

Media Release

Hyphens Pharma achieved net profit of S\$8.6 million on the back of record revenue of S\$170.6 million for FY2023

- Strong recovery in H2 2023 vs H1 2023, with revenue growth of 28.3% and PAT growth of 43.4%.
- Recommends a final dividend of 0.86 Singapore cents, which together with the special interim dividend of 3.60 Singapore cents already paid out, amounts to a total dividend of 4.46 Singapore cents for FY2023

Singapore, 27 February 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 financial year ended 31 December 2023 (“**FY2023**”).

Financial Highlights						
S\$ million	2H2023	1H2023	Change (%)	FY2023	FY2022	Change (%)
Revenue	95.9	74.7	28.4	170.6	162.3	5.1
Gross Profit	33.9	28.0	21.1	62.0	62.8	(1.3)
GP Margin (%)	35.3	37.5	(2.2 ppt)	36.3	38.7	(2.4 ppt)
Profit Before Tax	6.4	4.2	52.4	10.6	14.3	(25.9)
Profit After Tax	5.1	3.5	45.7	8.6	11.4	(24.6)
PAT Margin (%)	5.3	4.7	0.6 ppt	5.0	7.0	(2 ppt)

Mr Lim See Wah (林世华), Executive Chairman and CEO of Hyphens Pharma commented: *“Even with challenging macroeconomic conditions and supply chain disruptions, we have achieved a creditable set of financial results for FY2023. This is especially so with regards to the strong recovery we have been able to achieve in the second half of the year. I would like to credit this to a determined and diligent management team who fought and delivered against the backdrop of the challenging environment. While staying focused on delivering the near term result, we continued to pursue strategic action and invest in long term business development. Acquisition of Ardence Pharma and the development of medical aesthetic business provide us new growth engine. New partnership such as that with Laboratoires Gilbert expands our principal network. Launch of Ocean Health Joyful gummies strengthens our proprietary brand. Looking ahead, our team is committed to our strategic goals and will act to deliver sustained performance for Hyphens Pharma.”*

Dividend

After considering the Company’s FY2023 performance, business outlook, cashflows and capital expenditure needs, the Board of Hyphens Pharma is proposing a final dividend of 0.86 cents subject to shareholders’ approval at the upcoming annual general meeting. This final dividend, when combined with the special interim dividend of 3.60 Singapore cents paid out in 2023 as part of the Group’s 5th anniversary celebration since IPO, amounts to a total dividend of 4.46 Singapore cents for FY2023 (FY2022: 1.11 Singapore cents), or approximately 161.0% of the net profit after tax for FY2023.

Financial Review

The Group’s FY2023 revenue grew 5.1 % to S\$170.6 million from S\$162.3 million in the financial year ended 31 December 2023 (“**FY2022**”) with the newly acquired stake in Ardence Pharma Sdn Bhd (“**Ardence Pharma**”) contributing \$0.9 million in revenue.

Segmental Revenue						
S\$ million	2H2023	1H2023	Change (%)	FY2023	FY2022	Change (%)
Specialty Pharma Principals	60.2	42.0	43.3	102.2	95.7	6.8
Proprietary Brands	13.8	11.8	16.9	25.7	23.4	9.8

Medical Hypermart and Digital	21.9	20.9	4.8	42.7	43.2	(1.2)
Total	95.9	74.7	28.4	170.6	162.3	5.1

Revenue from the Group's specialty pharma principals segment increased by 6.8%, despite the loss in revenue by the discontinued Biosensors distributorship in 2022, which was offset by increased demand from Malaysia, Indonesia and Philippines and the export sales of products from Laboratoires Gilbert S.A.S. The proprietary brands segment's revenue grew by 9.8% due to a higher demand for Ceradan® dermatological products, Ocean Health® health supplement products, and Novem® nutraceutical products. However, revenue from the medical hypermart and digital segment, dipped slightly by 1.2%.

Gross profit decreased slightly by 1.4% to S\$62.0 million with gross profit margin decreasing from 38.7% in FY2022 to 36.3% in FY2023. The gross profit margin was affected by the increase in cost of sales and the change in product mix mainly due to the discontinued partnership with Biosensors at the end of 2022. Other income and gains rose by 11.7% to S\$0.7 million mainly due to an increase in interest income by S\$0.3 million and S\$0.2 million gain due to a re-measurement of fair value equity in Ardence Pharma before business combination, which was offset by a reduction in government grant income.

Distribution costs increased by 7.9% to S\$35.9 million in tandem with the higher sales achieved and administration expenses decreased by 3.0% to S\$14.1 million mainly due to lower R&D spending and a reduction in directors' remuneration. Other losses also increased by 46.6% to S\$2.3 million in FY2023, mainly due to foreign exchange translation losses. Ardence Pharma's strong growth in FY2023 contributed to 15% increase in share of profit from associate to S\$0.5 million, in spite of being only accounted for 10 months. With the Group's increased shareholding in Ardence Pharma in November 2023, Ardence Pharma's results now form part of the Group consolidated financial results.

