



CORDLIFE GROUP LIMITED

Condensed Interim Financial Statements for the
Six Months and Full Year Ended 31 December 2022

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

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

	Group 6 months ended 31 December			Group 12 months ended 31 December		
	2022	2021	+/(-) Increase/ (Decrease) %	2022	2021	+/(-) Increase/ (Decrease) %
	\$'000	\$'000		\$'000	\$'000	
Revenue	28,918	29,350	(1.5)	55,156	56,669	(2.7)
Cost of sales	(9,307)	(8,668)	7.4	(17,967)	(17,186)	4.5
Gross profit	19,611	20,682	(5.2)	37,189	39,483	(5.8)
Other operating income	675	406	66.3	816	839	(2.7)
Selling and marketing expenses	(9,570)	(8,934)	7.1	(18,040)	(17,537)	2.9
Administrative expenses	(9,875)	(9,300)	6.2	(18,252)	(18,454)	(1.1)
Finance income	1,507	1,189	26.7	2,687	2,267	18.5
Finance costs	(77)	(85)	(9.4)	(152)	(200)	(24.0)
Profit before income tax from operations *	2,271	3,958	(42.6)	4,248	6,398	(33.6)
Fair value gain on investment properties	537	179	>100	537	179	>100
Share of profit of associate	458	145	>100	718	432	66.2
Profit before income tax	3,266	4,282	(23.7)	5,503	7,009	(21.5)
Income tax expense	(274)	(641)	(57.3)	(617)	(874)	(29.4)
Profit for the financial period/year	2,992	3,641	(17.8)	4,886	6,135	(20.4)
Other comprehensive gain/(loss) for the financial period/year, net of tax:						
<i>Item that will not be reclassified to profit or loss:</i>						
Revaluation gain on investment properties	482	—	n.m.	482	—	n.m.
<i>Item that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation^	(3,762)	54	n.m.	(5,312)	(607)	>100
Total comprehensive (loss)/income for the financial period/year	(288)	3,695	n.m.	56	5,528	(99.0)

Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

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

	Group 6 months ended 31 December			Group 12 months ended 31 December		
	2022	2021	+ / (-) Increase/ (Decrease)	2022	2021	+ / (-) Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/(loss) for the financial period/ year attributable to:						
- Owners of the Company	2,994	3,642	(17.8)	4,887	6,135	(20.3)
- Non-controlling interests	(2)	(1)	>100	(1)	—	n.m.
	<u>2,992</u>	<u>3,641</u>	(17.8)	<u>4,886</u>	<u>6,135</u>	(20.4)
Total comprehensive (loss)/income for the financial period/year attributable to:						
- Owners of the Company	(294)	3,697	n.m.	50	5,528	(99.1)
- Non-controlling interests	6	(2)	n.m.	6	—	n.m.
	<u>(288)</u>	<u>3,695</u>	n.m.	<u>56</u>	<u>5,528</u>	(99.0)
Earnings per share (cents per share):						
- Basic	1.17	1.43	(18.2)	1.91	2.40	(20.4)
- Diluted	1.17	1.42	(17.6)	1.91	2.39	(20.1)

n.m. denotes not meaningful

*In order to provide more clarity to readers, the Group has separately presented its fair value gain on investment properties and, share of profit of associate.

^Foreign currency translation classified as other comprehensive income/(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.

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			Group		
	6 months ended 31 December			12 months ended 31 December		
	2022	2021		2022	2021	
	\$'000	\$'000		\$'000	\$'000	
Depreciation of property, plant and equipment	1,429	1,299		2,784	2,636	
Amortisation of intangible assets	495	442	[1]	899	936	[1]
Impairment loss on trade receivables and bad debts written off, net	633	1,074	[2]	931	1,560	[2]
Foreign exchange loss/(gain)	84	(155)	[3]	189	(26)	[3]
Other operating income	(675)	(406)	[4]	(816)	(839)	[4]
Under/(over)-provision of tax in respect of prior years	14	(41)	[5]	29	(240)	[5]
Finance income	(1,507)	(1,189)	[6]	(2,687)	(2,267)	[6]

Notes

1. Decrease in amortisation of intangible assets in the twelve months ended 31 December 2022 ("FY2022") compared to the twelve months ended 31 December 2021 ("FY2021") was mainly due to lower amortisation recorded in India and Singapore as certain intangible assets reached the end of their useful lives in FY2022. The decrease was partially offset by the increase in amortisation from trademarks recorded in FY2022.

Increase in amortisation of intangible assets in the six months ended 31 December 2022 ("2H2022") compared to the six months ended 31 December 2021 ("2H2021") was partly due to an increase in amortisation from trademarks recorded in FY2022.

2. The decrease in impairment loss on trade receivables and bad debts written off for FY2022 compared to FY2021 and 2H2022 compared to 2H2021 was mainly due a step-up in collection efforts across the Group, especially in Indonesia and the Philippines.

3. Foreign exchange loss of S\$189,000 and S\$84,000 was recognised in FY2022 and 2H2022 respectively, compared to the foreign exchange gain of S\$26,000 and S\$155,000 in FY2021 and 2H2021 respectively. The increase in foreign exchange loss recognised was mainly contributed by Hong Kong, the Philippines and Malaysia. In Hong Kong and the Philippines, foreign exchange gain in FY2021 and 2H2021 became a foreign exchange loss in FY2022 and 2H2022 due to the appreciation of the local currency against the SGD between January 2021 and December 2021, while the local currency depreciated against the SGD between January 2022 and December 2022. In Malaysia, the MYR weakened further between January 2022 and December 2022 compared to January 2021 and December 2021, resulting in an increase in foreign exchange loss from FY2021 and 2H2021 to FY2022 and 2H2022.

