



Condensed Interim Financial Statements for the
Six Months Ended 30 June 2023

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A Condensed interim consolidated statement of profit or loss and other comprehensive income

	Group		
	6 months ended 30 June 2023	2022	+/(-) Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	28,313	26,238	7.9
Cost of sales	(9,161)	(8,660)	5.8
Gross profit	19,152	17,578	9.0
Other operating income	123	141	(12.8)
Selling and marketing expenses	(9,356)	(8,470)	10.5
Administrative expenses	(9,202)	(8,377)	9.8
Finance income	1,630	1,180	38.1
Finance costs	(135)	(75)	80.0
Profit before income tax from operations *	2,212	1,977	11.9
Share of profit of associate	523	260	>100.0
Profit before income tax	2,735	2,237	22.3
Income tax expense	(506)	(343)	47.5
Profit for the financial period	2,229	1,894	17.7
Other comprehensive loss for the financial period, net of tax:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation [^]	(680)	(1,550)	(56.1)
Total comprehensive income for the financial period	1,549	344	>100.0

[^]Foreign currency translation classified as other comprehensive loss and presented in the foreign currency translation reserve in equity, represents the exchange differences arising from:

- translation of assets and liabilities of foreign operations to Singapore dollars at exchange rates at the reporting date; and
- translation of income and expenses of foreign operations to Singapore dollars at exchange rates at the dates of the transactions.

When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

*In order to provide more clarity to readers, the Group has separately presented its share of profit of associate.

A Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	Group		
	6 months ended 30		
	June		+/(-) Increase/
	2023	2022	(Decrease)
	S\$'000	S\$'000	%
Profit for the financial period attributable to:			
- Owners of the Company	2,225	1,893	17.5
- Non-controlling interests	4	1	>100.0
	<u>2,229</u>	<u>1,894</u>	17.7
Total comprehensive income for the financial period attributable to:			
- Owners of the Company	1,537	344	>100.0
- Non-controlling interests	12	—	n.m.
	<u>1,549</u>	<u>344</u>	>100.0
Earnings per share (cents per share):			
- Basic	0.87	0.74	17.6
- Diluted	0.87	0.74	17.6

A Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)
A(i) Notes to the consolidated statement of profit or loss

	Group		
	6 months ended 30 June	2022	
	2023	2022	
	S\$'000	S\$'000	
Depreciation of property, plant and equipment	1,542	1,355	[1]
Amortisation of intangible assets	395	404	
Impairment loss on trade receivables and bad debts written off, net	214	298	[2]
Foreign exchange loss	90	105	
Other operating income	(123)	(141)	
Over-provision of tax in respect of prior years	(195)	(59)	[3]
Finance income	(1,630)	(1,180)	[4]

Notes

1. Increase in depreciation of property, plant and equipment in the six months ended 30 June 2023 ("1H2023") compared to six months ended 30 June 2022 ("1H2022") was mainly due to the addition of right-of-use assets for new office unit leases in India and Singapore which commenced in August 2022 and February 2023 respectively, and leasehold improvements made to the Hong Kong laboratory and office in 1H2023.
2. The decrease in net impairment loss on trade receivables and bad debts written off of approximately S\$84,000 in the 1H2023 compared to 1H2022 was mainly due to lesser allowance for doubtful debts provided as the Group implemented additional processes and structures aimed at improving collections.
3. Over-provision of tax in respect of prior years of approximately S\$195,000 for 1H2023 mainly comprises an over-provision of corporate income tax in Indonesia of S\$166,000 and a net over-provision of deferred tax on the share of profits of associate in Malaysia of S\$29,000. In 1H2022, the over-provision of tax in respect of prior years of S\$59,000 was for Singapore and Malaysia.
4. Finance income increased by S\$450,000 from 1H2023 to 1H2022 mainly due to the increase in deposit interest rates as well as an increase in funds placed in fixed deposits.

B Condensed interim statements of financial position

	Group as at		Company as at	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	17,490	14,424	6,396	5,687
Investment properties	4,507	4,618	2,269	2,269
Intangible assets	29,858	30,446	731	742
Deferred tax assets	779	890	444	415
Investment in subsidiaries	—	—	56,841	56,841
Investment in associate	1,512	1,513	—	—
Contract assets	63,646	63,597	39,799	39,637
Fixed deposits	2,971	4,746	—	—
	<u>120,763</u>	<u>120,234</u>	<u>106,480</u>	<u>105,591</u>
Current assets				
Inventories	1,116	1,362	146	280
Prepayments	1,877	2,312	844	1,083
Trade receivables	26,049	25,475	12,129	11,197
Other receivables	2,970	2,939	565	689
Tax recoverable	1,518	1,124	—	—
Amount owing by subsidiaries	—	—	24,684	24,358
Short-term investments	5,644	5,819	4,424	4,562
Fixed deposits	49,884	45,970	11,853	10,075
Pledged fixed deposits	8,951	9,379	—	—
Cash and cash equivalents	15,258	13,381	2,329	3,882
	<u>113,267</u>	<u>107,761</u>	<u>56,974</u>	<u>56,126</u>
Total assets	<u>234,030</u>	<u>227,995</u>	<u>163,454</u>	<u>161,717</u>
Current liabilities				
Trade and other payables	9,702	9,955	3,257	2,905
Amounts owing to subsidiaries	—	—	1,051	3,987
Lease liabilities	1,725	1,199	416	203
Contract liabilities	12,303	9,035	5,791	3,702
Tax payable	677	699	—	—
	<u>24,407</u>	<u>20,888</u>	<u>10,515</u>	<u>10,797</u>
Net current assets	<u>88,860</u>	<u>86,873</u>	<u>46,459</u>	<u>45,329</u>

