

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF 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 results 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 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

30/06/2022

Attachments

[Hyphens Pharma - 1H2022 Results MR.pdf](#)[Hyphens_results_1H2022.pdf](#)

Total size =1032K MB

Media Release

Hyphens Pharma 1H2022 net profit grew 44.6% Y-O-Y to S\$6.2 million

- 1H2022 revenue grew 26.5% Y-O-Y to S\$80.7 million
- All three of the Group’s business segments contributed to the 1H2022 revenue increase

Singapore, 11 August 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 six months ended 30 June 2022 (“1H2022”), which saw a 26.5% increase in revenue to S\$80.7 million and a net profit increase of 44.6% to S\$6.2 million.

Financial Highlights			
S\$ million	1H2022	1H2021	Change (%)
Revenue	80.7	63.8	26.5
Gross Profit	31.1	24.8	25.6
<i>GP Margins (%)</i>	38.5	38.8	-0.3pts
Profit Before Tax	7.8	5.2	49.7%
Profit After Tax	6.2	4.3	44.6
<i>PAT Margins (%)</i>	7.7	6.8	0.9 pts

Commenting on the 1H2022 results, **Mr Lim See Wah (林世华), Executive Chairman and CEO of Hyphens Pharma** said: “We have achieved a good set of results for 1H2022, amidst the backdrop of a challenging and volatile global environment. With COVID-19 restrictions easing in those countries where we have a

presence, we are now able to work towards a normalisation of business activities. Our 1H2022 results also affirm our long-term strategy to grow both organically and inorganically, and we will continue to strategically advance the growth of all our business segments and deliver greater shareholder value.”

Financial Review

In 1H2022, the Group’s revenue increased by 26.5% to S\$80.7 million from S\$63.8 million for the six months ended 30 June 2021 (“1H2021”) with all three business segments contributing to the revenue positively and the Group’s newly acquired subsidiaries (“Novem”) contributing 11.4% of revenue.

Segmental Revenue			
S\$ million	1H2022	1H2021	Change (%)
Specialty Pharma Principals	48.2	33.3	44.7
Proprietary Brands	10.8	9.3	15.9
Medical Hypermart and Digital	21.7	21.1	2.4
Total	80.7	63.8	26.5

The Group’s Specialty Pharma Principals segment led the growth with a 44.7% increase in revenue to S\$48.2 million, with increased demand in Singapore, Vietnam and Malaysia, coupled with the sales contribution from Novem. The Proprietary Brands segment grew by 15.9% to S\$10.8 million, contributed by the higher demand for Ceradan® and TDF® dermatological products, Ocean Health® health supplement products and Novem® nutraceutical products. Revenue from the Medical Hypermart and Digital segment continued to remain stable with a growth of 2.4% to S\$21.7 million.

The Group’s profit before tax increased by 49.7% from S\$5.2 million in 1H2021 to S\$7.8 million in 1H2022, mainly due to the higher revenue which was partially offset mainly by increased distribution costs which rose in tandem with the higher sales achieved and increased administrative expenses due to higher cost base with inclusion of Novem. As a result, the Group’s net profit after tax increased 44.6% to S\$6.2 million in 1H2022 from S\$4.3 million in 1H2021.

Business Outlook

Growing Proprietary Brands

The Group continues to focus on growing its Proprietary Brand business and Hyphens' brands which include Ocean Health®, Ceradan®, TDF® and CG 210® continue to enjoy robust growth in sales and brand equity. The Group will continue to nurture these brands in markets where it already has presence while seeking out new international partnership opportunities to enter new markets and investing in innovation in order to develop new and improved products under the respective brands.

To date, the Group has received four patent approvals for its Ceradan® Advanced product. Ceradan® Advanced is a next generation emollient therapy that is scientifically formulated for eczema-prone skin conditions and currently has patents pending approval in 10 countries/regions such as 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 by leveraging on a research-based approach to reach clinicians. As part of its ongoing efforts to build the Ceradan® brand, the Group will continue its product development efforts.

To further extend the regional footprint of the Group's Ocean Health® brand of health supplements, the Group has launched its Omega-3 product in Vietnam and D-Vita product in Malaysia. More new regional launches are being planned, including Vitamin D3 and High Strength Omega-3 Vitamin D3-Enriched in Vietnam, as well as Omega-3 + Vitamin D in Malaysia and BicolD in Indonesia.

Going Digital

The Group has been accelerating its investment in digital initiatives to spearhead business expansion in its Medical Hypermart and Digital segment. Following the official launch of WellAway e-pharmacy ("**WellAway**") in January 2022, the Group completed an internal restructuring to consolidate all of its digital assets under its subsidiary DocMed Technology Pte Ltd ("**DocMed**") in May 2022 to develop an integrated digital healthtech platform. DocMed subsequently completed a share subscription exercise to Metro ARC Investments Pte. Ltd. ("**Investor**"), a wholly-owned subsidiary of Metro Holdings Limited, in June 2022, which resulted in a capital injection of S\$6 million in DocMed. This fund injection will be utilised

to further the growth of DocMed, which includes developing an integrated healthtech platform, incorporating various healthtech solutions to cater to healthcare stakeholders in Singapore and the Asia-Pacific region, as well as for working capital purposes. The collaboration with the Investor, an established and reputable corporation, will be synergistic as DocMed can leverage on the Group's and Metro's regional presence to bring its business to the next level.

