

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS

Issuer & Securities

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HYPHENS PHARMA INTERNATIONAL LIMITED

Securities

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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 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.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Additional Details

For Financial Period Ended

31/12/2021

Attachments

[Hyphens Pharma - FY2021 Results MR.pdf](#)

[Hyphens Pharma results FY2021.pdf](#)

Total size = 1078K MB

Media Release

Hyphens Pharma FY2021 net profit rose 11.1% to S\$6.8 million

- Posted record sales of S\$125.9 million
- Proposes first and final dividend of 0.67 Singapore cents for FY2021

Singapore, 23 February 2022 – 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 financial year ended 31 December 2021 (“**FY2021**”), which saw its net profit increase by 11.1% to S\$6.8 million on the back of a 4.1% increase in revenue to S\$125.9 million.

FY2021 Financial Highlights			
S\$ million	FY2021	FY2020	Change
Revenue	125.9	121.0	4.1%
Gross Profit	48.1	43.6	10.2%
GP Margin (%)	38.2	36.1	2.1 pts
Profit Before Tax	8.3	7.1	16.2%
Profit After Tax	6.8	6.2	11.1%
PAT Margin (%)	5.4	5.1	0.3 pts

Commenting on the FY2021 results, **Mr Lim See Wah (“林世华”)**, **Executive Chairman and CEO of Hyphens Pharma** said: *“I am happy that the team has delivered a good set of results for FY2021 despite the many challenges that we faced last year due to the effects of the COVID-19 pandemic on our regional markets. At the same time, we also completed the acquisition of Novem Group, which will not only enhance our top and bottom line but also help us further entrench our leading position in Singapore while boosting our proprietary brands business.”*

Dividend

After considering the Company's FY2021 results performance, outlook, cashflows and capital expenditure needs, the Board of Hyphens Pharma proposes a first and final dividend of 0.67 Singapore cents (FY2020: 0.62 Singapore cents) which is subject to shareholder approval at the upcoming annual general meeting. The dividend amount is approximately 30.2% of the net profit after tax for FY2021.

Financial Review

FY2021 Segmental Revenue			
S\$ million	FY2021	FY2020	Change
Specialty Brand Principals	65.6	62.0	5.9%
Proprietary Brands	19.1	18.1	5.3%
Medical Hypermart and Digital	41.2	40.9	0.7%
Total	125.9	121.0	4.1%

In FY2021, the Group's revenue increased by 4.1% to S\$125.9 million from S\$121.0 million in the financial year ended 31 December 2020 ("FY2020") with all three business segments contributing to the revenue increase.

The Group's Specialty Pharma Principals segment revenue increased by 5.9% with improved demand in Singapore, Malaysia and Indonesia, while its Proprietary Brands segment contributed 5.3% in revenue growth with higher demand for dermatological products under Ceradan® and for hair growth products under CG 210®.

Higher revenue and gross profit, partially offset by lower government grant income and higher operating expenses, contributed to an increase in the Group's net profit after tax by 11.1% to S\$6.8 million in FY2021 from S\$6.2 million in FY2020. This translated into a basic earnings per share of 2.27 Singapore cents.

Business Outlook

Growing Proprietary Brands

The Proprietary Brand business remains the Group's key focus and the various brands under the Group including Ocean Health®, Ceradan®, TDF® and CG 210®, have all enjoyed robust growth in sales and brand equity. The Group will continue to nurture these 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 into innovation to further develop new and improved products under the respective brands.

The Group has received patents in Singapore and USA for Ceradan® Advanced, a next generation emollient therapy which is scientifically formulated for eczema-prone skin conditions. To date, the Group has three patent approvals for Ceradan® Advanced, with 11 patents pending approval in countries/regions such as Malaysia, Vietnam, China, and Europe. The Group believes that the patent approvals of Ceradan® Advanced will assist its market entry and development by enhancing the brand's equity in those markets and leveraging on a research-based approach to reach clinicians. As part of its on-going efforts to build the Ceradan® brand, the Group will continue its product development efforts.

Going Digital

With the official launch of WellAway e-pharmacy (“**WellAway**”) in January 2022, the Group is accelerating its investment in digital initiatives to spearhead business expansion in its Medical Hypermart and Digital segment. Since its incorporation in 4Q2021, the Group's subsidiary, DocMed Technology Pte Ltd, is actively pursuing strategic collaboration opportunities with like-minded partners to develop an integrated digital healthtech platform, incorporating various healthtech solutions, to cater to various healthcare stakeholders in Singapore and the region.

Other Growth Strategies

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

Going forward, the Group will continue to seek out acquisition opportunities that align with its strategic goals. The Novem Group will commence its full year contribution to the Group's results for the financial year ending 31 December 2022.

Impact from COVID-19

The speed and consistency of market recovery from COVID-19 in the region remains uncertain in FY2022. The Group will remain agile and vigilant to respond to market conditions.

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 (<https://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 e-pharmacy for doctors to prescribe and have medications delivered to their patients' homes.

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

For media enquires contact : Ms Foo En Yun / Mr Gerald Woon

Email / DID / Mobile : enyun@cogentcomms.com / (65) 6704 9284 / (65) 8180 3641

woon@cogentcomms.com / (65) 6704 9268 / (65) 9694 8364

This media release 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 media release, including the correctness of any of the statements or opinions made or reports contained in this media release.