B Condensed interim statements of financial position (cont'd)

	Group As at		Company As at	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Other payables	325	522	—	—
Amount owing to subsidiaries	—	—	13,307	13,198
Lease liabilities	2,639	1,018	581	320
Contract liabilities	66,920	67,280	14,287	16,188
Deferred tax liabilities	3,733	3,959	15	15
	<u>73,617</u>	<u>72,779</u>	<u>28,190</u>	<u>29,721</u>
Total liabilities	<u>98,024</u>	<u>93,667</u>	<u>38,705</u>	<u>40,518</u>
Net assets	<u>136,006</u>	<u>134,328</u>	<u>124,749</u>	<u>121,199</u>
Equity attributable to owners of the Company				
Share capital	94,468	94,686	94,468	94,686
Treasury shares	(12,194)	(12,554)	(12,194)	(12,554)
Accumulated profits	74,215	71,990	41,908	38,486
Other reserves	(20,762)	(20,060)	567	581
	<u>135,727</u>	<u>134,062</u>	<u>124,749</u>	<u>121,199</u>
Non-controlling interests	<u>278</u>	<u>266</u>	<u>—</u>	<u>—</u>
Total equity	<u>136,005</u>	<u>134,328</u>	<u>124,749</u>	<u>121,199</u>
Total equity and liabilities	<u>234,029</u>	<u>227,995</u>	<u>163,454</u>	<u>161,717</u>

C Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June 2023	2022
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before income tax	2,735	2,237
Adjustments for:		
Depreciation of property, plant and equipment	1,542	1,355
Amortisation of intangible assets	395	404
Impairment loss on receivables and bad debts written off, net	214	298
Gain on disposal of property, plant and equipment	—	(7)
Interest income	(1,630)	(1,180)
Interest expense	135	75
Share-based compensation expense/(reversal)	126	(97)
Fair value (gain)/loss on short-term investments	(21)	226
Share of profit of associate	(523)	(260)
Unrealised exchange loss/(gain)	120	(202)
Operating cash flows before changes in working capital	3,093	2,849
<u>Changes in working capital</u>		
Increase in trade receivables	(648)	(125)
Decrease in contract assets	281	380
Decrease in other receivables and prepayments	381	263
Decrease/(increase) in inventories	246	(42)
Decrease in trade and other payables	(536)	(2,899)
Decrease in lease liabilities	(919)	(863)
Increase in contract liabilities	2,688	1,753
Cash generated from operations	4,586	1,316
Interest received	1,709	777
Income tax paid	(848)	(790)
Net cash from operating activities	5,447	1,303

C Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	6 months ended 30 June	
	2023	2022
	S\$'000	S\$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,610)	(701)
Purchase of intangible assets	(139)	(227)
Proceeds from sale of investment properties	—	2,767
Proceeds from disposal of fixed assets	2	2
Dividend received	466	179
Redemption of short-term investments	2	2,227
Transfer to term deposits, net	(2,380)	(4,916)
Net cash used in investing activities	(3,659)	(669)
Cash flows from financing activity:		
Dividends paid	—	(2,304)
Cash flows used in financing activity	—	(2,304)
Net increase/(decrease) in cash and cash equivalents	1,788	(1,670)
Cash and cash equivalents at the beginning of the financial period	13,381	15,458
Effects of exchange rate changes on cash and cash equivalents	89	171
Cash and cash equivalents at end of the financial period	15,258	13,959

Condensed Interim Financial Statements for the Six Months Ended 30 June 2023
D Condensed interim statements of changes in equity

	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Share-based compensation reserve S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Acquisition reserve S\$'000	Foreign currency translation reserve S\$'000	Non-controlling interests S\$'000	Total S\$'000
Group										
At 1 January 2022	95,163	(13,290)	69,407	531	568	534	(11,931)	(4,553)	260	136,689
Profit for the financial period	—	—	1,893	—	—	—	—	—	1	1,894
Other comprehensive loss for the financial period, net of tax										
- Foreign currency translation	—	—	—	—	—	—	—	(1,549)	(1)	(1,550)
Total comprehensive income/(loss) for the financial period, net of tax	—	—	1,893	—	—	—	—	(1,549)	—	344
<u>Contributions by and distributions to owners</u>										
Reversal of share awards to employees	—	—	—	(97)	—	—	—	—	—	(97)
Reissuance of treasury shares pursuant to equity compensation plans	(477)	736	—	(259)	—	—	—	—	—	—
Dividends	—	—	(2,304)	—	—	—	—	—	—	(2,304)
Total contributions by and distributions to owners	(477)	736	(2,304)	(356)	—	—	—	—	—	(2,401)
At 30 June 2022	94,686	(12,554)	68,996	175	568	534	(11,931)	(6,102)	260	134,632

