

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS**Issuer & Securities****Issuer/ Manager**

HYPHENS PHARMA INTERNATIONAL LIMITED

Securities

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Submitted By (Co./ Ind. Name)

Lim See Wah

Designation

Executive Chairman and CEO

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 press release and results announcement.

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**

31/12/2022

Attachments

[Hyphens Pharma - FY2022 Results MR.pdf](#)

[Hyphens results FY2022.pdf](#)

Total size = 1102K MB

Media Release

Hyphens Pharma FY2022 net profit rose 66.7% Y-O-Y to S\$11.4 million

- Achieved a record revenue of S\$162.3 million for FY2022
- Proposes first and final dividend of 1.11 Singapore cents for FY2022

Singapore, 28 February 2023 – Hyphens Pharma International Limited (“**Hyphens Pharma**”, “**凯帆药剂国际有限公司**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”), Singapore’s leading specialty pharmaceutical and consumer healthcare group, is pleased to announce the results for the financial year ended 31 December 2022 (“**FY2022**”), which saw its net profit increase by 66.7% to S\$11.4 million on the back of a 28.9% increase in revenue to S\$162.3 million.

Financial Highlights			
S\$ million	FY2022	FY2021	Change (%)
Revenue	162.3	125.9	28.9
Gross Profit (“GP”)	62.8	48.1	30.6
GP Margin (%)	38.7	38.2	0.5pts
Profit Before Tax	14.3	8.3	73.1
Profit After Tax (“PAT”)	11.4	6.8	66.7
PAT Margin (%)	7.0	5.4	1.6pts

Mr Lim See Wah (林世华), Executive Chairman and CEO of Hyphens Pharma remarked: “*We have seen normalisation of business activities in those countries where we have presence as COVID-19 restrictions were lifted. At the same time, our strategy of organic and inorganic growth has borne fruit. Hence, we have been able to achieve significant revenue and profit growth in FY2022 and we are rewarding our*

shareholders for their confidence and trust with a dividend of 1.11 Singapore cents. Despite COVID-19 restrictions easing, the aftershocks of the pandemic continue to ripple. Thus, we will remain vigilant and agile in dealing with the challenges, while continuing to be steadfast in executing our plans and strategies so as to progress towards our vision of becoming ASEAN's leading specialty pharmaceutical and consumer healthcare group."

Dividend

After considering the Company's FY2022 results performance, outlook, cashflows and capital expenditure needs, the Board of Hyphens Pharma proposes a first and final dividend of 1.11 Singapore cents (FY2021: 0.67 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 FY2022.

Financial Review

In FY2022, the Group's revenue increased by 28.9% to S\$162.3 million from S\$125.9 million in the financial year ended 31 December 2021 ("**FY2021**"). All three business segments contributed to the revenue increase and the Group's new acquired subsidiaries¹ ("**Novem**") contributed S\$17.0 million or approximately 10.5% of revenue.

Segmental Revenue			
S\$ million	FY2022	FY2021	Change (%)
Specialty Pharma Principals	95.7	65.6	45.8
Proprietary Brands	23.4	19.1	22.9
Medical Hypermart and Digital	43.2	41.2	4.9
Total	162.3	125.9	28.9

The Specialty Pharma Principals segment led the growth with a 45.8% increase in revenue, with increased demand in Singapore, Vietnam and Malaysia coupled with the sales contribution from Novem. The Proprietary Brands segment also saw strong growth of 22.9%, due to higher demand for Ceradan® and

¹ Comprising Novem Healthcare Pte Ltd, Novem Pharma Private Limited and Novem Sciences Private Limited.

TDF® dermatological products, Ocean Health® health supplement products, and Novem® nutraceutical products. The revenue from the Medical Hypermart and Digital segment remained stable and saw a moderate increase of 4.9%.

The Group's profit after tax increased by 66.7% from S\$6.8 million in FY2021 to S\$11.4 million in FY2022, mainly attributable to higher revenue and gross profit, partially offset by higher operating expenses. This translated to a basic earnings per share of 3.68 Singapore cents.

Business Outlook

Growing Proprietary Brands

The Group's Proprietary Brand business continues to be its key focus. These Proprietary Brands, which include Ocean Health®, Ceradan®, TDF® and CG 210® are enjoying robust growth in sales and brand equity. Hyphens Pharma will continue its strategy 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 in order to develop new and improved products under the respective brands.

As part of its continuing efforts to expand and strengthen its Proprietary Brand business, the Group has launched Meradan® cream in Indonesia. Meradan® is a steroid cream formulation developed in collaboration with Singapore's Agency for Science, Technology and Research (A*STAR). The Group plans to introduce Meradan® progressively in the countries it operates in.

Adding to its product pipeline, the Group has entered into exclusive licence and supply agreements to develop and commercialise Winlevi® cream, the only topical cream to treat hormonal acne directly on the skin, in 10 countries across Southeast Asia. Winlevi® will be the Group's first innovative therapeutics product and will help to deepen its dermatology product pipeline.

