



**HYPHENS PHARMA INTERNATIONAL LIMITED**  
(Company Registration No. 201735688C)

**Condensed Interim Financial Statements**  
**For the six months ended 30 June 2024**

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## A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	<u>Notes</u>	<u>Group</u>		<u>Change</u>
		<u>6 months</u>	<u>6 months</u>	
		<u>ended 30</u> <u>June 2024</u>	<u>ended 30</u> <u>June 2023</u>	
		<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
<b>Revenue</b>	4	99,648	74,711	33.4
Cost of sales		(64,854)	(46,692)	38.9
<b>Gross profit</b>		34,794	28,019	24.2
Other income and gains		305	365	(16.4)
Distribution costs		(18,659)	(17,180)	8.6
Administrative expenses		(7,364)	(6,485)	13.6
Finance costs		(199)	(155)	28.4
Other losses		(1,420)	(705)	>100.0
Share of profit of an equity-accounted associate		–	327	N.M.
<b>Profit before tax</b>	6	7,457	4,186	78.1
Income tax expense	7	(1,580)	(661)	>100.0
<b>Profit for the period, net of tax</b>		5,877	3,525	66.7
<b><u>Other comprehensive income (loss):</u></b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign operations, net of tax		143	(318)	N.M.
<b>Other comprehensive income (loss) for the period</b>		143	(318)	N.M.
<b>Total comprehensive income for the period</b>		6,020	3,207	87.7
<b>Profit (Loss) attributable to:</b>				
Equity holders of the Company		5,416	3,568	
Non-controlling interests		461	(43)	
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the Company		5,576	3,246	
Non-controlling interests		444	(39)	
<b>Earnings per share for profit for the period attributable to equity holders of the Company</b>				
Earnings per share		<u>Cents</u>	<u>Cents</u>	
<b>Basic</b>				
Continuing operations		1.75	1.15	
<b>Diluted</b>				
Continuing operations		1.72	1.15	

N.M.: Not meaningful.

## B. Condensed Interim Statements of Financial Position

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>	<b>31 Dec</b>
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Plant and equipment	11	5,122	4,864	9	9
Intangible assets	10	24,853	23,575	–	–
Investments in subsidiaries		–	–	19,886	19,886
Deferred tax assets		213	172	–	–
<b>Total non-current assets</b>		<b>30,188</b>	<b>28,611</b>	<b>19,895</b>	<b>19,895</b>
<b><u>Current assets</u></b>					
Inventories	13	34,591	25,529	–	–
Trade and other receivables	12	46,793	41,110	15,541	18,841
Prepayments		2,170	2,056	51	77
Other current financial assets		90	90	–	–
Cash and cash equivalents		17,924	23,369	306	356
<b>Total current assets</b>		<b>101,568</b>	<b>92,154</b>	<b>15,898</b>	<b>19,274</b>
<b>Total assets</b>		<b>131,756</b>	<b>120,765</b>	<b>35,793</b>	<b>39,169</b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity</u></b>					
Share capital	15	35,216	35,216	35,216	35,216
Treasury shares		(85)	–	(85)	–
Retained earnings		40,525	37,765	(142)	2,837
Other reserves		(9,814)	(9,995)	56	35
<b>Equity attributable to equity holders of the Company</b>		<b>65,842</b>	<b>62,986</b>	<b>35,045</b>	<b>38,088</b>
Non-controlling interests		3,320	2,876	–	–
<b>Total equity</b>		<b>69,162</b>	<b>65,862</b>	<b>35,045</b>	<b>38,088</b>
<b><u>Non-current liabilities</u></b>					
Deferred tax liabilities		1,128	1,253	–	–
Other financial liabilities, non-current	14	3,797	4,406	–	–
<b>Total non-current liabilities</b>		<b>4,925</b>	<b>5,659</b>	<b>–</b>	<b>–</b>
<b><u>Current liabilities</u></b>					
Income tax payable		3,333	2,535	–	–
Trade and other payables		50,441	44,293	748	1,081
Other financial liabilities, current	14	3,895	2,416	–	–
<b>Total current liabilities</b>		<b>57,669</b>	<b>49,244</b>	<b>748</b>	<b>1,081</b>
<b>Total liabilities</b>		<b>62,594</b>	<b>54,903</b>	<b>748</b>	<b>1,081</b>
<b>Total equity and liabilities</b>		<b>131,756</b>	<b>120,765</b>	<b>35,793</b>	<b>39,169</b>