Expanding Through Acquisitions

As seen in the 1H2022 results, Novem has contributed positively to the Group's revenue and profits, following its acquisition by the Group in December 2021. Furthermore, the acquisition has cemented the Group's market leadership position in Singapore and enhanced its ability to deliver high quality healthcare products and services to an enlarged customer base that comprises both the private and public sectors. The Group will continue to seek out acquisition opportunities that are in alignment with its strategic goals to advance its position as a leading pharmaceutical and consumer healthcare company in Asia.

Strengthening Specialty Pharma Portfolio

The Group remains focused on further cementing its leadership position and deepening its presence in the ASEAN region. The Group will continue to actively seek licencing opportunities, and register new products for its Specialty Pharma Principals segment.

The Group's distributorship agreement with principal Biosensors Interventional Technologies Pte. Ltd., with Vietnam as the only territory, is expected to lapse by mutual and amicable decision when its current term of agreement ends by 31 December 2022. Revenue from this portfolio accounted for 6% of total revenue for 1H2022 (this portfolio accounted for 3% of total FY2021 revenue).

Impact from COVID-19

The global environment continues to remain volatile and challenging. Although countries where the Group has operations in are easing their COVID-19 related restrictions, other challenges such as supply chain disruptions and inflationary pressures are gathering pace. The Group will continue to remain agile and vigilant, so as to respond to these changing 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 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 : Mr Ivan Hong / Mr Gerald Woon

Email / DID / Mobile : ivanhong@cogentcomms.com / (65) 6704 9287 / (65) 9055 8883

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 ended 30 June 2022

Table of Contents

A. Condensed Interim Consolidated Statement of Profit or Loss Other Comprehensive Income.....	3
B. Condensed Interim Statements of Financial Position	4
C. Condensed Interim Statements of Changes in Equity.....	5
D. Condensed Interim Consolidated Statement of Cash Flows	6
E. Notes to Condensed Interim Consolidated Statement of Cash Flows	7
F. Notes to the Condensed Interim Consolidated Financial Statements.....	8
G. Other Information Required by Catalyst Rule Appendix 7C.....	22

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

	<u>Notes</u>	<u>Group</u>		<u>Change</u>
		<u>6 months ended 30 June 2022</u> \$'000	<u>6 months ended 30 June 2021</u> \$'000	
Revenue	4	80,704	63,807	26.5
Cost of sales		(49,627)	(39,055)	27.1
Gross profit		31,077	24,752	25.6
Other income and gains		343	348	(1.4)
Distribution costs		(16,874)	(14,271)	18.2
Administrative expenses		(6,197)	(5,234)	18.4
Finance costs		(66)	(48)	37.5
Other losses		(683)	(317)	>100.0
Share of profit of an equity-accounted associate		230	–	N.M.
Profit before tax	6	7,830	5,230	49.7
Income tax expense	7	(1,589)	(915)	73.7
Profit for the financial period, net of tax		6,241	4,315	44.6
<u>Other comprehensive loss:</u>				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of tax		(1)	(19)	(94.7)
Other comprehensive loss for the period		(1)	(19)	(94.7)
Total comprehensive income		6,240	4,296	45.3
Profit attributable to:				
Equity holders of the parent		6,162	4,315	
Non-controlling interests		79	–	
Total comprehensive income attributable to:				
Equity holders of the parent		6,161	4,296	
Non-controlling interests		79	–	
Earnings per share for profit for the period attributable to equity holders of the parent				
Earnings per share currency unit		<u>Cents</u>	<u>Cents</u>	
Basic				
Continuing operations		2.00	1.44	
Diluted ¹				
Continuing operations		1.99	1.43	

¹ 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>	
		30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
			(restated)		
		\$'000	\$'000	\$'000	\$'000
ASSETS					
<u>Non-current assets</u>					
Plant and equipment	11,16	3,839	4,408	58	79
Intangible assets	10,16	18,035	18,300	–	–
Investment in subsidiaries		–	–	19,886	19,420
Investment in an associate	16	2,441	2,306	–	–
Deferred tax assets		63	65	–	–
Total non-current assets		24,378	25,079	19,944	19,499
<u>Current assets</u>					
Inventories	13,16	20,700	25,290	–	–
Trade and other receivables	12,16	30,565	28,722	19,124	20,688
Prepayments		372	639	45	80
Cash and cash equivalents		28,444	19,461	2,042	3,221
Total current assets		80,081	74,112	21,211	23,989
Total assets		104,459	99,191	41,155	43,488
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	15	35,083	35,083	35,083	35,083
Retained earnings		38,571	34,609	5,106	7,192
Other reserves	16	(9,913)	(14,956)	–	–
Equity attributable to equity holders of the parent		63,741	54,736	40,189	42,275
Non-controlling interests		1,266	–	–	–
Total equity		65,007	54,736	40,189	42,275
<u>Non-current liabilities</u>					
Deferred tax liabilities	16	847	1,018	–	–
Other financial liabilities, non-current	14	525	880	–	–
Total non-current liabilities		1,372	1,898	–	–
<u>Current liabilities</u>					
Income tax payable		2,622	1,705	–	3
Trade and other payables		30,678	33,563	966	1,210
Other financial liabilities, current	14	4,780	7,289	–	–
Total current liabilities		38,080	42,557	966	1,213
Total liabilities		39,452	44,455	966	1,213
Total equity and liabilities		104,459	99,191	41,155	43,488

