

Media Release

Hyphens Pharma's 9M2020 net profit rose 5.4% to S\$5.1 million

- Challenges from COVID-19 affected the Group's profitability with 53.0% decline in 3Q2020 against 3Q2019
- Proprietary Brands segment, led by Ceradan® and Ocean Health®, continues its growth path with a revenue increase of 27.5% in 9M2020

Singapore, 11 November 2020 – Hyphens Pharma International Limited (“凯帆药剂国际有限公司”, “Hyphens Pharma”, or the “Company”, and together with its subsidiaries, the “Group”), Singapore's leading specialty pharmaceutical and consumer healthcare group, is pleased to announce its third quarter (“3Q2020”) and nine months (“9M2020”) results ended 30 September 2020.

Financial Highlights

The Group's 3Q2020 revenue increased year-on-year by 2.4% to S\$31.4 million from S\$30.7 million in the third quarter ended 30 September 2019 (“3Q2019”). For 9M2020, revenue increased by 7.3% to S\$93.1 million from S\$86.7 in the nine months ended 30 September 2019 (“9M2019”).

S\$'mil	3Q2020	3Q2019	Y-o-Y% Change	9M2020	9M2019	Y-o-Y% Change
Revenue	31.4	30.7	2.4	93.1	86.7	7.3
Gross Profit	10.3	10.8	(4.8)	31.4	30.5	3.1
Profit before tax	1.1	2.2	(52.3)	6.2	5.9	4.7
Profit after tax	0.8	1.8	(53.0)	5.1	4.9	5.4

The increase in revenue for 9M2020 was due to the increased contribution from all of the Group's three business segments. The proprietary brands segment had the highest growth rate of 27.5%, with strong contributions from **Ceradan®** and **Ocean Health®** brands. In addition, the specialty pharma principals segment and the medical hypermart & digital segment also contributed growth of 4.3% and 4.9% respectively for the period under review.

Similarly, the growth attributors for 9M2020 were also reflected in 3Q2020 as the proprietary brands and the specialty pharma principals segments grew by 22.9% and 0.3% respectively.

S\$'mil	3Q2020	3Q2019	Y-o-Y% Change	9M2020	9M2019	Y-o-Y% Change
Specialty pharma principals	17.0	16.9	0.3	48.4	46.4	4.3
Proprietary brands	4.4	3.6	22.9	13.6	10.7	27.5
Medical hypermart and digital	10.1	10.2	(1.4)	31.1	29.7	4.9
Total	31.4	30.7	2.4	93.1	86.7	7.3

Gross profit correspondingly rose by 3.1% in 9M2020 to S\$31.5 million as compared to S\$30.5 million in 9M2019. However, gross profit margin dropped to 32.9% in 9M2020 as compared to 35.2% in 9M2019, mainly due to lower margin from the medical hypermart and digital segment.

As a result, the Group's net profit after tax in 9M2020 increased by 5.4% to S\$5.1 million (9M2019: S\$4.9 million) despite lower net profit after tax for 3Q2020 of S\$0.8 million (3Q2019: S\$1.8 million). As at 30 September 2020, the Group's Net Asset Value per share was 15.35 Singapore cents, compared to 14.67 Singapore cents as at 31 December 2019.

Mr Lim See Wah, (“林世华”), Executive Chairman and CEO of Hyphens Pharma commented:

“We are pleased that our proprietary brands segment continues to attract strong and prospective partners to come onboard to help widen our market reach. With our partners helping to expedite **Ocean Health®** and the other proprietary brands' outreach, we believe that our proprietary brands will achieve greater awareness and a stronger foothold in the region.”

Business Outlook

Internationalisation

The Group continues to actively pursue prospective partners for its internationalisation efforts so as to extend the outreach of its proprietary brands to other parts of Asia. As a result of these efforts, the Group has signed distribution agreements for the exclusive distributorship of ***Ocean Health***® supplements in Hong Kong, Macau and Duty-Free Channels in China, as well as in Sri Lanka. The Group is in an advanced stage of negotiation to appoint a distributor for ***Ceradan***® portfolio in the China market.

Investment in Proprietary Brands

With the successful revamped look for ***Ocean Health***®, the Group has also completed its facelift exercise for ***Ceradan***®. The Group has also embarked on various digital marketing efforts which include updating ***Ceradan***® and ***TDF***® websites, such as providing skin health information to the consumers. In addition, the Group will continue to undertake further clinical developments to further differentiate ***Ceradan***® and to delve into applied research and development (“**R&D**”) for new products and improved product formulations.

Impact from COVID-19

The recovery of market demand in the regions had been inconsistent and unpredictable, and any further lockdown measures implemented will have a negative impact on the Group’s business. Furthermore, during the Circuit Breaker period, the Group had placed prepayments to secure orders of COVID-19 diagnostic test kits to sell in the Singapore market, in anticipation of widespread testing in private clinics as Singapore gradually opens up. It was later determined that testing for COVID-19 will entirely be centrally managed, resulting in a lack of private market demand in Singapore. The Group is now working with a partner to sell the test kits overseas. Given the short shelf life and non-saleability in Singapore, a provision for stock obsolescence was made. As of 30 September 2020, the Group has made provision of S\$0.3 million under other losses with a total carrying value of inventories and prepayment for the test kits of S\$0.2 million remaining on the books. Depending on the ability of the Group to sell the test kits overseas and the eventual selling price that can be procured, additional provisions may be required.

End.

Note: This media release is to be read in conjunction with the Company's SGXnet announcement of its financial results on the same date.

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 six additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia, Oman and Bangladesh.

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 and 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.

Issued on behalf of the Company by Cogent Communications Pte Ltd.
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