



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

Condensed Interim Financial Statements

For the six months and full year ended 31 December 2023

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

	Group						
	Notes	6 months ended 31 Dec 2023 ("2H2023")	6 months ended 31 Dec 2022 ("2H2022")	Change %	12 months ended 31 Dec 2023 ("FY2023")	12 months ended 31 Dec 2022 ("FY2022")	Change %
		\$'000	\$'000		\$'000	\$'000	
Revenue	4	95,884	81,612	17.5	170,595	162,316	5.1
Cost of sales		(62,002)	(49,881)	24.3	(108,694)	(99,507)	9.2
Gross profit		33,882	31,731	6.8	61,901	62,809	(1.4)
Other income and gains		377	609	(38.1)	735	658	11.7
Distribution costs		(18,711)	(16,393)	14.1	(35,891)	(33,267)	7.9
Administrative expenses		(7,640)	(8,364)	(8.7)	(14,125)	(14,561)	(3.0)
Finance costs		(123)	(172)	(28.5)	(278)	(238)	16.8
Other losses		(1,624)	(1,195)	35.9	(2,322)	(1,584)	46.6
Share of profit of an equity-accounted associate		218	244	(10.7)	545	474	15.0
Profit before tax	6	6,379	6,460	(1.3)	10,565	14,291	(26.1)
Income tax expense	7	(1,324)	(1,292)	2.5	(1,985)	(2,882)	(31.1)
Profit for the financial period/year, net of tax		5,055	5,168	(2.2)	8,580	11,409	(24.8)
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations, net of tax		129	97	33.0	(189)	96	N.M.
Other comprehensive income/(loss) for the period/year		129	97	33.0	(189)	96	N.M.
Total comprehensive income		5,184	5,265	(1.5)	8,391	11,505	(27.1)
Profit/(loss) attributable to:							
Equity holders of the Company		5,000	5,189		8,568	11,351	
Non-controlling interests		55	(21)		12	58	
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		5,137	5,286		8,383	11,447	
Non-controlling interests		47	(21)		8	58	
Earnings per share		<u>Cents</u>	<u>Cents</u>		<u>Cents</u>	<u>Cents</u>	
Basic		1.62	1.68		2.77	3.68	
Diluted ¹		1.61	1.67		2.77	3.66	

N.M.: Not meaningful.

¹ This includes the effects of dilution from share awards granted under Hyphens Performance Share Plan (2H2023 and FY2023: 5,854,418 shares, granted on 8 December 2023; 2H2022 and FY2022: 1,485,000 shares, granted on 19 March 2021).

B. Condensed Interim Statements of Financial Position

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		\$'000	\$'000	\$'000	\$'000
ASSETS					
<u>Non-current assets</u>					
Plant and equipment	11	4,864	3,017	9	37
Intangible assets	10	23,575	19,072	–	–
Investment in subsidiaries	16	–	–	19,886	19,886
Investment in an associate	16	–	2,667	–	–
Deferred tax assets		172	61	–	–
Total non-current assets		28,611	24,817	19,895	19,923
<u>Current assets</u>					
Inventories	13	25,529	21,260	–	–
Trade and other receivables	12	41,110	31,106	18,841	20,678
Prepayments		2,056	806	77	174
Other financial assets	16	90	–	–	–
Cash and cash equivalents		23,369	36,480	356	4,656
Total current assets		92,154	89,652	19,274	25,508
Total assets		120,765	114,469	39,169	45,431
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	15	35,216	35,083	35,216	35,083
Retained earnings		37,765	43,760	2,837	8,714
Other reserves		(9,995)	(9,816)	35	–
Equity attributable to equity holders of the Company		62,986	69,027	38,088	43,797
Non-controlling interests		2,876	1,245	–	–
Total equity		65,862	70,272	38,088	43,797
<u>Non-current liabilities</u>					
Deferred tax liabilities		1,253	793	–	–
Other financial liabilities, non-current	14	4,406	3,330	–	–
Total non-current liabilities		5,659	4,123	–	–
<u>Current liabilities</u>					
Income tax payable		2,535	2,657	–	14
Trade and other payables		44,293	35,077	1,081	1,620
Other financial liabilities, current	14	2,416	2,340	–	–
Total current liabilities		49,244	40,074	1,081	1,634
Total liabilities		54,903	44,197	1,081	1,634
Total equity and liabilities		120,765	114,469	39,169	45,431