C. Condensed Interim Statements of Changes in Equity

	<u>Total equity</u>	<u>Non-controlling interests</u>	<u>Total</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Other reserves</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Group</u>						
Current period:						
Balance at 1 January 2022 (restated)	54,736	–	54,736	35,083	34,609	(14,956)
Issue of share capital to non-controlling interests in subsidiary	6,100	1,187	4,913	–	(131)	5,044
Total comprehensive income (loss) for the period	6,240	79	6,161	–	6,162	(1)
Dividends paid (Note 8)	(2,069)	–	(2,069)	–	(2,069)	–
Balance at 30 June 2022	65,007	1,266	63,741	35,083	38,571	(9,913)
Previous period:						
Balance at 1 January 2021	47,175	–	47,175	32,641	29,626	(15,092)
Total comprehensive income (loss) for the period	4,296	–	4,296	–	4,315	(19)
Dividends paid (Note 8)	(1,863)	–	(1,863)	–	(1,863)	–
Balance at 30 June 2021	49,608	–	49,608	32,641	32,078	(15,111)
	<u>Total</u>	<u>Share capital</u>	<u>Retained earnings</u>			
	\$'000	\$'000	\$'000			
<u>Company</u>						
Current period:						
Balance at 1 January 2022	42,275	35,083	7,192			
Total comprehensive loss for the period	(17)	–	(17)			
Dividends paid (Note 8)	(2,069)	–	(2,069)			
Balance at 30 June 2022	40,189	35,083	5,106			
Previous period:						
Balance at 1 January 2021	37,713	32,641	5,072			
Total comprehensive loss for the period	(385)	–	(385)			
Dividends paid (Note 8)	(1,863)	–	(1,863)			
Balance at 30 June 2021	35,465	32,641	2,824			

D. Condensed Interim Consolidated Statement of Cash Flows

	<u>Group</u>	
	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000
<u>Cash flows from operating activities</u>		
Profit before tax	7,830	5,230
Adjustments for:		
Amortisation of intangible assets	307	202
Depreciation of plant and equipment	1,034	858
Interest income	(9)	(37)
Interest expense	66	48
Loss on disposal of plant and equipment	5	–
Share of profit of an equity-accounted associate	(230)	–
Net effect of exchange rate changes in consolidating foreign operations	94	(15)
Operating cash flows before changes in working capital	<u>9,097</u>	<u>6,286</u>
Trade and other receivables	(2,022)	1,216
Prepayments	267	286
Inventories	4,590	1,802
Trade and other payables	<u>(2,885)</u>	<u>(2,301)</u>
Net cash flows from operations	9,047	7,289
Income taxes paid	<u>(842)</u>	<u>(1,023)</u>
Net cash flows from operating activities	<u>8,205</u>	<u>6,266</u>
<u>Cash flows from investing activities</u>		
Acquisition of subsidiaries, consideration adjustment	179	–
Dividend received from an associate	58	–
Proceed from disposal of shares in an associate	27	–
Down-payment for plant and equipment	–	(90)
Purchase of plant and equipment (Note A)	(396)	(65)
Purchase of intangible assets	(42)	(20)
Interest received	9	37
Net cash flows used in investing activities	<u>(165)</u>	<u>(138)</u>
<u>Cash flows from financing activities</u>		
Dividends paid to equity owners	(2,069)	(1,863)
Payment of principal portion of lease liabilities	(527)	(424)
Interest paid	(66)	(48)
Repayment of borrowings	(2,495)	(398)
Issue of share capital to non-controlling interests in subsidiary (Note B)	6,100	–
Net cash flows from (used in) financing activities	<u>943</u>	<u>(2,733)</u>
Net increase in cash and cash equivalents	8,983	3,395
Cash and cash equivalents, at beginning of the period	<u>19,461</u>	<u>27,526</u>
Cash and cash equivalents, at end of the period	<u>28,444</u>	<u>30,921</u>

E. Notes to Condensed Interim Consolidated Statement of Cash Flows

A. Purchase of plant and equipment

	1H2022 \$'000	1H2021 \$'000
Acquisitions of certain assets under plant and equipment under lease contracts	79	–

B. Issue of share capital to non-controlling interests in subsidiary

As announced on 6 June 2022, the Group has completed internal restructuring exercise within the Group whereby the Company sold and its subsidiary DocMed Technology Pte. Ltd. (“DocMed”) purchased, the entire legal and beneficial interest in the issued and paid-up share capital of Pan-Malayan Pharmaceuticals Pte Ltd (“PMP”) for a consideration of S\$3,000,000, which was satisfied in full by the allotment and issuance of 3,000,000 new DocMed Ordinary Shares to the Company (“Restructuring”).

