

## FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS

### Issuer & Securities

#### Issuer/ Manager

HYPHENS PHARMA INTERNATIONAL LIMITED

#### Securities

HYPHENS PHARMA INTL LIMITED - SG1EE4000006 - 1J5

#### Stapled Security

No

### Announcement Details

#### Announcement Title

Financial Statements and Related Announcement

#### Date & Time of Broadcast

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#### Announcement Sub Title

Full Yearly Results

#### Announcement Reference

SG210225OTHR1MMV

#### Submitted By (Co./ Ind. Name)

Lim See Wah

#### Designation

Executive Chairman and Chief Executive Officer

#### Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attached result announcement and press release.

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, DBS Bank Ltd. ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Kelvin Wong, Senior Vice President, who can be contacted at 12 Marina Boulevard, Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone: +65 6878 8888.

### Additional Details

For Financial Period Ended  
31/12/2020

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Attachments

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[Hyphens Q4FY2020 Results Press Release.pdf](#)

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[Hyphens results Q4FY2020.pdf](#)

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Total size =1563K MB

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Media Release

## Hyphens Pharma delivered Revenue of S\$123.7 million and Net Profit of S\$6.2 million for FY2020

- Proprietary Brands segment revenue grew by 25.9% in FY2020, led by Ceradan® and Ocean Health®
- Dividend of 0.62 Singapore cents per share proposed for FY2020

Singapore, 25 February 2021 – 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 fourth quarter (“4Q2020”) and full year (“FY2020”) results ended 31 December 2020.

### Financial Highlights

S\$’mil	4Q2020	4Q2019	Y-o-Y% Change	FY2020	FY2019	Y-o-Y% Change
<b>Revenue</b>	30.6	32.7	(6.5)	123.7	119.4	3.6
<b>Gross Profit</b>	11.9	12.2	(2.1)	43.8	42.7	2.6
<b>Profit before tax</b>	0.9	2.1	(56.0)	7.1	8.0	(11.0)
<b>Profit after tax</b>	1.0	1.7	(37.8)	6.2	6.5	(5.6)

For FY2020, revenue increased by 3.6% to S\$123.7 million from S\$119.4 million in the full year ended 31 December 2019 (“FY2019”). The increase was mainly due to higher sales in the proprietary brands segment which grew by 25.9%, with strong contributions from **Ceradan®** and **Ocean Health®** brands.

The Group's 4Q2020 revenue decreased year-on-year by 6.5% to S\$30.6 million from S\$32.7 million in the fourth quarter ended 31 December 2019 ("4Q2019"). The decrease was due to lower sales in both specialty pharma principals and medical hypermart & digital segments. The reduction in revenue was partially offset by a 21.6% increase in sales from the proprietary brands segment.

S\$'mil	4Q2020	4Q2019	Y-o-Y% Change	FY2020	FY2019	Y-o-Y% Change
<b>Specialty pharma principals</b>	16.2	18.8	(13.6)	64.6	65.2	(0.9)
<b>Proprietary brands</b>	4.6	3.8	21.6	18.2	14.5	25.9
<b>Medical hypermart and digital</b>	9.7	10.3	(3.8)	40.9	39.8	2.7
<b>Total</b>	30.6	32.7	(6.5)	123.7	119.4	3.6

Gross profit correspondingly rose by 2.6% in FY2020 to S\$43.7 million as compared to S\$42.7 million in FY2019. Gross profit margin remained relatively stable at 35.4% (FY2019: 35.7%).

Net profit after tax dropped by 5.6% to S\$6.2 million (FY2019: S\$6.5 million) due mainly to higher advertising and promotional expenses as well as allowance for inventories obsolescence, offset by increase in other income (government grants).

The Group has proposed a final dividend of 0.62 Singapore cents per share for FY2020, subject to shareholders' approval at the upcoming AGM.

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

“We are heartened to see strong sales growth in our proprietary brands segment, particularly **Ceradan**® products. This reflects our Group's strategy to strengthen our focus on skin health. In addition, we have embarked on new digital initiatives such as e-commerce sales on various platforms and e-pharmacy to reinforce Hyphens' position as the leading specialty pharmaceutical and consumer healthcare group in ASEAN.”

## **Business Outlook**

### Internationalisation

The Group continues to actively pursue prospective partners in its internationalisation efforts to expand to other parts of Asia in relation to its proprietary brands. As a result of these efforts, the Group has signed distribution agreements for exclusive distributorship of **Ceradan**<sup>®</sup> products in China and **TDF Faience**<sup>®</sup> T-Complex in South Korea.