Going Digital

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.

The expected runway for the new capital injection approximates 24 months. DocMed has since strengthened its human capital to accelerate its investments in digital initiatives to spearhead business expansion in its Medical Hypermart and Digital segment. 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.

Expanding Through Acquisitions

Since its acquisition by the Group in December 2021, Novem has 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. Novem contributed incremental revenue of S\$15.7 million in FY2022, against FY2021. As part of its long-term growth strategy, the Group will continue to seek out acquisition opportunities that are in alignment with its strategic goals.

Strengthening Specialty Pharma Portfolio

The distributorship agreement with principal Biosensors Interventional Technologies Pte. Ltd., with Vietnam as the only territory, has lapsed by mutual and amicable decision upon maturity of the agreement on 31 December 2022. Revenue from this portfolio accounted for 3% of the Group's total revenue for FY2022.

To further cement its leadership position and deepen its presence in the ASEAN region, the Group remains focused on actively seeking licencing opportunities and registering new products for its Specialty Pharma Principals segment. The Group has entered into an exclusive agreement to handle distribution and sales of Nabota®, a premium high-purity botulinum toxin (commonly referred to as botox). Nabota® has been successfully registered in Singapore in January 2023.

Impact from COVID-19

The global environment remains volatile and challenging due to ongoing supply chain challenges and inflationary pressure. The Group will continue to remain agile and vigilant so to respond to 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

(www.hyphensgroup.com)

Hyphens Pharma International Limited and its subsidiaries (the "Group") is Singapore's leading specialty pharmaceutical and consumer healthcare group, leveraging on its diverse footprint in ASEAN countries. The Group has a direct presence in Singapore, Vietnam, Malaysia, Indonesia and the Philippines, and is supplemented by a marketing and distribution network covering 10 other markets – Bangladesh, Brunei, Cambodia, China, Hong Kong S.A.R., Macau S.A.R., Myanmar, Oman, South Korea and Sri Lanka.

Singapore is the Group's regional headquarters, where its strategic planning, finance, regulatory affairs, research and development, legal, business development and logistics operations are based. The Group's core business comprises the following segments: Specialty Pharma Principals, Proprietary Brands, and Medical Hypermart & Digital. Besides marketing and selling a range of specialty pharmaceutical products in selected ASEAN countries through exclusive distributorship or licensing and supply agreements with brand principals mainly from Europe and the United States, the Group also develops, markets and sells its own proprietary range of dermatological products and health supplement products. In addition, the Group operates a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies, to supply pharmaceutical products and medical supplies and an online pharmacy for doctors to prescribe and have medications delivered to their patients' homes.

Issued on behalf of	: Hyphens Pharma International Limited
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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.

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.



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

Condensed Interim Financial Statements

For the six months and full year ended 31 December 2022

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

		Group					
		6 months ended 31 Dec 2022 ("2H2022")	6 months ended 31 Dec 2021 ("2H2021")	Change	12 months ended 31 Dec 2022 ("FY2022")	12 months ended 31 Dec 2021 ("FY2021")	Change
	Notes	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	4	81,612	62,076	31.5	162,316	125,883	28.9
Cost of sales		(49,881)	(38,745)	28.7	(99,507)	(77,800)	27.9
Gross profit		31,731	23,331	36.0	62,809	48,083	30.6
Other income and gains		609	750	(18.8)	658	964	(31.7)
Distribution costs		(16,393)	(14,123)	16.1	(33,267)	(28,394)	17.2
Administrative expenses		(8,364)	(6,405)	30.6	(14,561)	(11,639)	25.1
Finance costs		(172)	(47)	>100.0	(238)	(95)	>100.0
Other losses		(1,195)	(497)	>100.0	(1,584)	(680)	>100.0
Share of profit of an equity-accounted associate		244	17	>100.0	474	17	>100.0
Profit before tax	6	6,460	3,026	>100.0	14,291	8,256	73.1
Income tax expense	7	(1,292)	(495)	>100.0	(2,882)	(1,410)	>100.0
Profit for the financial period/ year, net of tax		5,168	2,531	>100.0	11,409	6,846	66.7
<u>Other comprehensive income:</u>							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations, net of tax		97	52	86.5	96	33	>100.0
Other comprehensive income for the period/ year		97	52	86.5	96	33	>100.0
Total comprehensive income		5,265	2,583	>100.0	11,505	6,879	67.2
Profit/(loss) attributable to:							
Equity holders of the parent		5,189	2,531		11,351	6,846	
Non-controlling interests		(21)	–		58	–	
Total comprehensive income/(loss) attributable to:							
Equity holders of the parent		5,286	2,583		11,447	6,879	
Non-controlling interests		(21)	–		58	–	
Earnings per share currency unit		Cents	Cents		Cents	Cents	
Basic							
Continuing operations		1.68	0.84		3.68	2.27	
Diluted¹							
Continuing operations		1.67	0.84		3.66	2.27	