Condensed Interim Financial Statements for the Six Months Ended 30 June 2023
D Condensed interim statements of changes in equity (cont'd)

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Share-based compensation reserve S\$'000	Capital reserve S\$'000	Total S\$'000
At 1 January 2022	95,163	(13,290)	30,233	531	422	113,059
Profit for the financial period, representing total comprehensive income for the financial period	—	—	15,348	—	—	15,348
<u>Contributions by and distributions to owners</u>						
Reversal of share awards to employees	—	—	—	(97)	—	(97)
Reissuance of treasury shares pursuant to equity compensation plans	(477)	736	—	(259)	—	—
Dividends	—	—	(2,304)	—	—	(2,304)
Total contributions by and distributions to owners	(477)	736	(2,304)	(356)	—	(2,401)
At 30 June 2022	94,686	(12,554)	43,277	175	422	126,006

Condensed Interim Financial Statements for the Six Months Ended 30 June 2023
D Condensed interim statements of changes in equity (cont'd)

	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Share-based compensation reserve S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Acquisition reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Non-controlling interests S\$'000	Total S\$'000
Group											
At 1 January 2023	94,686	(12,554)	71,990	159	568	534	(11,931)	477	(9,867)	266	134,328
Profit for the financial period	—	—	2,225	—	—	—	—	—	—	4	2,229
Other comprehensive loss/(income) for the financial period, net of tax											
- Foreign currency translation	—	—	—	—	—	—	—	—	(688)	8	(680)
Total comprehensive income/(loss) for the financial period, net of tax	—	—	2,225	—	—	—	—	—	(688)	12	1,549
<u>Contributions by and distributions to owners</u>											
Grant of share awards to employees	—	—	—	128	—	—	—	—	—	—	128
Reissuance of treasury shares pursuant to equity compensation plans	(218)	360	—	(142)	—	—	—	—	—	—	—
Total contributions by and distributions to owners	(218)	360	—	(14)	—	—	—	—	—	—	128
At 30 June 2023	94,468	(12,194)	74,215	145	568	534	(11,931)	477	(10,555)	278	136,005

Condensed Interim Financial Statements for the Six Months Ended 30 June 2023
D Condensed interim statements of changes in equity (cont'd)

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Share-based compensation reserve S\$'000	Capital reserve S\$'000	Total S\$'000
At 1 January 2023	94,686	(12,554)	38,486	159	422	121,199
Profit for the financial period, representing total comprehensive income for the financial period	—	—	3,422	—	—	3,422
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	—	—	—	128	—	128
Reissuance of treasury shares pursuant to equity compensation plans	(218)	360	—	(142)	—	—
Total contributions by and distributions to owners	(218)	360	—	(14)	—	128
At 30 June 2023	94,468	(12,194)	41,908	145	422	124,749

E Notes to the condensed interim consolidated financial statements

1 Corporate information

Cordlife Group Limited (the “Company”) is incorporated in Singapore and has its registered office at 1 Yishun Industrial Street 1, #06-01/09, A’Posh Bizhub, Singapore 768160. The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in equity-accounted investees.

The principal activities of the Company are investment holding and the provision of cord blood banking services, which involves the processing and storage of cord blood stem cells. The principal activities of the subsidiaries are:

- a. provision of cord blood, cord lining and cord tissue banking services
- b. provision of diagnostics services
- c. provision of medical laboratory and diagnostic services and general medical screening tests
- d. property investment
- e. investment holding
- f. provision of marketing services

2 Basis of Preparation

2(a) Statement of compliance

The condensed interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I”).

2(b) Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2(c) Functional and presentation currency

These condensed interim financial statements are presented in Singapore dollars (“S\$”), which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

E Notes to the condensed interim consolidated financial statements (cont'd)
2 Basis of Preparation (cont'd)
2(d) Use of estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements are as follows :

- *Revenue recognition: whether revenue from rendering of cord blood, cord lining and cord tissue banking services is recognised over time or point in time*

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Rendering of cord blood, cord lining and cord tissue banking services: processing revenue

Nature of goods or services	Collection, processing and testing of the cord blood, cord lining and cord tissue sample.
When revenue is recognised	Revenue is recognised upon completion of processing of the cord blood, cord lining and cord tissue sample.
Significant payment terms	Deferred payment plans that include annual instalments over 18 to 21 years, monthly instalments over 12 to 60 months or full upfront payment upon contract signing or client delivery. Deferred payment plans have been determined to include a significant financing component. No significant financing component is recognised for upfront payment plans as these terms are designed for reasons other than provision of financing to the Group.
Obligations for refunds, if any	Refunds will be provided if no collection is done.
Obligations for warranties	Nil

Rendering of cord blood, cord lining and cord tissue banking services: storage revenue

Nature of goods or services	Cryopreservation of the cord blood, cord lining and cord tissue sample.
When revenue is recognised	Over the storage period.
Significant payment terms	Deferred payment plans that include annual instalments over 18 to 21 years, monthly instalments over 12 to 60 months or full upfront payment upon contract signing or client delivery. Deferred payment plans have been determined to include a significant financing component. No significant financing component is recognised for upfront payment plans as these terms are designed for reasons other than provision of financing to the Group.
Obligations for refunds, if any	For full upfront payments, customers are entitled to refunds on the prepaid storage component that has not been fulfilled, if the contract is terminated in accordance with the terms of the contract.
Obligations for warranties	Nil