4. Other operating income decreased by approximately S\$23,000 in FY2022 compared to FY2021. In FY2021, the Group received government grants for COVID-19 of approximately S\$325,000 in Singapore and Malaysia as compared to approximately S\$249,000 received by Hong Kong and Malaysia in FY2022. There was also a reduction in subsidies received by the Group under a technology talent funding scheme in Hong Kong, from approximately S\$172,000 in FY2021 to S\$50,000 in FY2022. In addition, Singapore also received lesser grants, including, amongst others, those in relation to Wage Credit Scheme and Productivity Solutions Grant from Enterprise Singapore in FY2022 as compared to FY2021. The decrease in other operating income was offset by the increase in gain on disposal of property, plant and equipment by S\$0.5 million in Singapore. There was no such gain in FY2021.

The increase in other operating income of approximately S\$269,000 in 2H2022 compared to 2H2021 was mainly due to an increase in gains on disposal of property, plant and equipment by S\$0.5 million in Singapore during the period, offset by a decrease in government grants received in Malaysia and Hong Kong of approximately S\$101,000 for COVID-19 in 2H2022 as compared to S\$246,000 received in Singapore, Hong Kong and Malaysia in 2H2021. Furthermore, the subsidies received by Hong Kong under a technology talent funding scheme reduced from S\$92,000 in 2H2021 to S\$24,000 in 2H2022.

5. Under-provision of tax in respect of prior years of approximately S\$29,000 for FY2022 mainly comprises under-provision of corporate income tax of S\$49,000 in Indonesia, slightly offset by an over-provision of deferred tax liability of S\$18,000 in Singapore.

In FY2021, the over-provision of tax in respect of prior years of S\$240,000 comprises over-provision of corporate income tax of S\$332,000 for the Singapore, Hong Kong, Malaysia and the Philippines subsidiaries. This was offset by an under-provision of tax in respect of prior years of S\$92,000 for the Indonesia subsidiary.

Under-provision of tax in respect of prior years of approximately S\$14,000 for 2H2022 mainly comprises an under-provision of corporate income tax of S\$49,000, offset by an over-provision of deferred tax liability and corporate income tax in Singapore of S\$18,000 and S\$13,000 respectively.

In 2H2021, the over-provision of tax in respect of prior years of S\$41,000 comprises over-provision of corporate income tax of S\$133,000 for the Singapore, Hong Kong, the Philippines and Malaysia subsidiaries, offset by an under-provision of corporate income tax in respect of prior years of S\$92,000 for the Indonesia subsidiary.

6. Finance income increased by S\$420,000 and S\$318,000 from FY2021 to FY2022 and 2H2021 to 2H2022 respectively. The increase in finance income is mainly due to the increase in deposit interest rates as well as increase in funds placed in fixed deposits.

B Condensed interim statements of financial position

	Group as at		Company as at	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	14,424	16,403	5,687	6,558
Investment properties	4,618	3,513	2,269	1,848
Intangible assets	30,446	31,539	742	730
Deferred tax assets	890	672	415	—
Investment in subsidiaries	—	—	56,841	62,620
Investment in associate	1,513	1,106	—	—
Long-term investments	—	4,357	—	4,357
Contract assets	63,597	66,573	39,637	42,211
Other receivables	—	—	—	—
Fixed deposits	4,746	9,731	—	—
	<u>120,234</u>	<u>133,894</u>	<u>105,591</u>	<u>118,324</u>
Current assets				
Inventories	1,362	1,428	280	283
Prepayments	2,312	2,162	1,083	1,046
Trade receivables	25,475	23,961	11,197	10,842
Other receivables	2,939	5,460	689	696
Tax recoverable	1,124	1,921	—	—
Amount owing by subsidiaries	—	—	24,358	23,381
Short-term investments	5,819	15,411	4,562	—
Fixed deposits	45,970	33,760	10,075	8,268
Pledged fixed deposits	9,379	257	—	—
Cash and cash equivalents	13,381	15,458	3,882	3,438
	<u>107,761</u>	<u>99,818</u>	<u>56,126</u>	<u>47,954</u>
Total assets	<u>227,995</u>	<u>233,712</u>	<u>161,717</u>	<u>166,278</u>
Current liabilities				
Trade and other payables	9,955	11,423	2,905	4,431
Amounts owing to subsidiaries	—	—	3,987	15,378
Interest-bearing borrowings	—	—	—	—
Lease liabilities	1,199	2,124	203	174
Contract liabilities	9,035	9,026	3,702	4,019
Tax payable	699	1,666	—	—
	<u>20,888</u>	<u>24,239</u>	<u>10,797</u>	<u>24,002</u>
Net current assets	<u>86,873</u>	<u>75,579</u>	<u>45,329</u>	<u>23,952</u>

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

	Group As at		Company As at	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Other payables	522	662	—	—
Amount owing to subsidiaries	—	—	13,198	13,395
Interest-bearing borrowings	—	—	—	—
Lease liabilities	1,018	843	320	139
Contract liabilities	67,280	67,108	16,188	15,668
Deferred tax liabilities	3,959	4,171	15	15
	<u>72,779</u>	<u>72,784</u>	<u>29,721</u>	<u>29,217</u>
Total liabilities	<u>93,667</u>	<u>97,023</u>	<u>40,518</u>	<u>53,219</u>
Net assets	<u>134,328</u>	<u>136,689</u>	<u>121,199</u>	<u>113,059</u>
Equity attributable to owners of the Company				
Share capital	94,686	95,163	94,686	95,163
Treasury shares	(12,554)	(13,290)	(12,554)	(13,290)
Accumulated profits	71,990	69,407	38,486	30,233
Other reserves	(20,060)	(14,851)	581	953
	<u>134,062</u>	<u>136,429</u>	<u>121,199</u>	<u>113,059</u>
Non-controlling interests	<u>266</u>	<u>260</u>	<u>—</u>	<u>—</u>
Total equity	<u>134,328</u>	<u>136,689</u>	<u>121,199</u>	<u>113,059</u>
Total equity and liabilities	<u>227,995</u>	<u>233,712</u>	<u>161,717</u>	<u>166,278</u>