## C. Condensed Interim Statements of Changes in Equity

<u>Group</u>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Other reserves</u>	Attributable to <u>Company Sub-total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current period:							
Balance at 1 January 2024	35,216	–	37,765	(9,995)	62,986	2,876	65,862
Share-based payment under Hyphens Share Plan	–	–	–	21	21	–	21
Purchase of treasury shares (Note 15)	–	(85)	–	–	(85)	–	(85)
Total comprehensive income for the period	–	–	5,416	160	5,576	444	6,020
Dividends paid (Note 8)	–	–	(2,656)	–	(2,656)	–	(2,656)
Balance at 30 June 2024	35,216	(85)	40,525	(9,814)	65,842	3,320	69,162
Previous period:							
Balance at 1 January 2023	35,083	–	43,760	(9,816)	69,027	1,245	70,272
Issue of share capital to non-controlling interests in subsidiary	–	–	–	(33)	(33)	310	277
Issue of new shares pursuant to share awards under Hyphens Share Plan	133	–	–	–	133	–	133
Total comprehensive income (loss) for the period	–	–	3,568	(322)	3,246	(39)	3,207
Dividends paid (Note 8)	–	–	(3,432)	–	(3,432)	–	(3,432)
Balance at 30 June 2023	35,216	–	43,896	(10,171)	68,941	1,516	70,457

### C. Condensed Interim Statements of Changes in Equity (cont'd)

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>Other reserves</u>	<u>Total equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Company</u>					
Current period:					
Balance at 1 January 2024	35,216	–	2,837	35	38,088
Share-based payment under Hyphens Share Plan	–	–	–	21	21
Purchase of treasury shares (Note 15)	–	(85)	–	–	(85)
Total comprehensive loss for the period	–	–	(323)	–	(323)
Dividends paid (Note 8)	–	–	(2,656)	–	(2,656)
Balance at 30 June 2024	35,216	(85)	(142)	56	35,045
Previous period:					
Balance at 1 January 2023	35,083	–	8,714	–	43,797
Issue of new shares pursuant to share awards under Hyphens Share Plan	133	–	–	–	133
Total comprehensive income for the period	–	–	6,074	–	6,074
Dividends paid (Note 8)	–	–	(3,432)	–	(3,432)
Balance at 30 June 2023	35,216	–	11,356	–	46,572

## D. Condensed Interim Consolidated Statement of Cash Flows

	<u>Group</u>	
	6 months ended 30 June 2024 \$'000	6 months ended 30 June 2023 \$'000
<u>Cash flows from operating activities</u>		
Profit before tax	7,457	4,186
Adjustments for:		
Amortisation of intangible assets	518	303
Depreciation of plant and equipment	971	1,025
Interest income	(83)	(175)
Interest expense	199	155
Gain on disposal of plant and equipment	(5)	(7)
Share-based payment expenses	21	–
Share of profit of an equity-accounted associate	–	(327)
Net effect of exchange rate changes in consolidating foreign operations	188	(160)
Operating cash flows before changes in working capital	9,266	5,000
Trade and other receivables	(5,683)	(1,886)
Prepayments	(114)	(419)
Inventories	(9,062)	(2,547)
Trade and other payables	6,048	3,370
Net cash flows from operations	455	3,518
Income taxes paid	(878)	(1,293)
Net cash flows (used in) from operating activities	(423)	2,225
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment (Note A)	(440)	(127)
Purchase of intangible assets	(1,796)	(846)
Proceed from sales of plant and equipment	9	7
Interest received	83	175
Net cash flows used in investing activities	(2,144)	(791)
<u>Cash flows from financing activities</u>		
Dividends paid to equity owners (Note 8)	(2,656)	(3,432)
Payment of principal portion of lease liabilities	(660)	(575)
Interest paid	(199)	(155)
Proceeds from borrowings	1,347	–
Repayment of borrowings	(625)	(625)
Purchase of treasury shares (Note 15)	(85)	–
Net cash flows used in financing activities	(2,878)	(4,787)
Net decrease in cash and cash equivalents	(5,445)	(3,353)
Cash and cash equivalents, at beginning of the period	23,369	36,480
Cash and cash equivalents, at end of the period	17,924	33,127

## E. Notes to Condensed Interim Consolidated Statement of Cash Flows

### A. Non-cash transactions

	1H2024	1H2023
	\$'000	\$'000
Acquisition of certain assets under plant and equipment under lease contracts	<u>797</u>	<u>55</u>



## **F. Notes to the Condensed Interim Consolidated Financial Statements**

### **1. General**

Hyphens Pharma International Limited (the “Company”) is a public limited company incorporated and domiciled in Singapore. The Company is listed on the Catalist Board (the “Catalist”) of Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 are presented in Singapore dollars (which is the Company’s functional currency) and they cover the Company and the subsidiaries (collectively, the “Group”).