E Notes to the condensed interim consolidated financial statements (cont'd)
2 Basis of Preparation (cont'd)
2(d) Use of estimates and judgements (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next interim period are as follows:

- *Fair value of investment properties: determination of fair value of investment properties based on the valuation technique and significant unobservable inputs*

For the year ended 31 December 2022, the valuations are performed by PREMAS Valuers & Property Consultants Pte Ltd and VPC Alliance (KL) Sdn. Bhd., who are independent valuers with recognised and relevant professional qualifications and with recent experiences in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

For the half year ended 30 June 2023, the Group had re-assessed the valuation using the comparable market transactions in the open market and concluded that the fair value of the investment properties has not changed significantly since the end of the last reporting period.

- *Impairment of non-financial assets: key assumptions used in discounted cash flow projections for the recoverable amounts*

For the purposes of impairment testing, goodwill acquired through business combinations has been allocated to the Group's cash generating units ("CGUs") (operating divisions) as follows:

	Group	
	As at	
	30 June 2023	31 December 2022
	S\$'000	S\$'000
Business operations in Malaysia – Stemlife Berhad	6,702	7,034
Business operations in Hong Kong – Healthbaby and Cordlife Hong Kong	20,059	19,956
	<u>26,761</u>	<u>26,990</u>

As at 31 December 2022, the recoverable amount of CGUs has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

As at 30 June 2023, the Group assessed that there were no indicators that the CGUs may be impaired. Accordingly, no impairment assessment was performed.

E Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of Preparation (cont'd)

2(d) Use of estimates and judgements (cont'd)

- *Measurement of expected credit losses ("ECLs") allowance for trade and other receivables and contract assets: key assumptions in determining the weighted-average loss*

As at 30 June 2023, the Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures by type of customers based on the common credit risk characteristics.

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates.

3 Seasonal operations

The Group's business are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

For management reporting purposes, the Group monitors the performance of the business units based on their products and services and has two reportable segments as follows:

- The banking segment comprises of the collection, processing and banking of biological materials.
- The diagnostics segment comprises diagnostic testing services.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income taxes that are managed on a group basis.
- Subsidiaries not offering services under the banking and diagnostic segments.

No operating segments have been aggregated to form the above reportable operating segments.

E Notes to the condensed interim consolidated financial statements (cont'd)
4 Segment and revenue information (cont'd)

	Banking S\$'000	Diagnostics S\$'000	Total S\$'000
Segment revenue			
1 January 2023 to 30 June 2023			
Revenue from external clients	26,025	2,288	28,313
Total consolidated revenue			<u>28,313</u>
1 January 2022 to 30 June 2022			
Revenue from external clients	24,123	2,115	26,238
Total consolidated revenue			<u>26,238</u>
Segment results			
1 January 2023 to 30 June 2023			
Depreciation and amortisation	(1,934)	(3)	(1,937)
Segment profit	1,941	271	2,212
Share of profit of associate			523
Profit before income tax			2,735
Income tax			(506)
Profit for the period			<u>2,229</u>
1 January 2022 to 30 June 2022			
Depreciation and amortisation	(1,756)	(3)	(1,759)
Segment profit	1,610	367	1,977
Share of profit of associate			260
Profit before income tax			2,237
Income tax			(343)
Profit for the period			<u>1,894</u>

E Notes to the condensed interim consolidated financial statements (cont'd)
4 Segment and revenue information (cont'd)
Segment assets and liabilities

	Banking S\$'000	Diagnostics S\$'000	Others* S\$'000	Total S\$'000
30 June 2023				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	4,675	—	—	4,675
Segment assets	269,453	4,826	791	275,070
Investment in associate				1,512
Investment properties				4,507
Eliminations+				(47,059)
Per interim financial statements				234,030
Segment liabilities	126,277	1,999	12,367	140,643
Tax payables				677
Deferred tax liabilities				3,733
Eliminations+				(47,029)
Per interim financial statements				98,024
30 June 2022				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	1,270	—	—	1,270
Segment assets	266,241	4,380	833	271,454
Investment in associate				1,109
Investment properties				3,473
Eliminations+				(47,930)
Per interim financial statements				228,106
Segment liabilities	122,663	1,336	12,404	136,403
Tax payables				707
Deferred tax liabilities				3,987
Eliminations+				(47,623)
Per interim financial statements				93,474

+ Inter-segment balances are eliminated on consolidation.

* Others refer to the assets and liabilities of subsidiaries not offering services under the banking and diagnostic segments.

E Notes to the condensed interim consolidated financial statements (cont'd)
4 Segment and revenue information (cont'd)

	Revenue	
	6 months ended 30 June	
	2023	2022
	S\$'000	S\$'000
Singapore	12,863	11,235
Hong Kong	4,154	3,618
India	3,201	4,028
Malaysia	1,759	1,838
Philippines	3,261	2,684
Indonesia	3,075	2,835
	<u>28,313</u>	<u>26,238</u>

5 Taxation

	Group	
	6 months ended 30 June	
	2023	2022
	S\$'000	S\$'000
<i>Current tax expense</i>		
Current period	705	401
Over-provision in respect of previous years	(166)	(39)
	<u>539</u>	<u>362</u>
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	(4)	1
Over-provision in respect of previous years	(29)	(20)
	<u>506</u>	<u>343</u>

Income tax is calculated at prevailing tax rates of the respective countries on the estimated assessable profit for the period.

