

PRESS RELEASE

Cordlife Records 9M2024 Revenue of S\$19.3 Million; Group Focused on Achieving Full Resumption of Singapore Operations

Singapore, 14 November 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 and nine months ended 30 September 2024 (“3Q2024” and “9M2024”, respectively).

Resumption of Operations

In August 2024, the Company announced that the Ministry of Health (“MOH”) granted approval to resume its cord blood banking services operations in Singapore in a controlled manner from 15 September 2024 to 13 January 2025 (unless approved sooner by MOH).

The approval followed MOH’s confirmation that Cordlife’s Singapore facility has “met the essential criteria necessary for the resumption of its cord blood banking services operations” after further inspections and audits conducted by MOH and the successful implementation of certain rectification measures, which included “the successful validation of its AXP II System for cord blood processing, development of related operating procedures, and the training and competency assessment of its staff in using the system”.

The Company also improved its processing and storage facility in Yishun, Singapore, increasing laboratory and technical personnel and strengthening operational protocols.

An advanced laboratory monitoring system, which provides 24/7 real-time on-site and remote monitoring of the temperatures of 27 cryogenic storage tanks and other critical equipment has also been implemented. The system will provide detailed alerts to technicians, supervisors, management and senior leadership through multiple communication channels.

To ensure uninterrupted operations, the monitoring system will run on its own power source, while other critical equipment within the facility will also be supported by multiple uninterruptible power supplies and a backup generator.

The Group also engaged leading China-based cord blood bank Shandong Qilu Stemcell Engineering Co., Ltd. (“Shandong Qilu”), to leverage its expertise to guide and assist the Singapore team during the rectification period. A subsidiary of Nanjing Xinjiekou Department Store Co., Ltd., a substantial shareholder of the Company, Shandong Qilu has facilitated over 10,000 cord blood transplants in China.

9M2024 Financial Performance

S\$'000	3Q2024	3Q2023	Change (%)	9M2024	9M2023	Change (%)
Revenue	10,125	14,684	(31.0)	19,315	42,997	(55.1)
Gross profit	5,974	9,949	(40.0)	7,376	29,101	(74.7)
(Loss)/profit before income tax from operations	(1,394)	1,442	n.m.	(15,538)	3,654	n.m.
(Loss)/profit before tax	(1,171)	1,754	n.m.	(14,705)	4,489	n.m.
Income tax credit/(expense)	(391)	(360)	8.6	790	(866)	n.m.
Net (loss)/profit	(1,562)	1,394	n.m.	(13,915)	3,623	n.m.
Gross profit margin (%)	59.0	67.8	(8.7)	n.m.	67.7	n.m.
Net profit margin (%)	n.m.	9.5	n.m.	n.m.	8.4	n.m.

n.m.: not meaningful

In 3Q2024, revenue stood at S\$10.1 million compared to S\$14.7 million in 3Q2023, mainly due to lower contributions from Singapore, the Group's main revenue contributor, which only recorded 15 days of operations during the quarter. On a nine-month basis, the Group recorded S\$19.3 million compared to S\$43.0 million a year ago. Excluding revenue reversal of approximately S\$9.7 million, the Group's revenue for 9M2024 would have been approximately S\$29.0 million, a decline of 32.6% year-on-year ("yoy") from S\$43.0 million in 9M2023.

The revenue reversal relates to the Group offering a refund in 1H2024 of annual fees received from the start of the temperature excursions, 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 to be at high risk of being adversely affected by the temperature excursions, as well as the recognition of S\$0.5 million in contract liabilities relating to future storage obligations for affected clients.

Selling and marketing expenses in 9M2024 declined 25.4% yoy to S\$10.8 million compared to S\$14.4 million in 9M2023, 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\$4.3 million in 9M2024 compared to a net profit in 9M2023 of S\$3.6 million, attributable mainly to a decline in revenue.

The Group's net cash position remains healthy at S\$68.5 million as at 30 September 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.

On the outlook, the Group remains cautiously optimistic about the long-term growth potential of the market, buoyed by growing consumer awareness of cord blood and stem cell banking, as well as preventive and comprehensive healthcare solutions.

In response to monitoring macroeconomic headwinds such as heightened economic uncertainty amid rising geopolitical tensions, and elevated inflation rates, the Group is expanding its product and service portfolio across its overseas operations. Cordlife will also continue to work closely with industry experts and regulators to rebuild its business foundation, with a view to achieving a full resumption of its Singapore operations.

Ms Chen Xiaoling, Group Executive Director, said, "Cordlife has emerged as a stronger Group with more robust capabilities and stronger operating procedures. Cord blood banking service operations in Singapore have partially resumed, and we look forward to working with MOH to return to full operating capacity. Meanwhile, we continue to implement strict operating protocols while working to regain the full trust of all stakeholders."

Mr Ivan Yiu, Group Chief Executive Officer, said, "Having met MOH's criteria to resume our cord blood banking services in a controlled manner in Singapore, we are confident the Group is on the path to rebuilding our business foundation to drive business recovery. The management team remains focused on implementing our operational enhancements to renew the confidence of new and existing clients."

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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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