The Company’s principal activities are those of an investment holding company and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 4 on segment and revenue information.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

The latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

### **2. Basis of preparation**

The condensed interim consolidated financial statements for the six months ended 30 June 2024 (“1H2024”) have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting (“SFRS(I)s”) issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

## **2.1. New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

## **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses. Actual results could differ from those estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

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 financial statements is included in the following note:

- Note 4 – Revenue recognition

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 10 - Assessment of impairment of goodwill
- Note 12 - Expected credit loss allowance on trade receivables
- Note 13 - Allowance on inventories

## **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## **4. Segment and revenue information**

The Group is organised into the following main business segments:

- (1) Specialty pharma principals segment ("Specialty pharma principals") which is in the business of marketing and selling a range of specialty pharmaceutical products with exclusivity in the relevant ASEAN countries.
- (2) Proprietary brands segment ("Proprietary brands") which is in the business of developing, marketing and selling its own proprietary range of dermatological products and health supplement products.
- (3) Medical hypermart and digital segment ("Medical hypermart and digital") which is a wholesaler of pharmaceuticals and medical supplies in Singapore, which the Group positions itself as a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies.

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. They are managed separately because each business requires different strategies.

#### 4.1 Reportable segments

##### 4.1.1 Profit or loss from continuing operations and reconciliations

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	<u>1H2024</u>	<u>1H2023</u>	<u>1H2024</u>	<u>1H2023</u>	<u>1H2024</u>	<u>1H2023</u>	<u>1H2024</u>	<u>1H2023</u>	<u>1H2024</u>	<u>1H2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Revenue by segment</b>										
Total revenue by segment	63,705	41,997	14,256	11,814	21,687	20,900	–	–	99,648	74,711
Total revenue	63,705	41,997	14,256	11,814	21,687	20,900	–	–	99,648	74,711
<b>EBITDA</b>	7,896	3,934	2,386	1,376	(701)	414	(436)	(55)	9,145	5,669
Finance costs	–	–	–	–	–	–	(199)	(155)	(199)	(155)
Depreciation and amortisation	(306)	(104)	(212)	(198)	–	–	(971)	(1,026)	(1,489)	(1,328)
Profit (loss) before tax	7,590	3,830	2,174	1,178	(701)	414	(1,606)	(1,236)	7,457	4,186
Income tax expense									(1,580)	(661)
<b>Profit, net of tax</b>									5,877	3,525

The unallocated expenses mainly included the Group's headquarters expenses such as employee benefits expenses, statutory and regulatory expenses.

#### 4.1.2 Assets and reconciliations

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	<u>30 Jun 2024</u>	<u>31 Dec 2023</u>	<u>30 Jun 2024</u>	<u>31 Dec 2023</u>	<u>30 Jun 2024</u>	<u>31 Dec 2023</u>	<u>30 Jun 2024</u>	<u>31 Dec 2023</u>	<u>30 Jun 2024</u>	<u>31 Dec 2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Total assets for reportable segments	59,311	53,087	32,455	22,715	13,102	13,108	–	–	104,868	88,910
Unallocated:										
Plant and equipment	–	–	–	–	–	–	5,122	4,864	5,122	4,864
Prepayments	–	–	–	–	–	–	2,170	2,056	2,170	2,056
Other receivables	–	–	–	–	–	–	1,582	1,476	1,582	1,476
Other financial assets	–	–	–	–	–	–	90	90	90	90
Cash and cash equivalents	–	–	–	–	–	–	17,924	23,369	17,924	23,369
<b>Total Group assets</b>	<b>59,311</b>	<b>53,087</b>	<b>32,455</b>	<b>22,715</b>	<b>13,102</b>	<b>13,108</b>	<b>26,888</b>	<b>31,855</b>	<b>131,756</b>	<b>120,765</b>

#### 4.1.3 Liabilities and reconciliations

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total liabilities for reportable segments	33,628	27,258	2,860	3,193	11,411	10,674	–	–	47,899	41,125
Unallocated:										
Income tax payable	–	–	–	–	–	–	3,333	2,535	3,333	2,535
Financial liabilities	–	–	–	–	–	–	7,692	6,822	7,692	6,822
Trade and other payables	–	–	–	–	–	–	3,670	4,421	3,670	4,421
<b>Total Group liabilities</b>	<b>33,628</b>	<b>27,258</b>	<b>2,860</b>	<b>3,193</b>	<b>11,411</b>	<b>10,674</b>	<b>14,695</b>	<b>13,778</b>	<b>62,594</b>	<b>54,903</b>