### Investment in Proprietary Brands

The Group will continue to undertake further clinical developments to reinforce **Ceradan**<sup>®</sup>'s clinical positioning and to delve into applied research and development ("R&D") for new products through improved formulations.

### Strengthen specialty pharma portfolio

The Group remains focused on further cementing its leadership position and deepening its presence in the ASEAN region and is actively seeking licencing opportunities for new products.

The Group will be launching its latest product, Erdomed 300mg Hard Capsule, in-licenced from Edmond Pharma S.r.l (Italy), in Singapore and Malaysia. Erdomed is the latest generation mucolytic for use in all acute and chronic respiratory disorders with excessive mucus and phlegm. Coupled with the latest evidence in the management of Chronic Obstructive Pulmonary Disease ("COPD"), Erdomed presents a new oral treatment option for COPD patients. The Group will be promoting this prescription-only medicine to healthcare professionals in the Respiratory and Ear, Nose, Throat ("ENT") specialties as well as the general practitioners.

### Going Digital

With rising acceptance of telemedicine, the Group intends to enhance its service offering to capture this growing opportunity. The Group has been awarded with an e-pharmacy licence for its WellAway Pharmacy by the Health Sciences Authority. The e-pharmacy is set to provide a reliable and convenient medication delivery service to residential homes, complementing the increasing usage of telemedicine by the Group's medical partners in Singapore.

## Impact from COVID-19

The recovery of market demand in the regions had been inconsistent and unpredictable, and any further lockdown measures implemented is expected to have a negative impact on the Group's business.

## **Update on results release**

Following the changes in SGX Listing Rules on quarterly reporting requirements last year, the Group will be adopting semi-annual reporting for FY2021 and the next results release will be for half-year ended 30 June 2021.

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](http://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.

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For more information, please contact:

Hyphens IR Team at 6338 8551

Email: [ir@hyphens.com.sg](mailto:ir@hyphens.com.sg)

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*This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Rules of Catalist. The Sponsor has not independently verified the contents of this press release.*

*This press release has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this press release including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this press release.*

*The contact person for the Sponsor is Mr Kelvin Wong, Senior Vice President, who can be contacted at 12 Marina Boulevard, Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone: +65 6878 8888.*

**HYPHENS PHARMA INTERNATIONAL LIMITED**

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

**Unaudited Financial Statements  
 For the Financial Year Ended 31 December 2020**
**PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**
**1(a)(i) A statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year**
**Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	4Q2020	4Q2019	Change	FY2020	FY2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	30,622	32,737	-6.5%	123,698	119,442	3.6%
Cost of sales	(18,705)	(20,565)	-9.0%	(79,939)	(76,773)	4.1%
<b>Gross profit</b>	11,917	12,172	-2.1%	43,759	42,669	2.6%
Other income and gains	620	257	141.2%	2,248	546	311.7%
Distribution costs	(7,825)	(7,579)	3.2%	(26,523)	(24,837)	6.8%
Administrative expenses	(2,885)	(2,527)	14.2%	(10,138)	(9,772)	3.7%
Finance costs	(32)	(32)	-	(110)	(138)	-20.3%
Other losses	(888)	(228)	289.5%	(2,128)	(481)	342.4%
<b>Profit before tax</b>	907	2,063	-56.0%	7,108	7,987	-11.0%
Income tax expense	128	(398)	N.M.	(945)	(1,457)	-35.1%
<b>Profit, net of tax</b>	1,035	1,665	-37.8%	6,163	6,530	-5.6%
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Exchange differences on translating foreign operations, net of tax	20	(19)	N.M.	(60)	(52)	15.4%
<b>Other comprehensive income for the period/ year, net of tax:</b>	20	(19)	N.M.	(60)	(52)	15.4%
<b>Total comprehensive income</b>	1,055	1,646	-35.9%	6,103	6,478	-5.8%

Note: N.M. – Not meaningful

**1(a)(ii) Breakdown and explanatory notes to the consolidated statement of comprehensive income**

Profit before tax is arrived at after charging / (crediting) the following:

	<b>4Q2020</b>	<b>4Q2019</b>	<b>Change</b>	<b>FY2020</b>	<b>FY2019</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Interest income	(47)	(55)	-14.5%	(180)	(157)	14.6%
Government grants	(564)	(192)	193.8%	(2,048)	(329)	522.5%
Depreciation and amortisation	554	509	8.8%	2,081	2,005	3.8%
(Reversal of allowance)/ Allowance for impairment of trade receivables	(9)	3	N.M.	(16)	(60)	-73.3%
Bad debts written off	-	-	-	-	2	N.M.
Allowance/(Reversal of allowance) for inventories obsolescence	543	(10)	N.M.	1,624	-	N.M.
Inventories written off	199	90	121.1%	428	379	12.9%
Foreign exchange translation losses	146	134	9.0%	76	95	-20.0%
(Over)/Underprovision of tax in respect of prior years	(87)	1	N.M.	(107)	(51)	109.8%
(Gain)/Loss on disposal of plant and equipment	-	-	-	(4)	4	N.M.
Loss on disposal of subsidiary	-	1	N.M.	-	1	N.M.
Advertising and promotional expenses	3,492	3,021	15.6%	8,912	7,292	22.0%
R&D expenses	150	78	92.3%	375	178	110.7%

Note: N.M. – Not meaningful



(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b><u>Non-current assets</u></b>				
Plant and equipment	4,807	5,948	124	167
Intangible assets	7,890	7,462	-	-
Deferred tax assets	47	105	-	-
Investment in subsidiaries	-	-	19,220	19,220
<b>Total non-current assets</b>	<b>12,744</b>	<b>13,515</b>	<b>19,344</b>	<b>19,387</b>
<b><u>Current assets</u></b>				
Inventories	16,888	11,431	-	-
Trade and other receivables	29,421	28,654	5,569	6,325
Prepayments	564	366	64	60
Cash and cash equivalents	27,526	26,165	13,449	12,468
<b>Total current assets</b>	<b>74,399</b>	<b>66,616</b>	<b>19,082</b>	<b>18,853</b>
<b>Total assets</b>	<b>87,143</b>	<b>80,131</b>	<b>38,426</b>	<b>38,240</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity</u></b>				
Share capital	32,641	32,641	32,641	32,641
Retained earnings	29,626	26,467	5,072	4,912
Other reserves <sup>(i)</sup>	(15,092)	(15,032)	-	-
<b>Total equity</b>	<b>47,175</b>	<b>44,076</b>	<b>37,713</b>	<b>37,553</b>
<b><u>Non-current liabilities</u></b>				
Deferred tax liabilities	409	469	-	-
Other financial liabilities, non-current	3,558	2,442	-	-
<b>Total non-current liabilities</b>	<b>3,967</b>	<b>2,911</b>	<b>-</b>	<b>-</b>
<b><u>Current liabilities</u></b>				
Income tax payable	1,345	1,459	3	-
Trade and other payables	33,240	30,628	710	687
Other financial liabilities, current	1,416	1,057	-	-
<b>Total current liabilities</b>	<b>36,001</b>	<b>33,144</b>	<b>713</b>	<b>687</b>
<b>Total liabilities</b>	<b>39,968</b>	<b>36,055</b>	<b>713</b>	<b>687</b>
<b>Total equity and liabilities</b>	<b>87,143</b>	<b>80,131</b>	<b>38,426</b>	<b>38,240</b>

**Note:**

- (i) Other reserves include negative merger reserve of S\$15.165 million relating to the difference between the consideration paid by the Company and the equity of Hyphens Pharma Pte. Ltd. acquired in relation to the restructuring exercise undertaken in relation to the listing of the Company on the Catalist Board of the SGX-ST (“Restructuring Exercise”). The acquisition of Hyphens Pharma Pte. Ltd. by the Company was completed on 19 April 2018.

**1(b)(ii) Aggregate amount of Group’s borrowings and debt securities**

	31 Dec 2020		31 Dec 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	-	564	-	300
Amount repayable after one year	-	1,832	-	-
	-	2,396	-	300

**Details of any collaterals:**

All banking facilities are covered by corporate guarantee provided by the Company and Hyphens Pharma Pte. Ltd. or Pan-Malayan Pharmaceuticals Pte Ltd.