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

B. Condensed Interim Statements of Financial Position

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		31 Dec 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
<u>Non-current assets</u>					
Plant and equipment	11,16	3,017	4,408	37	79
Intangible assets	10,16	19,072	18,300	–	–
Investment in subsidiaries		–	–	19,886	19,420
Investment in an associate	16	2,667	2,306	–	–
Deferred tax assets		61	65	–	–
Total non-current assets		24,817	25,079	19,923	19,499
<u>Current assets</u>					
Inventories	13,16	21,260	25,290	–	–
Trade and other receivables	12,16	31,106	28,722	20,678	20,688
Prepayments		806	639	174	80
Cash and cash equivalents		36,480	19,461	4,656	3,221
Total current assets		89,652	74,112	25,508	23,989
Total assets		114,469	99,191	45,431	43,488
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	15	35,083	35,083	35,083	35,083
Retained earnings		43,760	34,609	8,714	7,192
Other reserves	16	(9,816)	(14,956)	–	–
Equity attributable to equity holders of the parent		69,027	54,736	43,797	42,275
Non-controlling interests		1,245	–	–	–
Total equity		70,272	54,736	43,797	42,275
<u>Non-current liabilities</u>					
Deferred tax liabilities	16	793	1,018	–	–
Other financial liabilities, non-current	14	3,330	880	–	–
Total non-current liabilities		4,123	1,898	–	–
<u>Current liabilities</u>					
Income tax payable		2,657	1,705	14	3
Trade and other payables		35,077	33,563	1,620	1,210
Other financial liabilities, current	14	2,340	7,289	–	–
Total current liabilities		40,074	42,557	1,634	1,213
Total liabilities		44,197	44,455	1,634	1,213
Total equity and liabilities		114,469	99,191	45,431	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 year:						
Balance at 1 January 2022 (restated)	54,736	–	54,736	35,083	34,609	(14,956)
Issue of share capital to non-controlling interests of a subsidiary	6,100	1,187	4,913	–	(131)	5,044
Total comprehensive income for the year	11,505	58	11,447	–	11,351	96
Dividends paid (Note 8)	(2,069)	–	(2,069)	–	(2,069)	–
Balance at 31 December 2022	70,272	1,245	69,027	35,083	43,760	(9,816)

Previous year:						
Balance at 1 January 2021	47,175	–	47,175	32,641	29,626	(15,092)
Issue of share capital pursuant to acquisition of subsidiaries	2,442	–	2,442	2,442	–	–
Consideration adjustment arising from acquisition of subsidiaries (Note 16)	103	–	103	–	–	103
Total comprehensive income for the year	6,879	–	6,879	–	6,846	33
Dividends paid (Note 8)	(1,863)	–	(1,863)	–	(1,863)	–
Balance at 31 December 2021 (restated)	54,736	–	54,736	35,083	34,609	(14,956)

	<u>Total equity</u>	<u>Share capital</u>	<u>Retained earnings</u>
	\$'000	\$'000	\$'000
<u>Company</u>			
Current year:			
Balance at 1 January 2022	42,275	35,083	7,192
Total comprehensive income for the year	3,591	–	3,591
Dividends paid (Note 8)	(2,069)	–	(2,069)
Balance at 31 December 2022	43,797	35,083	8,714

Previous year:			
Balance at 1 January 2021	37,713	32,641	5,072
Issue of share capital pursuant to acquisition of subsidiaries	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	42,275	35,083	7,192

D. Condensed Interim Consolidated Statement of Cash Flows

	FY2022 \$'000	FY2021 \$'000
<u>Cash flows from operating activities</u>		
Profit before tax	14,291	8,256
Adjustments for:		
Amortisation of intangible assets	658	427
Depreciation of plant and equipment	2,064	1,777
Interest income	(42)	(74)
Interest expense	238	95
Loss on disposal of plant and equipment	3	2
Loss on disposal of subsidiary	—	2
Expenses in connection with subsidiaries acquisition	—	415
Share of profit of an associate	(474)	(17)
Net effect of exchange rate changes in consolidating foreign operations	149	34
Operating cash flows before changes in working capital	16,887	10,917
Trade and other receivables	(2,563)	(1,988)
Prepayments	(167)	20
Inventories	4,030	(4,608)
Trade and other payables	842	3,112
Net cash flows from operations	19,029	7,453
Income taxes paid	(2,152)	(1,415)
Net cash flows from operating activities	16,877	6,038
<u>Cash flows from investing activities</u>		
Acquisition of subsidiaries, net of cash acquired	—	(14,156)
Dividend received from an associate	58	—
Consideration adjustment for acquisition of subsidiaries	179	—
Proceeds from disposal of shares in an associate	27	—
Down-payment for plant and equipment	—	(139)
Purchase of plant and equipment (Note A)	(558)	(562)
Purchase of intangible assets	(757)	(134)
Proceeds from sale of plant and equipment	2	—
Interest received	42	74
Net cash flows used in investing activities	(1,007)	(14,917)
<u>Cash flows from financing activities</u>		
Dividends paid to equity owners	(2,069)	(1,863)
Payment of principal portion of lease liabilities	(1,024)	(905)
Interest paid	(238)	(95)
Proceeds from borrowings	5,000	4,243
Repayment of borrowings	(6,620)	(566)
Issue of share capital to non-controlling interests of a subsidiary (Note B)	6,100	—
Net cash flows from financing activities	1,149	814
Net increase (decrease) in cash and cash equivalents	17,019	(8,065)
Cash and cash equivalents, at beginning of the year	19,461	27,526
Cash and cash equivalents, at end of the year	36,480	19,461