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

B(i) Aggregate amount of the group's borrowings and debt securities

In September 2022, United Overseas Bank Limited granted three banking facilities to the Company. These comprise a multicurrency money market line and banker's guarantee with a combined drawdown limit of the lower of S\$10.0 million or the total aggregate amount of 90% of the S\$ equivalent of the principal amount of MYR fixed deposits maintained with the bank, and a foreign exchange facility with a limit of S\$5.0 million. In turn, Stemlife has pledged fixed deposits of not less than MYR30.0 million (approximately S\$9.1 million as of 31 December 2022). No drawdown was made as of 31 December 2022.

The previous short-term loan facility obtained from Standard Chartered Bank was cancelled as of November 2021 and the corresponding pledge on the secured fixed deposits was released in December 2021.

C Condensed interim consolidated statement of cash flows

	Group	
	12 months ended 31 December	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities:		
Profit before income tax	5,503	7,009
Adjustments for:		
Depreciation of property, plant and equipment	2,784	2,636
Amortisation of intangible assets	899	936
Gain on disposal of property, plant and equipment	(498)	(24)
Impairment loss on receivables and bad debts written off, net	931	1,560
Interest income	(2,687)	(2,267)
Interest expense	152	200
Investment loss	299	282
Share-based compensation (reversal)/expense	(113)	294
Fair value gain on investment properties	(537)	(179)
Gain on financial asset at fair value through profit or loss	(28)	(13)
Share of profit of associate	(718)	(432)
Unrealised exchange loss/(gain)	81	(373)
Operating cash flows before changes in working capital	6,068	9,629
Changes in working capital		
Increase in trade receivables	(3,443)	(560)
Decrease/(increase) in contract assets	1,797	(188)
Decrease/(increase) in other receivables and prepayments	341	(103)
Decrease in inventories	66	231
Decrease in trade and other payables	(1,072)	(3,101)
Decrease in lease liabilities	(1,771)	(2,413)
Increase in contract liabilities	3,811	5,400
Cash generated from operations	5,797	8,895
Interest received	1,367	1,493
Interest paid	—	(35)
Income tax paid	(1,220)	(852)
Net cash from operating activities	5,944	9,501

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

	Group	
	12 months ended 31	
	December	
	2022	2021
	\$'000	\$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,095)	(1,195)
Purchase of intangible assets	(537)	(375)
Proceeds from sale of investment properties	2,841	1,300
Proceeds from disposal of property, plant and equipment	1,533	65
Dividend received	160	84
Redemption of short-term investments	13,099	257
Transfer to term deposits	(10,806)	(24,044)
Net cash generated from/(used in) investing activities	4,195	(23,908)
Cash flows from financing activities:		
Transfer (to)/from pledged fixed deposits	(9,371)	9,708
Acquisition of non-controlling interest in subsidiary	—	(57)
Repayment of interest-bearing borrowings	—	(3,988)
Dividends paid	(2,304)	(2,298)
Cash flows (used in)/generated from financing activities	(11,675)	3,365
Net decrease in cash and cash equivalents	(1,536)	(11,042)
Cash and cash equivalents at the beginning of the financial year	15,458	25,938
Effects of exchange rate changes on cash and cash equivalents	(541)	562
Cash and cash equivalents at end of the financial year	13,381	15,458

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with a maturity of three months or less.

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D Condensed interim statements of changes in equity

	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Foreign currency translation reserve \$'000	Non-controlling interests \$'000	Total \$'000
Group										
At 1 January 2021	95,646	(14,073)	65,570	537	568	534	(11,740)	(3,946)	126	133,222
Profit for the financial year	—	—	6,135	—	—	—	—	—	—	6,135
Other comprehensive loss for the financial year, net of tax										
- Foreign currency translation	—	—	—	—	—	—	—	(607)	—	(607)
Total comprehensive income/(loss) for the financial year, net of tax	—	—	6,135	—	—	—	—	(607)	—	5,528
<u>Contributions by and distributions to owners</u>										
Grant of share awards to employees	—	—	—	294	—	—	—	—	—	294
Reissuance of treasury shares pursuant to equity compensation plans	(483)	783	—	(300)	—	—	—	—	—	—
Dividends	—	—	(2,298)	—	—	—	—	—	—	(2,298)
Total contributions by and distributions to owners	(483)	783	(2,298)	(6)	—	—	—	—	—	(2,004)
<u>Changes in ownership interests in subsidiary</u>										
Acquisition of non-controlling interests in subsidiary*	—	—	—	—	—	—	(191)	—	134	(57)
Total changes in ownership interest in subsidiary	—	—	—	—	—	—	(191)	—	134	(57)
At 31 December 2021	95,163	(13,290)	69,407	531	568	534	(11,931)	(4,553)	260	136,689

D Condensed interim statements of changes in equity (cont'd)

*On 11 June 2021, the Group's wholly-owned subsidiary, Cordlife Stem Cell Technology Limited acquired 660,000 ordinary shares in Hong Kong Screening Centre Limited ("HKSC") from Navigene Genetic Science Pvt. Ltd, representing approximately 33.0% of all the issued ordinary shares of HKSC for HK\$329,776 (approximately S\$57,000). As a result of the acquisition, the carrying value of the non-controlling interest being approximately S\$134,000 was reversed, and the difference between the consideration and the carrying value of the non-controlling interest, being S\$191,000, was recognised in acquisition reserve under other reserves.