#### 4.1.4 Other material items and reconciliations

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023	1H2024	1H2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables and inventories loss	175	(1)	234	188	195	80	–	–	604	267
Expenditures for non-current assets	141	212	1,655	24	–	–	1,237	181	3,033	417

## 4.2 Disaggregation of revenue

	<u>Group</u>	
	1H2024	1H2023
	\$'000	\$'000
<i>Types of goods or service:</i>		
Sale of goods	99,183	74,270
Commission income	218	192
Marketing services fee and advertisement	239	247
Other revenue	8	2
Total revenue	99,648	74,711
<i>Geographical information:</i>		
Singapore	45,855	41,618
Vietnam	31,813	19,763
Malaysia	12,953	7,730
Others	9,027	5,600
Total revenue	99,648	74,711

Judgement is required in determining when the control of the inventories have passed to the distributors. Management has reviewed the Group's distribution agreements and arrangements with the distributors and concluded that the control of the inventories is passed to the distributors upon delivery unless for those inventories specified under consignment arrangements. The distributors are considered as a principal and not an agent because the distributors are independent operating parties that bear both the credit risk of their customers and inventory risk of the purchased goods. Accordingly, revenue is recognised based on point in time when delivery of goods has been made.

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 31 December 2023:

	<u>Group</u>		<u>Company</u>	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	64,807	64,569	15,847	19,197
	64,807	64,569	15,847	19,197
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	58,133	51,115	748	1,081
	58,133	51,115	748	1,081

## 6. Profit before taxation

### 6.1 Significant items

	<u>Group</u>	
	1H2024	1H2023
	\$'000	\$'000
<b><i>Income</i></b>		
Government grants	217	183
Interest income	83	175
<b><i>Expenses</i></b>		
Advertising and promotional expenses	3,768	4,439
Allowance for impairment on trade receivables	55	7
Allowance for inventories obsolescence	343	92
Depreciation and amortisation	1,489	1,328
Employee benefits expenses	14,299	11,823
Foreign exchange translation losses	814	438
Inventories written off	206	168
Research and development expenses	131	228

### 6.2 Related party transactions

There are no material related party transactions apart from those disclosed above and elsewhere in the financial statements. Intragroup transactions and balances that have been eliminated in these consolidated financial statements.

## 7. Taxation

Components of income tax expense recognised in profit or loss:

	<u>Group</u>	
	1H2024	1H2023
	\$'000	\$'000
<u>Current tax expense</u>		
Current tax expense	1,706	911
Over adjustment in respect of prior periods	–	(76)
<u>Deferred tax income</u>		
Deferred tax income	(126)	(174)
Total income tax expense	<u>1,580</u>	<u>661</u>

## 8. Dividends

	<u>Group</u>	
	1H2024 \$'000	1H2023 \$'000
Dividends paid during the reporting period:		
Final exempt (1-tier) dividends paid of 0.86 cents (1H2023: 1.11 cents) per share	2,656	3,432
Proposed dividends on ordinary shares:		
Interim exempt (1-tier) proposed dividends: nil (1H2023: 3.6 cents) per share	—	11,131

No dividend has been declared or recommended for the current reporting period. On the grounds of prudence, the Board will review the dividend pay-out after close of the financial year.

## 9. Net asset value

	<u>Group</u>		<u>Company</u>	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Net asset value per ordinary share (Singapore cents per share)	21.32	20.37	11.35	12.32

## 10. Intangible assets

	<u>Group</u>		
	Goodwill \$'000	Distribution rights and trademarks \$'000	Total \$'000
<b>At 31 December 2023</b>			
Cost	16,389	11,984	28,373
Accumulated impairment and amortisation	(993)	(3,805)	(4,798)
Net book value at 31 December 2023	15,396	8,179	23,575
<b>6 months ended 30 June 2024</b>			
<i>Cost:</i>			
As at 1 January 2024	16,389	11,984	28,373
Additions	—	1,796	1,796
Balance at 30 June 2024	16,389	13,780	30,169
<i>Accumulated impairment and amortisation:</i>			
As at 1 January 2024	993	3,805	4,798
Amortisation for the period	—	518	518
Balance at 30 June 2024	993	4,323	5,316
Net book value at 30 June 2024	15,396	9,457	24,853



## 10. Intangible assets (cont'd)

### 10.1 Goodwill

There was no movement in the amount of goodwill during the current reporting period. In assessing the goodwill impairment, management has determined the recoverable amount of the cash generating unit (CGU) as at 30 June 2024 based on its value in use. Value in use was determined by discounting the future cash flows similar to the 31 December 2023 goodwill impairment test. There is no change to the key assumptions used.