As a result of the above, the Group's net profit after tax reduced by 24.8% to S\$8.6 million in FY2023 from S\$11.4 million in FY2022, which translated to a basic earnings per share of 2.77 Singapore cents for FY2023.

Business Outlook

Growing its Proprietary Brands

Growing the Group's Proprietary Brands and unlocking the brand value will remain a key area of focus, with Hyphens' brands, including Ocean Health®, Ceradan®, TDF® and CG 210® enjoying robust growth in sales and brand equity during the year in review. The successful launch of the Ocean Health® Joyful Gummies during the second half of FY2023, targeting a younger demographic, has effectively boosted brand awareness and driven up overall sales. In 2024, the Group will continue the effort to reach out to a wider group of consumers and provide them with a rich selection of products. An example of this is the Group's recent collaboration with 7-Eleven Singapore to sell Ocean Health® supplements at 112 7-Eleven convenience stores island-wide, as announced on 6 February 2024.

Strengthening the Specialty Pharma Portfolio

The Group's Specialty Pharma Portfolio remains the key revenue driver of its business, with the Group working very closely with its Specialty Pharma principals on product registration and commercialisation. With its strong regulatory, sales and marketing capabilities, Hyphens Pharma is well positioned as the ASEAN expert that works alongside its specialty pharma principals to achieve mutual success in the region.

The Specialty Pharma portfolio had a fruitful year in 2023, where the Group:

- signed an exclusive sub-license and supply agreement with Hana Pharm Co., Ltd. to develop and commercialise Byfavo® 20mg (remimazolam besylate 20mg), a procedural sedation drug, in Singapore;
- expanded portfolio with added products from Laboratoires Gilbert S.A.S. in the territories of Hong Kong, Laos, Mongolia, Singapore, Vietnam, Malaysia, Indonesia, Philippines, Thailand and Brunei;
- successfully registered Nabota®, the botulinum toxin formulation from Daewoong Pharmaceutical Co., Ltd, in Singapore and Malaysia; and
- successfully acquired 23% equity in Ardence Pharma Sdn Bhd and added Plinest a medical aesthetic product which promotes bio-revitalisation and reverses signs of aging from Mastelli S.r.l, to its Malaysia and Singapore product portfolio.

The Group looks forward to the contribution of new products that are in the commercialisation stage in FY2023. In the meantime, the Group is working towards the commercialisation of Plinest in other regional countries.

Going Digital

The Company's subsidiary, DocMed Technology Pte Ltd ("**DocMed**"), which is responsible for the Group's pharmaceutical product marketplace, has shown good growth momentum in 2023. DocMed provides a business-to-business ("**B2B**") digital pharmacy solutions platform to connect healthcare stakeholders including healthcare practitioners and healthcare institutions, with industry stakeholders such as pharmaceutical companies and manufacturers of medical consumables, to empower them to meet patients' needs more efficiently.

Beyond its Singapore operation, DocMed also launched its business in Vietnam and Malaysia in 2023. DocMed will continue to proactively seek strategic collaboration opportunities with like-minded partners in the region, aiming to develop an integrated digital healthtech platform that encompasses a diverse range of healthtech solutions.

Expanding through Acquisitions

Post-acquisition in November 2023, Ardence Pharma has maintained its strong sales and at the beginning of 2024, Novem Sciences Pte. Ltd. was rebranded as Ardence Aesthetics Pte. Ltd. to be the Group's sales and marketing organisation in Singapore for medical aesthetics products.

The Group has the strategic goal and discipline to continuously looking for acquisition targets that can contribute to the accelerated growth of its business. The Group will also continue to seek out partnership opportunities to enter new markets, widen its product offerings and bring innovation into the business.

Navigating a Challenging Macro-Economic Environment

The Group has been operating in a highly volatile and uncertain business environment that is impacted by supply chain disruptions, inflation pressures and foreign exchange rates fluctuations in 2023 and will likely continue to see these factors having an impact on its business in FY2024. The Group was pleased to see improvements in the sub-optimal supply chain situation during the second half of FY2023 and will continue to work closely with its principals to improve on the efficiency of the supply chain. While inflationary pressures have resulted in increasing supply prices and operating expenses, the Group has made a conscious effort to alleviate their impact through various means such as revising prices and rates negotiations.

Despite a challenging business environment, the Group's resilient approach, innovative strategies, and customer-centric approach has positioned it for continued growth. With a diversified portfolio and proactive risk management, the Group is well-equipped to navigate through uncertainties. With its dedicated team and forward-thinking leadership, the Group is also geared to identify and capitalise on opportunities amid challenges. The Group sees adversities as catalysts for refining operations, enhancing efficiency, and reinforcing its standing as a thriving business in the evolving market.

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 10 other markets – Bangladesh, Brunei, Cambodia, China, Hong Kong S.A.R., Macau S.A.R., Myanmar, Oman, South Korea and Sri Lanka.

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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