CORDLIFE GROUP LIMITED

Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

D Condensed interim statements of changes in equity (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Total \$'000
At 1 January 2021	95,646	(14,073)	31,632	537	422	114,164
Profit for the financial year, representing total comprehensive income for the financial year	—	—	899	—	—	899
<u>Contributions by and distributions to owners</u>						
Grant of share awards to employees	—	—	—	294	—	294
Reissuance of treasury shares pursuant to equity compensation plans	(483)	783	—	(300)	—	—
Dividends	—	—	(2,298)	—	—	(2,298)
Total contributions by and distributions to owners	(483)	783	(2,298)	(6)	—	(2,004)
At 31 December 2021	95,163	(13,290)	30,233	531	422	113,059

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

D Condensed interim statements of changes in equity (cont'd)

	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Merger reserve \$'000	Acquisition reserve \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Non- controlling interests \$'000	Total \$'000
Group											
At 1 January 2022	95,163	(13,290)	69,407	531	568	534	(11,931)	—	(4,553)	260	136,689
Profit/(loss) for the financial year	—	—	4,887	—	—	—	—	—	—	(1)	4,886
Other comprehensive gain/(loss) for the financial year, net of tax											
- Revaluation gain of investment properties	—	—	—	—	—	—	—	477	—	5	482
- Foreign currency translation	—	—	—	—	—	—	—	—	(5,314)	2	(5,312)
Total comprehensive income/(loss) for the financial year, net of tax	—	—	4,887	—	—	—	—	477	(5,314)	6	56
<u>Contributions by and distributions to owners</u>											
Reversal of share awards to employees	—	—	—	(113)	—	—	—	—	—	—	(113)
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)	(372)	—	—	—	—	—	—	(2,417)
At 31 December 2022	94,686	(12,554)	71,990	159	568	534	(11,931)	477	(9,867)	266	134,328

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Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022

D Condensed interim statements of changes in equity (cont'd)

Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Total \$'000
At 1 January 2022	95,163	(13,290)	30,233	531	422	113,059
Profit for the financial year, representing total comprehensive income for the financial year	—	—	10,557	—	—	10,557
<u>Contributions by and distributions to owners</u>						
Reversal of share awards to employees	—	—	—	(113)	—	(113)
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)	(372)	—	(2,417)
At 31 December 2022	94,686	(12,554)	38,486	159	422	121,199

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 and twelve months ended 31 December 2022 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 newborn metabolic screening 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 (“\$”), 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 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 payments 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	Cryogenic storage 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 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 payments 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.

- *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	
	31 December 2022	31 December 2021
	\$'000	\$'000
Business operations in Malaysia – Stemlife Berhad	7,034	7,466
Business operations in Hong Kong – Healthbaby and Cordlife Hong Kong	19,956	20,152
	<u>26,990</u>	<u>27,618</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.

- *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 31 December 2022, 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.

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)

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 banking of samples such as cord blood, cord lining and cord tissue. Cord blood, cord lining and cord tissue are collected, processed and stored in the various laboratories in the regions that the Group operates in.
- The diagnostics segment comprises diagnostic testing such as non-invasive prenatal testing service, newborn metabolic screening, newborn genetic screening and paediatric vision screening 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:

- Interest income excluding interest income on contract assets.
- Income taxes that are managed on a group basis.
- Subsidiaries not in the principal activities of the provision of cord blood, cord lining and cord tissue banking services, non-invasive prenatal testing services, newborn metabolic screening, and paediatric vision screening services.

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 \$'000	Diagnostics \$'000	Total \$'000
Segment revenue			
1 July 2022 to 31 December 2022			
Revenue from external clients	26,712	2,206	28,918
Total consolidated revenue			<u>28,918</u>
1 July 2021 to 31 December 2021			
Revenue from external clients	27,551	1,799	29,350
Total consolidated revenue			<u>29,350</u>
Segment results			
1 July 2022 to 31 December 2022			
Depreciation and amortisation	(1,922)	(2)	(1,924)
Segment profit	1,874	397	2,271
Fair value gain on investment properties			537
Share of profit of associate			458
Profit before income tax			<u>3,266</u>
Income tax			(274)
Profit for the period			<u>2,992</u>
1 July 2021 to 31 December 2021			
Depreciation and amortisation	(1,741)	—	(1,741)
Segment profit	3,454	504	3,958
Fair value gain on investment properties			179
Share of profit of associate			145
Profit before income tax			<u>4,282</u>
Income tax			(641)
Profit for the period			<u>3,641</u>

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

4 Segment and revenue information (cont'd)

	Banking \$'000	Diagnostics \$'000	Total \$'000
Segment revenue			
1 January 2022 to 31 December 2022			
Revenue from external clients	50,835	4,321	55,156
Total consolidated revenue			<u>55,156</u>
1 January 2021 to 31 December 2021			
Revenue from external clients	53,115	3,554	56,669
Total consolidated revenue			<u>56,669</u>
Segment results			
1 January 2022 to 31 December 2022			
Depreciation and amortisation	(3,678)	(5)	(3,683)
Segment profit	3,484	764	4,248
Fair value gain on investment properties			537
Share of profit of associate			718
Profit before income tax			5,503
Income tax			(617)
Profit for the year			<u>4,886</u>
1 January 2021 to 31 December 2021			
Depreciation and amortisation	(3,567)	(5)	(3,572)
Segment profit	5,367	1,031	6,398
Fair value gain on investment properties			179
Share of profit of associate			432
Profit before income tax			7,009
Income tax			(874)
Profit for the year			<u>6,135</u>