## 11. Plant and equipment

	<b>Group</b>				
	<b>Plant and equipment \$'000</b>	<b>Hardware and software \$'000</b>	<b>Fixtures and equipment \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Total \$'000</b>
<u>Cost:</u>					
At 1 January 2023	5,120	1,811	3,562	314	10,807
Arising from acquisition of subsidiaries	–	–	21	33	54
Additions	3,591	78	138	88	3,895
Disposals	(3,889)	(134)	(8)	(66)	(4,097)
Foreign exchange adjustments	(10)	(4)	(8)	(2)	(24)
At 31 December 2023	4,812	1,751	3,705	367	10,635
Additions	797	103	292	45	1,237
Disposals	(151)	(14)	(77)	(46)	(288)
Foreign exchange adjustments	(3)	(1)	(1)	(6)	(11)
At 30 June 2024	5,455	1,839	3,919	360	11,573
<u>Accumulated depreciation:</u>					
At 1 January 2023	3,839	1,016	2,784	151	7,790
Depreciation for the year	1,226	188	631	51	2,096
Disposals	(3,889)	(133)	(7)	(66)	(4,095)
Foreign exchange adjustments	(9)	(3)	(6)	(2)	(20)
At 31 December 2023	1,167	1,068	3,402	134	5,771
Depreciation for the period	753	96	87	35	971
Disposals	(151)	(14)	(73)	(46)	(284)
Foreign exchange adjustments	(3)	(1)	(1)	(2)	(7)
At 30 June 2024	1,766	1,149	3,415	121	6,451
<u>Carrying value:</u>					
At 1 January 2023	1,281	795	778	163	3,017
At 31 December 2023	3,645	683	303	233	4,864
At 30 June 2024	3,689	690	504	239	5,122

11. Plant and equipment (cont'd)

	<u>Company</u>		
	Hardware and software \$'000	Fixtures and equipment \$'000	Total \$'000
<u>Cost:</u>			
At 1 January 2023	7	221	228
Additions	8	–	8
At 31 December 2023	15	221	236
Additions	3	–	3
At 30 June 2024	18	221	239
<u>Accumulated depreciation:</u>			
At 1 January 2023	4	187	191
Depreciation for the year	2	34	36
At 31 December 2023	6	221	227
Depreciation for the period	3	–	3
At 30 June 2024	9	221	230
<u>Carrying value:</u>			
At 1 January 2023	3	34	37
At 31 December 2023	9	–	9
At 30 June 2024	9	–	9

12. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	30 Jun 2024 \$'000	31 Dec 2023 \$'000	30 Jun 2024 \$'000	31 Dec 2023 \$'000
<u>Trade receivables:</u>				
Outside parties	45,480	39,848	–	–
Less allowance for impairment	(269)	(214)	–	–
Subsidiaries	–	–	154	353
Net trade receivables - subtotal	45,211	39,634	154	353
<u>Other receivables:</u>				
Staff advances	50	11	–	–
Deposits to secure services	747	720	–	–
Subsidiaries	–	–	15,347	18,488
Goods and services tax receivables	70	80	–	–
Other receivables	715	665	40	–
Other receivables – subtotal	1,582	1,476	15,387	18,488
Total trade and other receivables	46,793	41,110	15,541	18,841

**12. Trade and other receivables (cont'd)**

	<u>Group</u>		<u>Company</u>	
	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>	<b>31 Dec</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Movements in above allowance:				
At beginning of the period/year	214	229	–	–
Allowance charged to profit or loss included in other losses	55	(15)	–	–
At end of the period/year	<u>269</u>	<u>214</u>	<u>–</u>	<u>–</u>

The expected credit losses (ECL) on the above trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The receivables have common risk characteristics as compared to previous years. There were no significant bad debts noted in the previous years. The Group assesses the credit risk of major customers and risk of default rates of the customers using audited financial statements, management accounts, and available press information about the customers and applying experienced credit judgement.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There is no collateral held as security and other credit enhancements for the trade receivables.

