

HYPHENS PHARMA INTERNATIONAL LIMITED

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

**Quarterly Business Update
For the First Quarter Ended 31 March 2024**

The Group wishes to provide the investing community with a quarterly business update for the first quarter ended 31 March 2024 (“1Q2024”).

Financial Highlights

	1Q2024 S\$'000	1Q2023 S\$'000	Change %
Revenue	47,992	33,234	44.4
Gross profit	17,416	13,115	32.8
Profit before tax	3,534	1,616	118.7
Profit, net of tax	2,725	1,379	97.6

Financial Review

The Group’s revenue increased by 44.4% or S\$14.8 million from S\$33.2 million in 1Q2023 to S\$48.0 million in 1Q2024. The increase in revenue was a result of improved sales from all segments across all country regions, in particular the Specialty Pharma Principals segment.

Gross profit correspondingly improved by 32.8% in 1Q2024 to S\$17.4 million (1Q2023: S\$13.1 million). Gross profit margin, however, has reduced to 36.3% (1Q2023: 39.5%) mainly due to continued costing pressure and a higher sales mix of products carrying a lower margin.

The Group’s net profit after tax in 1Q2024 has increased by 97.6% to S\$2.7 million. This is in line with the higher revenue, partially offset by the increased distribution and marketing expenses which rose along with the improved sales.

Outlook
Growing Our Proprietary Brands

It has definitely been a very fruitful quarter for our Proprietary Brands segment. We announced the partnership with 7-Eleven to offer Ocean Health® supplements at selected convenience stores in Singapore, the entrance of Ceradan® range into five Middle Eastern markets through exclusive distributorship with Cooper Pharma S.A., and the license of Wyzora® Cream for ASEAN countries from MC2 Therapeutics.

The above achievements represent our key strategic focus for this segment, which is to further market penetration through widening distribution channels, expanding into new geographical markets, and actively acquiring new products for our ever-growing portfolio.

Proprietary Brands portfolio has been experiencing healthy growth quarter on quarter in 2023 with 4Q2023 being the record quarter. We have observed a quarter-on-quarter 4% reduction in sales during 1Q2024, which we assessed to be from the impact of the stock-up activities by the distributors in 4Q2023.



Strengthen Specialty Pharma Portfolio

The Specialty Pharma portfolio continues to serve as the primary catalyst for growth in 1Q2024. It has rebounded from supply chain disruptions in 1H2023. On a year-on-year basis, it has shown significant growth compared with 1Q2023, which was heavily affected by the supply chain disruption. Moreover, the introduction of new product portfolios during the latter half of 2023, including offerings from Laboratoires Gilbert S.A.S. and products from the Medical Aesthetics portfolio, further bolsters growth prospects for this segment.

At the same time, we observed similar quarter-on-quarter trending with Proprietary Brands segment, a reduction in quarter-on-quarter sales could be attributed to the same reason above.

Going Digital

We continue to be enthusiastic about DocMed Technology's expansion into Malaysia and Vietnam with their new digital ventures initiated in second half of 2023. As they pursue additional funding for advancing their digital platforms, the management is prioritizing prudent spending and striving for profitability.

Expanding Through Acquisitions

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

Navigating a Challenging Macro-Economic Environment

In the midst of a challenging macro-economic landscape, the Group encounters heightened volatility and uncertainty, impacting its operations across various countries. Inflationary pressures have led to increased supply prices and operating expenses for the Group, presenting challenges in passing on the full impact of these costs to the market. Additionally, depreciation in local currencies against major supply currencies such as USD and EURO further places pressure on gross margins.

Despite these obstacles, Hyphens Pharma remains resolute in its commitment to navigating the volatile operating environment with vigilance, diligence, and agility. The Group's robust financial position serves as a solid foundation to withstand challenges and seize relevant opportunities in alignment with its business strategy. Through these concerted efforts, the Group aims to maintain resilience and foster sustained growth amidst the uncertainties.

BY ORDER OF THE BOARD

Flora Zhang

Chief Financial Officer

14 May 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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