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

4 Segment and revenue information (cont'd)

Segment assets and liabilities

	Banking \$'000	Diagnostics \$'000	Others* \$'000	Total \$'000
31 December 2022				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	3,458	26	—	3,484
Segment assets	266,521	4,937	807	272,265
Investment in associate				1,513
Investment properties				4,618
Eliminations+				(50,401)
Per interim financial statements				227,995
Segment liabilities	125,559	1,333	12,358	139,250
Tax payables				699
Deferred tax liabilities				3,959
Eliminations+				(50,241)
Per interim financial statements				93,667
31 December 2021				
Additions to non-current assets, comprising additions to property, plant and equipment and intangible assets	3,074	—	—	3,074
Segment assets	280,212	3,456	837	284,505
Investment in associate				1,106
Investment properties				3,513
Short-term investments				4,357
Eliminations+				(59,769)
Per interim financial statements				233,712
Segment liabilities	137,169	1,360	12,372	150,901
Tax payables				1,666
Deferred tax liabilities				4,171
Eliminations+				(59,715)
Per interim financial statements				97,023

+ Inter-segment balances are eliminated on consolidation.

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

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

4 Segment and revenue information (cont'd)

	Revenue			
	6 months ended 31 December		12 months ended 31 December	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Singapore	12,294	13,048	23,529	25,583
Hong Kong	3,704	3,845	7,322	7,697
India	4,337	4,688	8,365	8,575
Malaysia	1,908	1,973	3,746	4,035
Philippines	3,283	2,936	5,967	5,446
Indonesia	3,392	2,860	6,227	5,333
	<u>28,918</u>	<u>29,350</u>	<u>55,156</u>	<u>56,669</u>

A breakdown of sales as follows:

	Group		+/(-)
	Financial Year ending		
	31 December 2022 \$'000	31 December 2021 \$'000	Increase/ (Decrease) %
(a) Revenue reported for first half year (e.g. 1 Jan – 30 Jun)	26,238	27,319	(4.0)
(b) Profit after tax before deducting non-controlling interests reported for the first half year	1,894	2,494	(24.1)
(c) Revenue reported for second half year (e.g. 1 Jul – 31 Dec)	28,918	29,350	(1.5)
(d) Profit after tax before deducting non-controlling interests reported for the second half year	2,992	3,641	(17.8)

5 Taxation

	Group			
	6 months ended 31 December		12 months ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<i>Current tax expense</i>				
Current year	807	1,174	1,154	1,475
Under/(over)-provision in respect of previous years	32	(41)	47	(240)
	839	1,133	1,201	1,235
<i>Deferred tax expense</i>				
Origination and reversal of temporary differences	(547)	(492)	(566)	(361)
Over-provision in respect of previous years	(18)	—	(18)	—
	274	641	617	874

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



CORDLIFE GROUP LIMITED

Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2022



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 31 December 2021	255,301,444	95,162,873
Treasury shares reissued pursuant to equity compensation plans	675,950	(476,835)
As at 31 December 2022	<u>255,977,394</u>	<u>94,686,038</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	
	As at 31 December 2022	As at 31 December 2021
	No. of shares	No. of shares
Total number of issued shares	267,525,354	267,525,354
Less: Treasury shares	(11,547,960)	(12,223,910)
Total number of issued shares excluding treasury shares	<u>255,977,394</u>	<u>255,301,444</u>
Percentage of treasury shares against total number of shares outstanding	4.3 %	4.6 %

- 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 5 May 2022, 675,950 treasury shares 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 2022.

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 31 December		12 months ended 31 December	
	2022	2021	2022	2021
Basic 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)	2,994	3,642	4,887	6,135
Weighted average number of shares in issue during the period ('000)	255,977	255,301	255,748	255,095
Basic earnings per share based on weighted average number of ordinary shares (cents)	1.17	1.43	1.91	2.40
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)	2,994	3,642	4,887	6,135
Weighted average number of shares in issue during the period ('000)	256,433	255,670	256,248	256,232
Diluted earnings per share based on weighted average number of ordinary shares (cents)	1.17	1.42	1.91	2.39

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	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(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	52.48	53.54	47.35	44.28

The number of shares in issue and used in calculating the net asset value per share as at 31 December 2022 is 255,977,394 (31 December 2021: 255,301,444).

- 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 31 DECEMBER 2022 ("2H2022") AGAINST 6 MONTHS ENDED 31 DECEMBER 2021 ("2H2021")

Income Statement

Revenue

Revenue decreased by 1.5% or S\$0.4 million from S\$29.4 million in 2H2021 to S\$28.9 million in 2H2022, comprising a 3.0% decline in revenue contributed by the banking business unit ("Banking revenue"), from S\$27.6 million in 2H2021 to S\$26.7 million in 2H2022. The decrease in Banking revenue was mainly due to a 4.8% decrease in new samples processed and stored from 10,500 in 2H2021 to 10,000 in 2H2022. The percentage decrease in Banking revenue was lesser than the decrease in new samples processed and stored and was partly due to an increase in conversions to higher value plans in Indonesia, as well as the introduction of additional value-added services during the year, increasing the average revenue per new sample stored.

The decrease in Banking revenue was also offset by an increase in revenue contributed by the diagnostics business unit ("Diagnostics revenue"), which grew 22.6% or S\$0.4 million from 2H2021 to 2H2022, as a result of the ramping up of diagnostic service offerings by the Group.

Gross profit and gross profit margin

Gross profit decreased from S\$20.7 million in 2H2021 to S\$19.6 million in 2H2022 mainly due to the decrease in new samples processed and stored. The gross profit margin decreased to 67.8% in 2H2022 as compared to 70.5% in 2H2021 largely due to inflationary pressures affecting the Group's cost of service delivery.