In addition, DocMed has completed its share subscription to the following parties:

1. Metro ARC Investments Pte. Ltd. (“Investor”), a wholly-owned subsidiary of Metro Holdings Limited, whereby the Investor invested S\$6,000,000 in DocMed through the subscription of new series A preference shares in the capital of DocMed (“DocMed Preference Shares”); and
2. Mr Chen Funn Yii, Timothy (“Mr Timothy Chen”), the Chief Executive Officer of DocMed and PMP, who subscribed 8,488 ordinary shares in the capital of DocMed (“DocMed Ordinary Shares”) for a consideration of S\$100,000,

collectively, (the “Share Subscription”).

Accordingly, the issued and paid-up share capital of DocMed has increased from S\$200,000 to S\$9,300,000, comprising 3,208,488 DocMed Ordinary Shares and 356,499 DocMed Preference Shares. The shareholding structure in DocMed after completion of the Restructuring and Share Subscription is as below:

Shareholder	Number of DocMed Ordinary Shares	Number of DocMed Preference Shares	Total Number of Voting Shares in DocMed	Voting Shareholding Percentage in DocMed
Company	3,200,000	–	3,200,000	89.76%
Mr Timothy Chen	8,488	–	8,488	0.24%
Investor	–	356,499	356,499	10.00%
Total	3,208,488	356,499	3,564,987	100.00%

Following the Restructuring, the Group’s effective interest in PMP is reduced from 100% to 89.76%. As there is no change in control, the effect of the disposal in PMP has been accounted directly in equity.

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 ended 30 June 2022 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 had, or may have, on the Group based on known information that extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the pandemic.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2022 (“1H2022”) have been prepared in accordance with Singapore Financial Reporting Standards (International) (“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 annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with 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 Standards 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 period.

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>	
	1H2022 \$'000	1H2021 \$'000	1H2022 \$'000	1H2021 \$'000	1H2022 \$'000	1H2021 \$'000	1H2022 \$'000	1H2021 \$'000	1H2022 \$'000	1H2021 \$'000
Revenue by segment										
Total revenue by segment	48,226	33,321	10,828	9,339	21,650	21,147	–	–	80,704	63,807
Total revenue	48,226	33,321	10,828	9,339	21,650	21,147	–	–	80,704	63,807
EBITDA	6,889	4,564	1,363	961	874	1,091	111	(278)	9,237	6,338
Finance costs	–	–	–	–	–	–	(66)	(48)	(66)	(48)
Depreciation and amortisation	(105)	(10)	(202)	(193)	–	–	(1,034)	(857)	(1,341)	(1,060)
Profit (loss) before tax	6,784	4,554	1,161	768	874	1,091	(989)	(1,183)	7,830	5,230
Income tax expense									(1,589)	(915)
Profit, net of tax									6,241	4,315

The unallocated expenses mainly included the Group's headquarters expenses such as 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>	
	30 Jun 2022	31 Dec 2021 (restated)	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021 (restated)	30 Jun 2022	31 Dec 2021 (restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total assets for reportable segments	40,602	41,532	16,217	17,567	11,947	12,379	–	–	68,766	71,478
Unallocated:										
Plant and equipment	–	–	–	–	–	–	3,839	4,408	3,839	4,408
Investment in an associate	–	–	–	–	–	–	2,441	2,306	2,441	2,306
Prepayments	–	–	–	–	–	–	372	639	372	639
Cash and cash equivalents	–	–	–	–	–	–	28,444	19,461	28,444	19,461
Other receivables	–	–	–	–	–	–	597	899	597	899
Total Group assets	40,602	41,532	16,217	17,567	11,947	12,379	35,693	27,713	104,459	99,191

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>	
	30 Jun 2022	31 Dec 2021 (restated)	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021 (restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total liabilities for reportable segments	15,701	18,493	2,762	2,802	9,902	9,675	–	–	28,365	30,970
Unallocated:										
Income tax payable	–	–	–	–	–	–	2,622	1,705	2,622	1,705
Financial liabilities	–	–	–	–	–	–	5,305	8,169	5,305	8,169
Trade and other payables	–	–	–	–	–	–	3,160	3,611	3,160	3,611
Total Group liabilities	15,701	18,493	2,762	2,802	9,902	9,675	11,087	13,485	39,452	44,455

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>	
	1H2022	1H2021	1H2022	1H2021	1H2022	1H2021	1H2022	1H2021	1H2022	1H2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables and inventories loss	120	159	242	129	74	(105)	–	–	436	183
Expenditures for non-current assets	–	–	42	20	–	–	475	65	517	85

4.2 Disaggregation of revenue

	<u>Group</u>	
	1H2022	1H2021
	\$'000	\$'000
<i>Types of goods or service:</i>		
Sale of goods	80,339	63,432
Commission income	179	155
Marketing services fee and advertisement	184	219
Other revenue	2	1
Total revenue	<u>80,704</u>	<u>63,807</u>
<i>Geographical information:</i>		
Singapore	42,492	32,277
Vietnam	27,194	22,210
Malaysia	7,251	4,957
Others	3,767	4,363
Total revenue	<u>80,704</u>	<u>63,807</u>