1(c) **A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	4Q2020	4Q2019	FY2020	FY2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Cash flows from operating activities</u></b>				
Profit before tax	907	2,063	7,108	7,987
Adjustments for:				
Amortisation of intangible assets	102	111	401	406
Depreciation of plant and equipment	452	398	1,680	1,599
Interest income	(47)	(55)	(180)	(157)
Interest expense	32	32	110	138
(Gain)/Loss on disposal of plant and equipment	-	-	(4)	4
Loss on disposal of subsidiary	-	1	-	1
Net effect of exchange rate changes in consolidating foreign operations	(3)	(21)	(114)	(54)
Operating cash flows before changes in working capital	1,443	2,529	9,001	9,924
Trade and other receivables	3,558	(673)	(767)	1,179
Prepayments	97	(73)	(198)	126
Inventories	2,385	1,547	(5,457)	(568)
Trade and other payables	(3,853)	20	2,612	198
Net cash flows from operations	3,630	3,350	5,191	10,859
Income taxes paid	(342)	(135)	(1,061)	(1,406)
Net cash flows from operating activities	3,288	3,215	4,130	9,453
<b><u>Cash flows from investing activities</u></b>				
Purchase of plant and equipment	(51)	(70)	(371)	(502)
Proceeds from sale of plant and equipment	-	-	7	-
Purchase of intangible assets	(13)	(80)	(829)	(104)
Interest received	47	55	180	157
Net cash flows used in investing activities	(17)	(95)	(1,013)	(449)
<b><u>Cash flows from financing activities</u></b>				
Dividend paid to equity owners	-	-	(3,004)	(1,650)
Payment of lease liabilities	(218)	(179)	(783)	(704)
Interest paid	(32)	(32)	(109)	(138)
Net increase/(decrease) in other financial liabilities	2,000	(200)	2,141	(2,700)
Net cash flows from/(used in) financing activities	1,750	(411)	(1,755)	(5,192)
Net increase in cash and cash equivalents	5,021	2,709	1,361	3,812
Cash and cash equivalents at beginning of period/year	22,505	23,456	26,165	22,353
Cash and cash equivalents at ending of period/year	27,526	26,165	27,526	26,165

- 1(d)(i) **A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b>Group</b>	<b>Total equity S\$'000</b>	<b>Share capital S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Other reserves S\$'000</b>
Balance as at 1 January 2020	44,076	32,641	26,467	(15,032)
Dividends paid	(3,004)	-	(3,004)	-
Total comprehensive income for the year	6,103	-	6,163	(60)
Balance as at 31 December 2020	47,175	32,641	29,626	(15,092)

<b>Group</b>	<b>Total equity S\$'000</b>	<b>Share capital S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Other reserves S\$'000</b>
Balance as at 1 January 2019	39,162	32,555	21,587	(14,980)
Issuance of new shares pursuant to share awards under Hyphens Share Plan	86	86	-	-
Dividends paid	(1,650)	-	(1,650)	-
Total comprehensive income for the year	6,478	-	6,530	(52)
Balance as at 31 December 2019	44,076	32,641	26,467	(15,032)

<b>Company</b>	<b>Total equity S\$'000</b>	<b>Share capital S\$'000</b>	<b>Retained earnings S\$'000</b>
Balance as at 1 January 2020	37,553	32,641	4,912
Dividends paid	(3,004)	-	(3,004)
Total comprehensive income for the year	3,164	-	3,164
Balance as at 31 December 2020	37,713	32,641	5,072

<b>Company</b>	<b>Total equity S\$'000</b>	<b>Share capital S\$'000</b>	<b>Retained earnings S\$'000</b>
Balance as at 1 January 2019	36,323	32,555	3,768
Issuance of new shares pursuant to share awards under Hyphens Share Plan	86	86	-
Dividends paid	(1,650)	-	(1,650)
Total comprehensive income for the year	2,794	-	2,794
Balance as at 31 December 2019	37,553	32,641	4,912

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There has been no change in the Company's share capital since 30 September 2020.

The Company has no treasury shares or convertible instruments as at 31 December 2020 and 31 December 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company has no treasury shares as at 31 December 2020 and 31 December 2019.

The total number of issued shares as at 31 December 2020 was 300,430,400 (31 December 2019: 300,430,400).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the auditors of the Company.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable

- 3(a) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion**

Not applicable

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Save as disclosed in Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 December 2019.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I)s ("SFRS(I)INT") that are effective for the financial periods beginning on or after 1 January 2020. The adoption of these SFRS(I)s and SFRS(I)INT did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

**6 Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	4Q2020	4Q2019	FY2020	FY2019
<b>Earnings per share ("EPS")</b>				
Profit attributable to owners of the Company (S\$'000)	1,035	1,665	6,163	6,530
Based on weighted average number of ordinary shares in issue ('000)	300,430	300,430	300,430	300,271
On a basic and diluted basis (Singapore cents per share)	0.34	0.55	2.05	2.17

Note: The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 31 December 2020 and 31 December 2019.