Other operating income

The increase in other operating income of approximately S\$0.3 million was mainly due to an increase in gain on disposal of property, plant and equipment by S\$0.5 million in Singapore in 2H2022, no such gain on disposal was recorded in 2H2021. This was offset by a decrease in government grants received in Malaysia and Hong Kong of approximately S\$0.1 million for COVID-19 in 2H2022 as compared to S\$0.2 million received in Singapore, Hong Kong and Malaysia in 2H2021. Furthermore, the subsidies received by Hong Kong under a technology talent funding scheme reduced from S\$92,000 in 2H2021 to S\$24,000 in 2H2022.

Finance income

Finance income comprises interest income from deposits, short-term investments and note receivable of S\$1.5 million (2H2021: S\$1.2 million). The increase in finance income was 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 amounted to S\$77,000 (2H2021: interest-bearing borrowings and lease liabilities which amounted to S\$85,000).

Profit before income tax from operations

As a result of the foregoing, the profit before income tax from operations of S\$2.3 million for 2H2022 was 42.6% lower than for 2H2021.

Fair value gain on investment properties

In 2H2022, the Group recognised fair value gain of S\$0.5 million (2H2021: S\$179,000) on its investment properties held in Singapore and Malaysia.

Share of profit of associate

In 2H2022, the Group recognised the share of profit of associate of S\$458,000 compared to S\$145,000 recognised in 2H2021.

Tax

In 2H2022, government grants, gain on disposal of property, plant and equipment and S\$0.4 million of the fair value gain on investment properties were not taxable. In 2H2021, government grants, fair value gain on investment properties and share of profit of associate amounting to a total of S\$0.4 million were not taxable.

Under-provision of tax in respect of prior years of approximately S\$14,000 for 2H2022 mainly comprises an under-provision of corporate income tax of S\$49,000, offset by an over-provision of deferred tax liability and corporate income tax in Singapore of S\$18,000 and S\$13,000 respectively.

In 2H2021, the over-provision of tax in respect of prior years of S\$41,000 comprises over-provision of corporate income tax of S\$133,000 in the Singapore, Hong Kong, the Philippines and Malaysia subsidiaries, offset by an under-provision of corporate income tax in respect of prior years of S\$92,000 in the Indonesia subsidiary.

Adjusting for the foregoing, the effective tax rate of 11.5% in 2H2022 was higher than 2H2021 at 17.6% mainly due to deferred tax asset on tax losses not recognised during the year in certain jurisdictions.

COMPARING 12 MONTHS ENDED 31 DECEMBER 2022 ("FY2022") AGAINST 12 MONTHS ENDED 31 DECEMBER 2021 ("FY2021")

Income Statement

Revenue

Revenue decreased by 2.7% or S\$1.5 million from S\$56.7 million in FY2021 to S\$55.2 million in FY2022. The decrease in revenue comprised a 4.3% or S\$2.3 million decrease in Banking revenue from S\$53.1 million in FY2021 to S\$50.8 million in FY2022. This was due to a decline in new samples processed and stored by 4.7% from 19,300 samples in FY2021 to 18,400 in FY2022. The dip in Banking revenue is slightly lesser than the decrease in samples partly due to an increase in conversions to higher value plans in Indonesia, as well as the introduction of additional value-added services during the year, increasing the average revenue per new sample stored.

The decrease in Banking revenue was offset by an increase in Diagnostics revenue, which grew 21.6% or S\$0.8 million from FY2021 to FY2022, as a result of the ramping up of diagnostic service offerings by the Group.

Gross profit and gross profit margin

Gross profit decreased from S\$39.5 million in FY2021 to S\$37.2 million in FY2022 mainly due to a decrease in new samples processed and stored. Gross profit margin decreased to 67.4% in FY2022 as compared to 69.7% in FY2021, largely due to inflationary pressures affecting the Group's cost of service delivery.

Other operating income

Other operating income decreased by approximately S\$23,000 in FY2022 compared to FY2021. In FY2021, the Group received government grants for COVID-19 of approximately S\$325,000 in Singapore and Malaysia as compared to approximately S\$249,000 received by Hong Kong and Malaysia in FY2022. There was also a reduction in subsidies received by the Group under a technology talent funding scheme in Hong Kong, from approximately S\$172,000 in FY2021 to S\$50,000 in FY2022. In addition, Singapore also received lesser grants, including, amongst others, those in relation to Wage Credit Scheme and Productivity Solutions Grant from Enterprise Singapore in FY2022 as compared to FY2021. The decrease in other operating income was offset by the increase in gain on disposal of property, plant and equipment by S\$0.5 million in Singapore. There was no such gain in FY2021.

Finance income

Finance income comprises interest income from deposits, short-term investments and note receivable of S\$2.7 million (FY2021: S\$2.3 million). The increase in finance income was 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\$152,000 (FY2021: interest-bearing borrowings and lease liabilities which amounted to S\$200,000).

Profit before income tax from operations

As a result of the foregoing, the profit before income tax from operations of S\$4.2 million for FY2022 was 33.6% lower than for FY2021.

Fair value gain on investment properties

In FY2022, the Group recognised fair value gain of S\$0.5 million (FY2021: S\$179,000) on its investment properties held in Singapore and Malaysia.

Share of profit of associate

In FY2022, the Group recognised the share of profit of associate of S\$718,000, which was a 66.2% increase compared to S\$432,000 recognised in FY2021.

Tax

In FY2022, government grants, gain on disposal of property, plant and equipment and S\$0.4 million of the fair value gain on investment properties, amounting to a total of S\$1.2 million were not taxable. In FY2021, government grants, fair value gain on investment properties and share of profit of associate amounting to a total of S\$0.9 million were not taxable.

Under-provision of tax in respect of prior years of approximately S\$29,000 for FY2022 mainly comprises under-provision of corporate income tax of S\$49,000 in Indonesia, slightly offset by an over-provision of deferred tax liability of S\$18,000 in Singapore.