6 Dividends

	Group and Company	
	30 June 2023	30 June 2022
	S\$'000	S\$'000
Paid by the Company to owners of the Company		
<i>Dividends on ordinary shares:-</i>		
Final tax exempt (one-tier) dividend for 31 December 2021: 0.9 cents per share	<u>—</u>	<u>2,304</u>



CORDLIFE GROUP LIMITED

Other information required under Appendix 7.2 of the
SGX-ST Listing Manual

- 1(a) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Company	Number of shares	Share capital S\$
As at 1 January 2023	255,977,394	94,686,038
Treasury shares reissued pursuant to equity compensation plans	330,350	(218,316)
As at 30 June 2023	<u>256,307,744</u>	<u>94,467,722</u>

- 1(b) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	As at	
	30 June 2023	31 December 2022
	No. of shares	No. of shares
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(11,217,610)	(11,547,960)
Total number of issued shares excluding treasury shares	<u>256,307,744</u>	<u>255,977,394</u>
Percentage of treasury shares against total number of shares outstanding	4.2 %	4.3 %

- 1(c) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

On 8 May 2023 and 22 May 2023, 285,350 and 45,000 treasury shares respectively were reissued pursuant to the Cordlife Share Grant Plan.

- 1(d) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter)

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) Updates on the efforts taken to resolve each outstanding audit issue, (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in note (5) below, the condensed interim financial statements for the current period reported on have been presented using the same accounting policies and methods of computation as presented in the Company's most recently audited annual financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which became effective for the financial year beginning 1 January 2023.

The adoption of these new/revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the condensed interim financial statements of the Group for the current reporting period or the reporting periods in prior years.

6 Earnings per ordinary share

	Group	
	6 months ended 30 June	
Basic Earnings Per Share	2023	2022
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:		
Profit attributable to shareholders of the Company (S\$ '000)	2,225	1,893
Weighted average number of shares in issue during the period ('000)	256,072	255,514
Basic earnings per share based on weighted average number of ordinary shares (cents)	<u>0.87</u>	<u>0.74</u>

Diluted Earnings Per Share
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders of the Company:

Profit attributable to shareholders of the Company (S\$ '000)	2,225	1,893
Weighted average number of shares in issue during the period ('000)	256,339	256,744
Diluted earnings per share based on weighted average number of ordinary shares (cents)	<u>0.87</u>	<u>0.74</u>

Notes:

Basic earnings per share are calculated by dividing profit net of tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share are calculated by dividing profit net of tax attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares shall be treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share.

7 Net asset value

	Group		Company	
	30 June	31	30 June	31
	2023	December	2023	December
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the relevant period	<u>53.06</u>	<u>52.48</u>	<u>48.67</u>	<u>47.35</u>

The number of shares in issue and used in calculating the net asset value per share as at 30 June 2023 is 256,307,744 (31 December 2022: 255,977,394).

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

COMPARING 6 MONTHS ENDED 30 JUNE 2023 ("1H2023") AGAINST 6 MONTHS ENDED 30 JUNE 2022 ("1H2022")

Income Statement

Revenue

Revenue increased by 7.9% or S\$2.1 million from S\$26.2 million in 1H2022 to S\$28.3 million in 1H2023. Banking revenue increased by 7.9% from S\$24.1 million in 1H2022 to S\$26.0 million in 1H2023 as a result of a 6.0% increase in new samples processed and stored from 8,400 in 1H2022 to 8,900 in 1H2023. New samples processed and stored had increased across the whole Group, largely contributed by Singapore and the Philippines, as the Group continues to intensify its traditional in-person marketing campaigns together with its digital initiatives. Singapore was also affected by the spike in cases during the Omicron wave of the Coronavirus Disease 2019 outbreak ("COVID-19") in 1H2022, which did not occur in 1H2023. Banking revenue was also boosted due to higher conversions to high value plans and lower discounts provided.

In addition, revenue from the Group's diagnostic service offerings also increased 8.2% or S\$0.2 million from 1H2022 to 1H2023.

Gross profit and gross profit margin

Gross profit increased from S\$17.6 million in 1H2022 to S\$19.2 million in 1H2023 mainly due to the increase in new samples processed and stored. Despite upward pressures on operating costs, gross profit margin increased to 67.6% in 1H2023 from 67.0% in 1H2022 mainly due to the increase in contribution in Singapore and Hong Kong where the gross margins are higher compared to other countries.

Other operating income

The decrease in other operating income of approximately S\$18,000 in 1H2023 compared to 1H2022 was mainly due to the decrease in government grants received by the Group in connection with COVID-19 ("COVID-19 grants"). The Group had received COVID-19 grants of approximately S\$148,000 in 1H2022 whereas no such grants were received in 1H2023. The Group also received lesser grant income in relation to wage credits in Singapore for 1H2023 as compared to 1H2022.