C. Condensed Interim Statements of Changes in Equity

	<u>Total equity</u>	<u>Non-controlling interests</u>	<u>Total</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Other reserves</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Group</u>						
Current year:						
Balance at 1 January 2023	70,272	1,245	69,027	35,083	43,760	(9,816)
Issue of share capital to non-controlling interests in subsidiaries	290	319	(29)	–	–	(29)
Issue of share capital pursuant to share awards under Hyphens Share Plan	133	–	133	133	–	–
Share-based payment under Hyphens Share Plan	35	–	35	–	–	35
Arising from acquisition of a subsidiary (Note 16)	1,304	1,304	–	–	–	–
Total comprehensive income/(loss) for the year	8,391	8	8,383	–	8,568	(185)
Dividends paid (Note 8)	(14,563)	–	(14,563)	–	(14,563)	–
Balance at 31 December 2023	65,862	2,876	62,986	35,216	37,765	(9,995)
Previous year:						
Balance at 1 January 2022	54,736	–	54,736	35,083	34,609	(14,956)
Issue of share capital to non-controlling interests in a subsidiary	6,100	1,187	4,913	–	(131)	5,044
Total comprehensive income for the year	11,505	58	11,447	–	11,351	96
Dividends paid (Note 8)	(2,069)	–	(2,069)	–	(2,069)	–
Balance at 31 December 2022	70,272	1,245	69,027	35,083	43,760	(9,816)
	<u>Total equity</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Other reserves</u>		
	\$'000	\$'000	\$'000	\$'000		
<u>Company</u>						
Current year:						
Balance at 1 January 2023	43,797	35,083	8,714	–		
Issue of share capital pursuant to share awards under Hyphens Share Plan	133	133	–	–		
Share-based payment under Hyphens Share Plan	35	–	–	35		
Total comprehensive income for the year	8,686	–	8,686	–		
Dividends paid (Note 8)	(14,563)	–	(14,563)	–		
Balance at 31 December 2023	38,088	35,216	2,837	35		
Previous year:						
Balance at 1 January 2022	42,275	35,083	7,192	–		
Total comprehensive income for the year	3,591	–	3,591	–		
Dividends paid (Note 8)	(2,069)	–	(2,069)	–		
Balance at 31 December 2022	43,797	35,083	8,714	–		

D. Condensed Interim Consolidated Statement of Cash Flows

	FY2023	FY2022
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
Profit before tax	10,565	14,291
Adjustments for:		
Amortisation of intangible assets	702	658
Depreciation of plant and equipment	2,096	2,064
Interest income	(341)	(42)
Interest expense	278	238
(Gain)/loss on disposal of plant and equipment	(5)	3
Gain recognised as a result of re-measuring to fair value associate held before business combination	(165)	–
Expenses in connection with acquisition of a subsidiary (Note 16)	65	–
Share of profit of an equity-accounted associate	(545)	(474)
Net effect of exchange rate changes in consolidating foreign operations	(165)	148
Operating cash flows before changes in working capital	12,485	16,886
Trade and other receivables	(9,239)	(2,563)
Prepayments	(1,131)	(167)
Inventories	(3,524)	4,030
Trade and other payables	9,653	842
Net cash flows from operations	8,244	19,028
Income taxes paid	(2,599)	(2,151)
Net cash flows from operating activities	5,645	16,877
<u>Cash flows from investing activities</u>		
Acquisition of a subsidiary, net of cash acquired (Note 16)	(751)	–
Dividend received from an associate	123	58
Consideration adjustment for acquisition of subsidiaries	–	179
Proceeds from disposal of shares in an associate	–	27
Purchase of plant and equipment (Note A)	(304)	(558)
Purchase of intangible assets	(896)	(757)
Proceeds from sale of plant and equipment	7	2
Interest received	341	42
Net cash flows used in investing activities	(1,480)	(1,007)
<u>Cash flows from financing activities</u>		
Dividends paid to equity owners	(14,563)	(2,069)
Payment of principal portion of lease liabilities	(1,185)	(1,024)
Interest paid	(278)	(238)
Proceeds from borrowings	–	5,000
Repayment of borrowings	(1,250)	(6,620)
Issue of share capital to non-controlling interests of a subsidiary (Note B)	–	6,100
Net cash flows (used in)/from financing activities	(17,276)	1,149
Net (decrease)/increase in cash and cash equivalents	(13,111)	17,019
Cash and cash equivalents, at beginning of the year	36,480	19,461
Cash and cash equivalents, at end of the year	23,369	36,480

E. Notes to Condensed Interim Consolidated Statement of Cash Flows

A. Purchase of plant and equipment

	FY2023	FY2022
	\$'000	\$'000
Acquisitions of certain assets under plant and equipment under lease contracts	3,591	127

B. Investment in subsidiary by non-controlling interests through subscription of new shares in subsidiary

A restructuring exercise was completed on 27 May 2022 to transfer the shareholding of Pan-Malayan Pharmaceuticals Pte Ltd to DocMed Technology Pte. Ltd. ("DocMed"). On 6 June 2022, new ordinary shares and Series A Preference Shares were issued to a director of DocMed and non-controlling interests for \$100,000 and \$6,000,000 respectively. This reduced the Group's equity interest in DocMed and its subsidiary from 100% to 89.76%.

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 and full year ended 31 December 2023 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 and full year ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) 1-34 Interim Financial Reporting 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 interim financial statements for the period ended 30 June 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 SFRS(I)s 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 2022.

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
- Note 16 – Purchase price allocation arising from acquisition of Ardence Pharma Sdn Bhd

3. Seasonal operations

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

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>2H2023</u>	<u>2H2022</u>	<u>2H2023</u>	<u>2H2022</u>	<u>2H2023</u>	<u>2H2022</u>	<u>2H2023</u>	<u>2H2022</u>	<u>2H2023</u>	<u>2H2022</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>
Revenue by segment										
Total revenue by segment	60,198	47,307	13,837	12,736	21,849	21,569	–	–	95,884	81,612
Total revenue	60,198	47,307	13,837	12,736	21,849	21,569	–	–	95,884	81,612
EBITDA	5,577	7,934	2,463	947	(171)	(336)	103	(532)	7,972	8,013
Finance costs	–	–	–	–	–	–	(123)	(172)	(123)	(172)
Depreciation and amortisation	(184)	(158)	(216)	(193)	–	–	(1,070)	(1,030)	(1,470)	(1,381)
Profit/(loss) before tax	5,393	7,776	2,247	754	(171)	(336)	(1,090)	(1,734)	6,379	6,460
Income tax expense									(1,324)	(1,292)
Profit, net of tax									5,055	5,168

The unallocated expenses mainly included the Group's corporate expenses such as transaction costs of Ardence Pharma acquisition (Note 16), employee benefits expenses, statutory and regulatory expenses.