E. Notes to Condensed Interim Consolidated Statement of Cash Flows

A. Purchase of plant and equipment

	FY2022 \$'000	FY2021 \$'000
Acquisitions of certain assets under plant and equipment under lease contracts	127	60

B. Investment in subsidiary by non-controlling interests through subscription of new shares 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 Chan	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 and full year ended 31 December 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 and full year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) 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 2022.

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 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
- Note 16 – Purchase price acquisition accounting from acquisition of Novem

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>	
	2H2022	2H2021	2H2022	2H2021	2H2022	2H2021	2H2022	2H2021	2H2022	2H2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue by segment										
Total revenue by segment	47,307	32,303	12,736	9,732	21,569	20,041	–	–	81,612	62,076
Total revenue	47,307	32,303	12,736	9,732	21,569	20,041	–	–	81,612	62,076
EBITDA	7,934	3,582	947	856	(336)	386	(532)	(607)	8,013	4,217
Finance costs	–	–	–	–	–	–	(172)	(47)	(172)	(47)
Depreciation and amortisation	(158)	(27)	(193)	(197)	–	–	(1,030)	(920)	(1,381)	(1,144)
Profit/(loss) before tax	7,776	3,555	754	659	(336)	386	(1,734)	(1,574)	6,460	3,026
Income tax expense									(1,292)	(495)
Profit, net of tax									5,168	2,531

The unallocated expenses mainly included the Group's corporate expenses such as transaction costs of Novem acquisition (Note 16), 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>	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue by segment										
Total revenue by segment	95,660	65,624	23,437	19,071	43,219	41,188	–	–	162,316	125,883
Total revenue	95,660	65,624	23,437	19,071	43,219	41,188	–	–	162,316	125,883
EBITDA	14,823	8,146	2,310	1,817	538	1,477	(420)	(885)	17,251	10,555
Finance costs	–	–	–	–	–	–	(238)	(95)	(238)	(95)
Depreciation and amortisation	(263)	(37)	(395)	(390)	–	–	(2,064)	(1,777)	(2,722)	(2,204)
Profit/(loss) before tax	14,560	8,109	1,915	1,427	538	1,477	(2,722)	(2,757)	14,291	8,256
Income tax expense									(2,882)	(1,410)
Profit, net of tax									11,409	6,846

The unallocated expenses mainly included the Group's corporate expenses such as transaction costs of Novem acquisition (Note 16), 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 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021 (restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total assets for reportable segments	39,872	41,711	19,211	17,567	11,429	12,379	–	–	70,512	71,657
Unallocated:										
Plant and equipment	–	–	–	–	–	–	3,017	4,408	3,017	4,408
Investment in an associate	–	–	–	–	–	–	2,667	2,306	2,667	2,306
Prepayments	–	–	–	–	–	–	806	639	806	639
Cash and cash equivalents	–	–	–	–	–	–	36,480	19,461	36,480	19,461
Other receivables	–	–	–	–	–	–	987	720	987	720
Total Group assets	39,872	41,711	19,211	17,567	11,429	12,379	43,957	27,534	114,469	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>	
	31 Dec 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021 (restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total liabilities for reportable segments	17,521	18,493	4,769	2,802	8,989	9,675	–	–	31,279	30,970
Unallocated:										
Income tax payable	–	–	–	–	–	–	2,657	1,705	2,657	1,705
Financial liabilities	–	–	–	–	–	–	5,670	8,169	5,670	8,169
Trade and other payables	–	–	–	–	–	–	4,591	3,611	4,591	3,611
Total Group liabilities	17,521	18,493	4,769	2,802	8,989	9,675	12,918	13,485	44,197	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>	
	2H2022	2H2021 (restated)	2H2022	2H2021 (restated)	2H2022	2H2021 (restated)	2H2022	2H2021 (restated)	2H2022	2H2021 (restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables and inventories loss	91	121	69	251	(41)	121	–	–	119	493
Expenditures for non- current assets	2	85	1,385	29	–	–	211	2,792	1,598	2,906