The decrease was offset by an increase in fair value gain on the short-term investments held in Malaysia. The Group recognised a fair value gain of S\$21,000 in 1H2023 (1H2022: fair value loss of S\$226,000).

Selling and marketing expenses

Selling and marketing expenses increased by 10.5% or S\$0.9 million in 1H2023 compared to 1H2022. Advertising and promotion as well as commission expenses increased by approximately S\$0.7 million from 1H2022 to 1H2023 due to the increase in customer acquisitions across the Group. The increase in advertising and promotion expenses was also partly due to more frequent in-person events held in 1H2023 compared to 1H2022, particularly in Singapore. Due to the nature of the Group's service offerings, the sign ups acquired from such events and baby expos typically occur a few months prior to their delivery, which marks the point of the Group's service delivery and the point when revenue is recognised.

The increase in customers opting for higher value bundled services which includes cord lining banking has also resulted the increase in royalties expenses of S\$141,000. There was also an increase in credit card charges of S\$145,000 from 1H2022 to 1H2023 due to increase in customer acquisitions and the Group's push towards outsourcing contract financing to reduce collectability issues and doubtful debts.

Finance income

Finance income increased by S\$450,000 from 1H2023 to 1H2022 mainly due to the increase in deposit interest rates as well as increase in funds placed in fixed deposits.

Finance costs

Finance costs relate to lease liabilities which amounted to S\$135,000 in 1H2023 (1H2022: S\$75,000). The increase in finance costs was largely due to the additional leases of office units in the India and Singapore which commenced in August 2022 and February 2023 respectively.

Profit before income tax from operations

As a result of the foregoing, the profit before income tax from operations of S\$2.2 million for 1H2023 was 11.9% higher than that for 1H2022.

Share of profit of associate

In 1H2023, the Group recognised the share of profit of associate of S\$523,000 compared to S\$260,000 recognised in 1H2022.

Tax

In 1H2022, government grants were not taxable, and the tax expense on share of profit of associate of S\$408,000 was recognised in 2H2022.

Over-provision of tax in respect of prior years of approximately S\$195,000 for 1H2023 mainly comprises an over-provision of corporate income tax in Indonesia of S\$166,000 and a net over-provision of deferred tax on the share of profits of associate in Malaysia of S\$29,000. In 1H2022, the over-provision of tax in respect of prior years of S\$59,000 was for Singapore and Malaysia.

Adjusting for the foregoing, the effective tax rate of 25.6% in 1H2023 was higher than 1H2022 at 22.0% due to tax losses not recognised in certain countries as well as the increase in contribution to the profit before tax from countries with higher tax rates.

Balance sheet

Cash and cash equivalents, unpledged and pledged fixed deposits ("fixed deposits") and short-term investments

As at 30 June 2023, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits and short-term investments of S\$82.7 million (31 December 2022: S\$79.3 million). Short-term investments mainly comprise investments in money market funds and a Class A Redeemable Convertible Note ("RCN") in the principal amount of S\$4.2 million from CellResearch Corporation ("CRC").

The increase in cash and cash equivalents of S\$1.9 million from S\$13.4 million as at 31 December 2022 to S\$15.3 million as at 30 June 2023 was mainly due to cash generated from operating activities of S\$5.4 million as well as dividend received from Thai Stemlife Co., Ltd of S\$0.5 million under investing activities. This was offset by the net transfers to term deposits of S\$2.4 million and the purchases of property, plant and equipment and intangible assets of S\$1.7 million.

Net cash generated from operating activities comprised mainly operating cash flows before movements in working capital of S\$3.1 million, net working capital inflow of S\$1.5 million and net interest received of S\$1.7 million offset by income tax paid of S\$0.8 million.

Net working capital inflow of approximately S\$1.5 million comprised the following:

- increase in trade receivables of approximately S\$0.6 million;
- decrease in contract assets of approximately S\$0.3 million;
- decrease in other receivables, deposits and prepayments of approximately S\$0.4 million;
- decrease in inventories of approximately S\$246,000;
- decrease in trade and other payables of approximately S\$0.5 million;
- decrease in lease liabilities of approximately S\$0.9 million; and
- increase in contract liabilities of approximately S\$2.7 million.

The increase in current and non-current fixed deposits and short-term investments of S\$1.5 million is mainly due to the net transfers to term deposits from cash and cash equivalents of S\$2.4 million, offset mainly by the weakening of the Malaysian Ringgit against the Singapore Dollar which resulted in translation losses on fixed deposits in the Malaysia subsidiary.

Property, plant and equipment

As at 30 June 2023, the Group recorded S\$17.5 million on its balance sheet for property, plant and equipment (31 December 2022: S\$14.4 million). The increase in property, plant and equipment was due additions of approximately S\$4.5 million, which mainly comprised right-of-use assets recognised for leased office unit in Singapore and leasehold improvement made to the Hong Kong laboratory and office units, offset by depreciation of S\$1.5 million recognised in 1H2023.

Investment properties

As at 30 June 2023, the Group recorded S\$4.5 million on its balance sheet for investment properties (31 December 2022: S\$4.6 million).

