

Media Release

Hyphens Pharma recorded revenue of S\$74.7 million and net profit of S\$3.5 million for 1H2023

- 2Q2023 revenue grew 25% Q-O-Q to S\$41.5 million
- Recommends a special interim dividend of 3.6 Singapore cents per ordinary share for 1H2023 for shareholders as part of the 5th anniversary celebration since IPO

Singapore, 10 August 2023 – 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 six months ended 30 June 2023 (“1H2023”).

Financial Highlights			
S\$ million	1H2023	1H2022	Change
Revenue	74.7	80.7	(7.4%)
Gross Profit	28.0	31.1	(9.8%)
GP Margin	37.5%	38.5%	(1 ppt)
Profit Before Tax	4.2	7.8	(46.5%)
Profit After Tax	3.5	6.2	(43.5%)
PAT Margin	4.7%	7.7%	(3 ppt)

Mr Lim See Wah (林世华), Executive Chairman and CEO of Hyphens Pharma remarked: “1H2023 business has been challenged by macroeconomic conditions and supply chain disruption. Nevertheless, I am pleased to report gradual improvement, as seen in the 25% sales growth in 2Q2023 versus 1Q2023.

Our proprietary brands segment continues to grow as we strengthen our brand-building efforts and introduce new and improved products, and we continue to successfully build up our product portfolio with more licensed products. Whilst we work towards improving business in the near term, we remain steadfast in developing business fundamentals to deliver on the long-term potentials of Hyphens Pharma.”

Dividend

After considering the Company’s strong liquidity and as part of its 5th anniversary celebration since IPO, the Board of Hyphens Pharma has recommended a special interim dividend 3.6 Singapore cents per ordinary share (1H2022: Nil).

Financial Review

The Group’s 1H2023 revenue decreased by 7.4% to S\$74.7 million from S\$80.7 million in the six months ended 30 June 2022 (“1H2022”).

	Segmental Revenue						
S\$ million	1Q2023	2Q2023	1H2023	1Q2022	2Q2022	1H2022	1H Change (%)
Specialty Pharma Principals	17.2	24.8	42.0	23.5	24.7	48.2	(12.9)
Proprietary Brands	5.7	6.1	11.8	4.9	5.9	10.8	9.1
Medical Hypermart and Digital	10.3	10.6	20.9	10.8	10.9	21.7	(3.5)
Total	33.2	41.5	74.7	39.2	41.5	80.7	(7.4)

Revenue from the Group’s specialty pharma principals segment decreased by 12.9%, mainly due to the cessation of distributorship of Biosensors products, delay in shipment for certain products sold, and the absence of one-off tender awarded to Novem in 1H2022. In contrast, the proprietary brands segment revenue grew by 9.1% and this was due to a higher demand for Ceradan® dermatological products and Ocean Health® health supplements. Revenue from the medical hypermart and digital segment, however, declined by 3.5%.

The Group's share of profit from associate increased by 42.2% to S\$0.3 million in 1H2023 due to higher sales achieved. Distribution costs increased by 1.8% to S\$17.2 million due to increased travelling and expanded workforce to support the Group's long-term growth strategy, and administration expenses increased by 4.6% to S\$6.5 million mainly due to increased R&D spending and expenditure to spearhead regional business expansion for the medical hypermart and digital segment. Other losses also increased by 3.2% to S\$0.7 million in 1H2023, resulting mainly from increased foreign exchange translation loss, which was offset by a lower allowance for inventories obsolescence.

As a result of the above, the Group's net profit after tax reduced by 43.5% to S\$3.5 million in 1H2023 from S\$6.2 million in 1H2022, which translated to a basic earnings per share of 1.15 Singapore cents for 1H2023.

