

Media Release

Hyphens Pharma 1H2024 net profit jumps 66.7% to S\$5.9 million

- Strong 1H2024 financial results with revenue growth of 33.4% and PAT growth of 66.7%
- Despite continued macro-economic challenges, the Group’s solid business foundation enables it to withstand challenges and capitalise on the relevant opportunities that align with its business strategy

Singapore, 14 August 2024 – Hyphens Pharma International Limited (“Hyphens Pharma”, “凯帆药剂国际有限公司”, or the “Company”, and together with its subsidiaries, the “Group”), Singapore’s leading specialty pharmaceutical and consumer healthcare group, is pleased to announce its results for the six months ended 30 June 2024 (“1H2024”).

Financial Highlights			
S\$ million	1H2024	1H2023	Change (%)
Revenue	99.6	74.7	33.4
Gross Profit	34.8	28.0	24.2
GP Margin (%)	34.9	37.5	(2.6 ppt)
Profit Before Tax	7.5	4.2	78.1
Profit After Tax	5.9	3.5	66.7
PAT Margin (%)	5.9	4.7	1.2 ppt

Mr Lim See Wah (林世华), Executive Chairman and CEO of Hyphens Pharma commented: “We are delighted to have strong growth in 1H2024, continuing the momentum we have built up since 2H2023.

The macroeconomic conditions remained challenging, and the growth was uneven. Fortunately, our portfolio has been sufficiently diversified to allow us to ride the waves. Our Specialty Pharma portfolio led the growth. Medical aesthetics in particular has been able to break new markets and is rapidly developing. At the same time, our Proprietary Brands are seeing good growth. Operationally, we continued to invest in our people and to strengthen our leadership capacity. At DocMed, we continued to pursue the opportunities in e-pharmacy and digital platform that connects healthcare services providers and vendors, with a focus on creating more value and managing cost. We are committed to the pursuit of our strategic goals and the execution of our various organic and inorganic growth strategies to drive long-term sustainable growth for Hyphens Pharma and enhance its shareholder value.”

Financial Review

The Group’s 1H2024 revenue grew by 33.4% to S\$99.6 million from S\$74.7 million in the six months ended 30 June 2023 (“**1H2023**”) with all three business segments of the Group contributing to the growth.

Segmental Revenue			
S\$ million	1H2024	1H2023	Change (%)
Specialty Pharma Principals	63.7	42.0	51.7
Proprietary Brands	14.3	11.8	20.7
Medical Hypermart and Digital	21.7	20.9	3.8
Total	99.7	74.7	33.4

Revenue from the Group’s Specialty Pharma Principals segment led the growth with a 51.7% increase in revenue which was fuelled by higher demand across the countries and the easing of supply chain disruptions which occurred in 1H2023. Revenue from the Proprietary Brands segment rose by 20.7% due to the contribution of higher demand for Ceradan® dermatological products and Ocean Health® health supplements. The revenue from the Medical Hypermart and Digital segment remained stable with a growth of 3.8%.

The Group’s gross profit correspondingly increased by 24.2% to S\$34.8 million in 1H2024 with gross profit margin dipping slightly from 37.5% in 1H2023 to 34.9% in 1H2024.

Other income and gains decreased by 16.4% to S\$0.31 million in 1H2024 due to reduced bank interest income, and distribution costs increased by 8.6% to S\$18.7 million in 1H2024 in tandem with the higher sales achieved and the strengthening of human capital to support the Group's long-term growth strategy.

Administration expenses increased by 13.6% to S\$7.4 million in 1H2024 mainly due to a higher cost base with the inclusion of former associate company, Ardence Pharma Sdn Bhd ("**Ardence Pharma**"), and expenditure for regional business expansion. Other losses also increased by 101.4% to S\$1.4 million in 1H2024, mainly due to foreign exchange translation losses and a higher provision for inventory obsolescence.

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

As a result of the above, the Group's net profit after tax increased by 66.7% to S\$5.9 million in 1H2024, from S\$3.5 million in 1H2023, which translated to a basic earnings per share of 1.75 Singapore cents for 1H2024 (1H2023: 1.15 Singapore cents).

Business Outlook

Growing its Proprietary Brands

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

Strengthening the Specialty Pharma Portfolio

The licensing of Amenalief® from Maruho for ASEAN in June 2024 was a welcome and strong addition to the Specialty Pharma portfolio of the Group. The Specialty Pharma portfolio rebounded from 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, the Group has demonstrated substantial year-on-year growth. With the easing of supply chain issues in the latter half of 2023, the Group has been making greater efforts to regain its market share across various channels.

Since its launch last year, the Group's Medical Aesthetics business has delivered a remarkable performance, and the business has extended its footprint to Indonesia and the Philippines in 1H2024. It is now present in most of the ASEAN countries where the Group operates.

Going Digital

The Company's subsidiary, DocMed Technology Pte Ltd ("**DocMed**"), underwent a leadership transition in the second quarter of 2024 and its technology capability and core digitalisation strategy remains intact. The Group continues to pursue the development of its platform technology, while at the same time further strengthening its 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 by prioritising opportunities that align with its strategic goals that can contribute positively to its business.

Navigating a Challenging Macro-Economic Environment

In the midst of a challenging macro-economic landscape, the Group continues to encounter heightened volatility and uncertainty, which will impact its operations across various countries. The weakening of ASEAN currencies against the US dollar in the second quarter for example, has placed tremendous pressure on the Group's gross margin. Due to the nature of the pharmaceutical business, it is challenging for the Group 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 that align with its business strategy. Through these concerted efforts, the Group aims to maintain its resilience and sustain its growth amid any uncertainties.

End.

Note: This media release is to be read in conjunction with the SGXNET announcement issued on the same day.

About Hyphens Pharma International Limited

(www.hyphensgroup.com)

Hyphens Pharma International Limited and its subsidiaries (the "Group") is Singapore's leading specialty pharmaceutical and consumer healthcare group, leveraging on its diverse footprint in ASEAN countries. The Group has a direct presence in Singapore, Vietnam, Malaysia, Indonesia and the Philippines, and is supplemented by a marketing and distribution network covering 14 other markets – Bangladesh, Brunei, Cambodia, Hong Kong S.A.R., Macau S.A.R., Myanmar, South Korea, Sri Lanka and Gulf Cooperation Council countries, including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.

Singapore is the Group's regional headquarters, where its strategic planning, finance, regulatory affairs, research and development, legal, business development and logistics operations are based. The Group's core business comprises the following segments: Specialty Pharma Principals, Proprietary Brands, and Medical Hypermart & Digital. Besides marketing and selling a range of specialty pharmaceutical products in selected ASEAN countries through exclusive distributorship or licensing and supply agreements with brand principals mainly from Europe and the United States, the Group also develops, markets and sells its own proprietary range of dermatological products and health supplement products. In addition, the Group operates a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies, to supply pharmaceutical products and medical supplies and an online pharmacy for doctors to prescribe and have medications delivered to their patients' homes.

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