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HYPHENS PHARMA INTERNATIONAL LIMITED
(Company Registration No. 201735688C)

Condensed Interim Financial Statements

For the six months and full year ended 31 December 2021

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group					
		6 months ended 31 Dec 2021 ("2H2021")	6 months ended 31 Dec 2020 ("2H2020")	Change	12 months ended 31 Dec 2021 ("FY2021")	12 months ended 31 Dec 2020 ("FY2020")	Change
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	4	62,076	60,589	¹ 2.5	125,883	120,977	¹ 4.1
Cost of sales		(38,745)	(38,388)	¹ 0.9	(77,800)	(77,341)	¹ 0.6
Gross profit		23,331	22,201	5.1	48,083	43,636	10.2
Other income and gains		750	1,079	(30.5)	964	2,295	¹ (58.0)
Share of profit of an associate		17	—	N.M.	17	—	N.M.
Distribution and marketing expenses		(14,123)	(14,150)	(0.2)	(28,394)	(26,523)	7.1
Administrative expenses		(6,405)	(5,422)	18.1	(11,639)	(10,138)	14.8
Finance costs		(47)	(59)	(20.3)	(95)	(110)	(13.6)
Other losses		(497)	(1,690)	¹ (70.6)	(680)	(2,052)	¹ (66.9)
Profit before tax	6	3,026	1,959	(54.5)	8,256	7,108	16.2
Income tax expense	7	(495)	(78)	>100.0	(1,410)	(945)	49.2
Profit for the financial period/ year, net of tax		2,531	1,881	34.6	6,846	6,163	11.1
<u>Other comprehensive income (loss):</u>							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations, net of tax		52	26	100.0	33	(60)	N.M.
Other comprehensive income (loss) for the period/ year		52	26	100.0	33	(60)	N.M.
Total comprehensive income		2,583	1,907	35.4	6,879	6,103	12.7
Earnings per share							
Earnings per share currency unit		<u>Cents</u>	<u>Cents</u>		<u>Cents</u>	<u>Cents</u>	
Basic							
Continuing operations		0.84	0.63		2.27	2.05	
Diluted							
Continuing operations		0.84 ²	0.63		2.27 ²	2.05	

¹ Reclassification was made from cost of sales (2H2020: S\$1.4 million; FY2020: S\$2.6 million) to revenue (2H2020: S\$1.5 million; FY2020: S\$2.7 million) and other income/losses (2H2020: S\$0.1 million; FY2020: S\$0.1 million), to be comparable with current periods. These amounts pertain to variable considerations in relation to the Group's sales to Vietnam. These reclassifications have no impact on the Group's net profit for the respective periods.

² This includes the effects of dilution from share awards granted under Hyphens Performance Share Plan (1,485,000 shares, granted on 19 Mar 2021).

B. Condensed Interim Statements of Financial Position

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
ASSETS					
<u>Non-current assets</u>					
Plant and equipment	11	4,171	4,807	79	124
Intangible assets	10	20,150	7,890	–	–
Investment in subsidiaries		–	–	19,420	19,220
Investment in an associate		307	–	–	–
Deferred tax assets		65	47	–	–
Total non-current assets		24,693	12,744	19,499	19,344
<u>Current assets</u>					
Inventories	13	25,076	16,888	–	–
Trade and other receivables	12	28,543	23,736 ³	20,688	5,569
Prepayments		639	564	80	64
Cash and cash equivalents		19,461	27,526	3,221	13,449
Total current assets		73,719	68,714	23,989	19,082
Total assets		98,412	81,458	43,488	38,426
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	15	35,083	32,641	35,083	32,641
Retained earnings		34,609	29,626	7,192	5,072
Other reserves		(15,059)	(15,092)	–	–
Total equity		54,633	47,175	42,275	37,713
<u>Non-current liabilities</u>					
Deferred tax liabilities		342	409	–	–
Other financial liabilities, non-current	14	880	3,558	–	–
Total non-current liabilities		1,222	3,967	–	–
<u>Current liabilities</u>					
Income tax payable		1,705	1,345	3	3
Trade and other payables		33,563	27,555 ³	1,210	710
Other financial liabilities, current	14	7,289	1,416	–	–
Total current liabilities		42,557	30,316	1,213	713
Total liabilities		43,779	34,283	1,213	713
Total equity and liabilities		98,412	81,458	43,488	38,426

³ Reclassification of \$5.7 million was made from trade and other payables to net off against the respective counterparty's trade and other receivables.

C. Condensed Interim Statements of Changes in Equity

	<u>Total equity</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Other reserves</u>
	\$'000	\$'000	\$'000	\$'000
<u>Group</u>				
Current year:				
Balance at 1 January 2021	47,175	32,641	29,626	(15,092)
Issue of share capital	2,442	2,442	–	–
Total comprehensive income for the year	6,879	–	6,846	33
Dividends paid (Note 8)	(1,863)	–	(1,863)	–
Balance at 31 December 2021	<u>54,633</u>	<u>35,083</u>	<u>34,609</u>	<u>(15,059)</u>
Previous year:				
Balance at 1 January 2020	44,076	32,641	26,467	(15,032)
Total comprehensive income for the year	6,103	–	6,163	(60)
Dividends paid (Note 8)	(3,004)	–	(3,004)	–
Balance at 31 December 2020	<u>47,175</u>	<u>32,641</u>	<u>29,626</u>	<u>(15,092)</u>
	<u>Total equity</u>	<u>Share capital</u>	<u>Retained earnings</u>	
	\$'000	\$'000	\$'000	
<u>Company</u>				
Current year:				
Balance at 1 January 2021	37,713	32,641	5,072	
Issue of share capital	2,442	2,442	–	
Total comprehensive income for the year	3,983	–	3,983	
Dividends paid (Note 8)	(1,863)	–	(1,863)	
Balance at 31 December 2021	<u>42,275</u>	<u>35,083</u>	<u>7,192</u>	
Previous year:				
Balance at 1 January 2020	37,553	32,641	4,912	
Total comprehensive income for the year	3,164	–	3,164	
Dividends paid (Note 8)	(3,004)	–	(3,004)	
Balance at 31 December 2020	<u>37,713</u>	<u>32,641</u>	<u>5,072</u>	