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 30 June 2022 and 31 December 2021:

	<u>Group</u>		<u>Company</u>	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	(restated)			
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	59,009	48,183	21,166	23,909
	<u>59,009</u>	<u>48,183</u>	<u>21,166</u>	<u>23,909</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	35,983	41,732	966	1,210
	<u>35,983</u>	<u>41,732</u>	<u>966</u>	<u>1,210</u>

6. Profit before taxation

6.1 Significant items

	<u>Group</u>	
	1H2022	1H2021
	\$'000	\$'000
Income		
Government grants	334	311
Interest income	9	37
Expenses		
Advertising and promotional expenses	4,420	4,365
Allowance for inventories obsolescence	294	81
Allowance for impairment on trade receivables	52	–
Depreciation and amortisation	1,341	1,060
Employee benefits expenses	12,125	8,450
Foreign exchange translation losses	244	134
Inventories written off	90	102
Research and development expenses	93	181

6.2 Related party transactions

	<u>Group</u>	
	1H2022	1H2021
	\$'000	\$'000
Sale of goods to an associate	274	–

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

7. Taxation

Components of income tax expense recognised in profit or loss:

	<u>Group</u>	
	1H2022	1H2021
	\$'000	\$'000
<u>Current tax expense</u>		
Current tax expense	1,760	956
Over adjustment in respect of prior periods	–	(3)
<u>Deferred tax income</u>		
Deferred tax income	(171)	(38)
Total income tax expense	1,589	915

8. Dividends

	<u>Group</u>	
	1H2022 \$'000	1H2021 \$'000
Dividends paid during the reporting period:		
Final exempt (1-tier) dividends paid of 0.67 cent per share (1H2021: Final exempt (1-tier) dividends paid of 0.62 cent per share)	2,069	1,863

No dividend has been declared or recommended for 1H2022 (1H2021: Nil). On the grounds of prudence, the Board will review the dividend pay-out after close of the financial year.

9. Net asset value

	<u>Group</u>		<u>Company</u>	
	30 Jun 2022	31 Dec 2021 (restated)	30 Jun 2022	31 Dec 2021
Net asset value per ordinary share (Singapore cents per share)	20.64	17.73	13.02	13.69

10. Intangible assets

	<u>Group</u>		
	Goodwill \$'000	Distribution rights and trademarks \$'000	Total \$'000
At 31 December 2021 (restated)			
Cost	13,807	7,931	21,738
Accumulated impairment and amortisation	(993)	(2,445)	(3,438)
Net book value at 31 December 2021	12,814	5,486	18,300
6 months ended 30 June 2022			
<i>Cost:</i>			
As at 1 January 2022	13,807	7,931	21,738
Additions	–	42	42
Balance at 30 June 2022	13,807	7,973	21,780
<i>Accumulated impairment and amortisation:</i>			
As at 1 January 2022	993	2,445	3,438
Amortisation for the period	–	307	307
Balance at 30 June 2022	993	2,752	3,745
Net book value at 30 June 2022	12,814	5,221	18,035

10. Intangible assets (cont'd)

10.1 Goodwill

The purchase price allocation exercise for the acquisition of Novem has been finalised and consequently, there was a downward adjustment in goodwill. For further information, refer to Note 16.

In assessing the goodwill impairment, management has determined the recoverable amount of the cash generating unit (CGU) as at 30 June 2022 based on its value in use. Value in use was determined by discounting the future cash flows similar to the 31 December 2021 goodwill impairment test. There is no change to the key assumptions used.

11. Plant and equipment

	<u>Group</u>				
	<u>Plant and equipment</u>	<u>Hardware and software</u>	<u>Fixtures and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Cost:</u>					
At 1 January 2021	4,402	1,108	3,417	131	9,058
Arising from acquisition of subsidiaries (restated)	523	24	103	112	762
Additions	95	454	73	–	622
Disposals	(1)	(133)	(14)	–	(148)
Foreign exchange adjustments	(2)	(2)	(3)	(6)	(13)
At 31 December 2021	5,017	1,451	3,576	237	10,281
Additions	107	359	9	–	475
Disposals	–	–	(10)	–	(10)
Foreign exchange adjustments	(5)	(2)	(5)	(4)	(16)
At 30 June 2022	5,119	1,808	3,570	233	10,730
<u>Accumulated depreciation:</u>					
At 1 January 2021	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
Depreciation for the period	588	105	325	16	1,034
Disposals	–	–	(5)	–	(5)
Foreign exchange adjustments	(4)	(1)	(2)	(4)	(11)
At 30 June 2022	3,274	987	2,490	140	6,891
<u>Carrying value:</u>					
At 1 January 2021	2,664	234	1,905	4	4,807
At 31 December 2021 (restated)	2,327	568	1,404	109	4,408
At 30 June 2022	1,845	821	1,080	93	3,839