4.1.1 Profit or loss from continuing operations and reconciliations (cont'd)

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	FY2023 \$'000	FY2022 \$'000	FY2023 \$'000	FY2022 \$'000	FY2023 \$'000	FY2022 \$'000	FY2023 \$'000	FY2022 \$'000	FY2023 \$'000	FY2022 \$'000
Revenue by segment										
Total revenue by segment	102,195	95,660	25,651	23,437	42,749	43,219	–	–	170,595	162,316
Total revenue	102,195	95,660	25,651	23,437	42,749	43,219	–	–	170,595	162,316
EBITDA	9,511	14,823	3,839	2,310	243	538	48	(420)	13,641	17,251
Finance costs	–	–	–	–	–	–	(278)	(238)	(278)	(238)
Depreciation and amortisation	(288)	(263)	(414)	(395)	–	–	(2,096)	(2,064)	(2,798)	(2,722)
Profit/(loss) before tax	9,223	14,560	3,425	1,915	243	538	(2,326)	(2,722)	10,565	14,291
Income tax expense									(1,985)	(2,882)
Profit, net of tax									8,580	11,409

The unallocated expenses mainly included the Group's corporate expenses such as transaction costs of Ardence Pharma acquisition (Note 16), 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>	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total assets for reportable segments	53,087	39,872	22,715	19,211	13,108	11,429	–	–	88,910	70,512
Unallocated:										
Plant and equipment	–	–	–	–	–	–	4,864	3,017	4,864	3,017
Investment in an associate	–	–	–	–	–	–	–	2,667	–	2,667
Prepayments	–	–	–	–	–	–	2,056	806	2,056	806
Cash and cash equivalents	–	–	–	–	–	–	23,369	36,480	23,369	36,480
Other receivables	–	–	–	–	–	–	1,476	987	1,476	987
Other financial assets	–	–	–	–	–	–	90	–	90	–
Total Group assets	53,087	39,872	22,715	19,211	13,108	11,429	31,855	43,957	120,765	114,469

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>	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total liabilities for reportable segments	27,258	17,521	3,193	4,769	10,674	8,989	–	–	41,125	31,279
Unallocated:										
Income tax payable	–	–	–	–	–	–	2,535	2,657	2,535	2,657
Financial liabilities	–	–	–	–	–	–	6,822	5,670	6,822	5,670
Trade and other payables	–	–	–	–	–	–	4,421	4,591	4,421	4,591
Total Group liabilities	27,258	17,521	3,193	4,769	10,674	8,989	13,778	12,918	54,903	44,197

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>	
	2H2023	2H2022	2H2023	2H2022	2H2023	2H2022	2H2023	2H2022	2H2023	2H2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables and inventories loss	220	91	279	69	129	(41)	–	–	628	119
Expenditures for non-current assets	–	2	50	1,385	–	–	6,104	211	6,154	1,598

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables and inventories loss	219	211	467	311	209	35	–	–	895	557
Expenditures for non-current assets	212	3	74	1,427	–	–	6,285	686	6,571	2,116

4.2 Disaggregation of revenue

	<u>Group</u>			
	2H2023	2H2022	FY2023	FY2022
	\$'000	\$'000	\$'000	\$'000
<i>Types of goods or service:</i>				
Sale of goods	95,427	81,313	169,697	161,652
Commission income	194	193	386	372
Marketing services fee and advertisement	250	104	497	288
Other revenue	13	2	15	4
Total revenue	95,884	81,612	170,595	162,316
<i>Geographical information:</i>				
Singapore	43,378	42,053	84,996	84,545
Vietnam	29,249	27,357	49,012	54,551
Malaysia	9,495	7,872	17,225	15,123
Others	13,762	4,330	19,362	8,097
Total revenue	95,884	81,612	170,595	162,316

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 31 December 2023 and 31 December 2022:

	<u>Group</u>		<u>Company</u>	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	64,569	67,586	19,197	25,334
	64,569	67,586	19,197	25,334
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	51,115	40,747	1,081	1,620
	51,115	40,747	1,081	1,620

6. Profit before taxation

6.1 Significant items

	<u>Group</u>			
	2H2023 \$'000	2H2022 \$'000	FY2023 \$'000	FY2022 \$'000
Income				
Government grants	27	181	210	515
Interest income	166	33	341	42
Gain recognised as a result of re-measuring to fair value associate held before business combination	165	—	165	—
Expenses				
Advertising and promotional expenses	4,428	3,821	8,867	8,241
Allowance for/(reversal of) inventories obsolescence	199	(395)	291	(101)
Depreciation and amortisation	1,470	1,381	2,798	2,722
Employee benefits expenses	13,524	12,281	25,347	24,406
Foreign exchange translation losses	975	681	1,413	923
Inventories written off	412	545	580	635
Research and development expenses	212	792	440	885

