

**HYPHENS PHARMA INTERNATIONAL LIMITED**

(Company Registration No. 201735688C)  
(Incorporated in the Republic of Singapore)

**Quarterly Business Update**
**For the Third Quarter and Nine Months Ended 30 September 2023**

Hyphens Pharma International Limited (the “Company”, and together with its subsidiaries, the “Group”) wishes to provide the investing community with quarterly business update for the three months ended 30 September 2023 (“3Q2023”) and nine months ended 30 September 2023 (“9M2023”).

**Financial Highlights**

	3Q2023 S\$'000	3Q2022 S\$'000	Change %	9M2023 S\$'000	9M2022 S\$'000	Change %
<b>Revenue</b>	42,817	42,755	0.1%	117,529	123,460	-4.8%
<b>Gross profit</b>	15,163	17,203	-11.9%	43,183	48,281	-10.6%
<b>Profit before tax</b>	2,792	5,340	-47.7%	6,978	13,171	-47.0%
<b>Profit, net of tax</b>	2,136	4,045	-47.2%	5,662	10,286	-45.0%

**Financial Review**
**3Q2023 compared to 3Q2022**

The Group’s revenue in 3Q2023 remained constant at S\$42.8 million as 3Q2022, attributable to the following:

1. Revenue from specialty pharma principals segment increased marginally by 0.6% despite the cessation of Biosensors products distributorship, coupled with improved shipment supply for key products sold in Vietnam and sales from new distributorship with Laboratoires Gilbert S.A.S.
2. Revenue from medical hypermart and digital segment grew by 1.9%.
3. Revenue from proprietary brands segment declined by 4.2% mainly due to a drop in Ceradan® dermatological products sales, partially offset by increased sales in Ocean Health® health supplements.

Gross profit has decreased by 11.9% or S\$2.0 million from S\$17.2 million in 3Q2022 to S\$15.2 million in 3Q2023. Gross profit margin has dropped by 4.8% from 40.2% in 3Q2022 to 35.4% in 3Q2023, with inflationary cost pressures.

The Group’s net profit after tax in 3Q2023 has reduced by 47.2% from S\$4.0 million in 3Q2022, which was a record quarter of the year. This was a result of lower gross profit and increased foreign exchange losses due to unfavourable local currency exchange rate movement against USD and EURO, which are the major currencies for supplies.

**9M2023 compared to 9M2022**

The Group’s revenue decreased by 4.8% or S\$6.0 million from S\$123.5 million in 9M2022 to S\$117.5 million in 9M2023.

## **9M2023 compared to 9M2022 (cont'd)**

Key factors driving the change in revenue:

1. Revenue from specialty pharma principals segment decreased by 8.3% mainly due to the cessation of Biosensors products distributorship at the end of 2022 and disruption in shipment for certain key products in 2023, partially offset by sales from new distributorship with Laboratoires Gilbert S.A.S.
2. Revenue from medical hypermart and digital segment declined by 1.7%.
3. Revenue from proprietary brands segment had improved by 3.9%, contributed by the overall higher demand for Ceradan® dermatological products and Ocean Health® health supplements.

With the reduced revenue and drop in gross profit margin, gross profit decreased by 10.6% or S\$5.1 million from S\$48.3 million in 9M2022 to S\$43.2 million in 9M2023. Gross profit margin has declined by 2.4% from 39.1% in 9M2022 to 36.7% in 9M2023, primarily attributable to inflationary cost pressures.

The Group's net profit after tax in 9M2023 has decreased by 45.0% to S\$5.7 million mainly due to reduced gross profit as explained above, increased distribution costs with expanded workforce to support the Group's long-term growth strategy and increased foreign exchange translation losses.

## **Outlook**

### Growing our Proprietary Brands

We are delighted to observe the continuous growth of our proprietary brands, Ceradan® and Ocean Health®. This sustained growth underscores the inherent value of our brand equity and reinforces our commitment to strengthening our presence in existing markets. Our unwavering dedication to this strategy will persist, complemented by our proactive pursuit of new international partnerships to explore untapped markets. Additionally, we will continue to channel our investments into innovations, aiming to provide more products and better products to our customers.

### Going Digital

The Group's subsidiary, DocMed Technology Pte Ltd ("DocMed"), remains actively engaged in strategic collaborations to create an integrated digital healthtech platform. Our ventures in Malaysia and Vietnam have shown promising growth, reinforcing our commitment to expanding our footprint in these markets. We will continue to invest resources into building the platforms in these territories and extend our services to more pharma partners and healthcare customers in the region.

### Expanding through Acquisitions

We are very excited to announce the acquisition of the remaining stake in Ardence Pharma Sdn Bhd ("Ardence Pharma") in October this year. We believe inorganic growth through strategic acquisition will continue to serve as a strong growth engine for the business. We are experienced in post-acquisition integration, and we believe that greater value will be released from the synergy between Hyphens and Ardence Pharma.

### Strengthening Specialty Pharma Portfolio

A core aspect of our strategic endeavours includes actively seeking new licensing opportunities. Leveraging our demonstrated regulatory expertise and strong marketing capabilities, we have become a trusted local partner for our specialty pharma principals. This collaboration underscores our commitment to fostering valuable alliances and driving mutual success in the pharmaceutical industry.



### Navigating a Challenging Macro-Economic Environment

In the face of a volatile global economic landscape, the Group has encountered challenges across various countries. Post-pandemic, supply chain disruptions have significantly impacted product availability. However, during 3Q2023, we observe a gradual recovery in product supplies, with expectations for further improvement by the end of 2023. Inflationary pressures have led to increased supply prices and operating expenses, affecting profit margins. Passing these costs entirely to the market poses challenges, and fluctuations in local currencies against major currencies like USD and EURO introduce exchange rate risks, potentially resulting in foreign exchange gains or losses for the Group.

Nevertheless, Hyphens Pharma remains steadfast in its commitment to navigating this uncertain environment with vigilance, diligence, and agility. The Group's strong financial position provides a solid foundation, enabling it to withstand challenges and capitalize on relevant opportunities aligned with its business strategy.

### **BY ORDER OF THE BOARD**

**Flora Zhang**  
Chief Financial Officer

9 November 2023

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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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