	<u>Specialty pharma principals</u>		<u>Proprietary brands</u>		<u>Medical hypermart and digital</u>		<u>Unallocated</u>		<u>Total</u>	
	FY2022	FY2021 (restated)	FY2022	FY2021 (restated)	FY2022	FY2021 (restated)	FY2022	FY2021 (restated)	FY2022	FY2021 (restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Allowance for impairment on trade receivables and inventories loss	211	280	311	380	33	16	–	–	555	676
Expenditures for non- current assets	2	10,966	1,427	49	–	–	686	2,857	2,115	13,872

4.2 Disaggregation of revenue

	<u>Group</u>			
	2H2022	2H2021	FY2022	FY2021
	\$'000	\$'000	\$'000	\$'000
<i>Types of goods or service:</i>				
Sale of goods	81,313	61,841	161,652	125,273
Commission income	193	131	372	286
Marketing services fee and advertisement	104	104	288	323
Other revenue	2	—	4	1
Total revenue	81,612	62,076	162,316	125,883
<i>Geographical information:</i>				
Singapore	42,053	31,831	84,545	64,109
Vietnam	27,357	19,395	54,551	41,605
Malaysia	7,872	5,680	15,123	10,637
Others	4,330	5,170	8,097	9,532
Total revenue	81,612	62,076	162,316	125,883

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 2022 and 31 December 2021:

	<u>Group</u>		<u>Company</u>	
	31 Dec 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	67,586	48,183	25,334	23,909
	67,586	48,183	25,334	23,909
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	40,747	41,732	1,620	1,210
	40,747	41,732	1,620	1,210

6. Profit before taxation

6.1 Significant items

	<u>Group</u>			
	2H2022	2H2021	FY2022	FY2021
	\$'000	\$'000	\$'000	\$'000
<i>Income</i>				
Government grants ⁽¹⁾	181	122	515	433
Interest income	33	37	42	74
<i>Expenses</i>				
Advertising and promotional expenses	3,821	4,215	8,241	8,580
(Reversal)/Allowance for inventories obsolescence	(395)	396	(101)	477
Depreciation and amortisation	1,381	1,144	2,722	2,204
Employee benefits expenses	12,281	10,743	24,406	19,193
Foreign exchange translation losses/(gains)	681	(591)	925	(457)
Inventories written off	545	95	635	197
Research and development expenses	792	383	885	564

⁽¹⁾ In FY2021, the government grants included grant from Jobs Support Scheme totalled \$130,000. 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>			
	2H2022	2H2021	FY2022	FY2021
	\$'000	\$'000	\$'000	\$'000
<u>Current tax expense</u>				
Current tax expense	1,409	684	3,169	1,640
Over adjustment in respect of prior periods	(45)	(142)	(44)	(145)
<u>Deferred tax income</u>				
Deferred tax income	(72)	(47)	(243)	(85)
Total income tax expense	1,292	495	2,882	1,410

8. Dividends

	FY2022	Group	FY2021
	\$'000		\$'000
Dividends paid during the reporting year:			
Final exempt (1-tier) dividends paid of 0.67 cent per share (2021: Final exempt (1-tier) dividends paid of 0.62 cent per share)	2,069		1,863
Proposed dividends on ordinary shares: Final exempt (1-tier) proposed dividends of 1.11 cent (2021: 0.67 cent) per share	3,427		2,069

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

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	(restated)			
Net asset value per ordinary share (Singapore cents per share)	22.36	17.73	14.18	13.69

10. Intangible assets

	Goodwill	Group	Total
	\$'000	Distribution rights and trademarks \$'000	\$'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
Year ended 31 December 2022			
<i>Cost:</i>			
As at 1 January 2022	13,807	7,931	21,738
Additions	–	1,430	1,430
Balance as at 31 December 2022	13,807	9,361	23,168
<i>Accumulated impairment and amortisation:</i>			
As at 1 January 2022	993	2,445	3,438
Amortisation for the year	–	658	658
Balance as at 31 December 2022	993	3,103	4,096
Net book value at 31 December 2022	12,814	6,258	19,072

10. Intangible assets (cont'd)

10.1 Goodwill

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

In assessing the goodwill impairment, management has determined the recoverable amount of the cash generating unit (CGU) as at 31 December 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

	Group				
	Plant and equipment \$'000	Hardware and software \$'000	Fixtures and equipment \$'000	Motor vehicles \$'000	Total \$'000
<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	134	443	20	89	686
Disposals	(16)	(77)	(24)	–	(117)
Foreign exchange adjustments	(15)	(6)	(10)	(12)	(43)
At 31 December 2022	5,120	1,811	3,562	314	10,807
<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 year	1,177	213	639	35	2,064
Disposals	(16)	(75)	(21)	–	(112)
Foreign exchange adjustments	(12)	(5)	(6)	(12)	(35)
At 31 December 2022	3,839	1,016	2,784	151	7,790
<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 31 December 2022	1,281	795	778	163	3,017