6.2 Related party transactions

There are no material related party transactions apart from those disclosed 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>			
	2H2023 \$'000	2H2022 \$'000	FY2023 \$'000	FY2022 \$'000
<u>Current tax expense</u>				
Current tax expense	1,502	1,409	2,413	3,128
Over adjustment in respect of prior periods	(192)	(45)	(268)	(25)
<u>Deferred tax income</u>				
Deferred tax expense/(income)	14	(72)	(160)	(221)
Total income tax expense	1,324	1,292	1,985	2,882

8. Dividends

	<u>Group</u>	
	FY2023	FY2022
	\$'000	\$'000
Dividends paid during the reporting year:		
Final exempt (1-tier) dividends paid of 1.11 cents (FY2022: 0.67 cent) per share	3,432	2,069
Interim exempt (1-tier) dividends paid of 3.60 cents (FY2022: nil) per share	11,131	—
Proposed dividends on ordinary shares:		
Final exempt (1-tier) proposed dividends of 0.86 cents (FY2022: 1.11 cents) per share	2,659	3,427

Proposed dividends on ordinary shares are subject to approval by shareholders at the annual general meeting and are not recognised as a liability as at 31 December. There are no income tax consequences on the reporting entity. The proposed dividend is payable in respect of all ordinary shares in issue at the end of reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. The dividend payable date and the record date will be announced separately.

9. Net asset value

	<u>Group</u>		<u>Company</u>	
	31 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022
Net asset value per ordinary share (Singapore cents per share)	20.37	22.36	12.32	14.18

10. Intangible assets

	Goodwill	Group Distribution rights and trademarks	Total
	\$'000	\$'000	\$'000
At 31 December 2022			
Cost	13,807	9,361	23,168
Accumulated impairment and amortisation	(993)	(3,103)	(4,096)
Net book value at 31 December 2022	12,814	6,258	19,072
Year ended 31 December 2023			
<i>Cost:</i>			
As at 1 January 2023	13,807	9,361	23,168
Arising from acquisition of a subsidiary (Note 16)	2,582	2,336	4,918
Additions	—	287	287
Balance as at 31 December 2023	16,389	11,984	28,373
<i>Accumulated impairment and amortisation:</i>			
As at 1 January 2023	993	3,103	4,096
Amortisation for the year	—	702	702
Balance as at 31 December 2023	993	3,805	4,798
Net book value at 31 December 2023	15,396	8,179	23,575

11. Plant and equipment

	<u>Group</u>				
	Plant and equipment \$'000	Hardware and software \$'000	Fixtures and equipment \$'000	Motor vehicles \$'000	Total \$'000
<u>Cost:</u>					
At 1 January 2022	5,017	1,451	3,576	237	10,281
Additions	134	443	20	89	686
Disposals	(16)	(77)	(24)	–	(117)
Foreign exchange adjustments	(15)	(6)	(10)	(12)	(43)
At 31 December 2022	5,120	1,811	3,562	314	10,807
Arising from acquisition of a subsidiary (Note 16)	–	–	21	34	55
Additions	3,591	78	138	88	3,895
Disposals	(3,889)	(134)	(8)	(66)	(4,097)
Foreign exchange adjustments	(10)	(4)	(8)	(3)	(25)
At 31 December 2023	4,812	1,751	3,705	367	10,635
<u>Accumulated depreciation:</u>					
At 1 January 2022	2,690	883	2,172	128	5,873
Depreciation for the year	1,177	213	639	35	2,064
Disposals	(16)	(75)	(21)	–	(112)
Foreign exchange adjustments	(12)	(5)	(6)	(12)	(35)
At 31 December 2022	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
<u>Carrying value:</u>					
At 1 January 2022	2,327	568	1,404	109	4,408
At 31 December 2022	1,281	795	778	163	3,017
At 31 December 2023	3,645	683	303	233	4,864

11. Plant and equipment (cont'd)

	<u>Company</u>		Total \$'000
	Hardware and software \$'000	Fixtures and equipment \$'000	
<u>Cost:</u>			
At 1 January 2022	4	221	225
Additions	3	–	3
At 31 December 2022	7	221	228
Additions	8	–	8
At 31 December 2023	15	221	236
<u>Accumulated depreciation:</u>			
At 1 January 2022	3	143	146
Depreciation for the year	1	44	45
At 31 December 2022	4	187	191
Depreciation for the year	2	34	36
At 31 December 2023	6	221	227
<u>Carrying value:</u>			
At 1 January 2022	1	78	79
At 31 December 2022	3	34	37
At 31 December 2023	9	–	9

12. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<u>Trade receivables:</u>				
Outside parties	39,848	30,348	–	–
Less: Allowance for impairment	(214)	(229)	–	–
Subsidiaries	–	–	353	723
Net trade receivables – subtotal	39,634	30,119	353	723
<u>Other receivables:</u>				
Staff advances	12	6	–	–
Deposits to secure services	719	588	–	–
Subsidiaries	–	–	18,488	19,953
Goods and services tax receivables	80	52	–	–
Other receivables	665	341	–	2
Other receivables – subtotal	1,476	987	18,488	19,955
Total trade and other receivables	41,110	31,106	18,841	20,678

