

PRESS RELEASE

Cordlife Reports 1H2024 Revenue of S\$9.2 Million After Revenue Reversal of S\$9.7 Million; Group to Focus on Growing Regional Operations

S\$'000	1H2024	1H2023	Change (%)
Revenue	9,190	28,313	(67.5)
Gross profit	1,402	19,152	(92.7)
Profit before income tax from operations	(14,144)	2,212	n.m.
Profit before tax	(13,534)	2,735	n.m.
Income tax credit/(expense)	1,181	(506)	n.m.
Net (loss)/profit	(12,353)	2,229	n.m.
Gross profit margin (%)	15.3	67.6	(52.3)
Net profit margin (%)	n.m.	7.9	n.m.

Singapore, 15 August 2024 – Cordlife Group Limited (“Cordlife” and together with its subsidiaries, the “Group”), today reported revenue of approximately S\$9.2 million for the six months ended 30 June 2024 (“1H2024”) after revenue reversal of approximately S\$9.7 million. It also said it would focus on growing its products and services regionally, even as it remains committed to rectifying and improving processes in Singapore.

As announced on 8 April 2024, Cordlife has offered to refund annual fees received from the start of the temperature excursions and waive subsequent fees for active clients who have stored cord blood units in one of the cryogenic storage tanks and the dry shipper that the expert panel of the Ministry of Health (“MOH”) deemed to be at high risk of being adversely affected by the temperature excursions (the “High-Risk Tanks”) at its cord blood storage facility in Singapore.

The waiver of subsequent fees for active clients who have stored cord blood units in the High-Risk Tanks resulted in a revenue reversal for 1H2024 of approximately S\$9.7 million, which included the recognition of S\$0.5 million in contract liabilities relating to future storage obligations for affected clients. Excluding the reversal, the Group's revenue for 1H2024 would have been approximately S\$18.9 million, a decline of 33.4% year-on-year (“yoy”) from S\$28.3 million in the six months ended 30 June 2023 (“1H2023”). The decline in revenue for 1H2024 is mainly due to the suspension of the Group's Singapore operations.

Selling and marketing expenses in 1H2024 fell 22.1% yoy to S\$7.3 million, compared to S\$9.4 million in 1H2023, mainly due to the suspension of new sample collection activities in Singapore imposed by the MOH.

Excluding the financial impact of the refunds, the Group reported a net loss of S\$2.7 million for 1H2024 compared to a net profit of S\$2.2 million in 1H2023, attributable mainly to the decline in revenue.

The Group's net cash position remains healthy at S\$74.7 million as at 30 June 2024, compared to S\$82.5 million as at 31 December 2023. The reduction can be attributed to the ongoing refunds to affected clients, rectification efforts and fixed operational expenses in Singapore.

As announced on 18 June 2024, the MOH issued a notice to Cordlife to stop the collection, testing, processing, and/or storage of any new cord blood by its facility in Singapore for up to a further three months with effect on and from 15 June 2024, or unless sooner approved by the Director-General of Health. The Group's Singapore operations, which had been the Group's largest revenue contributor, is expected to continue to be affected by the ongoing suspension and investigations. Cordlife will continue to work closely with the MOH to investigate and address the identified lapses at its Singapore operations.

The Group has stepped up its rectification efforts during the period under review. For example, in May 2024, the newly constituted Board approved the establishment of an oversight committee, comprising certain directors and management, to meet fortnightly or more frequently as needed to address urgent matters. The oversight committee is tasked with providing strategic oversight and direction to address the Company's current challenges such as the suspension of its Singapore operations, spearhead the rebuilding of the Group's brand, and appoint a new audit firm for internal audit.

Additionally, in June 2024, Cordlife also established a Medical and Technical Advisory Board, which provides guidance and insights to Cordlife's medical and technical teams, ensuring the highest levels of safety, quality, and efficacy in its cord blood banking operations.

To further strengthen this initiative, Cordlife engaged with Shandong Qilu Stemcell Engineering Co., Ltd. since July 2024 to guide and assist the Singapore team during the rectification period. Shandong Qilu Stemcell Engineering Co., Ltd., which is a subsidiary of Nanjing Xinjiekou Department Store Co., Ltd., operates in the Shandong province in China, and has around with about 1 million cord blood units in its cord blood bank. To date, they have facilitated over 10,000 cord blood transplants in China.

Meanwhile, overseas operations remain resilient, with the Group's Hong Kong and Malaysian subsidiaries achieving their eighth and fourth consecutive re-accreditations, respectively, from the Association for the Advancement of Blood & Biotherapies ("AABB").

Looking ahead, industry-level growth factors remain intact despite elevated global economic uncertainty, driven by increased awareness of preventive and precautionary care over curative treatment among the middle-class and higher-income groups. The Group has been focused on expanding its products and services regionally to capture the potential demand. Cordlife Philippines intends to offer a range of diagnostics tests and routine prenatal screenings.

The Group will continue to actively work on developing an ecosystem with doctors and hospitals in various markets to educate and encourage the use of stem cells for a variety of medical conditions. Stemlife Therapeutics Sdn. Bhd, a wholly owned subsidiary of the Group's Malaysian subsidiary Stemlife Berhad, has collaborated with a cGMP-certified laboratory in Malaysia to bank or use cGMP-certified mesenchymal stem cells ("MSCs") derived from the baby's umbilical cord. This partnership is in response to growing evidence demonstrating the potential efficacy of MSC-based therapies for treating conditions such as orthopaedic, autoimmune, and neurological diseases.

Mr Ivan Yiu, Group Chief Executive Officer of Cordlife, said, "Despite the exceptionally challenging first half, we have continued to strengthen our processes, rectify our operations, and update our stakeholders with the goal of resuming our operations in Singapore to full strength as soon as possible. We are also exploring new business opportunities in other markets to mitigate the impact of our Singapore operations."

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ABOUT CORDLIFE GROUP LIMITED

Cordlife Group Limited (“Cordlife”, together with its subsidiaries, the “Group”), founded in 2001, owns and operates Asia’s largest network of private cord blood banks. The Group is committed to ensuring the health and well-being of both mother and child, amongst others. Listed on the Mainboard of the Singapore Exchange since 2012, the Group is a pioneer in private cord blood banking in Asia with extensive transplant experience, having processed and stored more than 400,000 cord blood, cord lining, cord tissue, and placenta stem cell samples. Cordlife is an industry leader in Hong Kong, Indonesia, and the Philippines and one of the top three market leaders in India and Malaysia. Through its majority-owned subsidiary in Malaysia, Stemlife Berhad, Cordlife has an indirect stake in Thailand’s largest private cord blood bank, Thai Stemlife. In addition to cord blood, cord lining, cord tissue, and placenta banking, Cordlife offers families a comprehensive suite of clinical diagnostics, including non-invasive prenatal testing, paediatric vision screening, and newborn metabolic screening. Cordlife strives to ensure reliable quality and is committed to a customer-centric approach. For more information, visit <http://cordlife.listedcompany.com>.

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