11. Plant and equipment (cont'd)

	<u>Company</u>		
	Hardware and software	Fixtures and equipment	Total
	\$'000	\$'000	\$'000
<u>Cost:</u>			
At 1 January 2021 and 31 December 2021	4	221	225
Additions	3	–	3
At 31 December 2022	7	221	228
<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 year	1	44	45
At 31 December 2022	4	187	191
<u>Carrying value:</u>			
At 1 January 2021	2	122	124
At 31 December 2021	1	78	79
At 31 December 2022	3	34	37

12. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	31 Dec 2022	31 Dec 2021 (restated)	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<u>Trade receivables:</u>				
Outside parties	30,348	28,029	–	–
Less: Allowance for impairment	(229)	(206)	–	–
Subsidiaries	–	–	723	1,246
Net trade receivables – subtotal	30,119	27,823	723	1,246
<u>Other receivables:</u>				
Staff advances	6	7	–	–
Deposits to secure services	588	594	–	–
Subsidiaries	–	–	19,953	19,442
Goods and services tax receivables	52	76	–	–
Other receivables	341	222	2	–
Other receivables – subtotal	987	899	19,955	19,442
Total trade and other receivables	31,106	28,722	20,678	20,688

12. Trade and other receivables (cont'd)

	<u>Group</u>		<u>Company</u>	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Movements in above allowance:				
At beginning of the year	206	204	–	–
Allowance charged to profit or loss included in other losses	23	2	–	–
At end of the year	<u>229</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>	
	31 Dec 2022	31 Dec 2021 (restated)
	\$'000	\$'000
Raw materials and supplies	1,564	1,025
Finished goods and goods for resale ⁽¹⁾	19,696	24,265
	<u>21,260</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	(101)	477
Used	(208)	(1,105)
At end of the year	<u>875</u>	<u>1,184</u>
The amount of inventories included in cost of sales	98,495	76,429
The inventories written off charged to profit or loss included in other losses	<u>635</u>	<u>197</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 \$1,435,000 (2021: \$5,540,000).

14. Borrowings

	<u>Group</u>			
	31 Dec 2022		31 Dec 2021	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Repayable in one year or less, or on demand:				
Bank borrowings	—	1,250	—	6,075
Lease liabilities	62	1,028	26	1,188
Subtotal	62	2,278	26	7,263
Repayable after one year:				
Bank borrowings	—	3,229	—	—
Lease liabilities	91	10	64	816
Subtotal	91	3,239	64	816
Total	153	5,517	90	8,079

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>
	<u>'000</u>	<u>\$'000</u>
<u>Ordinary shares of no par value:</u>		
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 31 December 2022	<u>308,776</u>	<u>35,083</u>

There has been no change in the Company's total number of issued shares and share capital since 30 June 2022.

The Company does not hold any treasury shares or other convertible instruments as at 31 December 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 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	<u>9,141</u>	<u>4,627</u>
Goodwill	<u>7,963</u>	<u>12,553</u>
Purchase consideration transferred	<u>17,104</u>	<u>17,180</u>

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
2021 Consolidated Statement of <u>Financial Position:</u>			
Plant & 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	14,956	15,059	(103)

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

	2H2022	2H2021	Change	FY2022	FY2021	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue by business segments						
Specialty pharma principals	47,307	32,303	46.4	95,660	65,624	45.8
Proprietary brands	12,736	9,732	30.9	23,437	19,071	22.9
Medical hypermart and digital	21,569	20,041	7.6	43,219	41,188	4.9
	<u>81,612</u>	<u>62,076</u>	<u>31.5</u>	<u>162,316</u>	<u>125,883</u>	<u>28.9</u>

	2H2022	2H2021	Change	FY2022	FY2021	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue by geographical locations						
Singapore	42,053	31,831	32.1	84,545	64,109	31.9
Vietnam	27,357	19,395	41.1	54,551	41,605	31.1
Malaysia	7,872	5,680	38.6	15,123	10,637	42.2
Others	4,330	5,170	(16.2)	8,097	9,532	(15.1)
	<u>81,612</u>	<u>62,076</u>	<u>31.5</u>	<u>162,316</u>	<u>125,883</u>	<u>28.9</u>

2H2022 compared to 2H2021

Revenue

The Group's revenue increased by 31.5% or S\$19.5 million from S\$62.1 million in 2H2021 to S\$81.6 million in 2H2022. The newly acquired Novem contributed S\$7.8 million in revenue.

All three business segments contributed to the revenue increase:

- Specialty pharma principals segment led the growth with 46.4% increase in revenue, with increased demand in Singapore, Vietnam and Malaysia coupled with sales contribution from Novem.
- Proprietary brands segment grew by 30.9%, 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 grew by 7.6%.

Gross profit

Gross profit corresponding rose by 36.0% or S\$8.4 million from S\$23.3 million in 2H2021 to S\$31.7 million in 2H2022.