- 7 **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	Group		Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Net asset value ("NAV") (S\$'000)	47,175	44,076	37,713	37,553
Based on number of ordinary shares in issue ('000)	300,430	300,430	300,430	300,430
NAV per ordinary share (Singapore cents per share)	15.70	14.67	12.55	12.50

- 8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

**Consolidated Statement of Comprehensive Income**

	4Q2020	4Q2019	Change	FY2020	FY2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue by business segments</b>						
Specialty pharma principals	16,231	18,782	-13.6%	64,595	65,152	-0.9%
Proprietary brands	4,643	3,821	21.6%	18,221	14,474	25.9%
Medical hypermart and digital	9,748	10,134	-3.8%	40,882	39,816	2.7%
	<b>30,622</b>	<b>32,737</b>	<b>-6.5%</b>	<b>123,698</b>	<b>119,442</b>	<b>3.6%</b>

	4Q2020	4Q2019	Change	FY2020	FY2019	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue by geographical locations</b>						
Singapore	14,594	14,656	-0.4%	60,801	57,499	5.6%
Vietnam	12,285	13,429	-8.5%	46,631	46,713	-0.2%
Malaysia	2,076	2,378	-12.7%	7,892	8,028	-1.7%
Others	1,667	2,274	-26.7%	8,374	7,202	17.1%
	<b>30,622</b>	<b>32,737</b>	<b>-6.5%</b>	<b>123,698</b>	<b>119,442</b>	<b>3.6%</b>

## **Consolidated Statement of Comprehensive Income (cont'd)**

### **4Q2020 compared to 4Q2019**

#### **Revenue**

The Group's revenue decreased by 6.5% or S\$2.1 million from S\$32.7 million in 4Q2019 to S\$30.6 million in 4Q2020.

The drop in revenue was due to a 13.6% decrease in sales from the specialty pharma principals segment, resulting mainly from lower demand in Vietnam, as well as a 3.8% decrease in sales from the medical hypermart and digital segment. The reduction in revenue was partially offset by a 21.6% increase in sales from the proprietary brands segment due to higher demand for dermatological products under Ceradan® brand.

#### **Gross profit**

Gross profit decreased by 2.1% or S\$0.3 million from S\$12.2 million in 4Q2019 to S\$11.9 million in 4Q2020.

Gross profit margin for 4Q2020 increased to 38.9% (4Q2019: 37.2%) due to proportionately higher revenue mix generated from the propriety brands segment, which enjoy relatively higher gross margins.

#### **Other income and gains**

Other income and gains increased by 141.2% or S\$0.4 million from S\$0.3 million in 4Q2019 to S\$0.6 million in 4Q2020 due to higher government grants (mainly from the Jobs Support Scheme) received.

#### **Distribution costs**

Distribution costs increased by 3.2% or S\$0.2 million from S\$7.6 million in 4Q2019 to S\$7.8 million in 4Q2020 due to increased advertising and promotional expenses to promote our products in proprietary brands and specialty pharma principals segments.

#### **Administrative expenses**

Administrative expenses increased by 14.2% or S\$0.3 million from S\$2.5 million in 4Q2019 to S\$2.8 million in 4Q2020 due to higher R&D costs and higher provisions recorded for unutilised leave by employees.

#### **Other losses**

Other losses increased by 289.5% or S\$0.7 million from S\$0.2 million in 4Q2019 to S\$0.9 million in 4Q2020 mainly due to higher allowance for inventories obsolescence and higher inventories written off. Allowance for inventories obsolescence of \$0.4 million was made in relation to:

- (a) S\$0.2 million write down of personal protective equipment ("PPE") to net realisable value in view of increased market competition;
- (b) S\$0.2 million on diagnostic test kits for COVID-19, under the medical hypermart and digital segment; and
- (c) S\$0.1 million on specialty pharma inventories.

#### **Profit before tax**

Profit before tax decreased by 56.0% or S\$1.2 million from S\$2.1 million in 4Q2019 to S\$0.9 million in 4Q2020, mainly due to lower revenue and higher expenses as explained above.



**Consolidated Statement of Comprehensive Income (cont'd)****4Q2020 compared to 4Q2019 (cont'd)**Income tax expense

Income tax expense for 4Q2020 was a writeback of S\$0.1 million due to overprovision of tax expenses in the earlier periods.

Profit after tax

As a result of the foregoing, the Group's net profit after tax decreased by 37.8% or S\$0.6 million, from S\$1.6 million in 4Q2019 to S\$1.0 million in 4Q2020.