In FY2021, the over-provision of tax in respect of prior years of S\$240,000 comprises over-provision of corporate income tax of S\$332,000 for the Singapore, Hong Kong, Malaysia and the Philippines subsidiaries. This was offset by an under-provision of tax in respect of prior years of S\$92,000 for the Indonesia subsidiary.

Adjusting for the foregoing, the effective tax rate of 18.9% in FY2022 was higher than FY2021 at 18.3% due to deferred tax asset not recognised on tax losses in certain jurisdictions.

Balance sheet

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

As at 31 December 2022, the Group maintained a strong balance sheet, with cash and cash equivalents, fixed deposits, investments of S\$79.3 million (31 December 2021: S\$74.6 million). Investments mainly comprise short-term investments in money market funds and redeemable convertible note ("RCN") from CellResearch Corporation Pte. Ltd. ("CRC") (31 December 2021: short-term investments in money market funds and long-term investments in RCN from CRC). The increase in the total cash and cash equivalents, fixed deposits and investments was mainly due to cash generated from operating activities of S\$5.9 million and proceeds from the disposal of property, plant and equipment of approximately S\$1.5 million, offset by the purchase of property, plant and equipment and intangible assets of S\$2.6 million as well as dividend payment of S\$2.3 million under financing activities.

Net cash generated from operating activities comprised mainly operating cash flows before movements in working capital of S\$6.1 million and net interest received of S\$1.4 million offset by net working capital outflow of S\$0.3 million and income tax paid of S\$1.2 million.

Net working capital outflow of approximately S\$0.3 million comprised the following:

- increase in trade receivables of approximately S\$3.4 million;
- decrease in contract assets of approximately S\$1.8 million;
- decrease in other receivables, deposits and prepayments of approximately S\$0.3 million;
- decrease in inventories of approximately S\$66,000;
- decrease in trade and other payables of approximately S\$1.1 million;
- decrease in lease liabilities of approximately S\$1.8 million; and
- increase in contract liabilities of approximately S\$3.8 million.

Property, plant and equipment

As at 31 December 2022, the Group recorded S\$14.4 million on its balance sheet for property, plant and equipment (31 December 2021: S\$16.4 million). The decrease in property, plant and equipment was mainly due to S\$2.8 million recorded as depreciation and the disposal of property, plant and equipment in FY2022. The decrease of property, plant and equipment was offset by the purchase of equipment required for the normal course of business.

Investment properties

As at 31 December 2022, the Group recorded S\$4.6 million on its balance sheet for investment properties (31 December 2021: S\$3.5 million). In FY2022, the increase in investment properties was mainly due to the fair value gain on investment properties of S\$0.5 million. The Group also recognised a revaluation gain on its investment property in Malaysia in other comprehensive income as the property was re-designated from owner-occupied classified under property, plant and equipment to investment property in December 2022.

Intangible assets

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

Deferred tax assets

Deferred tax assets represent 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 increase in deferred tax from S\$0.7 million as of 31 December 2021 to S\$0.9 million as of 31 December 2022 was due to the recognition of aforesaid merger and acquisition allowance in Singapore of S\$0.4 million, offset by the utilisation of deferred tax asset to offset against FY2022 profit of the Hong Kong subsidiary.

Investment in associate

Investment in associate comprise of a 39.61% stake in TSL through Stemlife Berhad. The increase in investment in associate was due to the recognition of the share of profit of associate of S\$718,000 in FY2022, slightly offset by the dividend received from TSL.

Long-term investments

On 1 February 2016, the Group subscribed for a RCN maturing three years from the issue date in the principal amount of S\$4.2 million from CRC. The yielding interest is at a rate of three month SIBOR plus 7% per annum payable annually in arrears. The previous supplemental agreement, which was valid from 1 July 2019 to 30 June 2021, had matured. In July 2021, the Group signed new supplemental agreements to extend the RCN for another two years to June 2023 on the same terms. The RCN and its corresponding interest receivable were reclassified from long-term investments to short-term investments during the year.

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 31 December 2022, the Group recorded non-current contract assets of S\$63.6 million (31 December 2021: S\$66.6 million).

Inventories

As at 31 December 2022 and 31 December 2021, the Group recorded inventories of S\$1.4 million.

Prepayments

As at 31 December 2022, the Group recorded prepayment of S\$2.3 million (31 December 2021: S\$2.2 million).

Trade receivables, current

Current trade receivables as at 31 December 2022 was S\$25.5 million compared to S\$24.0 million as at 31 December 2021.

Other receivables, current

As at 31 December 2022, the Group recorded other receivables of S\$2.9 million compared to S\$5.5 million as at 31 December 2021. The decrease in other receivables was mainly due to the receipt of sales proceeds in March 2022 for the sale of two investment properties in Stemlife Berhad, which was completed in December 2021.

Tax recoverable

As at 31 December 2022, the Group recorded tax recoverable of S\$1.1 million (31 December 2021: S\$1.9 million). The decrease was mainly due to the refund received upon the settlement of the tax assessment by the Indonesia subsidiary in February 2022.

The Group's subsidiary in Indonesia, PT Cordlife Persada, had received a tax assessment in respect of FY2016, mainly relating to withholding and value added tax imposed on transactions arising from contracts entered into by the Group's Singapore subsidiaries with Indonesian residents for the processing and storage of their samples in Singapore. PT Cordlife Persada had acted as a marketing agent in this arrangement.

As required by the Indonesia's tax ruling, the subsidiary had prepaid the preliminary tax assessed amount of approximately S\$0.6 million accordingly. On 31 December 2021, Persada received the final ruling on the tax assessment where the final tax levied on the transactions was IDR 660.0 million (approximately S\$62,000). In February 2022, Persada received the refund of IDR 6.4 billion (approximately S\$600,000) upon settlement of the tax assessment.