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 2021 and 31 December 2021	4	221	225
Additions	2	–	2
30 June 2022	6	221	227
<u>Accumulated depreciation:</u>			
At 1 January 2021	2	99	101
Depreciation for the year	1	44	45
At 31 December 2021	3	143	146
Depreciation for the period	1	22	23
At 30 June 2022	4	165	169
<u>Carrying value:</u>			
At 1 January 2021	2	122	124
At 31 December 2021	1	78	79
At 30 June 2022	2	56	58

12. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	30 Jun 2022	31 Dec 2021 (restated)	30 Jun 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables:</u>				
Outside parties	30,226	28,029	–	–
Less allowance for impairment	(258)	(206)	–	–
Subsidiaries	–	–	2,669	1,246
Net trade receivables - subtotal	29,968	27,823	2,669	1,246
<u>Other receivables:</u>				
Staff advances	7	7	–	–
Deposits to secure services	542	594	–	–
Subsidiaries	–	–	16,447	19,442
Goods and services tax receivables	5	76	–	–
Other receivables	43	222	8	–
Other receivables – subtotal	597	899	16,455	19,442
Total trade and other receivables	30,565	28,722	19,124	20,688

12. Trade and other receivables (cont'd)

	<u>Group</u>		<u>Company</u>	
	30 Jun 2022 \$'000	31 Dec 2021 \$'000	30 Jun 2022 \$'000	31 Dec 2021 \$'000
Movements in above allowance:				
At beginning of the period/year	206	204	–	–
Allowance charged to profit or loss included in other losses	52	2	–	–
At end of the period/year	<u>258</u>	<u>206</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>	
	30 Jun 2022	31 Dec 2021 (restated)
	\$'000	\$'000
Raw materials and supplies	1,554	1,025
Finished goods and goods for resale ⁽¹⁾	19,146	24,265
	<u>20,700</u>	<u>25,290</u>
Inventories are stated after allowance.		
Movement in allowance:		
At beginning of the year	1,184	1,812
Charge to profit or loss included in other losses	294	477
Used	(123)	(1,105)
At end of the period/year	<u>1,355</u>	<u>1,184</u>
The amount of inventories included in cost of sales	48,970	76,429
The inventories written off charged to profit or loss included in other losses	90	197

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 \$2,427,000 (31 December 2021: \$5,540,000).

14. Other financial liabilities

	<u>Group</u>			
	30 Jun 2022		31 Dec 2021	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Repayable in one year or less, or on demand:				
Bank borrowings	–	3,661	–	6,075
Lease liabilities	45	1,074	26	1,188
Subtotal	<u>45</u>	<u>4,735</u>	<u>26</u>	<u>7,263</u>
Repayable after one year:				
Lease liabilities	41	484	64	816
Subtotal	<u>41</u>	<u>484</u>	<u>64</u>	<u>816</u>
Total	<u>86</u>	<u>5,219</u>	<u>90</u>	<u>8,079</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	
	Number of shares issued '000	Share capital \$'000
Ordinary shares of no par value:		
Balance at 1 January 2021	300,430	32,641
Issuance of new shares pursuant to acquisition of Novem	8,346	2,442
Balance at 31 December 2021 and 30 June 2022	308,776	35,083

The total number of issued shares as at 30 June 2022 was 308,776,200 (31 December 2021: 308,776,200).

There has been no change in the Company's share capital since 31 December 2021.

The Company did not hold any treasury shares or other convertible instruments as at 30 June 2022, 31 December 2021 and 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022, 31 December 2021 and 30 June 2021.

16. Acquisition of subsidiaries and restatement of comparative figures

On 3 December 2021, the Group has completed the acquisition of Novem Healthcare Pte Ltd, Novem Pharma Private Limited and Novem Sciences Private Limited (collectively "Novem"). Management has since finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition as follows:

	Fair values used \$'000	Provisional fair value \$'000
Plant and equipment, including right-of-use assets	762	525
Intangible assets	2,740	–
Investment in an associate	2,289	290
Inventories	3,794	3,580
Trade and other receivables	2,748	2,748
Prepayments and deposits	27	27
Cash and cash equivalents	997	997
Income tax payable	(281)	(281)
Trade and other payables	(2,895)	(2,895)
Other financial liabilities	(364)	(364)
Deferred tax liabilities	(676)	–
Net assets	9,141	4,627
Goodwill	7,963	12,553
Purchase consideration transferred	17,104	17,180

16. Acquisition of subsidiaries and restatement of comparative figures (cont'd)

The consideration transferred is as follows:

	<u>2021</u> (restated) \$'000	<u>2021</u> (previously reported) \$'000
<u>Consideration transferred:</u>		
Consideration transferred in cash ⁽¹⁾	14,559	14,738
Shares issued, at fair value ⁽²⁾	2,545	2,442
Total consideration transferred	<u>17,104</u>	<u>17,180</u>

⁽¹⁾ Following the finalisation of completion accounts for Novem acquisition, there was a downward purchase price adjustment.

⁽²⁾ The fair value of the shares issued have been adjusted to reflect the prevailing share price as of the transaction date. The difference is reported under other reserves in the restated financial statements.