D. Condensed Interim Consolidated Statement of Cash Flows

	FY2021	FY2020
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
Profit before tax	8,256	7,108
Adjustments for:		
Amortisation of intangible assets	427	401
Depreciation of plant and equipment	1,777	1,680
Interest income	(74)	(180)
Interest expense	95	110
Loss (Gain) on disposal of plant and equipment	2	(4)
Expenses in connection with subsidiaries acquisition	415	–
Share of profit of an associate	(17)	–
Net effect of exchange rate changes in consolidating foreign operations	36	(114)
Operating cash flows before changes in working capital	10,917	9,001
Trade and other receivables	(1,988)	(767)
Prepayments	20	(198)
Inventories	(4,608)	(5,457)
Trade and other payables	3,112	2,612
Net cash flows from operations	7,453	5,191
Income taxes paid	(1,415)	(1,061)
Net cash flows from operating activities	6,038	4,130
<u>Cash flows from investing activities</u>		
Acquisition of subsidiaries, net of cash acquired (Note A)	(14,156)	–
Down-payment for plant and equipment	(139)	–
Purchase of plant and equipment	(562)	(371)
Purchase of intangible assets	(134)	(829)
Proceed from sale of plant and equipment	–	7
Interest received	74	180
Net cash flows used in investing activities	(14,917)	(1,013)
<u>Cash flows from financing activities</u>		
Dividends paid to equity owners	(1,863)	(3,004)
Payment of principal portion of lease liabilities	(905)	(783)
Interest paid	(95)	(110)
Proceeds from borrowings	4,243	2,441
Repayment of borrowings	(566)	(300)
Net cash flows from (used in) financing activities	814	(1,756)
Net (decrease) increase in cash and cash equivalents	(8,065)	1,361
Cash and cash equivalents, at beginning of the year	27,526	26,165
Cash and cash equivalents, at end of the year	19,461	27,526

E. Notes to Condensed Interim Consolidated Statement of Cash Flows

A. Acquisition of subsidiaries

The Group's wholly-owned subsidiary, Hyphens Pharma Pte. Ltd., has completed the acquisition of Novem Healthcare Pte Ltd, Novem Pharma Private Limited and Novem Sciences Private Limited (collectively "Novem") on 3 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. The provisional fair values of the net assets of the subsidiaries acquired were as follows:

	Provisional fair value \$'000
Plant and equipment	525
Investment in an associate	289
Inventories	3,580
Trade and other receivables	2,748
Other assets	28
Cash and cash equivalents	997
Income tax payable	(281)
Trade and other payables	(2,895)
Other financial liabilities	(364)
Total identifiable assets acquired and liabilities assumed	4,627
Goodwill	12,553
Purchase consideration transferred	17,180
<i>Purchase consideration</i>	
Shares issued, at fair value	2,442
Consideration transferred in cash	14,738
Total consideration	17,180
Net cash outflow arising on acquisition:	
Cash consideration	14,738
Transaction costs of the acquisition	415
Less: Cash and cash equivalent balances acquired	(997)
Net cash flow on acquisition	14,156

The Company issued 8,345,800 ordinary shares as consideration for the acquisition of Novem. Transaction costs of \$415,000 were expensed and included in administrative expenses.

The purchase price allocation of the acquisition of Novem for the year ended 31 December 2021 is provisional and the Group expects to complete the purchase price allocation exercise within 12 months from the date of acquisition.

F. Notes to the Condensed Interim Consolidated Financial Statements

1. General

Hyphens Pharma International Limited (the “Company”) is a public limited company incorporated and domiciled in Singapore. The Company is listed on the Catalist Board (the “Catalist”) of Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2021 are presented in Singapore dollars (which is the Company’s functional currency) and they cover the Company (referred to as “parent”) and the subsidiaries (collectively, the “Group”).

The Company’s principal activities are those of an investment holding company and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 4 on segment and revenue information.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

The latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

Uncertainties relating to the COVID-19 pandemic:

The COVID-19 pandemic and the aftermath of the pandemic has caused and continues to cause disruptions resulting in uncertainties surrounding the reporting entity’s business, including affecting its relationships with its existing and future customers, suppliers and employees, and which had and will continue to have an adverse effect on its financial position, financial performance of operations, cash flows and prospects for the foreseeable future. There is significant uncertainty around the medium to long-term impact of the COVID-19 pandemic. Other entities are also evolving and assets held by them may have material uncertainties and / or disclaimers regarding the impact of COVID-19. These uncertainties gave rise to difficulties in making an accurate assessment by management of the future financial impacts on the reporting entity. Management will continue to closely monitor the further economic development and its impact. It is however reasonably probable that the COVID-19 pandemic will have an adverse impact on the reporting entity’s revenues and results for the next reporting year, the extent of which will depend on how long the aftermath of the pandemic lasts.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months and full year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”), except for the adoption of new and amended standards as set out in Note 2.1.

2.1. New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses. Actual results could differ from those estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 4 – Revenue recognition

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 10 – Assessment of impairment of goodwill
- Note 12 – Expected credit loss allowance on trade receivables
- Note 13 – Allowance on inventories

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

4. Segment and revenue information

The Group is organised into the following main business segments:

- (1) Specialty pharma principals segment ("Specialty pharma principals") which is in the business of marketing and selling a range of specialty pharmaceutical products with exclusivity in the relevant ASEAN countries.
- (2) Proprietary brands segment ("Proprietary brands") which is in the business of developing, marketing and selling its own proprietary range of dermatological products and health supplement products.
- (3) Medical hypermart and digital segment ("Medical hypermart and digital") which is a wholesaler of pharmaceuticals and medical supplies in Singapore, which the Group positions itself as a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies.

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. They are managed separately because each business requires different strategies.