Short-term investments

As at 31 December 2022, the Group recorded short-term investments of S\$5.8 million compared to S\$15.4 million as at 31 December 2021. The decrease was mainly due to the redemption of investments in money market funds in Malaysia, which were placed into fixed deposits which offered a higher rate of return. The decrease was offset by the reclassification of the RCN from long-term investments.

Trade and other payables, current and non-current

As at 31 December 2022, the Group recorded current trade and other payables of S\$10.0 million (31 December 2021: S\$11.4 million) and non-current other payables of S\$522,000 (31 December 2021: S\$662,000). The decrease was mainly attributable to the lower accrued variable compensation and non-trade payables in FY2022 compared to FY2021.

Lease liabilities, current and non-current

As of 31 December 2022, the Group recognised lease liabilities of S\$2.2 million on property and equipment leases (31 December 2021: S\$3.0 million). The decrease in lease liabilities was attributable to the payments made during the year.

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 31 December 2022, current and non-current contract liabilities were at S\$9.0 million and S\$67.3 million respectively (31 December 2021: S\$9.0 million and S\$67.1 million respectively).

Income tax payable

The Group recorded income tax payable of S\$0.7 million as at 31 December 2022 (31 December 2021: S\$1.7 million).

Deferred tax liabilities

As at 31 December 2022, deferred tax liabilities amounted to S\$4.0 million (31 December 2021: S\$4.2 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

While the endemic approach to COVID-19 is being more widely adopted across the world, the post-pandemic era of 2022 had its own set of challenges. Extreme inflationary pressures have triggered historic fed rate hikes¹ coupled with geopolitical unrest causing energy crises and trade conflicts and overall global macro-economic uncertainty. Supply chain issues which resulted in record high freight rates and cost of delivery, however, appeared to be easing towards the second-half of 2022. As the impact of these trickle into 2023, the Group will continue to closely monitor the evolving situation and adapt accordingly.

While consumer spending has been curtailed for the short-term due to inflation and cost-cutting measures, healthcare spending is expected to have the highest contribution in social expenditures by 2030². While this may be driven by an aging population, there is an increased awareness for preventive and precautionary care over curative treatment among the youth and is being promoted by the Government too. In order to capture this potential demand, the Group has been focused on expanding its product offerings regionally. The Group also continues to enhance its high value plans to accommodate the best value-added services for the more affluent clients.

In addition to this, the pandemic brought to light the vulnerability of children inducing higher willingness to spend on pediatrics. This should have a positive effect on the Group's diagnostic services for children, boosting overall demand. However, this may be partially offset by declining birth rates in most developed nations. On the other hand, a significant amount of research from renowned institutions like Duke-NUS Medical School Singapore is directed towards understanding the magnitude of the potential of stem cells to treat incurable, widespread diseases like cancer. The Group will continue to proactively work on developing an ecosystem with doctors and hospitals in the various markets to educate and encourage the utilization of stem cells for various healthcare treatments.

The Group continues to be involved in both offline and digital initiatives to strengthen its position and expand its footprints in its current markets and beyond. With larger-scale events coming back in play, the Group aims to pursue active engagement with clients and their families in the various markets to push the growth of its diagnostic and digital healthcare business. Cordlife Singapore collaborated with the community through a charity 2.1km virtual walkathon in May 2022 in support for Metta School, whose curriculum offers special education for students aged 7 to 21 with mild intellectual disability and/or autism spectrum disorder (ASD). Cordlife Hong Kong entered into a distribution partnership with an experienced healthcare operator to offer its testing services across Cambodia. The Group also continues to explore opportunities in Vietnam to offer cord blood and cord tissue banking services.

As at 31 December 2022, the Group's balance sheet remains strong, with S\$79.3 million in cash and cash equivalents, fixed deposits, short-term and long term investments in money market funds and RCN from CRC. The Group performed relatively better in the second half of the year compared to the first driven due to an increase in new samples processed and stored. Moving forward, the Group will build on its core capabilities to capture lucrative business opportunities as and when they arise in order to ensure profitability and sustainability of operations while promoting a better standard of living through healthcare.

Barring unforeseen developments, the Group expects to remain profitable for the current financial year ending 31 December 2023.

1. The Straits Times, More Fed rate hikes coming, says Fed (<https://www.straitstimes.com/business/economy/more-us-rate-hikes-coming-says-fed-but-at-some-point-pace-will-slow>)
2. The Straits Times, Budget 2022: Healthcare spending to form bulk of increase in social expenditures by 2030 (<https://www.straitstimes.com/singapore/budget-2022-healthcare-spending-to-form-bulk-of-govt-expenditure-by-2030>)

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?

Yes. FY2021: S\$0.009 per ordinary share.

(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 FY2022. The Directors will review the dividend payout in the following half-years 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 year 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 24 February 2023, the Group has utilised approximately S\$27.0 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%	17.0	50.5%
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%	27.0	80.4%

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 (\$ million)
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 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 8.

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

The following exempt (one-tier) dividends were declared and paid by the Group and Company.

	Group and Company	
	FY2022	FY2021
	S\$	S\$
Paid by the Company to owners of the Company		
Dividends on ordinary shares:-		
Final tax exempt (one-tier) dividend for 31 December 2021: 0.9 cents per share	2,303,797	—
Final tax exempt (one-tier) dividend for 31 December 2020: 0.9 cents per share	—	2,297,713
Total	2,303,797	2,297,713

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors, subject to shareholders' approval at the Annual General Meeting. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	FY2022	FY2021
	S\$	S\$
Final dividend	—	2,303,797

- 18. Persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make the appropriate negative statement**

The Company confirms that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

Tan Poh Lan
Group CEO and Executive Director
24 February 2023