### 13. Inventories

	<u>Group</u>	
	30 Jun 2024 \$'000	31 Dec 2023 \$'000
Raw materials and supplies	1,645	1,308
Finished goods and goods for resale <sup>(1)</sup>	32,946	24,221
	<u>34,591</u>	<u>25,529</u>
Inventories are stated after allowance.		
Movement in allowance:		
At beginning of the year	817	875
Charge to profit or loss included in other losses	343	291
Used	(37)	(349)
At end of the period/ year	<u>1,123</u>	<u>817</u>
The amount of inventories included in cost of sales	64,643	108,294
The inventories written off charged to profit or loss included in other losses	<u>206</u>	<u>580</u>

Management applied judgement in determining the appropriate allowance for inventories by taking into consideration various factors, including the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories.

There are no inventories pledged as security for liabilities.

<sup>(1)</sup> Included in finished goods and goods for resale are inventories under consignment with distributors amounting to \$6,696,000 (2023: \$390,000).

### 14. Borrowings

	<u>Group</u>			
	30 Jun 2024		31 Dec 2023	
	Secured	Unsecured	Secured	Unsecured
Repayable in one year or less, or on demand:				
Bank borrowings	–	2,608	–	1,250
Lease liabilities	48	1,239	50	1,116
Subtotal	<u>48</u>	<u>3,847</u>	<u>50</u>	<u>2,366</u>
Repayable after one year:				
Bank borrowings	–	1,354	–	1,979
Lease liabilities	34	2,409	59	2,368
Subtotal	<u>34</u>	<u>3,763</u>	<u>59</u>	<u>4,347</u>
Total	<u>82</u>	<u>7,610</u>	<u>109</u>	<u>6,713</u>

#### Details of any collaterals:

All banking facilities are covered by corporate guarantee provided by the Company and its subsidiaries Hyphens Pharma Pte. Ltd. or Pan-Malayan Pharmaceuticals Pte Ltd.

Secured lease liabilities relate to leased assets under finance leases. All leases are on fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

## 15. Share capital

	<u>Group and Company</u>			
	<u>Number of</u>	<u>Share</u>	<u>Treasury</u>	<u>Total</u>
	<u>shares issued</u>	<u>capital</u>	<u>shares</u>	<u>\$'000</u>
	<u>'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b><u>Ordinary shares of no par value:</u></b>				
Balance at 1 January 2023	308,776	35,083	–	35,083
Issuance of new shares pursuant to share awards under Hyphens Share Plan	422	133	–	133
Balance at 31 December 2023	309,198	35,216	–	35,216
Purchase of treasury shares	(321)	–	(85)	(85)
Balance at 30 June 2024	<u>308,877</u>	<u>35,216</u>	<u>(85)</u>	<u>35,131</u>

During the financial period, the Company purchased 321,200 treasury shares (2023: nil).

Save as disclosed above, there has been no change in the Company's share capital since 31 December 2023.

The total number of issued shares as at 30 June 2024 was 309,198,200 (31 December 2023: 309,198,200), of which 321,200 shares were held by the Company as treasury shares (30 June 2023 and 31 December 2023: nil).

As at 30 June 2024, the treasury shares held by the Company represented 0.1% (31 December 2023: nil) of the total number of issued shares (excluding treasury shares).

On 8 December 2023, the Company has granted share awards ("Awards") to eligible employees of the Group pursuant to Hyphens Performance Share Plan ("HSP"). An aggregate of 5,854,418 shares is subject to the contingent award. The actual number of HSP final awards of fully paid ordinary shares will range from 0% to 120% of the New Shares and is subject to achievements against targets over a three-year performance period (up to the financial year ending 31 December 2025) and other terms and conditions being met. The market price was at \$0.28 per share at the grant date of the Awards. The new shares to be awarded under the HSP final awards shall have a sale restriction moratorium period of one year from the date of issue.

Save as disclosed above, the Company did not hold any other convertible instruments as at 30 June 2024, 31 December 2023 and 30 June 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024, 31 December 2023 and 30 June 2023.

## 16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## G. Other Information Required by Catalyst Rule Appendix 7C

1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business.

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

#### 1H2024 compared to 1H2023

	1H2024	1H2023	Change
	S\$'000	S\$'000	%
<b>Revenue by business segments</b>			
Specialty pharma principals	63,705	41,997	51.7
Proprietary brands	14,256	11,814	20.7
Medical hypermart and digital	21,687	20,900	3.8
	<u>99,648</u>	<u>74,711</u>	33.4

	1H2024	1H2023	Change
	S\$'000	S\$'000	%
<b>Revenue by geographical locations</b>			
Singapore	45,855	41,618	10.2
Vietnam	31,813	19,763	61.0
Malaysia	12,953	7,730	67.6
Others	9,027	5,600	61.2
	<u>99,648</u>	<u>74,711</u>	33.4

#### Revenue

The Group's revenue increased by 33.4% or S\$24.9 million from S\$74.7 million in 1H2023 to S\$99.6 million in 1H2024.