4.1 Reportable segments

4.1.1 Profit or loss from continuing operations and reconciliations

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	2H2021	2H2020	2H2021	2H2020	2H2021	2H2020	2H2021	2H2020	2H2021	2H2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue by segment										
Total revenue by segment	32,303	31,738	9,732	9,034	20,041	19,817	–	–	62,076	60,589
Total revenue	32,303	31,738	9,732	9,034	20,041	19,817	–	–	62,076	60,589
EBITDA	3,582	2,446	856	728	386	(31)	(607)	(52)	4,217	3,091
Finance costs	–	–	–	–	–	–	(47)	(59)	(47)	(59)
Depreciation and amortisation	(27)	(10)	(197)	(191)	–	–	(920)	(872)	(1,144)	(1,073)
Profit (loss) before tax	3,555	2,436	659	537	386	(31)	(1,574)	(983)	3,026	1,959
Income tax expense									(495)	(78)
Profit net of tax									2,531	1,881

The unallocated expenses mainly included the Group's corporate expenses such as transaction costs of Novem acquisition (Note A of Condensed Interim Consolidated Statement of Cash Flows), employee benefits expenses, statutory and regulatory expenses.

4.1.1 Profit or loss from continuing operations and reconciliations (cont'd)

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	<u>FY2021</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Revenue by segment										
Total revenue by segment	65,624	61,990	19,071	18,105	41,188	40,882	–	–	125,883	120,977
Total revenue	65,624	61,990	19,071	18,105	41,188	40,882	–	–	125,883	120,977
EBITDA	8,146	6,044	1,817	2,248	1,477	1,125	(885)	(118)	10,555	9,299
Finance costs	–	–	–	–	–	–	(95)	(110)	(95)	(110)
Depreciation and amortisation	(37)	(20)	(390)	(381)	–	–	(1,777)	(1,680)	(2,204)	(2,081)
Profit (loss) before tax	8,109	6,024	1,427	1,867	1,477	1,125	(2,757)	(1,908)	8,256	7,108
Income tax expense									(1,410)	(945)
Profit net of tax									6,846	6,163

The unallocated expenses mainly included the Group's corporate expenses such as transaction costs of Novem acquisition (Note A of Condensed Interim Consolidated Statement of Cash Flows), employee benefits expenses, statutory and regulatory expenses.

4.1.2 Assets and reconciliations

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total assets for reportable segments	30,615	22,414	17,567	14,389	12,379	10,849	12,553	–	73,114	47,652
Unallocated:										
Plant and equipment	–	–	–	–	–	–	4,171	4,807	4,171	4,807
Investment in an associate	–	–	–	–	–	–	307	–	307	–
Prepayments	–	–	–	–	–	–	639	564	639	564
Cash and cash equivalents	–	–	–	–	–	–	19,461	27,526	19,461	27,526
Other receivables	–	–	–	–	–	–	720	909	720	909
Total Group assets	30,615	22,414	17,567	14,389	12,379	10,849	37,851	33,806	98,412	81,458

4.1.3 Liabilities and reconciliations

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total liabilities for reportable segments	17,817	14,369	2,802	2,225	9,675	9,817	–	–	30,294	26,411
Unallocated:										
Income tax payable	–	–	–	–	–	–	1,705	1,345	1,705	1,345
Financial liabilities	–	–	–	–	–	–	8,169	4,974	8,169	4,974
Trade and other payables	–	–	–	–	–	–	3,611	1,553	3,611	1,553
Total Group liabilities	17,817	14,369	2,802	2,225	9,675	9,817	13,485	7,872	43,779	34,283

4.1.4 Other material items and reconciliations

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	2H2021	2H2020	2H2021	2H2020	2H2021	2H2020	2H2021	2H2020	2H2021	2H2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables and inventories loss	121	254	251	145	121	1,371	–	–	493	1,770
Expenditures for non-current assets	85	–	29	205	–	–	13,109	259	13,223	464

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables and inventories loss	280	331	380	247	16	1,458	–	–	676	2,036
Expenditures for non-current assets	85	41	49	788	–	–	13,174	542	13,308	1,371

4.2 Disaggregation of revenue

	<u>Group</u>			
	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
<i>Types of goods or service:</i>				
Sale of goods	61,841	60,310	125,273	120,267
Commission income	131	132	286	254
Marketing services fee and advertisement	104	73	323	340
Other revenue	—	74	1	116
Total revenue	62,076	60,589	125,883	120,977
<i>Geographical information:</i>				
Singapore	31,831	29,972	64,109	60,801
Vietnam	19,395	23,438	41,605	43,910
Malaysia	5,680	3,835	10,637	7,892
Others	5,170	3,344	9,532	8,374
Total revenue	62,076	60,589	125,883	120,977

Judgement is required in determining when the control of the inventories have passed to the distributors. Management has reviewed the Group's distribution agreements and arrangements with the distributors and concluded that the control of the inventories is passed to the distributors upon delivery unless for those inventories specified under consignment arrangements. The distributors are considered as a principal and not an agent because the distributors are independent operating parties that bear both the credit risk of their customers and inventory risk of the purchased goods. Accordingly, revenue is recognised based on point in time when delivery of goods has been made.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	<u>Group</u>		<u>Company</u>	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	48,004	51,262	23,909	19,018
	48,004	51,262	23,909	19,018
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	41,732	32,529	1,210	710
	41,732	32,529	1,210	710

6. Profit before taxation

6.1 Significant items

	<u>Group</u>			
	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Income				
Government grants ⁽¹⁾	122	961	433	2,048
Interest income	37	108	74	180
Expenses				
Advertising and promotional expenses	4,215	5,548	8,580	8,912
Allowance for inventories obsolescence	396	1,168	477	1,624
Depreciation and amortisation	1,144	1,073	2,204	2,081
Employee benefits expenses	10,743	8,350	19,193	16,437
Foreign exchange translation (gains) losses	(591)	241	(460)	(46)
Inventories written off	95	282	197	428
Research and development expenses	383	310	564	375

⁽¹⁾ In the current reporting year, the government grants included grant from Jobs Support Scheme totalled \$130,000 (FY2020: \$1,765,000). The purpose of the Jobs Support Scheme is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid COVID-19 for 17 months from April 2020 to August 2021.

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements. Intragroup transactions and balances that have been eliminated in these consolidated financial statements.

