

PRESS RELEASE

Cordlife Reports 1Q2024 Performance; Charts Strategic Path to Rebuilding Foundation and Strengthening Core Processes

Singapore, 11 June 2024 – Cordlife Group Limited (“Cordlife” or the “Company”, and together with its subsidiaries, the “Group”) announced today its quarterly business update for the three months ended 31 March 2024 (“1Q2024”). The financial year ending 31 December 2024 will be a year to rebuild foundations and strengthen processes for the Group.

Rebuilding Foundation and Strengthening Processes

In May 2024, Cordlife completed a comprehensive operational review conducted by a consultant from the Foundation for the Accreditation of Cellular Therapy (“FACT”) as part of its robust efforts to address recent lapses in its Singapore operations that were identified by the Ministry of Health (“MOH”).

Cordlife’s technical team has been working closely with the FACT consultant since December 2023 when the Company’s Singapore operations were suspended by MOH. The consultant’s most recent on-site visit in May 2024 focused on providing further guidance, reinforcing core processes and reviewing the Company’s organisational structure.

The comprehensive review covered monitoring systems, alarm response procedures, and overall risk assessment of laboratory and operational processes. The consultant also provided advice on laboratory design and workflow, ensuring adherence to best practices.

Other efforts include hiring more technical and laboratory staff, implementing a more advanced digitalised system to enhance 24/7 real-time monitoring, fortifying fail-safe measures to ensure uninterrupted operations, and forming a Medical and Technical Advisory Board to provide guidance and insights to the Group’s medical and technical teams.

1Q2024 Financial Performance

S\$'000	1Q2024	1Q2023	Change (%)
Revenue	(240)	14,052	n.m.
Gross profit	(4,031)	9,485	n.m.
(Loss)/profit before income tax from operations	(11,637)	1,083	n.m.
(Loss)/profit before tax	(11,396)	1,360	n.m.
Income tax expense	(161)	(204)	(21.1)
Net (loss)/profit	(11,557)	1,156	n.m.
Gross profit margin (%)	n.m.	67.5	n.m.
Net profit margin (%)	n.m.	8.2	n.m.

n.m.: not meaningful

As announced by the Group on 8 April 2024, Cordlife has offered a refund of annual fees received from the start of the temperature excursions, as well as a waiver of subsequent fees for all active clients of Cordlife who have stored cord blood units in one of the cryogenic storage tanks and dry shipper that have been deemed by MOH’s expert panel to be at high risk of being adversely affected by the temperature excursions.

This resulted in a revenue reversal 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. Consequently, the Group recorded revenue of approximately negative S\$0.2 million in 1Q2024. Excluding the reversal, the Group's revenue for 1Q2024 would have been approximately S\$9.4 million, a decline of 33.0% year-on-year ("yoy") from S\$14.1 million in 1Q2023, contributed by the suspension in the Singapore's operations. In 1Q2024, the number of samples stored also declined by approximately 30% in Indonesia, India and Malaysia compared to 1Q2023.

Selling and marketing expenses in 1Q2024 fell 21.7% yoy to S\$3.6 million compared to S\$4.6 million in 1Q2023, 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\$1.9 million in 1Q2024 compared to a net profit in 1Q2023 of S\$1.2 million, attributable mainly to a decline in revenue.

The Group's net cash position remains healthy at S\$78.8 million as at 31 March 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 28 May 2024, MOH has issued a notice to Cordlife to stop the collection, testing, processing and/or storage of any new cord blood for up to a further three months with effect on and from 15 June 2024, unless approved sooner by the MOH. This further suspension is expected to continue to have a negative financial impact on the Group. While the operations of overseas subsidiaries have not been directly impacted by the suspension, the publicity surrounding the suspension has inadvertently affected sentiment and has affected the Group's financial performance.

Cordlife has been working closely with MOH to identify and implement measures to prevent similar occurrences from recurring in the future. The Company is also focused on rebuilding its foundation to expand into new markets, capitalise on adjacent opportunities and fuel long-term sustainable growth.

The operating environment remains challenging as consumer spending tightens amid persistently high inflation, economic uncertainty and rising geopolitical tensions. However, long-term demand is expected to be buoyed by an increasing willingness to spend on preventive and comprehensive healthcare solutions.

The Group will continue to deepen its digital capabilities and broaden its physical touchpoints in other markets through in-person events as part of its educational outreach to prospective clients.

Mr Ivan Yiu, Group Chief Executive Officer of Cordlife, said, "While the suspension of our Singapore operations in respect of collection, testing, processing and/or storage of new cord blood have impacted financial performance since December 2023, Cordlife has responded by enhancing processes, boosting staff expertise and strengthening our monitoring capabilities. We will continue to update the relevant authorities and fulfil all requirements, so as to resume operations as soon as possible. With a stronger foundation, we look forward to a recovery of Cordlife's business soon."

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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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