12. Trade and other receivables (cont'd)

	<u>Group</u>		<u>Company</u>	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Movements in above allowance:				
At beginning of the year	229	206	–	–
(Reversed)/charge to profit or loss included in (other income and gains)/other losses	(15)	23	–	–
At end of the year	<u>214</u>	<u>229</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 estimates. 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>	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Raw materials and supplies	1,308	1,564
Finished goods and goods for resale ⁽¹⁾	<u>24,221</u>	<u>19,696</u>
	<u>25,529</u>	<u>21,260</u>
Inventories are stated after allowance.		
Movement in allowance:		
At beginning of the year	875	1,184
Charge/(reversed) to profit or loss included in other losses/ (other income and gains)	291	(101)
Used	<u>(349)</u>	<u>(208)</u>
At end of the year	<u>817</u>	<u>875</u>
The amount of inventories included in cost of sales	108,294	98,495
The inventories written off charged to profit or loss included in other losses	<u>580</u>	<u>635</u>

13. Inventories (cont'd)

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.

⁽¹⁾ Included in finished goods and goods for resale are inventories under consignment with distributors amounted to \$390,000 (2022: \$1,435,000).

14. Borrowings

	<u>Group</u>			
	31 Dec 2023		31 Dec 2022	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Repayable in one year or less, or on demand:				
Bank borrowings	–	1,250	–	1,250
Lease liabilities	50	1,116	62	1,028
Subtotal	<u>50</u>	<u>2,366</u>	<u>62</u>	<u>2,278</u>
Repayable after one year:				
Bank borrowings	–	1,979	–	3,229
Lease liabilities	59	2,368	91	10
Subtotal	<u>59</u>	<u>4,347</u>	<u>91</u>	<u>3,239</u>
Total	<u>109</u>	<u>6,713</u>	<u>153</u>	<u>5,517</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>shares issued</u> <u>'000</u>	<u>Share</u> <u>capital</u> <u>\$'000</u>
<u>Ordinary shares of no par value:</u>		
Balance at 1 January 2022 and 31 December 2022	308,776	35,083
Issuance of new shares pursuant to share awards under Hyphens Performance Share Plan	<u>422</u>	<u>133</u>
Balance at 31 December 2023	<u>309,198</u>	<u>35,216</u>

On 28 April 2023, the Board, having duly determined that the specific vesting requirements of the Share Awards have been satisfied in respect of certain Eligible Employees, has approved the vesting of the Share Awards in respect of an aggregate of 422,000 new ordinary shares in the capital of the Company ("New Shares"). Pursuant thereto, the Company has allotted and issued the New Shares to those Eligible Employees. The New Shares rank *pari passu* in all respects with the existing issued shares of the Company.

The New Shares awarded have a sale restriction moratorium period of one year from the date of issue. The New Shares were listed and quoted on the Catalist Board of the Singapore Exchange Securities Trading Limited on 3 May 2023.

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, there has been no change in the Company's share capital since 31 December 2022.

The Company did not hold any treasury shares or other convertible instruments as at 31 December 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

16. Acquisition of a subsidiary

On 17 October 2023, the Group's wholly-owned subsidiary, Hyphens Pharma Pte. Ltd., entered into two (2) sale and purchase agreements ("SPA") with IREG Solution Sdn Bhd ("IREG") and Lee Pak Hsiung (collectively, the "Vendors") respectively to acquire the remaining 58% of the issued and paid up shares in the share capital of Ardence Pharma Sdn Bhd ("Ardence Pharma") (the "Sale Shares") over three (3) tranches.

Ardence Pharma is a boutique pharmaceutical company specializing in aesthetic medicine. As at signing of the SPAs, the Group owned 42% shareholding in Ardence Pharma through acquisition of Novem Sciences Private Limited in 2021 and after IREG and Novem's subsequent transfer of shares to Lee Pak Hsiung.

The sale and purchase of the Sale Shares shall be completed in three (3) tranches as follows:

- (a) the sale and purchase of 46,000 Sale Shares from the Vendors representing 23% of the total issued and paid-up share capital of Ardence Pharma ("Tranche 1 Sale Shares") shall complete on or before the third (3rd) business day immediately succeeding the date of the SPAs or such other date as may be agreed between HPPL and IREG ("Tranche 1 Completion");
- (b) the sale and purchase of 34,000 Sale Shares representing 17% of the total issued and paid-up shares of Ardence Pharma ("Tranche 2 Sale Shares") shall complete on the tenth (10th) business day following the expiry of 45 days from the issuance of the audited accounts of Ardence Pharma for the financial year ending 31 December ("FY") 2024 or such other date as may be agreed between HPPL and IREG ("Tranche 2 Completion"); and
- (c) the sale and purchase of 36,000 Shares representing 18% respectively of the total issued and paid-up shares of Ardence Pharma ("Tranche 3 Sale Shares") shall complete on the tenth (10th) business day following the expiry of 45 days from the issuance of the audited accounts of Ardence Pharma for FY2025, or where deferred by IREG in exercise of its rights in the event that the EBITDA for FY2025 is lower than the EBITDA for FY2024, the audited accounts of Ardence Pharma for FY2026, or such other date as may be agreed between HPPL and IREG ("Tranche 3 Completion").

Tranche 1 Completion took place on 8 November 2023. Accordingly, subsequent to the Tranche 1 Completion, the latest shareholding held by the Group in Ardence Pharma is 65%.

