



HYPHENS PHARMA INTERNATIONAL LIMITED

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

RESPONSE TO QUERIES FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON ANNUAL REPORT 2022

The following questions were received from Securities Investors Association (Singapore) (“SIAS”) in relation to Hyphens Pharma International Limited’s (the “**Company**”, and together with its subsidiaries, the “**Group**”) Annual Report for the Financial Year Ended 31 December 2022 (“**FY2022**”). Response from the Company and the Board of Directors is appended below:

Question 1

The group completed the acquisition of Novem in December 2021. Novem is a leading Singapore-based, healthcare-focused distributor of pharmaceutical products, nutraceutical products and medical devices, with a stable operating track record of over 20 years.

For FY2022, Novem contributed \$15.7 million in revenue. As disclosed at the point of acquisition, Novem’s revenue and profit after tax was \$11.4 million and \$2.1 million respectively.

In his message, the executive director and CEO shared the group's strategic approach of pursuing acquisitions only when they are deemed accretive, reflecting a commitment to disciplined and prudent management practices.

- (i) **How was the group introduced to Novem for the acquisition and has the performance of Novem met or exceeded expectations?**

Company’s Response

The Group was introduced to Novem for acquisition through its M&A network after the former owners of Novem expressed interest to put up the business for sale through a private banker. Novem has performed well post-acquisition. For FY2022, Novem contributed S\$17.0 million in revenue, an incremental of S\$15.7 million against FY2021 due to the acquisition completed in December 2021.

- (ii) **How is management carrying out its search for other potential acquisitions as part of its long-term growth strategy?**

Company’s Response

The Management explores potential acquisitions through M&A database via various professionals, as well as tapping on the Board of Directors' network of professional contacts.

- (iii) **Will Novem be fully integrated into the group's operations and potentially rebranded, or will management retain it as a separate entity? Would there be potential synergies by integrating Novem into the group-wide IT infrastructure, and has any progress been made in this regard?**

Company's Response

There is no plan to fully integrate Novem into the Group's operations. Novem has an established corporate brand and customer base, and the Management's intent is to run Novem business independently. With that said, the Management does intend to reap resource and revenue synergies with Novem.

Question 2

Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

- (i) **Nabota®: What is the marketing strategy and marketing budget for this premium high-purity botulinum toxin type A product? What are the advantages of Nabota® compared to similar products? Are there any untapped opportunities or potential low-hanging fruit given that the botox market appears to be fairly developed?**

Company's Response

Botulinum toxin, commonly referred to as botox, is a neuromodulator for cosmetic use, such as facial wrinkle improvement. Nabota® is a premium high-purity botulinum toxin based on Daewoong Pharmaceutical's patented Hi-Pure™ technology that minimises impurities, and is characterised by its high safety, rapid effect, and uniform spreading power. The Management anticipates a growing demand for facial wrinkle improvement due to Asia's aging population.

- (ii) **Winlevi®: Winlevi® is the first new type of acne prescription drug to be approved by the U.S. Food and Drug Administration in nearly 40 years. Regarded as a game-changer in the fight against acne, Winlevi® will reinforce the group's focus in the dermatology business, while giving us a foothold in countries such as Thailand, where the group does not have a presence yet. What is the expected investment required for the development of Winlevi® (clascoterone) cream by the group? Can management elaborate on the strategies to leverage Winlevi®, a new product, to enter new markets, such as Thailand?**

Company's Response

Pursuant to the exclusive license and supply agreements, the Group will pay Cassiopea S.p.A., an upfront payment of US\$1 million, potential regulatory and sales milestones totalling up to US\$4 million, and customary double-digit royalties based on net sales. The Management is exploring opportunities to work with local partners for new market entries and development as they have the local know-how and customer networks in place.

- (iii) **Meradan®: Could management provide information on the size of the addressable market for this prescription-only drug?**

Company's Response

The Management does not have definitive information on the market size for Meradan®. Meradan® is available only through prescription by doctors including dermatologists and paediatricians. It is approved for use in skin diseases that cause inflammation and itch, such as conditions like eczema, psoriasis, and skin rash.

Question 3

The group received a capital injection of \$6 million, in DocMed Technology Pte. Ltd., after it had carried out an internal restructuring to consolidate the group's digital assets (POM, WellAway, and DocCentral) under DocMed.

In the operations review, it was noted that DocMed is a partially self-sufficient start-up with plans to expand its regional footprint in the near future. It received a S\$6 million Series A capital injection from Metro ARC Investments Pte. Ltd., a subsidiary of Metro Holdings Limited.

- (i) **What are DocMed's accomplishments in 2022? What does it mean for DocMed to be "partially self-sufficient"?**

Company's Response

DocMed completed internal restructuring to consolidate all digital assets (POM, WellAway and DocCentral platforms) under DocMed. DocMed has rapidly grown its e-pharmacy division in terms of the number of e-prescriptions per day, and the redevelopment of the POM Medical Hypermart into a marketplace concept. It has recently announced that it is also setting up a joint venture to partner with Hoang Duc Pharmaceutical & Medical Supplies Co., Ltd, a leading private pharmaceutical distribution company in Vietnam to develop a B2B Virtual Medical Hypermart for pharmaceutical supplies in Vietnam.

DocMed being "partially self-sufficient" means that it can operate independently relying on the funding received from its investor Metro Holdings, as well as the profits derived from its main subsidiary, Pan-Malayan Pharmaceuticals Pte Ltd.

- (ii) **Has the board conducted a risk assessment and identified the major risks associated with DocMed's expansion into the region? What actions are the directors taking to help management address these risks?**

Company's Response

Yes, the Board has conducted its risk assessment of DocMed's planned expansion in the region and has emphasised the key areas of legal and regulatory compliance. The Directors have been kept informed by Management on the progress of DocMed's expansion and the Directors will continue to advise DocMed on its plans, as well as check that the legal safeguards and regulatory compliance are in place.

- (iii) **Other than capital, how else is Metro contributing to DocMed and what are the voting rights attached to the preference shares?**

Company's Response

Metro is advising DocMed on its overseas expansion, both in terms of its real estate requirements and also its strategic partnerships in key overseas markets. Metro is also leveraging its overseas network to facilitate DocMed on its expansion.

BY ORDER OF THE BOARD

Lim See Wah
Executive Chairman and Chief Executive Officer
21 April 2023

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 statements or opinions made or reports contained in this announcement.

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