Gross profit margin had increased from 37.6% in 2H2021 to 38.9% in 2H2022 due improved margin in specialty pharma principals segment.

Consolidated Statement of Comprehensive Income (cont'd)

2H2022 compared to 2H2021 (cont'd)

Other income and gains

Other income and gains reduced by 18.8% or S\$0.2 million from S\$0.8 million in 2H2021 to S\$0.6 million in 2H2022 mostly attributed to absence of foreign exchange gain in 2H2022 (S\$0.6 million in 2H2021), offset by S\$0.4 million write-back of allowance for inventories obsolescence.

Distribution costs

Distribution costs increased by 16.1% or S\$2.3 million from S\$14.1 million to S\$16.4 in 2H2022, in tandem with the higher sales achieved.

Administrative expenses

Administrative expenses increased by 30.6% or S\$2.0 million from S\$6.4 million in 2H2021 to S\$8.4 million in 2H2022 due mainly to higher cost base with inclusion of Novem and increased spending on research and development ("R&D").

Other losses

Other losses increased by 140.4% or S\$0.7 million from S\$0.5 million in 2H2021 to S\$1.2 million in 2H2022 mainly due to foreign exchange loss and higher inventories written off.

Share of profit of an equity-accounted associate

Share of profit from associate amounted to S\$0.2 million for 2H2022 (2H2021: S\$0.02 million). The associate was acquired as part of the acquisition of Novem.

Profit before tax

Profit before tax increased by 113.5% or S\$3.5 million from S\$3.0 million in 2H2021 to S\$6.5 million in 2H2022, mainly due to higher revenue, partially offset by increased distribution costs and administrative expenses as explained above.

Income tax expense

Income tax expense increased by S\$0.8 million from S\$0.5 million in 2H2021 to S\$1.3 million in 2H2022 due to higher profits.

Profit after tax

As a result of the foregoing, the Group's net profit after tax increased by 104.2% or S\$2.7 million, from S\$2.5 million in 2H2021 to S\$5.2 million in 2H2022.

Consolidated Statement of Comprehensive Income (cont'd)

FY2022 compared to FY2021

Revenue

The Group's revenue increased by 28.9% or S\$36.4 million from S\$125.9 million in FY2021 to S\$162.3 million in FY2022. The newly acquired Novem contributed S\$17.0 million in revenue.

All three business segments contributed to the revenue increase:

- Specialty pharma principals segment led the growth with 45.8% increase in revenue, with increased demand in Singapore, Vietnam and Malaysia coupled with sales contribution from Novem.
- Proprietary brands segment grew by 22.9%, 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 moderate increase of 4.9%.

Gross profit

Gross profit corresponding rose by 30.6% or S\$14.7 million from S\$48.1 million in FY2021 to S\$62.8 million in FY2022.

Gross profit margin had increased from 38.2% in FY2021 to 38.7% in FY2022 due to improved margin in specialty pharma principals segment.

Other income and gains

Other income and gains reduced by 31.7% or S\$0.3 million from S\$1.0 million in FY2021 to S\$0.7 million in FY2022 due mainly to absence of foreign exchange gain in FY2022 (S\$0.5 million in FY2021), offset by S\$0.1 million write-back of allowance for inventories obsolescence.

Distribution costs

Distribution costs increased by 17.2% or S\$4.9 million from S\$28.4 million in FY2021 to S\$33.3 million in FY2022, in tandem with the higher sales achieved.

Administrative expenses

Administrative expenses increased by 25.1% or S\$3.0 million from S\$11.6 million in FY2021 to S\$14.6 million in FY2022 due to higher cost base with the inclusion of Novem, increased R&D and staff costs.

Other losses

Other losses increased by 132.9% or S\$0.9 million from S\$0.7 million in FY2021 to S\$1.6 million in FY2022 due mainly to foreign exchange losses.

Share of profit of an equity-accounted associate

Share of profit from associate amounted to S\$0.5 million for FY2022 (FY2021: S\$0.02 million). The associate was acquired as part of the acquisition of Novem.

Consolidated Statement of Comprehensive Income (cont'd)

FY2022 compared to FY2021 (cont'd)

Profit before tax

Profit before tax increased by 73.1% or S\$6.0 million from S\$8.3 million in FY2021 to S\$14.3 million in FY2022, mainly due to higher revenue partially offset by higher distribution costs, administrative expenses and foreign exchange losses as explained above.

Income tax expense

Income tax expense increased by 104.4% or S\$1.5 million from S\$1.4 million to S\$2.9 million due to higher profits in FY2022.

Profit after tax

As a result of the foregoing, the Group's net profit after tax increased by 66.7% or S\$4.6 million, from S\$6.8 million in FY2021 to S\$11.4 million in FY2022.

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 2022 and 31 December 2021.