The purchase price allocation of the acquisition is provisional and the Group expects to complete the purchase price allocation within 12 months from the date of acquisition. The provisional fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition as follows:

	Fair values
	\$'000
Plant and equipment, including right-of-use assets	54
Intangible assets	2,336
Inventories	745
Trade and other receivables	765
Prepayments and deposits	120
Cash and cash equivalents	1,174
Income tax payable	(220)
Trade and other payables	(629)
Deferred tax liabilities	(621)

Net assets	3,724
Non-controlling interest measured at fair value	(1,304)
Fair value of the Group's equity interest in Ardence Pharma before the business combination	(3,232)
Fair value of forward contract (derivative) ^(a)	90
Goodwill arising on acquisition	2,582
Purchase consideration transferred in cash	<u>1,860</u>
Net cash outflow arising on acquisition:	
Cash consideration	1,860
Transaction costs of the acquisition ^(b)	65
Less: Cash and cash equivalent balances acquired	<u>(1,174)</u>
Net cash flow on acquisition	<u>751</u>

(a) Forward contract (derivative) of \$90,000 has been recognised under other financial assets.

(b) Transaction costs of \$65,000 were expensed and included in administrative expenses.

The contributions from Ardence Pharma for the period between the date of acquisition and the end of the reporting year were as follows:

	From the date of acquisition in 2023	For the reporting year 2023
	\$'000	\$'000
Revenue	900	4,253
Profit after tax	298	1,596

17. 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 Comprehensive Income

	2H2023	2H2022	Change	FY2023	FY2022	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue by business segments						
Specialty pharma principals	60,198	47,307	27.2	102,195	95,660	6.8
Proprietary brands	13,837	12,736	8.6	25,651	23,437	9.4
Medical hypermart and digital	21,849	21,569	1.3	42,749	43,219	(1.1)
	<u>95,884</u>	<u>81,612</u>	17.5	<u>170,595</u>	<u>162,316</u>	5.1

	2H2023	2H2022	Change	FY2023	FY2022	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue by geographical locations						
Singapore	43,378	42,053	3.2	84,996	84,545	0.5
Vietnam	29,249	27,357	6.9	49,012	54,551	(10.2)
Malaysia	9,495	7,872	20.6	17,225	15,123	13.9
Others	13,762	4,330	217.8	19,362	8,097	139.1
	<u>95,884</u>	<u>81,612</u>	17.5	<u>170,595</u>	<u>162,316</u>	5.1

2H2023 compared to 2H2022

Revenue

The Group's revenue increased by 17.5% or S\$14.3 million from S\$81.6 million in 2H2022 to S\$95.9 million in 2H2023. The newly acquired Ardence Pharma contributed two months revenue of S\$0.9 million.

All three business segments contributed to the revenue increase:

- Specialty pharma principals segment led the growth with 27.2% increase in revenue, with increased demand in Singapore, Vietnam, Malaysia and Philippines, coupled with export sales of products from Laboratoires Gilbert S.A.S.
- Proprietary brands segment grew by 8.6%, contributed by higher demand for Ceradan® dermatological products, Ocean Health® health supplement products and Novem® nutraceutical products.
- Revenue from the medical hypermart and digital segment grew by 1.3%.

Gross profit

Gross profit rose by 6.8% or S\$2.2 million from S\$31.7 million in 2H2022 to S\$33.9 million in 2H2023.

Gross profit margin reduced from 38.9% in 2H2022 to 35.3% in 2H2023 due to increase in cost of sales and affected by the change in product mix in FY2023, as the Group discontinued the partnership with Biosensors at the end of FY2022.

Other income and gains

Other income and gains reduced by 38.1% or S\$0.2 million from S\$0.6 million in 2H2022 to S\$0.4 million in 2H2023, mainly due to increase in interest income of S\$0.1 million and S\$0.2 million gain recognised as a result of re-measuring fair value equity in Ardence Pharma before business combination, partially offset by reduction in government grant income of S\$0.2 million and absence of write-back of allowance for inventories obsolescence in 2H2023 (2H2022: S\$0.4 million).

Distribution costs

Distribution costs increased by 14.1% or S\$2.3 million from S\$16.4 million in 2H2022 to S\$18.7 million in 2H2023, in tandem with the higher sales achieved.

Administrative expenses

Administrative expenses decreased by 8.7% or S\$0.8 million from S\$8.4 million in 2H2022 to S\$7.6 million in 2H2023 mainly due lower spending on research and development ("R&D") and reduction in directors' remuneration.

Other losses

Other losses increased by 35.9% or S\$0.4 million from S\$1.2 million in 2H2022 to S\$1.6 million in 2H2023 mainly due to foreign exchange loss and higher provision on inventories for stock obsolescence.

Share of profit of an equity-accounted associate

As a result of the increased shareholding in Ardence Pharma in November 2023, the Group ceased to account its share of profit from 8 November 2023 and included Ardence Pharma post-acquisition financial results in its consolidated financial statements. This resulted in a reduction in share of profit of an associate by S\$0.03 million.

Profit before tax

Profit before tax decreased by 1.3% or S\$0.1 million from S\$6.5 million in 2H2022 to S\$6.4 million in 2H2023, mainly due to improved sales and lower administrative expenses, partially offset by increase in distribution costs and other losses as explained above.

Income tax expense

Income tax expense increased by S\$0.03 million from S\$1.29 million in 2H2022 to S\$1.32 million in 2H2023 despite lower profits due to some non tax-deductible expenses.