All three business segments contributed to the increase:

1. Revenue from specialty pharma principals segment drove the growth, showing 51.7% revenue increase fuelled by higher demand across the countries and ease of supply chain disruptions occurred in 1H2023.
2. Revenue from proprietary brands segment grew by 20.7%, contributed by higher demand for Ceradan® dermatological products and Ocean Health® health supplements.
3. Revenue from medical hypermart and digital segment remained stable with a growth of 3.8%.

#### Gross profit

Gross profit correspondingly increased by 24.2% or S\$6.8 million from S\$28.0 million in 1H2023 to S\$34.8 million in 1H2024.

Gross profit margin has dipped by 2.6% as compared with 1H2023 from 37.5% in 1H2023 to 34.9% in 1H2024.

## **Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)**

### **1H2024 compared to 1H2023 (cont'd)**

#### Other income and gains

Other income and gains decreased by 16.4% or S\$0.06 million from S\$0.37 million in 1H2023 to S\$0.31 million in 1H2024 due to reduced bank interest income.

#### Distribution costs

Distribution costs increased by 8.6% or S\$1.5 million from S\$17.2 million in 1H2023 to S\$18.7 million in 1H2024 in tandem with the higher sales achieved and strengthening of human capital to support our long-term growth strategy.

#### Administrative expenses

Administrative expenses increased by 13.6% or S\$0.9 million from S\$6.5 million in 1H2023 to S\$7.4 million in 1H2024 mainly due to higher cost base with the inclusion of Ardence Pharma Sdn Bhd ("Ardence") and expenditure to spearhead regional business expansion.

#### Finance costs

Finance costs increased by 28.4% or S\$0.04 million from S\$0.16 million in 1H2023 to S\$0.20 million in 1H2024 mainly due to higher interest on lease liability as a result of increased lease for office and warehouse premises.

#### Other losses

Other losses increased by 101.4% or S\$0.7 million from S\$0.7 million in 1H2023 to S\$1.4 million in 1H2024, resulting mainly from increased foreign exchange translation loss and higher provision for inventories obsolescence.

#### Share of profit of an equity-accounted associate

There was no share of profit of associate in 1H2024 as Ardence is now consolidated as part of the Group following the increase in Group's shareholding during November 2023.

#### Profit before tax

Profit before tax increased by 78.1% or S\$3.3 million from S\$4.2 million in 1H2023 to S\$7.5 million in 1H2024, mainly due to higher revenue partially offset by increased distribution costs, administrative expenses and other losses.

#### Income tax expense

Income tax expense increased by S\$0.9 million from S\$0.7 million in 1H2023 to S\$1.6 million in 1H2024 as a result of higher profit for the period.

#### Profit after tax

As a result of the foregoing, the Group's net profit after tax increased by 66.7% or S\$2.4 million, from S\$3.5 million in 1H2023 to S\$5.9 million in 1H2024.

## **Consolidated Statements of Financial Position**

*The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 June 2024 and 31 December 2023.*

### **Non-current assets**

The Group's non-current assets increased by S\$1.6 million from S\$28.6 million as at 31 December 2023 to S\$30.2 million as at 30 June 2024 primarily due to an acquisition of trademark and in-licensing rights of S\$1.8 million, acquisition of new plant and equipment of S\$1.2 million, offset by depreciation of plant and equipment of S\$1.0 million, amortisation of distribution rights and trademarks of S\$0.5 million.

### **Current assets**

The Group's current assets increased by S\$9.4 million from S\$92.2 million as at 31 December 2023 to S\$101.6 million as at 30 June 2024 mainly due to increase in trade and other receivables by S\$5.7 million and inventories by S\$9.1 million, partially offset by decrease in cash and cash equivalents by S\$5.4 million.

### **Non-current liabilities**

The Group's non-current liabilities decreased by S\$0.8 million from S\$5.7 million as at 31 December 2023 to S\$4.9 million as at 30 June 2024 mainly due to the recognition of the current portion of loan and lease liabilities under current liabilities.

### **Current liabilities**

The Group's current liabilities increased by S\$8.5 million from S\$49.2 million as at 31 December 2023 to S\$57.7 million as at 30 June 2024. This was mainly attributable to the increase in trade and other payables by S\$6.2 million, increase in bank borrowings and lease liabilities of S\$1.5 million and income tax payable of S\$0.8 million.