Intangible assets

Intangible assets comprise client contracts, brand and goodwill acquired in business combinations and computer software.

Deferred tax assets

Deferred tax assets represent comprises prior year tax losses carried forward as a result of the transitional adjustments arising from the adoption of FRS115 in the Hong Kong subsidiary and unutilised merger and acquisition allowance relating to acquisitions made by the Company in previous years. The decrease in deferred tax from S\$0.9 million as of 31 December 2022 to S\$0.8 million as of 30 June 2023 was due to utilisation of deferred tax asset to offset against 1H2023 profit of the Hong Kong subsidiary.

Investment in associate

Investment in associate comprise a 39.61% stake in Thai Stemlife Co., Ltd through Stemlife Berhad.

Contract assets, non-current

Non-current contract assets represent all service revenues arising from the performance obligations identified under instalment payment plans in the cord blood, cord lining and cord tissue banking contracts that have yet to be billed to clients. Upon billing, the billed amount will be receivable under the same terms as the current trade receivables. As at 30 June 2023, the Group recorded non-current contract assets of S\$63.6 million (31 December 2022: S\$63.6 million).

Inventories

As at 30 June 2023, the Group recorded inventories of S\$1.1 million (31 December 2022: S\$1.4 million).

Prepayments

As at 30 June 2023, the Group recorded prepayment of S\$1.9 million (31 December 2022: S\$2.3 million). The decrease was mainly due to the unwinding of certain insurance premiums prepayments in Singapore.

Trade receivables, current

Current trade receivables as at 30 June 2023 was S\$26.0 million compared to S\$25.5 million as at 31 December 2022.

Other receivables, current

As at 30 June 2023, the Group recorded other receivables of S\$3.0 million compared to S\$2.9 million as at 31 December 2022.

Tax recoverable

As at 30 June 2023, the Group recorded tax recoverable of S\$1.5 million (31 December 2022: S\$1.1 million). The Group's subsidiary in Indonesia, PT Cordlife Persada, had successfully filed for a tax refund of IDR3.5 billion (approximately S\$309,000) in respect of over-payment of tax subsequent to the retrospective adoption of FRS115. The refund was received in August 2023.

Short-term investments

As at 30 June 2023, the Group recorded short-term investments of S\$5.6 million compared to S\$5.8 million as at 31 December 2022, which comprises of a RCN in the principal amount of S\$4.2 million from CRC, at the yielding interest rate of three month SIBOR plus 7% per annum payable annually in arrears, and money market funds held in Malaysia.

Trade and other payables, current and non-current

As at 30 June 2023, the Group recorded current trade and other payables of S\$9.7 million (31 December 2022: S\$10.0 million) and non-current other payables of S\$325,000 (31 December 2022: S\$522,000).

Lease liabilities, current and non-current

As of 30 June 2023, the Group recognised lease liabilities of S\$4.4 million on property and equipment leases (31 December 2022: S\$2.2 million). The increase in lease liabilities was attributable to new leases of office units for Singapore and the renewal of office leases in Hong Kong. The increase in lease liabilities was slightly offset by the payments made during the period.

Contract liabilities, current and non-current

Contract liabilities represent revenue received in advance for services revenues to be rendered under the various performance obligations identified in the cord blood, cord lining, cord tissue banking and diagnostics contracts. As at 30 June 2023, current and non-current contract liabilities were at S\$12.3 million and S\$66.9 million respectively (31 December 2022: S\$9.0 million and S\$67.3 million respectively).

Income tax payable

The Group recorded income tax payable of S\$0.7 million as at 30 June 2023 (31 December 2022: S\$0.7 million).

Deferred tax liabilities

As at 30 June 2023, deferred tax liabilities amounted to S\$3.7 million (31 December 2022: S\$4.0 million), comprising deferred tax liabilities on temporary differences and on intangible assets recognised on business combination.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as no forecast or prospect statement was previously disclosed to shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The global economy continues to grapple with persistent inflationary pressures, geopolitical unrest, supply chain disruptions, debt vulnerabilities and even extreme weather conditions. Global headline inflation appears to have peaked but remains above central bank target levels¹. As a result, food and fuel prices continue to face an upward pressure, accelerating affordability challenges. Against this backdrop of volatility and rising cost of living, consumer spending capacity has decreased and there is increasing competition for wallet share, particularly for discretionary expenses. Notwithstanding this, there has been an increase in the willingness to spend on preventive care and comprehensive healthcare solutions. While businesses in the healthcare industry are facing continued labour shortages and higher input costs that could exacerbate inflation², the Group has exhibited agility and resilience as it adapts its business mode to provide value bundles and new offerings to better serve its customers.

There has been a considerable increase in awareness with regard to stem cell therapy and regenerative medicine which is expected to primarily benefit Cordlife's banking business. The global regenerative medicine market is expected to reach US\$180.87 billion by 2030 growing at a compound annual growth rate ("CAGR") of 15.7% between 2023 to 2030³. The increase in the amount of research and the number of clinical trials surrounding stem cells is likely to unlock the potential that stem cells hold in treating terminal illnesses like cancer and heart related diseases⁴ among others, eventually increasing utilisation rates. Cordlife Hong Kong recently partnered with Hong Kong Regen Medtech Limited for a two-year study on mesenchymal stem cell secretome-based products for the treatment of osteoarthritis. The Group will continue to do its part in advancing such research and development.