7. Taxation

Components of income tax expense recognised in profit or loss:

	<u>Group</u>			
	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
<u>Current tax expense</u>				
Current tax expense	684	191	1,640	1,031
Over adjustment in respect of prior periods	(142)	(88)	(145)	(84)
<u>Deferred tax (income) expense</u>				
Deferred tax (income) expense	(47)	(25)	(85)	(2)
Total income tax expense	495	78	1,410	945

8. Dividends

	<u>Group</u>	
	FY2021 \$'000	FY2020 \$'000
Dividends paid during the reporting year:		
Final exempt (1-tier) dividends paid of 0.62 cent per share (2020: Interim exempt (1-tier) dividends paid of 1.00 cent per share)	1,863	3,004
Proposed dividends on ordinary shares:		
Final exempt (1-tier) proposed dividends of 0.67 cent (2020: 0.62 cent) per share	2,069	1,863

Proposed dividends on ordinary shares are subject to approval by shareholders at the annual general meeting and are not recognised as a liability as at 31 December. There are no income tax consequences on the reporting entity. The proposed dividend is payable in respect of all ordinary shares in issue at the end of reporting year and including any new qualifying shares issued up to the date the dividend becomes payable.

9. Net asset value

	<u>Group</u>		<u>Company</u>	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net asset value per ordinary share (Singapore cents per share)	17.69	15.70	13.69	12.55

10. Intangible assets

	<u>Group</u>		
	Goodwill \$'000	Distribution rights and trademarks \$'000	Total \$'000
At 31 December 2020			
Cost	5,844	5,057	10,901
Accumulated impairment and amortisation	(993)	(2,018)	(3,011)
Net book value at 31 December 2020	4,851	3,039	7,890
Year ended 31 December 2021			
<i>Cost:</i>			
As at 1 January 2021	5,844	5,057	10,901
Arising from acquisition of subsidiaries	12,553	–	12,553
Additions	–	134	134
Balance as at 31 December 2021	18,397	5,191	23,588
<i>Accumulated impairment and amortisation:</i>			
As at 1 January 2021	993	2,018	3,011
Amortisation for the year	–	427	427
Balance as at 31 December 2021	993	2,445	3,438
Net book value at 31 December 2021	17,404	2,746	20,150

10. Intangible assets (cont'd)

10.1 Goodwill

Apart from the goodwill arose from acquisition of Novem determined provisionally (see Note A of Condensed Interim Consolidated Statement of Cash Flows), there was no other movement in the amount of goodwill during the current reporting year. In assessing the goodwill impairment (other than the provisional goodwill arising from acquisition of Novem), management has determined the recoverable amount of the cash generating unit (CGU) as at 31 December 2021 based on its value in use. Value in use was determined by discounting the future cash flows similar to the 31 December 2020 goodwill impairment test. There is no change to the key assumptions used.

11. Plant and equipment

	<u>Group</u>				
	Plant and equipment \$'000	Hardware and software \$'000	Fixtures and equipment \$'000	Motor vehicles \$'000	Total \$'000
<u>Cost:</u>					
At 1 January 2020	4,232	1,033	3,235	145	8,645
Additions	171	95	276	–	542
Disposals	(1)	(21)	(95)	(19)	(136)
Foreign exchange adjustments	–	1	1	5	7
At 31 December 2020	4,402	1,108	3,417	131	9,058
Arising from acquisition of subsidiaries	286	24	103	112	525
Additions	95	454	73	–	622
Disposals	(1)	(133)	(14)	–	(148)
Foreign exchange adjustments	(2)	(2)	(3)	(6)	(13)
At 31 December 2021	4,780	1,451	3,576	237	10,044
<u>Accumulated depreciation:</u>					
At 1 January 2020	859	751	957	130	2,697
Depreciation for the year	880	143	647	10	1,680
Disposals	(1)	(20)	(94)	(18)	(133)
Foreign exchange adjustments	–	–	2	5	7
At 31 December 2020	1,738	874	1,512	127	4,251
Depreciation for the year	953	144	672	8	1,777
Disposals	(1)	(133)	(12)	–	(146)
Foreign exchange adjustments	–	(2)	–	(7)	(9)
At 31 December 2021	2,690	883	2,172	128	5,873
<u>Carrying value:</u>					
At 1 January 2020	3,373	282	2,278	15	5,948
At 31 December 2020	2,664	234	1,905	4	4,807
At 31 December 2021	2,090	568	1,404	109	4,171

11. Plant and equipment (cont'd)

	<u>Company</u>		Total \$'000
	Hardware and software \$'000	Fixtures and equipment \$'000	
<u>Cost:</u>			
At 1 January 2020	2	221	223
Additions	2	–	2
At 31 December 2020 and 31 December 2021	4	221	225
<u>Accumulated depreciation:</u>			
At 1 January 2020	1	55	56
Depreciation for the year	1	44	45
At 31 December 2020	2	99	101
Depreciation for the year	1	44	45
At 31 December 2021	3	143	146
<u>Carrying value:</u>			
At 1 January 2020	1	166	167
At 31 December 2020	2	122	124
At 31 December 2021	1	78	79

12. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<u>Trade receivables:</u>				
Outside parties	28,031	23,031	–	–
Less allowance for impairment	(208)	(204)	–	–
Subsidiaries	–	–	1,246	556
Net trade receivables – subtotal	27,823	22,827	1,246	556
<u>Other receivables:</u>				
Staff advances	7	5	–	–
Deposits to secure services	594	502	–	–
Subsidiaries	–	–	19,442	5,000
Goods and services tax receivables	76	212	–	–
Other receivables	43	43	–	–
Government grant receivable ⁽¹⁾	–	147	–	13
Other receivables – subtotal	720	909	19,442	5,013
Total trade and other receivables	28,543	23,736	20,688	5,569

⁽¹⁾ Government grant receivable from Jobs Support Scheme.