Profit after tax

As a result of the foregoing, the Group's net profit after tax decreased by 2.2% or S\$0.1 million from S\$5.2 million in 2H2022 to S\$5.1 million in 2H2023.

Consolidated Statement of Comprehensive Income (cont'd)

FY2023 compared to FY2022

Revenue

The Group's revenue increased by 5.1% or S\$8.3 million from S\$162.3 million in FY2022 to S\$170.6 million in FY2023. The newly acquired Ardence Pharma contributed S\$0.9 million in revenue.

Two of the business segments contributed to the revenue increase:

- Specialty pharma principals segment led the growth with 6.8% increase in revenue. The loss in revenue from the discontinuation of partnership with Biosensors was offset by the increased demand in Malaysia, Indonesia and Philippines, coupled with export sales of products from Laboratoires Gilbert S.A.S.
- Proprietary brands segment grew by 9.4%, contributed by higher demand for Ceradan® dermatological products, Ocean Health® health supplement products and Novem® nutraceutical products.
- Revenue from the medical hypermart and digital segment decreased by 1.1%.

Gross profit

Gross profit reduced by 1.4% or S\$0.9 million from S\$62.8 million in FY2022 to S\$61.9 million in FY2023.

Gross profit margin had decreased from 38.7% in FY2022 to 36.3% in FY2023 due to increase in cost of sales and affected by the change in product mix in FY2023, as the Group discontinued the partnership with Biosensors at the end of FY2022.

Other income and gains

Other income and gains increased by 11.7% or S\$0.07 million from S\$0.66 million in FY2022 to S\$0.73 million in FY2023 mainly due to increase in interest income of S\$0.3 million and S\$0.2 million gain recognised as a result of re-measuring fair value equity in Ardence Pharma before business combination, partially offset by reduction in government grant income of S\$0.3 million.

Distribution costs

Distribution costs increased by 7.9% or S\$2.6 million from S\$33.3 million in FY2022 to S\$35.9 million in FY2023, in tandem with the higher sales achieved.

Administrative expenses

Administrative expenses decreased by 3.0% or S\$0.5 million from S\$14.6 million in FY2022 to S\$14.1 million in FY2023 mainly due lower spending on R&D and reduction in directors' remuneration.

Other losses

Other losses increased by 46.6% or S\$0.7 million from S\$1.6 million in FY2022 to S\$2.3 million in FY2023 due mainly to foreign exchange losses.

Share of profit of an equity-accounted associate

Share of profit from associate related to share of profit from Ardence Pharma. As a result of the increased shareholding in Ardence Pharma in November 2023, the Group ceased to account its share of profit from 8 November 2023 and included Ardence Pharma post-acquisition financial results in its consolidated financial statements. This resulted in a reduction in share of profit of an associate by S\$0.1 million.

Profit before tax

Profit before tax decreased by 26.1% or S\$3.7 million from S\$14.3 million in FY2022 to S\$10.6 million in FY2023, mainly due to reduction in gross profit margin and increase in distribution costs as explained above.

Income tax expense

Income tax expense decreased by 31.1% or S\$0.9 million from S\$2.9 million to S\$2.0 million due to lower profits in FY2023.

Profit after tax

As a result of the foregoing, the Group's net profit after tax decreased by 24.8% or S\$2.8 million, from S\$11.4 million in FY2022 to S\$8.6 million in FY2023.

Consolidated Statements of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2023 and 31 December 2022.

Non-current assets

The Group's non-current assets increased by S\$3.8 million from S\$24.8 million as at 31 December 2022 to S\$28.6 million as at 31 December 2023 primarily due to increase in intangible assets arising from the acquisition of Ardence Pharma by S\$4.9 million, offset by reduction in investment in associate of S\$2.7 million as Ardence Pharma has become a subsidiary after the acquisition. In addition, there was a net increase in plant and equipment by S\$1.8 million during the year.

Current assets

The Group's current assets increased by S\$2.5 million from S\$89.7 million as at 31 December 2022 to S\$92.2 million as at 31 December 2023 mainly due to increase in trade and other receivables and inventories by S\$10.0 million and S\$4.2 million respectively, partially offset by decrease in cash and cash equivalent by S\$13.1 million.

Non-current liabilities

The Group's non-current liabilities increased by S\$1.5 million from S\$4.1 million as at 31 December 2022 to S\$5.6 million as at 31 December 2023 mainly due to renewal of office lease.

Current liabilities

The Group's current liabilities increased by S\$9.1 million from S\$40.1 million as at 31 December 2022 to S\$49.2 million as at 31 December 2023. This was mainly attributable to increase in trade and other payables.

Consolidated Statement of Cash Flows

FY2023

The Group generated net cash of S\$5.6 million from operating activities in FY2023, mainly due to operating cash inflows before changes in working capital of S\$12.5 million, net working capital outflows of S\$4.3 million and income taxes paid of S\$2.6 million.

The net working capital outflows were due to (i) increase in inventories of S\$3.5 million and (ii) increase in trade and other receivables and prepayments of S\$10.4 million, partially offset by (iii) increase in trade and other payables of S\$9.7 million.

Net cash flows used in investing activities during FY2023 amounted to S\$1.5 million, mainly attributable to acquisition of Ardence Pharma and intangible assets for S\$1.6 million, plant and equipment additions of S\$0.3 million, partially offset by S\$0.3 million interest received.