**FY2020 compared to FY2019**Revenue

The Group's revenue increased by 3.6% or S\$4.3 million from S\$119.4 million in FY2019 to S\$123.7 million in FY2020.

The increase in revenue was mainly due to higher sales from the proprietary brands segment which grew by 25.9% due to higher demand for dermatological products under Ceradan® brand and nutritional supplements under Ocean Health® brand. The increase was further complemented by increased sales of 2.7% from the medical hypermart and digital segment.

Gross profit

Gross profit increased by 2.6% or S\$1.0 million from S\$42.7 million in FY2019 to S\$43.7 million in FY2020.

Gross profit margin for FY2020 remained relatively stable at 35.4% (FY2019: 35.7%).

Other income and gains

Other income and gains increased by 311.7% or S\$1.7 million from S\$0.5 million in FY2019 to S\$2.2 million in FY2020 due to higher government grants (mainly from the Jobs Support Scheme) received.

Distribution costs

Distribution costs increased by 6.8% or S\$1.7 million from S\$24.8 million in FY2019 to S\$26.5 million in FY2020 due to increased advertising and promotional expenses to promote our products in proprietary brands and specialty pharma principals segments and higher staff costs due to the strengthening of our human capital to support our long-term growth strategy.

Administrative expenses

Administrative expenses for FY2020 increased by 3.7% or S\$0.3 million from S\$9.8 million in FY2019 to S\$10.1 million due to higher R&D costs and higher provisions recorded for unutilised leave by employees.

Other losses

Other losses increased by 342.4% or S\$1.6 million from S\$0.5 million in FY2019 to S\$2.1 million in FY2020 mainly due to higher allowance for inventories obsolescence made in relation to:

- (a) S\$0.2 million on specialty pharma inventories in the Philippines due to poor demand as a result of an extended period of lockdown;
- (b) S\$0.1 million on specialty pharma inventories;

## **Consolidated Statement of Comprehensive Income (cont'd)**

### **FY2020 compared to FY2019 (cont'd)**

#### Other losses (cont'd)

- (c) S\$0.2m on medical hypermart inventories due to low demand for some items which have short shelf lives, such as flu vaccines;
- (d) S\$0.6 million write down of personal protective equipment ("PPE") to net realisable value in view of a drop in value due to higher supply; and
- (e) S\$0.5 million on diagnostic test kits for COVID-19.

The Group had placed prepayments to secure orders of COVID-19 diagnostic test kits during the Circuit Breaker period 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 was to be centrally managed, which resulted in a lack of private market demand in Singapore. The Group had tried to sell the kits overseas but as we have been unsuccessful, full provision has been made.

#### Profit before tax

Profit before tax decreased by 11% or S\$0.9 million from S\$8.0 million in FY2019 to S\$7.1 million in FY2020, mainly due to higher expenses as explained above.

#### Income tax expense

Income tax expense for FY2020 was S\$0.5 million lower than FY2019, as a result of lower profits for the year.

#### Profit after tax

As a result of the foregoing, the Group's net profit after tax decreased by 5.6% or S\$0.3 million, from S\$6.5 million in FY2019 to S\$6.2 million in FY2020.

## **Consolidated Statements of Financial Position**

*The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2020 and 31 December 2019.*

#### Non-current assets

The Group's non-current assets decreased by S\$0.8 million from S\$13.5 million as at 31 December 2019 to S\$12.7 million as at 31 December 2020 primarily due to depreciation of plant and equipment of S\$1.7 million and amortisation of intangible assets of S\$0.4 million, partially offset by acquisition of plant and equipment of S\$0.4 million as well as acquisition of intangible assets, relating to trademark and in-licensing rights, of S\$0.8 million.

#### Current assets

The Group's current assets increased by S\$7.8 million from S\$66.6 million as at 31 December 2019 to S\$74.4 million as at 31 December 2020 mainly due to increases in inventories, trade & other receivables and cash & cash equivalents by S\$5.5 million, S\$0.8 million and S\$1.4 million respectively.

The increase in inventories was due to higher stock-up ahead of product licence renewals in Vietnam, which typically take at least 12 months to be approved.

## **Consolidated Statements of Financial Position (cont'd)**

### **Non-current liabilities**

The Group's non-current liabilities increased by S\$1.2 million from S\$2.4 million as at 31 December 2019 to S\$3.6 million as at 31 December 2020, mainly due to new loan borrowings of S\$1.8 million payable after one year, set off against the recognition of the current portion of lease liabilities under current liabilities of S\$0.6 million.