Accordingly, as required by the financial reporting standard on business combinations, the comparative figures have been restated retrospectively as follows:

	<u>After</u> \$'000	<u>Group</u> <u>Before</u> \$'000	<u>Difference</u> \$'000
<u>2021 Consolidated Statement of</u> <u>Financial Position:</u>			
Plant and equipment	4,408	4,171	237
Intangible assets	18,300	20,150	(1,850)
Investment in an associate	2,306	307	1,999
Inventories	25,290	25,076	214
Trade and other receivables	28,722	28,543	179
Deferred tax liabilities	(1,018)	(342)	(676)
Other reserves	<u>14,956</u>	<u>15,059</u>	<u>(103)</u>

17. 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

1H2022 compared to 1H2021

	1H2022	1H2021	Change
	S\$'000	S\$'000	%
Revenue by business segments			
Specialty pharma principals	48,226	33,321	44.7
Proprietary brands	10,828	9,339	15.9
Medical hypermart and digital	21,650	21,147	2.4
	<u>80,704</u>	<u>63,807</u>	26.5

	1H2022	1H2021	Change
	S\$'000	S\$'000	%
Revenue by geographical locations			
Singapore	42,492	32,277	31.6
Vietnam	27,194	22,210	22.4
Malaysia	7,251	4,957	46.3
Others	3,767	4,363	(13.7)
	<u>80,704</u>	<u>63,807</u>	26.5

Revenue

The Group's revenue increased by 26.5% or S\$16.9 million from S\$63.8 million in 1H2021 to S\$80.7 million in 1H2022. The newly acquired Novem contributed S\$9.2 million in revenue.

All three business segments contributed to the revenue increase:

- Specialty pharma principals segment led the growth with 44.7% increase in revenue, with increased demand in Singapore, Vietnam and Malaysia coupled with sales contribution from Novem.
- Proprietary brands segment grew by 15.9%, contributed by higher demand for Ceradan® and TDF® dermatological products, Ocean Health® health supplement products and Novem® nutraceutical products.
- Revenue from the medical hypermart and digital segment remained stable with a growth of 2.4%.

Gross profit

Gross profit corresponding rose by 25.6% or S\$6.3 million from S\$24.8 million in 1H2021 to S\$31.1 million in 1H2022 which was in line with the increase of revenue.

Gross profit margin at 38.5% in 1H2022 remained comparable with 1H2021 at 38.8%.

Consolidated Statement of Comprehensive Income (cont'd)

1H2022 compared to 1H2021 (cont'd)

Distribution costs

Distribution costs increased by 18.2% or S\$2.6 million from S\$14.3 million in 1H2021 to S\$16.9 million in 1H2022, in tandem with the higher sales achieved.

Administrative expenses

Administrative expenses increased by 18.4% or S\$1.0 million from S\$5.2 million in 1H2021 to S\$6.2 million in 1H2022 due mainly to higher cost base with inclusion of Novem.

Other losses

Other losses increased by 115.5% or S\$0.4 million from S\$0.3 million in 1H2021 to S\$0.7 million in 1H2022, with increased foreign exchange losses and allowance for inventories obsolescence.

Share of profit of an equity-accounted associate

Share of profit from associate amounted to S\$0.2 million for 1H2022 (1H2021: nil). The associate was acquired as part of the acquisition of Novem.

Profit before tax

Profit before tax increased by 49.7% or S\$2.6 million from S\$5.2 million in 1H2021 to S\$7.8 million in 1H2022, mainly due to improved revenue and share of profit of an equity-accounted associate, partially offset by increased distribution costs, administrative expenses and other losses as explained above.

Income tax expense

Income tax expense increased by 73.7% or S\$0.7 million from S\$0.9 million in 1H2021 to S\$1.6 million in 1H2022, in tandem with higher profit achieved.

Profit after tax

As a result of the foregoing, the Group's net profit after tax increased by 44.6% or S\$1.9 million, from S\$4.3 million in 1H2021 to S\$6.2 million in 1H2022.

Consolidated Statements of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 June 2022 and 31 December 2021 (restated).

Non-current assets

The Group's non-current assets decreased by S\$0.7 million from S\$25.1 million as at 31 December 2021 to S\$24.4 million as at 30 June 2022 primarily due to higher depreciation of plant and equipment of S\$1.0 million and amortisation of intangible assets of S\$0.3 million, offset by new assets acquisition of S\$0.5 million.

Consolidated Statements of Financial Position (cont'd)

Current assets

The Group's current assets increased by S\$6.0 million from S\$74.1 million as at 31 December 2021 to S\$80.1 million as at 30 June 2022 mainly due to increase in cash and cash equivalents by S\$9.0 million, trade and other receivables by S\$1.8 million, partially offset by decreases in inventories and prepayments by S\$4.6 million and S\$0.3 million respectively.

Non-current liabilities

The Group's non-current liabilities decreased by S\$0.5 million from S\$1.9 million as at 31 December 2021 to S\$1.4 million as at 30 June 2022 due to the recognition of the current portion of loan and lease liabilities under current liabilities and recognition of deferred tax income relating to Novem acquisition.