Net cash flows used in financing activities amounted to S\$17.3 million during FY2023, mainly due to dividend payment of S\$14.6 million, lease payment of S\$1.2 million and bank borrowing repayment of S\$1.3 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

Growing Hyphens' Proprietary Brands and unlocking the brand value will continue to be a key area of focus for the Group. Hyphens' brands, including Ocean Health®, Ceradan®, TDF® and CG 210® have enjoyed robust growth in sales and brand equity during the year.

The successful launch of the Ocean Health® Joyful Gummies during the second half of 2023, targeting a younger demographic, has effectively boosted the brand awareness and drove up the overall sales. In 2024, we 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.

At the beginning of 2024, the Group appointed the commercial director for proprietary brands, who will work on multiple fronts to accelerate the growth, such as brand positioning re-assessment and omnichannel strategies. With that, we hope to extract greater value from our proprietary brands.

Strengthening Specialty Pharma Portfolio

Specialty Pharma Portfolio remains as the key revenue driver of the business. Hyphens Pharma works very closely with our specialty pharma principals on product registration and commercialization. With our strong regulatory, sales and marketing capabilities, we position ourselves as the ASEAN expert who work along the side of our specialty pharma principals to achieve mutual success in this region.

2023 has been a fruitful year for our Specialty Pharma Portfolio:

- We have signed an exclusive sub-license and supply agreement with Hana Pharm Co., Ltd. to develop and commercialize Byfavo® 20mg (remimazolam besylate 20mg) in Singapore;
- We 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;
- Nabota®, the botulinum toxin formulation from Daewoong Pharmaceutical Co., Ltd, was successfully registered in Singapore and Malaysia;
- With the successful acquisition of 23% equity in Ardence Pharma Sdn Bhd, we added Plinest from Mastelli S.r.l, a medical aesthetic product which promotes bio-revitalization and reverse signs of aging, to our Malaysia and Singapore product portfolio.

We look forward to seeing the 2024 full year impact from those new products that are in the commercialization stage. In the meanwhile, our teams are working towards the commercialization of Plinest in other regional countries.

Going Digital

DocMed Technology Pte Ltd ("DocMed"), the Group's pharmaceutical product market place, 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.

Besides its Singapore operation, DocMed also launched its business in Vietnam and Malaysia in 2023. It 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

Ardence Pharma Sdn Bhd has maintained its strong sales post-acquisition since November 2023. At the beginning of 2024, we rebranded Novem Sciences Pte. Ltd. to Ardence Aesthetics Pte. Ltd. as the Group's sales and marketing organization in Singapore for medical aesthetics products.

The Group has the strategic goal and the discipline to continuously looking for acquisition targets that contribute to the accelerated growth the Group is trying to achieve. We seek out partnership opportunities to enter new markets, widen our product offerings and bring innovation into the business.

Navigating a Challenging Business Environment

We have been operating in a highly volatile and uncertain business environment impacted by supply chain disruption, inflation pressure and foreign exchange rates fluctuations in 2023. At the point of announcement, we see these factors to continue having their impacts on the business as we entered 2024.

We are pleased to see improvements in the sub-optimal supply chain situation during the later half of 2023 and we will continue to work closely with principals to improve on the efficiency of the supply chain.

Inflationary pressures have resulted in increasing supply prices and operating expenses, the Group has made a conscious effort to alleviate the impact through various means such as revising prices and rates negotiations.

Despite a challenging business environment, our resilient approach, innovative strategies, and customer-centric approach position us for continued growth. With a diversified portfolio and proactive risk management, we are well-equipped to navigate through uncertainties. Our

dedicated team, guided by forward-thinking leadership, is geared to identify and capitalize on opportunities amid challenges. These adversities are catalysts for refining operations, enhancing efficiency, and reinforcing our standing as a thriving business in the evolving market.

4. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? **Yes**

	FY2023
Name of Dividend	Final Dividend Exempt (1-tier)
Type of Dividend	Cash
Total number of issued ordinary shares	309,198,200
Dividend per share	0.86 cent

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **Yes**

	FY2022
Name of Dividend	Final Dividend Exempt (1-tier)
Type of Dividend	Cash
Total number of issued ordinary shares	309,198,200
Dividend per share	1.11 cents

(c) Date payable

To be announced later.

(d) Record date

To be announced later.

5. 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.

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

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

7. **Breakdown of sales**

	FY2023 S\$'000	Group FY2022 S\$'000	Change %
Revenue reported for first half year	74,711	80,704	(7.4)
Net profit after tax for first half year	3,525	6,241	(43.5)
Revenue reported for second half year	95,884	81,612	17.5
Net profit after tax for second half year	5,055	5,168	2.2

8. **Breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Annual dividend	FY2023 S\$'000	FY2022 S\$'000
Ordinary dividend – Interim	11,131	–
Ordinary dividend – Final *	2,659	3,432
	<u>13,790</u>	<u>3,432</u>

* The final dividend for FY2023 is subject to shareholders' approval at the AGM.

9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that during FY2023 and up to the date hereof, there has not been any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

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

The Group has completed the acquisition of Ardence Pharma Sdn Bhd on 8 November 2023. Please refer to announcements dated 17 October 2023, 19 October 2023 and 8 November 2023 for more information.

BY ORDER OF THE BOARD

Flora Zhang
Chief Financial Officer

27 February 2024

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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