

PRESS RELEASE

Cordlife's business remains resilient in 1H2020, with Net Profit growing by S\$0.9 million to S\$2.6 million

- Revenue declined 12.7% yoy to S\$26.2 million due to a decrease in new samples processed and stored.
- Net profit grew by S\$0.9 million or 50.2%, mainly driven by effective deployment of resources resulting in lower operating and tax expenses.
- The Group shall continue to focus on increasing the awareness and demand for banking services in the existing markets.
- Embarked on digital initiatives to continue engaging potential customers amidst COVID-19 outbreak.

Singapore, 13 August 2020 – Cordlife Group Limited (“Cordlife” and together with its subsidiaries, the “Group”), announced today its financial results for the six months ended 30 June 2020 (“1H2020”).

Financial Highlights

S\$'000	1H2020	1H2019	Change (%)
Revenue	26,241	30,066	(12.7)
Gross profit	16,454	18,910	(13.0)
Profit before tax	3,139	2,825	11.1
Income tax expense	(507)	(1,073)	(52.7)
Net profit	2,632	1,752	50.2
Gross profit margin (%)	62.7	62.9	(0.2pp)
Net profit margin (%)	10.0	5.8	4.2pp

The Group's revenue declined 12.7% year-on-year (“yoy”) to S\$26.2 million due to a decrease in new samples processed and stored in 1H2020. The demand for the Group's banking services has been affected by the outbreak of COVID-19. Consumers were tighter with their spending, and in some of the regions that the Group operates, movement limitations and border restrictions have made service delivery even more challenging. However, the decline was partially offset by higher take-up of higher-value priced plans in Singapore and Philippines as well as increased revenue contribution from diagnostic services.

The implementation of social distancing measures to reduce social contact has resulted in restrictions on the Group's ability to carry out physical promotional activities in 1H2020. Combined with shifting customer preferences away from face-to-face consultations, the Group has embarked on digital initiatives like e-enrolment to continue engaging potential customers in the current environment. Face-to-face consultations will remain available in countries when restrictions are less stringent and with emphasis on safeguarding the well-being of our potential customers and employees.

Net profit after tax grew by S\$0.9 million to S\$2.6 million, mainly driven by: (a) lower marketing expenses of S\$1.4 million (attributable to lower advertising and promotion activities due to the outbreak of COVID-19), (b) lower administrative expenses of S\$1.1 million and (c) lower income tax expense (due to reversal of over-provision for prior year taxes and utilisation of tax losses carried forward).

Net cash flow from operations remained strong at S\$6.7 million and coupled with proceeds from sale of long-term investments of approximately S\$5.1 million, the Group's net cash position increased to S\$61.2 million as at 30 June 2020.

Commenting on the Group's results, Ms Tan Poh Lan, Chief Executive Officer of Cordlife, commented, **“The outbreak of COVID-19 has affected the demand for the Group's banking services and tightened consumers' spending, resulting in lower client acquisitions. With recurring waves of the outbreak occurring in some of the countries that the Group operates in, the Group expects to continue facing uncertainties arising from COVID-19 in the coming months. Given the rapidly evolving circumstances, the Group will continue to monitor the situation closely and respond accordingly.”**

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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 is listed on the Mainboard of the Singapore Exchange in 2012 and 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, the Philippines and Indonesia, Cordlife operates the largest private cord blood banks; and 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 in the country, Healthbaby Biotech (Hong Kong) Co., Limited. Through its majority-owned subsidiary in Malaysia, Stemlife Berhad, Cordlife holds indirect stake in Thailand's largest private cord blood bank, Thai Stemlife. Through its marketing agents, Cordlife also expanded its presence to Myanmar and Vietnam in 2017 as well as Bangladesh in 2019.

Beyond cord blood and cord lining banking, Cordlife offers a comprehensive suite of diagnostics 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. All of the Group's facilities are accredited by AABB, the organisation behind the world's gold standard for cord blood banking. In addition, Cordlife Singapore and Healthbaby are also two of the four cord blood banks in Asia, and ten in the world, to be accredited by both AABB and FACT, another world-class accreditation body for cord blood banks globally. In the area of clinical diagnostics, Cordlife India, Cordlife Hong Kong and Healthbaby are accredited by the College of American Pathologists (“CAP”). These quality achievements underpin the Group's commitment to providing reliable healthcare solutions through innovation and technological advancement. For more information, visit <http://cordlife.listedcompany.com>

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