the rate of 0.10 baht per share for 280.00 million shares, totaling 28 million baht. The company paid such dividends within October 2023

- At The Board of Directors' meeting on 25 October 2023, The Board of Directors resolved to approve the dividend payment from the retained earnings at the rate of 0.035 baht per share for 280.00 million shares, totaling 9.80 million baht. The company paid such dividends within October 2023