### **Current liabilities**

The Group's current liabilities increased by S\$2.9 million from S\$33.1 million as at 31 December 2019 to S\$37.8 million as at 31 December 2020. This was mainly attributable to increase of S\$2.6 million in trade and other payables in line with increased purchases due to stock-up in Vietnam and new bank borrowings of S\$0.3 million.

## **Consolidated Statements of Cash Flows**

### **4Q2020**

The Group generated net cash of S\$3.3 million from operating activities in 4Q2020, mainly due to operating cash flows before changes in the working capital of S\$1.4 million, net working capital inflows of S\$2.2 million and income taxes paid of S\$0.3 million.

The net working capital inflows were due mainly to (i) decrease in trade and other receivables of S\$3.6 million (ii) decrease in inventories of S\$2.4 million, partially offset by (iii) decrease in trade and other payables of S\$3.9 million.

Net cash flows generated in financing activities amounted to S\$1.8 million in 4Q2020, mainly due to bank borrowing of S\$2.0 million and offset by lease payments amounting to S\$0.2 million.

### **FY2020**

The Group generated net cash of S\$4.1 million from operating activities in FY2020, mainly due to operating cash flows before changes in the working capital of S\$9.0 million, net working capital outflows of S\$3.8 million and income taxes paid of S\$1.1 million.

The net working capital outflows were due to (i) increase in inventories of S\$5.5 million and (ii) increase in trade and other receivables of S\$0.8 million, partially offset by (iii) increase in trade and other payables of S\$2.6 million.

Net cash flows used in investing activities during FY2020 amounted to S\$1.0 million, mainly attributable to plant and equipment additions and acquisition of trademark and in-licensing rights.

Net cash flows used in financing activities amounted to S\$1.8 million during FY2020, mainly due to dividend payment of S\$3.0 million and lease payments amounting to S\$0.8 million, partially offset by net bank borrowings of S\$2.1 million.

**9** **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

Internationalisation

The Group continues to actively pursue prospective partners in its internationalisation efforts to expand to other parts of Asia in relation to its proprietary brands. As a result of these efforts, the Group has signed distribution agreements for exclusive distributorships of Ceradan® products in China and TDF Fairence® T-Complex in South Korea.

Investment in Proprietary Brands

The Group will continue to undertake further clinical developments to reinforce Ceradan®'s clinical positioning and to delve into applied research and development ("R&D") for new products through improved formulations.

Strengthen specialty pharma portfolio

The Group remains focused on further cementing its leadership position and deepening its presence in the ASEAN region and is actively seeking licencing opportunities for new products.

The Group will be launching its latest product, Erdomed 300mg Hard Capsule, in-licenced from Edmond Pharma S.r.l (Italy), in Singapore and Malaysia. Erdomed is the latest generation mucolytic for use in all acute and chronic respiratory disorders with excessive mucus and phlegm. Coupled with the latest evidence in the management of Chronic Obstructive Pulmonary Disease ("COPD"), Erdomed presents a new oral treatment option for COPD patients. The Group will be promoting this prescription-only medicine to healthcare professionals in the Respiratory and Ear, Nose, Throat ("ENT") specialties as well as the general practitioners.

Going Digital

With rising acceptance of telemedicine, the Group intends to enhance its service offering to capture this growing opportunity. The Group has been awarded with an e-pharmacy licence for its WellAway Pharmacy by the Health Sciences Authority. The e-pharmacy is set to provide a reliable and convenient medication delivery service to residential homes, complementing the increasing usage of telemedicine by the Group's medical partners in Singapore.

Impact from COVID-19

The recovery of market demand in the regions had been inconsistent and unpredictable, and any further lockdown measures implemented is expected to have a negative impact on the Group's business.

Update on results release

Following the changes in SGX Listing Rules on quarterly reporting requirements last year, the Group will be adopting semi-annual reporting and the next results release will be for the half-year ended 30 June 2021.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on? **Yes**

Name of Dividend  
 Type of Dividend  
 Total number of issued ordinary shares  
 Dividend per share

FY 2020	
Final Dividend Exempt (1-tier)	Cash
	300,430,400
	0.62 cents

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **Yes**

	FY 2019
Name of Dividend	Final Dividend Exempt (1-tier)
Type of Dividend	Cash
Total number of issued ordinary shares	300,430,400
Dividend per share	1.00 cents

**(c) Date payable**

To be announced later.