12. Trade and other receivables (cont'd)

	<u>Group</u>		<u>Company</u>	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Movements in above allowance:				
At beginning of the year	204	220	–	–
Arising from acquisition of subsidiaries	2	–	–	–
Charge (Reversal) for allowance to profit or loss included in other losses (gains)	2	(16)	–	–
At end of the year	<u>208</u>	<u>204</u>	<u>–</u>	<u>–</u>

The expected credit losses (ECL) on the above trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates including the impact of the COVID-19 pandemic. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The receivables have common risk characteristics as compared to previous years. There were no significant bad debts noted in the previous years. The Group assesses the credit risk of major customers and risk of default rates of the customers using audited financial statements, management accounts, and available press information about the customers and applying experienced credit judgement.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There is no collateral held as security and other credit enhancements for the trade receivables.

13. Inventories

	<u>Group</u>	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Raw materials and supplies	1,025	766
Finished goods and goods for resale ⁽¹⁾	24,051	16,122
	<u>25,076</u>	<u>16,888</u>
Inventories are stated after allowance.		
Movement in allowance:		
At beginning of the year	1,812	466
Arising from acquisition of subsidiaries	89	–
Charge to profit or loss included in other losses	477	1,624
Used	(1,105)	(278)
At end of the year	<u>1,273</u>	<u>1,812</u>
The amount of inventories included in cost of sales	76,429	75,731
The inventories written off charged to profit or loss included in other losses	<u>197</u>	<u>428</u>

13. Inventories (cont'd)

Management applied judgement in determining the appropriate allowance for inventories by taking into consideration various factors, including the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories.

There are no inventories pledged as security for liabilities.

(1) Included in finished goods and goods for resale are inventories under consignment with distributors amounted to \$5,540,000 (2020: \$4,814,000).

14. Borrowings

	<u>Group</u>			
	31 Dec 2021		31 Dec 2020	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Repayable in one year or less, or on demand:				
Bank borrowings	–	6,075	–	564
Lease liabilities	26	1,188	–	852
Subtotal	<u>26</u>	<u>7,263</u>	<u>–</u>	<u>1,416</u>
Repayable after one year:				
Bank borrowings	–	–	–	1,832
Lease liabilities	64	816	–	1,726
Subtotal	<u>64</u>	<u>816</u>	<u>–</u>	<u>3,558</u>
Total	<u>90</u>	<u>8,079</u>	<u>–</u>	<u>4,974</u>

Details of any collaterals:

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

Secured lease liabilities relate to leased assets under finance leases. All leases are on fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

15. Share capital

	Group and Company	
	<u>Number of</u>	<u>Share</u>
	<u>shares issued</u>	<u>capital</u>
	'000	\$'000
<u>Ordinary shares of no par value:</u>		
Balance at 1 January 2020 and 31 December 2020	300,430	32,641
Issuance of new shares pursuant to acquisition of Novem	<u>8,346</u>	<u>2,442</u>
Balance at 31 December 2021	<u>308,776</u>	<u>35,083</u>

The total number of issued shares as at 31 December 2021 was 308,776,200 (31 December 2020: 300,430,400).

On 19 March 2021, the Company has granted share awards to eligible employees of the Group by the allotment of an aggregate of 1,485,000 ordinary shares ("New Shares") in the capital of the Company pursuant to the Hyphens Performance Share Plan. Subject to the satisfaction of the performance criteria, the New Shares will vest as follows:

- (i) 985,000 shares on 31 December 2022
- (ii) 500,000 shares on 31 March 2024

The market price of the New Shares was at \$0.315 per share at the grant date.

The New Shares shall have a sale restriction moratorium period of one year from the date of issue.

On 3 December 2021, the Company has allotted and issued 8,345,800 new ordinary shares ("Consideration Shares") to the Vendors at the issue price of \$0.2926 per Consideration Share. Following the allotment and issuance of the Consideration Shares, the issued and paid-up share capital of the Company has increased from 300,430,400 shares to 308,776,200 shares. Please refer to the Company's announcements dated 9 November 2021, 19 November 2021 and 3 December 2021 for more information.

Save as disclosed above, there has been no change in the Company's share capital since 31 December 2020.

The Company does not hold any treasury shares or other convertible instruments as at 31 December 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

G. Other Information Required by Catalyst Rule Appendix 7C

1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business.

Consolidated Statement of Comprehensive Income

	2H2021	2H2020	Change	FY2021	FY2020	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue by business segments						
Specialty pharma principals	32,303	31,738	1.8	65,624	61,990	5.9
Proprietary brands	9,732	9,034	7.7	19,071	18,105	5.3
Medical hypermart and digital	20,041	19,817	1.1	41,188	40,882	0.7
	<u>62,076</u>	<u>60,589</u>	2.5	<u>125,883</u>	<u>120,977</u>	4.1

	2H2021	2H2020	Change	FY2021	FY2020	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue by geographical locations						
Singapore	31,831	29,972	6.2	64,109	60,801	5.4
Vietnam	19,395	23,438	(17.2)	41,605	43,910	(5.2)
Malaysia	5,680	3,835	48.1	10,637	7,892	34.8
Others	5,170	3,344	54.6	9,532	8,374	13.8
	<u>62,076</u>	<u>60,589</u>	2.5	<u>125,883</u>	<u>120,977</u>	4.1

2H2021 compared to 2H2020

Revenue

The Group's revenue increased by 2.5% or S\$1.5 million from S\$60.6 million in 2H2020 to S\$62.1 million in 2H2021.

All three business segments contributed to the revenue increase. Proprietary brands segment led the growth with 7.7% increase in revenue, resulted mainly from improved demand in Malaysia and other export markets. This was further complemented with increased revenue from specialty pharma principals segment by 1.8% with higher demand in Singapore, Malaysia and Indonesia. Revenue from medical hypermart and digital segment showed a modest growth of 1.1%.

Gross profit

Gross profit correspondingly rose by 5.1% or S\$1.1 million from S\$22.2 million in 2H2020 to S\$23.3 million in 2H2021.

Gross profit margin had increased from 36.6% in 2H2020 to 37.6% in 2H2021 due to improved margin in specialty pharma principals segment.

