



## PRESS RELEASE

### Cordlife's FY2023 net profit decreased 23.1% to S\$3.8 million

- Revenue for FY2023 increased by a marginal 1.4% to S\$55.9 million year-on-year ("yoy").
- Operating profit for FY2023 declined 31.0% to S\$2.9 million partly due to the suspension of the Group's operations in Singapore from 15 December 2023, as well as inflationary pressures affecting the Group's cost of service delivery.
- The ongoing investigations by the Ministry of Health ("MOH") and suspension of the Group's operations in Singapore are expected to continue to have a negative financial impact on the Group. The Company continues to work closely with MOH to address the identified issues.
- The Suspension and ongoing investigations are isolated to the Group's operations in Singapore and do not impact the operations of the subsidiaries located outside Singapore.

**Singapore, 29 February 2024** – Cordlife Group Limited ("Cordlife" and together with its subsidiaries, the "Group"), announced today its financial results for the full year ended 31 December 2023 ("FY2023").

#### Financial Highlights

S\$'000	2H2023	2H2022	Change (%)	FY2023	FY2022	Change (%)
Revenue	27,607	28,918	(4.5)	55,920	55,156	1.4
Gross profit	18,343	19,611	(6.5)	37,495	37,189	0.8
Profit before income tax from operations	721	2,271	(68.3)	2,933	4,248	(31.0)
Profit before tax	1,713	3,266	(47.6)	4,448	5,503	(19.2)
Income tax expense	(186)	(274)	(32.1)	(692)	(617)	12.2
Net profit	1,527	2,992	(49.0)	3,756	4,886	(23.1)
Gross profit margin (%)	66.4	67.8	(1.4)pp	67.1	67.4	(0.3)pp
Net profit margin (%)	5.5	10.3	(4.8)pp	6.7	8.9	(2.2)pp

For FY2023, the Group reported revenue of S\$55.9 million compared to S\$55.2 million in FY2022. The banking business unit ("banking revenue") contributed S\$51.5 million, compared to S\$50.8 million in FY2022. New samples processed and stored for the Group dropped 3.8% yoy mainly due to a drop in the number of new samples processed and stored in India in FY2023, offset by an increase in new samples processed and stored in Hong Kong and the Philippines. The decline in new samples processed and stored was offset by the increase in conversions to high value plans during the year. Revenue for the diagnostic business unit increased 2.9% yoy. On a half-year basis, revenue for 2H2023 decreased by 4.5% yoy to S\$27.6 million, mainly due to a 4.7% yoy decline in banking revenue. This was mainly due to a decrease in new samples processed in Singapore, India, and Indonesia in FY2023.

On a full-year basis, gross profit increased marginally from S\$37.2 million in FY2022 to S\$37.5 million in FY2023, while gross profit margin decreased to 67.1% in FY2023 as compared to 67.4% in FY2022. The decrease in gross profit margin is attributed to higher costs of service delivery arising from inflationary pressures. For 2H2023, gross profit decreased from S\$19.6 million in 2H2022 to S\$18.3 million in 2H2023 mainly due to lower revenue.

For FY2023, net profit after tax decreased to S\$3.8 million in FY2023 from S\$4.9 million in FY2022 due to a decrease in operating income from grants and disposal of property, plant and equipment as well as increase in selling and marketing expenses. For 2H2023, net profit after tax decreased from S\$3.0 million in 2H2022 to S\$1.5 million primarily due to the suspension notice issued on the operations in Singapore as explained below.

### **Looking Forward**

On 15 December 2023, Cordlife received a notice from the MOH directing the Company to stop, for a period up to six months, the collection, testing, processing and/or storage of any new cord blood and human tissues, or the provision of any new types of tests to clients in Singapore with effect on and from 15 December 2023 (the "Suspension"). As announced by the Company on 30 November 2023, the Suspension is in connection with the MOH's detection that certain cryogenic storage tanks based in Singapore had been exposed to temperatures outside of their normal temperature range, and investigations by the MOH are ongoing. There is no certainty on the outcome of the ongoing investigations. This, along with the fixed costs being incurred during the Suspension, is expected to continue to have a negative financial impact on the Group's operations in Singapore, which had in past years been the largest contributor to the Group's revenue. The Company continues to cooperate fully with all relevant regulatory authorities and will continue to work closely with the MOH to investigate and address the identified issues.

Further, as previously announced by the Company, since the end of December 2023, the Company has also started sending donated cord blood samples from certain tanks under investigation to a third-party laboratory in Singapore licensed by MOH for viability testing in batches. Due to the uncertainty of the outcome of the ongoing testing which is estimated to be ready only in end-March 2024, the Company is at present unable to assess the exact financial impact of the temperature excursions and/or the investigations on the Company for the financial year ending 31 December 2024. However, if the results of the testing confirm that any of the affected tanks are adversely affected by the temperature excursions, such results may have a further adverse impact on the financial results of the Group for the financial year ending 31 December 2024.

The Group would like to emphasise that the Suspension and ongoing investigations are isolated to the Group's operations in Singapore and do not impact the operations of the subsidiaries located outside Singapore. The entities in the other markets outside of Singapore operate independently, with their own dedicated team, and adhere to their respective local laws and regulations.

Mr Ivan Yiu Pang Fai, Group Chief Executive Officer of Cordlife, said, "I once again want to convey my sincere apologies to our clients for the distress that this incident has caused. Cordlife was on a post-pandemic recovery path when major lapses in our operations were identified. Ever since, the entire team has been working tirelessly to address and rectify the issues at hand. We strongly believe that we owe this to the families that placed their trust in us and will continue to do our utmost to make it right. With Singapore being one of our largest revenue contributors, we expect a challenging year ahead as there continues to be uncertainty in terms of the outcome of the investigations and the lifting of the Suspension. Notwithstanding the cash reserves of the Group, we are mindful of the need for prudent cash management to prioritise rectification efforts ongoing in Singapore in connection with the Suspension whilst ensuring sufficient reserves to fulfil long-term client obligations in our various jurisdictions."

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## About Cordlife Group Limited

Established in May 2001, Cordlife Group Limited ("Cordlife", together with its subsidiaries, the "Group") is a leading company dedicated to safeguarding the well-being of mother and child. The Group has been listed on the Mainboard of the Singapore Exchange since 2012 and is a pioneer in private cord blood banking in Asia. Cordlife owns the largest network of cord blood banks in Asia with full stem cell banking facilities in six key markets namely Singapore, Hong Kong, Indonesia, India, Malaysia and the Philippines. In Singapore, Hong Kong, the Philippines and Indonesia, Cordlife operates the largest private cord blood banks and it is amongst the top three market leaders in India and Malaysia. In January 2018, Cordlife became the market leader in Hong Kong with the acquisition of the largest private cord blood bank, Healthbaby Biotech (Hong Kong) Co., Limited. Through its majority-owned subsidiary in Malaysia, Stemlife Berhad, Cordlife holds an indirect stake in Thailand's largest private cord blood bank, Thai Stemlife. Cordlife has also established its presence in Myanmar, Vietnam, Macau, Brunei and Bangladesh. Beyond cord blood, cord lining and cord tissue banking, Cordlife offers a comprehensive suite of diagnostic services for the family including urine-based newborn metabolic screening, non-invasive prenatal testing, paediatric vision screening and family genetic screening services. Quality and customer focus are amongst some of the cornerstones of Cordlife. For more information, visit <http://cordlife.listedcompany.com>

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