Non-current assets

The Group's non-current assets decreased by S\$0.3 million from S\$25.1 million as at 31 December 2021 to S\$24.8 million as at 31 December 2022 primarily due to depreciation of plant and equipment of S\$2.0 million and amortisation of intangible assets of S\$0.7 million, partially offset by new plant and equipment and intangible assets acquisition of S\$2.1 million and S\$0.3 million increase in investment in an associate following recognition of share of profit net of dividends and partial interest disposal.

Current assets

The Group's current assets increased by S\$15.6 million from S\$74.1 million as at 31 December 2021 to S\$89.7 million as at 31 December 2022 mainly due to increase in cash and cash equivalents and trade and other receivables by S\$17.0 million and S\$2.4 million respectively, partially offset by decrease in inventories by S\$4.0 million.

Non-current liabilities

The Group's non-current liabilities decreased by S\$1.0 million from S\$1.9 million as at 31 December 2021 to S\$0.9 million as at 31 December 2022 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\$0.7 million from S\$42.6 million as at 31 December 2021 to S\$43.3 million as at 31 December 2022. This was mainly attributable to increase in trade and other payables and income tax payables, partially offset by net settlement of loan borrowings and lease liabilities.

Consolidated Statements of Cash Flows

FY2022

The Group generated net cash of S\$16.9 million from operating activities in FY2022, mainly due to operating cash flows before changes in working capital of S\$16.9 million, net working capital inflows of S\$2.2 million and income taxes paid of S\$2.2 million.

The net working capital inflows were due to (i) decrease in inventories of S\$4.0 million and (ii) increase in trade and other payables of S\$0.8 million, partially offset by (iii) increase in trade and other receivables and prepayments of S\$2.7 million.

Net cash flows used in investing activities during FY2022 amounted to S\$1.0 million, mainly attributable to plant and equipment additions and acquisition of trademark and in-licensing rights.

Net cash flows from financing activities amounted to S\$1.1 million during FY2022, mainly due to proceeds from share subscription in DocMed of S\$6.1 million and additional borrowings of S\$5.0 million, partially offset by repayment of borrowings of S\$6.6 million, dividend payment of S\$2.1 million and lease payment of S\$1.0 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.

As part of its continuing efforts to expand and strengthen its Proprietary Brand business, the Group has launched Meradan® cream in Indonesia. Meradan® is a steroid cream formulation developed in collaboration with Singapore's Agency for Science, Technology and Research (A*STAR). The Group plans to introduce Meradan® progressively in the countries it operates in.

Adding to the product pipeline, the Group has entered into exclusive licence and supply agreements to develop and commercialise Winlevi® cream, the only topical cream to treat hormonal acne directly in the skin, in 10 countries across Southeast Asia. Winlevi® will be the Group's first innovative therapeutics, deepening its dermatology pipeline.

Going Digital

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. The expected runway for the new capital injection approximates 24 months. DocMed has since strengthened its human capital to accelerate its

investments in digital initiatives to spearhead business expansion in its Medical Hypermart and Digital segment. 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.

Expanding through Acquisitions

Following the acquisition of Novem in December 2021, Novem had contributed positively to the Group's revenue and profits. 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. Novem contributed incremental revenue of S\$15.7 million in FY2022, against FY2021.

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

Strengthening Specialty Pharma Portfolio

The distributorship agreement with principal Biosensors Interventional Technologies Pte. Ltd., with Vietnam as the only territory, has lapsed by mutual and amicable decision upon maturity of the agreement on 31 December 2022. Revenue from this portfolio accounted for 3% of the Group's total revenue for FY2022.

To further cement its leadership position and deepen its presence in the ASEAN region, the Group remains focused on actively seeking licencing opportunities and registering new products for its Specialty Pharma Principals segment. The Group has entered into an exclusive agreement to handle distribution and sales of Nabota®, a premium high-purity botulinum toxin (commonly referred to as botox). Nabota® has been successfully registered in Singapore in January 2023.

Other Updates

The global environment remains volatile and challenging due to ongoing supply chain challenges and inflationary pressure. The Group will remain agile and vigilant to respond to changing market conditions.

4. Dividend

(a) Current Financial Period Reported On

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

	FY2022
Name of Dividend	Final Dividend Exempt (1-tier)
Type of Dividend	Cash
Total number of issued ordinary shares	308,776,200
Dividend per share	1.11 cents

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(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**

	FY2022 S\$'000	Group FY2021 S\$'000	Change %
Revenue reported for first half year	80,704	63,807	26.5
Net profit after tax for first half year	6,241	4,315	44.6
Revenue reported for second half year	81,612	62,076	31.5
Net profit after tax for second half year	5,168	2,531	104.2

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

Annual dividend	FY2022 S\$'000	FY2021 S\$'000
Ordinary dividend – Final *	3,427	2,069

* The final dividend for FY2022 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 FY2022 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. **Disclosures on acquisition or sale of shares pursuant to Rule 706A of the Catalist Rules**

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.

BY ORDER OF THE BOARD

Lim See Wah
Chairman and Chief Executive Officer

28 February 2023

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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