Consolidated Statement of Comprehensive Income (cont'd)

2H2021 compared to 2H2020 (cont'd)

Other income and gains

Other income and gains reduced by 30.5% or S\$0.3 million from S\$1.1 million in 2H2020 to S\$0.8 million in 2H2021 mostly attributed to lower government grants (mainly from the Jobs Support Scheme) and reduced interest income, partially mitigated by higher foreign exchange gain in 2H2021.

Distribution and marketing expenses

Distribution and marketing expenses remained relatively unchanged at S\$14.1 million despite higher sales achieved for 2H2021.

Administrative expenses

Administrative expenses increased by 18.1% or S\$1.0 million from S\$5.4 million in 2H2020 to S\$6.4 million in 2H2021 due mainly to transaction costs associated with Novem acquisition and higher Research & Development ("R&D") costs.

Other losses

Other losses reduced by 70.6% or S\$1.2 million from S\$1.7 million in 2H2020 to S\$0.5 million in 2H2021 mainly due to lower allowance for inventories obsolescence and inventories written off.

Profit before tax

Profit before tax increased by 54.5% or S\$1.0 million from S\$2.0 million in 2H2020 to S\$3.0 million in 2H2021, mainly due to higher revenue, lower allowance for inventories obsolescence and inventories written off, partially offset by lower government grant income and higher administrative expenses as explained above.

Income tax expense

Income tax expense increased by S\$0.4 million from S\$0.1 million in 2H2020 to S\$0.5 million in 2H2021 due to higher profits.

Profit after tax

As a result of the foregoing, the Group's net profit after tax increased by 34.6% or S\$0.6 million, from S\$1.9 million in 2H2020 to S\$2.5 million in 2H2021.

Consolidated Statement of Comprehensive Income (cont'd)

FY2021 compared to FY2020

Revenue

The Group's revenue increased by 4.1% or S\$4.9 million from S\$121.0 million in FY2020 to S\$125.9 million in FY2021.

All three business segments contributed to the revenue increase. Revenue from specialty pharma principals segment increased by 5.9%, led by improved demand in Singapore, Malaysia and Indonesia. Proprietary brands segment contributed 5.3% revenue growth with higher demand for dermatological products under Ceradan® and hair growth products under CG 210®. Revenue from medical hypermart and digital segment remained stable with moderate increase of 0.7%.

Gross profit

Gross profit corresponding rose by 10.2% or S\$4.5 million from S\$43.6 million in FY2020 to S\$48.1 million in FY2021.

Gross profit margin had increased from 36.1% in FY2020 to 38.2% in FY2021 due to improved margin in specialty pharma principals segment.

Other income and gains

Other income and gains reduced by 58.0% or S\$1.3 million from S\$2.3 million in FY2020 to S\$1.0 million in FY2021 due mainly to lower government grants (mainly from the Jobs Support Scheme) received in FY2021, partially mitigated by higher foreign exchange gain in FY2021.

Distribution and marketing expenses

Distribution and marketing expenses increased by 7.1% or S\$1.9 million from S\$26.5 million in FY2020 to S\$28.4 million in FY2021 attributable to higher staff costs due to the strengthening of our human capital to support our long-term growth strategy and increased sales commission, in tandem with the higher sales achieved.

Administrative expenses

Administrative expenses increased by 14.8% or S\$1.5 million from S\$10.1 million in FY2020 to S\$11.6 million in FY2021 due to higher R&D costs, transaction costs associated with Novem acquisition and increased staff costs.

Other losses

Other losses reduced by 66.9% or S\$1.4 million from S\$2.1 million in FY2020 to S\$0.7 million in FY2021 due to lower allowance for inventories obsolescence and inventories written off.

Profit before tax

Profit before tax increased by 16.2% or S\$1.2 million from S\$7.1 million in FY2020 to S\$8.3 million in FY2021, mainly due to higher revenue partially offset by lower government grant income and higher expenses as explained above.

Consolidated Statement of Comprehensive Income (cont'd)

FY2021 compared to FY2020 (cont'd)

Income tax expense

Income tax expense increased by 49.2% or S\$0.5 million from S\$0.9 million to S\$1.4 million due to higher profits in FY2021 and non-taxable government grants in FY2020.

Profit after tax

As a result of the foregoing, the Group's net profit after tax increased by 11.1% or S\$0.6 million, from S\$6.2 million in FY2020 to S\$6.8 million in FY2021.

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 2021 and 31 December 2020.

Non-current assets

The Group's non-current assets increased by S\$12.0 million from S\$12.7 million as at 31 December 2020 to S\$24.7 million as at 31 December 2021 primarily due to goodwill of S\$12.6 million arising from the acquisition of Novem.

Current assets

The Group's current assets increased by S\$5.0 million from S\$68.7 million as at 31 December 2020 to S\$73.7 million as at 31 December 2021 mainly due to increase in inventories and trade and other receivables by S\$8.2 million and S\$4.8 million respectively, partially offset by decrease in cash and cash equivalents by S\$8.1 million.

Non-current liabilities

The Group's non-current liabilities decreased by S\$2.8 million from S\$4.0 million as at 31 December 2020 to S\$1.2 million as at 31 December 2021 due mainly to recognition of the current portion of loan and lease liabilities under current liabilities.

Current liabilities

The Group's current liabilities increased by S\$12.3 million from S\$30.3 million as at 31 December 2020 to S\$42.6 million as at 31 December 2021. This was mainly attributable to increase in trade and other payables, additional loan borrowings and recognition of the current portion of loan and lease liabilities.

Consolidated Statements of Cash Flows

FY2021

The Group generated net cash of S\$6.0 million from operating activities in FY2021, mainly due to operating cash flows before changes in working capital of S\$10.9 million, net working capital outflows of S\$3.5 million and income taxes paid of S\$1.4 million.

The net working capital outflows were due to (i) increase in inventories of S\$4.6 million and (ii) increase in trade and other receivables of S\$2.0 million, partially offset by (iii) increase in trade and other payables of S\$3.1 million.