Current liabilities

The Group's current liabilities reduced by S\$4.5 million from S\$42.6 million as at 31 December 2021 to S\$38.1 million as at 30 June 2022. This was mainly attributable to the reduction in trade and other payables, repayment of bank borrowings and lease liabilities, partially offset by increase in income tax payable.

Consolidated Statement of Cash Flows

1H2022

The Group generated net cash of S\$8.2 million from operating activities in 1H2022, mainly due to operating cash flows before changes in working capital of S\$9.1 million, net working capital outflows of S\$0.1 million and income taxes paid of S\$0.8 million.

The net working capital outflows were due to (i) decrease of inventories of S\$4.6 million, (ii) decrease in prepayments of S\$0.3 million, partially offset by (iii) increase in trade and other receivables of S\$2.0 million and (iv) decrease in trade and other payables of S\$2.9 million.

Net cash flows used in investing activities amounted to S\$0.2 million during 1H2022, mainly due to plant and equipment acquisition of S\$0.4 million, partially offset by Novem acquisition consideration adjustment of S\$0.2 million.

Net cash flows from financing activities amounted to S\$0.9 million during 1H2022, mainly due to proceeds from share subscription in DocMed of S\$6.1 million, partially offset by repayment of borrowings of S\$2.5 million, dividend payment of S\$2.1 million and lease payment of S\$0.5 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 in innovation to develop new and improved products under the respective brands.

To date the Group has received four patent approvals for its Ceradan® Advanced, a next generation emollient therapy which is scientifically formulated for eczema-prone skin conditions. There are patents pending approval in 10 countries/regions such as 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 ongoing efforts to build the Ceradan® brand, the Group will continue its product development efforts.

To further bolster Ocean Health® health supplement regional footprint, the Group had launched Omega-3 in Vietnam and D-Vita in Malaysia. More new launches are in the pipeline, including Vitamin D3 and High Strength Omega-3 Vitamin D3-Enriched in Vietnam as well as Omega-3 + Vitamin D in Malaysia and Bicold in Indonesia.

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. In May 2022, the Group has completed its internal restructuring to consolidate all digital assets of the Group under DocMed to develop an integrated digital healthtech platform. Subsequently in June 2022, DocMed has completed its share subscription to Metro ARC Investments Pte. Ltd. ("Investor"), a wholly-owned subsidiary of Metro Holdings Limited, which resulted in capital injection of S\$6 million in DocMed. This fund injection will be utilised to further its growth which includes developing an integrated healthtech platform, incorporating various healthtech solutions to cater to healthcare stakeholders in Singapore and the Asia-Pacific region, as well as for working capital purposes.

The Group believes that the collaboration with the Investor, which is an established and reputable corporation, will be synergistic as DocMed can leverage on the Group's and Metro's regional presence to bring the business to the next level.

Expanding through Acquisition

Following the acquisition of Novem in December 2021, Novem had contributed positively to the Group's revenue and profits. Furthermore, the acquisition has cemented the Group's market leadership position in Singapore and enhanced its ability to deliver high quality healthcare products and services to an enlarged customer base that comprises both the private and public sectors.

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

Strengthening 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.

Other Updates

The distributorship agreement with principal Biosensors Interventional Technologies Pte. Ltd., with Vietnam as the only territory, is expected to lapse by mutual and amicable decision when the current term of agreement ends by 31 December 2022. Revenue from this portfolio accounted for 6% of the Group's total revenue for 1H2022. For reference, this portfolio accounted for 3% of total full year revenue.

Mr Tan Chwee Choon, Executive Director and Regional Director for Vietnam, will relinquish his responsibility of Regional Director for Vietnam by the end of this year. He will remain Executive Director thereafter. Mr Yann Marche, as COO of the Group, will have oversight of Vietnam operation. He will facilitate the transition while concurrently searching for a suitable candidate to fill the position of Country Manager, Vietnam.

Impact from COVID-19

The global environment remains volatile and challenging. Although countries where the Group has operations in are easing COVID-19 related restrictions, other challenges such as supply chain disruption and inflationary pressure are gathering pace. The Group will remain agile and vigilant to respond to changing market conditions.

- 4. 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.

- 5. Negative confirmation of Interim Financial Results pursuant to Rule 705(5)**

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for 1H2022 to be false or misleading in any material aspect.

Lim See Wah
Chairman and Chief Executive Officer

Tan Chwee Choon
Executive Director

- 6. 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 Catalyst Rules**

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 Catalyst Rules.

7. Disclosures on acquisition or sale of shares pursuant to Rule 706A of the Catalyst Rules

- (a) The Group has completed the internal restructuring exercise whereby the Company sold and its subsidiary DocMed purchased, the entire legal and beneficial interest in the issued and paid-up share capital of PMP. Please refer to announcements dated 27 May 2022 and 6 June 2022 for more information.
- (b) The Group has completed the acquisition of Novem on 6 June 2022. Please refer to announcements dated 27 May 2022 and 6 June 2022 for more information.

BY ORDER OF THE BOARD

Lim See Wah

Chairman and Chief Executive Officer

11 August 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.