## **Consolidated Statements of Cash Flows**

### **1H2024**

The Group generated a net cash outflow of S\$0.4 million from operating activities in 1H2024, mainly due to operating cash flows before changes in working capital of S\$9.3 million, net working capital outflows of S\$8.8 million and income taxes paid of S\$0.9 million.

The net working capital outflows were mainly attributable to (i) increase in inventories by S\$9.1 million, (ii) increase in trade and other receivables and prepayment by of S\$5.8 million, partially offset by (iii) increase in trade and other payables of S\$6.1 million.

Net cash flows used in investing activities amounted to S\$2.1 million during 1H2024, mainly attributable to plant and equipment addition and acquisition of trademark and in-licensing rights.

Net cash flows used in financing activities amounted to S\$2.9 million during 1H2024, resulted from dividend payment of S\$2.7 million, repayment of borrowings of S\$0.6 million, lease payment of S\$0.7 million, interest paid of S\$0.2 million and purchase of treasury shares of S\$0.1 million, partially offset by proceeds from borrowings of S\$1.4 million.

## **2. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

There was no forecast or a prospect statement.



**3. 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**

Growing Our Proprietary Brands

The proprietary brands experienced a healthy recovery in the second quarter of 2024, following a slight decline in quarter-on-quarter sales in the first quarter. This growth was mainly driven by Ocean Health® and Ceradan®. The Group plans to continue nurturing these brands in existing markets and seeking new international partnerships to enter additional markets. Alongside the Group's regional expansion, it has been focused on investing in innovation with the goal of offering customers a broader range of products.

Strengthening the Specialty Pharma Portfolio

We were very excited to announce the latest addition to our Specialty Pharma portfolio, the license of Amenalief® from Maruho for ASEAN in June 2024. This serves as a strong addition to the Specialty Pharma portfolio of the Group.

The Specialty Pharma portfolio rebounded from the slower sales in the first quarter of 2024, achieving 25% quarter-on-quarter growth in the second quarter. Compared to the second quarter of 2023, which was severely impacted by supply chain disruptions, it has demonstrated substantial year-on-year growth. Despite the easing of supply chain issues in the latter half of 2023, much greater efforts were required to regain market share across various channels.

The Medical Aesthetics business has delivered remarkable performance since its launch last year. The business extended its footprint to Indonesia and the Philippines in 1H2024, and as a result, it is now present in most of the ASEAN countries where the Group operates.

Going Digital

DocMed Technology underwent a leadership transition during the second quarter of 2024. However, the technology capability and core strategy remained intact. We strive to continue the development of the platform technology while at the same time further strengthening our customer and vendor base.

Expanding through Acquisitions

With a focus on long-term growth, Hyphens Pharma remains diligent and disciplined in its approach to acquisitions, prioritising opportunities that align with its strategic goals and can contribute positively to its business.

Navigating a Challenging Macro-Economic Environment

In the midst of a challenging macro-economic landscape, the Group encounters heightened volatility and uncertainty, impacting its operations across various countries. The weakening of ASEAN currencies against the US dollar in the second quarter has placed tremendous pressure on the Group's gross margin. Due to the nature of the pharmaceutical business, it is challenging to pass on the full impact of these costs to the market.

Despite these challenges, Hyphens Pharma remains steadfast in its commitment to navigating the volatile operating environment with vigilance, diligence, and agility. The Group's solid business foundation enables it to withstand challenges and capitalise on relevant opportunities in alignment with its business strategy. Through these concerted efforts, the Group aims to maintain resilience and promote sustainable growth amid the uncertainties.

**4. If the Group has obtained a general mandate from shareholders for interested person transactions ('IPT'), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The Group does not have a general mandate from shareholders for interested person transactions.

**5. Negative confirmation of Interim Financial Results pursuant to Rule 705(5) of the Catalist Rules**

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for 1H2024 to be false or misleading in any material aspect.

**6. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

**7. Disclosures on acquisition or sale of shares pursuant to Rule 706A of the Catalist Rules**

On 15 July 2024, the Company's shareholding interest in DocMed Technology Pte Ltd ("DocMed") has changed from 89.76% to 90.00% following transfer of 8,488 shares from DocMed's former Chief Executive Officer, Mr Chen Funn Yii Timothy, for a consideration of S\$100,000. The consideration value was based on the same share subscription price which Mr Chen had paid in June 2022.

**BY ORDER OF THE BOARD**

**Flora Zhang**

Chief Financial Officer

14 August 2024

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This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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