Net cash flows used in investing activities during FY2021 amounted to S\$14.9 million, mainly attributable to purchase consideration paid for Novem acquisition, plant and equipment additions and acquisition of trademark and in-licensing rights.

Net cash flows from financing activities amounted to S\$0.8 million during FY2021, mainly due to additional borrowings of S\$4.2 million, partially offset by dividend payment of S\$1.9 million, lease payment of S\$0.9 million, repayment of borrowings of S\$0.6 million.

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

There was no forecast or a prospect statement.

3. 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

Growing our Proprietary Brands

Proprietary Brand business remains the Group's key focus. Hyphens brands, including Ocean Health®, Ceradan®, TDF® and CG 210® have enjoyed robust growth in sales and brand equity. The Group will continue to nurture these brands in markets where it already has presence, seek out new international partnership opportunities to enter new markets, and invest into innovation to further develop new and improved products under the respective brands.

The Group has received patents in Singapore and USA for its Ceradan® Advanced, a next generation emollient therapy which is scientifically formulated for eczema-prone skin conditions. To date, this makes three patent approvals for Ceradan® Advanced and patents pending approval in 11 countries/regions such as Malaysia, Vietnam, China and Europe. The Group believes that the patent approvals of Ceradan® Advanced will assist in its market entry and development by enhancing the brand's equity in those markets and leveraging on a research-based approach to reach clinicians. As part of its on-going efforts to build Ceradan® brand, the Group will continue its product development efforts.

Going Digital

With the official launch of WellAway e-pharmacy ("WellAway") in January 2022, the Group is accelerating its investment in digital initiatives to spearhead business expansion in its Medical Hypermart and Digital segment. Since its incorporation in 4Q2021, the Group's subsidiary, DocMed Technology Pte Ltd, is actively pursuing strategic collaboration opportunities with like-minded partners to develop an integrated digital healthtech platform, incorporating various healthtech solutions, to cater to various healthcare stakeholders in Singapore and the region.

Expand through Acquisition

The Group has completed its acquisition of Novem in December 2021. Through this acquisition, Group will gain access to new brand principals, products and customers that will enhance and enlarge the Group's revenue and profits, and strengthen its presence in the Singapore market. This will further solidify the Group's market leadership position in Singapore and enhance its ability to deliver a variety of high quality healthcare products and services to an enlarged customer base comprising both private and public sectors. Novem will commence its full year contribution to the Group's results for the financial year ending 31 December 2022.

The Group will continue to seek out acquisition opportunities that are in alignment with its strategic goals.

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 and registering new products for its Specialty Pharma Principals segment.

Impact from COVID-19

The speed and consistency of market recovery from COVID-19 in the region remain uncertain in FY2022. The Group will remain agile and vigilant to respond to market conditions.

4. Dividend

(a) Current Financial Period Reported On

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

	FY2021
Name of Dividend	Final Dividend Exempt (1-tier)
Type of Dividend	Cash
Total number of issued ordinary shares	308,776,200
Dividend per share	0.67 cent

(b) Corresponding Period of the Immediately Preceding Financial Year

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

	FY2020
Name of Dividend	Final Dividend Exempt (1-tier)
Type of Dividend	Cash
Total number of issued ordinary shares	300,430,400
Dividend per share	0.62 cent

(c) Date payable

To be announced later.

(d) Record date

To be announced later.

5. **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.

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

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

7. **Breakdown of sales**

	FY2021 S\$'000	Group FY2020 S\$'000	Change %
Revenue reported for first half year	63,807	60,388	5.7
Net profit after tax for first half year	4,315	4,282	0.8
Revenue reported for second half year	62,076	60,589	2.5
Net profit after tax for second half year	2,531	1,881	34.6

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

Annual dividend	FY2021 S\$'000	FY2020 S\$'000
Ordinary dividend – Final *	2,069	1,863

* The final dividend for FY2021 is subject to shareholders’ approval at the AGM.

9. **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 FY2021 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.

10. 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:

	Allocated S\$'000	Re- allocation ⁽¹⁾ S\$'000	Post Re- allocation S\$'000	Utilised S\$'000
Business expansion, including potential acquisitions, joint ventures, product development and research and development collaborations	7,000	1,635	8,635	8,635
General corporate and working capital purposes ⁽²⁾	3,552	(1,635)	1,917	1,917
Setting up of our integrated facility	3,000	-	3,000	3,000
Payment of underwriting and placement commissions as well as offering expenses	2,048	-	2,048	2,048
Gross proceeds from the Invitation	15,600	-	15,600	15,600

Save for the re-allocation, the above utilisation is in accordance with the intended use of proceeds from the IPO as stated in the Offer Document.

- (1) Balance amount after utilisation for general corporate and working capital purposes as listed below has been re-allocated to business expansion purposes.
- (2) Amount utilised for general corporate and working capital purposes up to the date of this announcement is approximately S\$1,917,000 with details as follows:

Nature of Working Capital	Amount Utilised S\$'000
Compliance costs	265
Directors' fees	534
Digital enhancement	510
Staff costs	409
Other operating expenses	199

11. Disclosures on acquisition or sale of shares pursuant to Rule 706A of the Catalist Rules

- (a) The Group has incorporated a wholly-owned subsidiary, DocMed Technology Pte Ltd (“DocMed”) on 15 October 2021 with issued and paid up capital of S\$200,000, funded by internal resources.
- (b) The Group has completed the acquisition of Novem on 3 December 2021. Please refer to announcements dated 9 November 2021, 19 November 2021 and 3 December 2021 for more information.
- (c) The Group has struck off an indirect wholly-owned subsidiary, DAC Pharmedlab Pte Ltd, on 9 December 2021. Please refer to announcement dated 9 December 2021 for more information.

BY ORDER OF THE BOARD

Lim See Wah
Chairman and Chief Executive Officer

23 February 2022

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.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.