Business Outlook

Growing our Proprietary Brands

During 1H2023, the Group's Proprietary Brand business remained its key focus as its brands, including Ceradan® and Ocean Health®, continued to show strong growth in sales and brand equity. Hyphen Pharma will continue to nurture its proprietary brands in markets where it has a presence, while seeking out new international partnership opportunities to enter new markets. The Group will also continue to invest in innovation to develop new and improved products under its respective brands. As it continues to strive to provide a better quality of life for its customers with innovative products, Hyphens Pharma has launched a new line of Ocean Health® supplements in gummy form, which is specifically designed to target a younger demographic. This is a strategic move by the Group to tap into growing new markets and diversify its customer base.

Going Digital

The Company's subsidiary, DocMed Technology Pte Ltd ("**DocMed**"), continues to proactively seek strategic collaboration opportunities with like-minded partners, in its efforts to develop an integrated digital healthtech platform that encompasses a diverse range of healthtech solutions. DocMed is actively expanding into Malaysia after the successful joint venture initiative in Vietnam. In the later half of 2023, DocMed is expected to channel more resources into platform development and expansion in the two new territories.

Expanding through Acquisitions

With a focus on long-term growth, Hyphens Pharma remains diligent and disciplined in its approach to acquisitions by prioritising opportunities that align with its strategic goals and can contribute positively to its business.

Strengthening the Specialty Pharma Portfolio

The Group continues to actively seek new licensing opportunities as one of its key strategic initiatives. By leveraging its strong relationships with reputable pharmaceutical principals and consumer healthcare providers worldwide, it has secured licenses for a wider range of products for its customers, such as the development and commercialisation of Byfavo[®] procedural sedation drug in Singapore and the successful registration of botulinum toxin formulation Nabota[®] in Singapore.

The Group's latest addition is being the distributor of products from Laboratoires Gilbert S.A.S. in the territories of Hong Kong, Laos, Mongolia, Singapore, Vietnam, Malaysia, Indonesia, Philippines, Thailand and Brunei. Under this distributorship, the Company's subsidiary, Hyphens Pharma Pte. Ltd., will be handling the distribution and sales of:

- Physiolac - an infant formula providing essential nutrients for healthy growth and development in infants;
- Physiodose - a range of products specifically designed for nasal hygiene in babies and adults;
- Dologel - a product soothes babies from painful teething and other irritation or mouth lesions;
- A-Cerumen products - a preservative-free formula to remove earwax plugs.

These new additions to the Group's product portfolio will not only bolster its market position but also enable the provision of a more diverse range of treatment options to patients across the region.

In addition, Hyphens Pharma has also successfully launched Plinest, its latest medical aesthetic product in Singapore which is designed to promote bio-revitalisation and reverse the signs of aging. With its increasing portfolio on medical aesthetic products, Hyphens Pharma has established a dedicated team of experts to set up its medical aesthetic division. Equipped with deep knowledge and passion for the industry, the new expert staff will ensure that customers receive top-tier products.

Navigating a Challenging Macro-Economic Environment

The Group is experiencing a macro-economic environment that is filled with volatility and uncertainty, and this has impacted its operations across countries. While economic activities have resumed post-pandemic, recent supply chain disruptions have severely affected the availability of some products in 1H2023. Although the Group is working closely with suppliers to minimise the impact of these supply chain disruptions, it foresees the situation only gradually improving in the later half of 2023. Additionally, inflationary pressures have resulted in increased supply prices and operating expenses for the Group, but passing the full impact of these increased costs to the market may be challenging. Moreover, fluctuations in local currencies against major purchase currencies like USD and EURO have introduced exchange rate risks which may lead to potential gains or losses for the Group.

Despite these challenges, Hyphens Pharma remains steadfast in its commitment to navigate the volatile operating environment with vigilance, diligence, and agility. The sound financial position of the Group provides a strong foundation to withstand challenges and seize any relevant opportunities, aligning with its business strategy. Through these efforts, the Group aims to maintain resilience and drive sustained growth against the backdrop of post-pandemic uncertainties.

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.

Issued on behalf of : **Hyphens Pharma International Limited**
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