**(d) Books closure date**

To be announced later.

**12 If no dividend has been declared or recommended, a statement to that effect and the reason(s) for the decision**

Please refer to 11(a) above.

**13 If the Group has obtained a general mandate from shareholders for interested person transactions ('IPT'), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The Group does not have a general mandate from shareholders for interested person transactions.

**14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7(H) under Rule 720(1) of the Catalist Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

**15 Utilisation of Proceeds from the Initial Public Offering (“IPO”)**

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

	<b>Allocated S\$'000</b>	<b>Utilised S\$'000</b>	<b>Balance S\$'000</b>
Business expansion, including potential acquisitions, joint ventures, product development and research and development collaborations	7,000	1,686	5,314
General corporate and working capital purposes	3,552	1,548	2,004
Setting up of our integrated facility	3,000	3,000	-
Payment of underwriting and placement commissions as well as offering expenses	2,048	2,048	-
<b>Gross proceeds from the Invitation</b>	<b>15,600</b>	<b>8,282</b>	<b>7,318</b>

The above utilisation is in accordance with the intended use of proceeds from the IPO as stated in the Offer Document.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**16** Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

**16A** Business segments revenue and results

	Specialty pharma principals		Proprietary brands		Medical hypermart and digital		Unallocated		Total	
	FY2020 S\$'000	FY2019 S\$'000	FY2020 S\$'000	FY2019 S\$'000	FY2020 S\$'000	FY2019 S\$'000	FY2020 S\$'000	FY2019 S\$'000	FY2020 S\$'000	FY2019 S\$'000
<b>Revenue by segment</b>										
Total revenue by segment	64,595	65,152	18,221	14,474	40,882	39,816	-	-	123,698	119,442
<b>Total revenue</b>	<b>64,595</b>	<b>65,152</b>	<b>18,221</b>	<b>14,474</b>	<b>40,882</b>	<b>39,816</b>	<b>-</b>	<b>-</b>	<b>123,698</b>	<b>119,442</b>
<b>EBITDA</b>	6,044	6,168	2,248	1,013	1,125	3,400	(118)	(451)	9,299	10,130
Finance costs	-	-	-	-	-	-	(110)	(138)	(110)	(138)
Depreciation and amortisation	(20)	(33)	(381)	(373)	-	-	(1,680)	(1,599)	(2,081)	(2,005)
<b>Segment results</b>	<b>6,024</b>	<b>6,135</b>	<b>1,867</b>	<b>640</b>	<b>1,125</b>	<b>3,400</b>	<b>(1,908)</b>	<b>(2,188)</b>	<b>7,108</b>	<b>7,987</b>
Income tax expense									(945)	(1,457)
<b>Profit after tax</b>									<b>6,163</b>	<b>6,530</b>
<b>Other expenses</b>										
Impairment of trade receivables and inventories <sup>(1)</sup>	331	(136)	247	314	1,458	143	-	-	2,036	321

<sup>(1)</sup> Impairment of inventories included S\$1.1 million provision for stock obsolescence made in relation to write down of personal protective equipment (“PPE”) to net realisable value and diagnostic test kits for COVID-19, under the medical hypermart segment. For further details, please refer to section 8 of this announcement for the review of the performance of the Group.

The unallocated expenses mainly included the Group’s headquarters expenses such as employee benefits expenses and statutory and regulatory expenses.

**16B Geographical information**

	Revenue	
	FY2020 S\$'000	FY2019 S\$'000
Singapore	60,801	57,499
Vietnam	46,631	46,713
Malaysia	7,892	8,028
Others	8,374	7,202
Total	123,698	119,442

**17 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to section 8 of this announcement for the review of the performance of the Group.

**18 Breakdown of sales**

	FY2020 S\$'000	Group FY2019 S\$'000	Change %
17(a) Gross revenue reported for first half year	61,640	56,006	10%
17(b) Net profit after tax for first half year	4,282	3,064	40%
17(c) Gross revenue reported for second half year	62,058	63,436	-2%
17(d) Net profit after tax for second half year	1,881	3,466	-46%

**19 Breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Annual dividend	FY2020 S\$'000	FY2019 S\$'000
Ordinary dividend – Final *	1,863	3,004

\* The final dividend is subject to shareholders' approval at the AGM.



- 20 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that during FY2020 and up to the date hereof, there has not been any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

**Lim See Wah**

Chairman and Chief Executive Officer

25 February 2021

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This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, DBS Bank Ltd. ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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