The Group will continue with the ongoing efforts to proactively engage its ecosystem of doctors and hospitals in key markets with regard to the utilisation of stem cells for various healthcare treatments. Additionally, in-person marketing activities will help the Group better connect with current and new customers and assist in meeting the needs of these families.

For the diagnostics business segment, the Group will continue to leverage on the growing demand for such services by ramping up the range of products and services offered under the diagnostics business segment and also seizing opportunities for geographical expansion. Cordlife's 1-2-4 strategy focuses on creating an all-encompassing range of products and services that meet the needs of all three generations - the child, the parents and the grandparents, reflecting our commitment to nurturing long-term customer relationships that can extend across multiple generations.

As at 30 June 2023, the Group's balance sheet remains strong, with S\$82.7 million in cash and cash equivalents, fixed deposits and short-term investments. Moving forward, the Group will continue to be on the lookout for growth opportunities while staying cautiously optimistic amidst the uncertainty of the global economic landscape.

Barring unforeseen developments and exceptional non-operating items, the Group expects to remain profitable for the current financial year ending 31 December 2023.

¹ <https://www.imf.org/en/Blogs/Articles/2023/07/13/weak-global-economy-high-inflation-and-rising-fragmentation-demand-strong-g20-action>

² <https://www.mckinsey.com/industries/healthcare/our-insights/the-gathering-storm-the-transformative-impact-of-inflation-on-the-healthcare-sector>

³ <https://www.bloomberg.com/press-releases/2023-02-14/regenerative-medicine-market-to-be-worth-180-87-billion-by-2030-grand-view-research-inc>

⁴ <https://www.duke-nus.edu.sg/allnews/stem-cell-therapy-treatment-for-heart-disease>

11 Dividends

(a) *Current financial period reported on*

Any interim (final) ordinary dividend declared (recommended) for the current financial period reported on? No.

(b) *Corresponding period of the immediately preceding financial year*

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) *The date the dividend is payable*

Not applicable.

(d) *Record date*

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect and provide the reasons for the decision not to declare/recommend any dividend

Amidst the global economic uncertainty and challenging operating environment, the Directors did not declare or recommend dividends for 1H2023. The Directors will review the dividend payout at the end of the financial year after taking into consideration the Company's performance and business expansion plans.

13 Interested person transactions

The Company has not obtained a general mandate from shareholders for interested person transactions.

There were no interested person transactions of S\$100,000 or more for the financial period reported on.

14 Disclosure on the use of placement proceeds

Capitalised terms used herein, unless otherwise defined, have the meanings as defined in the announcements on Private Placement Of An Aggregate Of Up To 26,838,000 New Ordinary Shares In The Capital Of The Company dated 2 October 2013, 11 October 2013 and 14 October 2013.

The Company issued 26,838,000 Placement Shares at an issue price of S\$1.25 per Placement Share by way of private placement (the "Private Placement") to raise aggregate gross proceeds of S\$33,547,500 on 14 October 2013.

As at 11 August 2023, the Group has utilised approximately S\$27.1 million out of S\$33.5 million of the Private Placement proceeds as follows:

Intended Use of Placement Proceeds	Estimated amount (\$ m)	Estimated percentage of gross proceeds raised from the Private Placement	Amount utilised (\$ m)	Percentage of gross proceeds raised from the Private Placement
Further, fund and support the Group's operations in connection with its enlarged geographical footprint developed after the Company's initial public offering, including funding of additional strategic investments, joint ventures, acquisitions and/or strategic alliances as and when opportunities materialise and are deemed appropriate by the Board	23.5	70.1%	17.1	50.9%
General working capital	8.6	25.7%	9.4	28.0%
Expenses incurred in connection with the Private Placement	1.4	4.2%	0.6	1.8%
	33.5	100.0%	27.1	80.7%

Note:

The numbers in the table above may not exactly add up due to rounding.

The breakdown of the total use of proceeds by the Group for general working capital purposes is as follows:

	Amount (\$ m)
Amount utilised as working capital:	
Trade purchases	9.3
Legal and professional fees	0.1
Total	9.4

The Board is of the view that the above utilisation is in accordance with the intended use disclosed in the aforementioned announcement dated 2 October 2013.

The Board is also pleased to announce that due to the Company's prudent management of financial resources and negotiations with vendors, there is a balance of approximately S\$0.8 million from the approximately S\$1.4 million which was originally allocated to pay for expenses incurred in connection with the Private Placement. The Board, after deliberation, deemed it in the best interests of the Company and its shareholders to re-deploy the said balance amount for general working capital purposes.

The Company will make further announcements via SGXNET as and when the balance of the Private Placement proceeds are materially disbursed in accordance with Rule 704(30) of the Listing Manual of the SGX-ST.

15 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

16. Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of knowledge of the Board of Directors of the Company (the “Board”), nothing has come to the attention of the Board which may render the interim financial statements of the Company and the Group for 1H2023 presented in this announcement, to be false or misleading in any material aspect.

By Order of the Board

Tan Poh Lan
Group CEO and Executive Director
11 August 2023