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## **PHARMANIAGA EMBARKS ON EXTENSIVE RESTRUCTURING EXERCISE, STRENGTHENING BUSINESS OPERATIONS AND RESTORING PROFITABILITY**

**SHAH ALAM, 11 August 2023** – Pharmaniaga Berhad (Pharmaniaga) is embarking on an extensive business restructuring exercise that includes implementing rigorous fiscal discipline initiatives across its operations as part of the Group’s comprehensive recovery plan.

Acknowledging the need of revamping the Group’s business strategy, Pharmaniaga Chairman Izaddeen Daud said, “Integral to this effort are our measures to clean up the books, strengthen the governance and internal processes to ensure transparency in all our business activities.

“Concurrently, the Group is undertaking a comprehensive review of its position in all business segments, affirming every challenge is being met head-on and addressed holistically. This will include restructuring non-performing business units, streamlining business activities, as well as optimisation of manpower and asset utilisation. These initiatives may lead to adverse one-off financial impact in the upcoming quarters.

“It will be a challenging and bumpy period for the Group, but this strategic move will uphold our business integrity and foster a more agile, efficient, and sustainable operational model. The ultimate goal is to present a transparent, realistic, and detailed recovery plan for the Group, which will set a clear path for restoring its profitability, maintaining its position in the industry, and ultimately, creating value for shareholders,” he said.

Despite the current financial challenges, Pharmaniaga continues to demonstrate its resilience in the second quarter of the financial year ended 30 June 2023 (Q2 FY2023), registering an improved overall financial performance. The performance was primarily driven by higher sales in the Non-Concession segment as well as its operations in Indonesia.

The Group reported a revenue of RM848.7 million for Q2 FY2023, marking an 11.5% increase from RM761.1 million in the same quarter last year. These improved results demonstrate the effectiveness of the Group’s market penetration strategy, efficient cost-management and expansion efforts.

Profit Before Taxation and Zakat (PBT) for the quarter stood at RM6.3 million, up by a significant 40.3% from the RM4.5 million reported in Q2 FY2022. The Group's Profit After Taxation and Zakat (PAT) for the quarter under review amounted to RM2.3 million, a significant jump of 154% from RM0.9 million in the same corresponding quarter last year. These results show the Group's perseverance in addressing significant challenges in managing finance costs.

The Group's Non-Concession segment proved to be a major growth driver, recorded a revenue of RM333.2 million, a commendable increase of 27% compared to RM262.7 million registered during the same period last year. Meanwhile, our Logistics and Distribution Division recorded a PBT of RM11.5 million for the first half of 2023, lower than the same period in 2022 mainly due to higher operating expenses related to higher borrowings.

The Manufacturing Division posted a PBT of RM3.3 million for the half year period. Despite a slight decline, the long-term outlook for this Division remains optimistic due to the ongoing expansion of the vaccine manufacturing business and projected market demand.

The Indonesian Division recorded a stronger performance with a PBT of RM5.3 million for the half year period compared with RM3.6 million in the corresponding period last year. This improvement was due to increased revenue and operational efficiency gains, demonstrating the success of Pharmaniaga's aggressive sales efforts and stock optimisation strategies.

Izaddeen said, "We are actively working towards the resolution of our reclassification to Practice Note 17 (PN17) and progressing on track towards submitting the Regularisation Plan by Q3 FY2023.

"At the same time, the renewal of our concession agreement with the Ministry of Health is firmly underway. Having received the Letter of Award, we are now in the final stage of this process and anticipate signing the concession agreement by Q3 FY2023.

"Our growth trajectory remains promising, particularly in the Non-Concession segment and Indonesian Division, underpinned by aggressive sales efforts and a well-diversified product portfolio. This accomplishment serves as a validation of our growth strategy and our resolve to strengthen presence in these dynamic markets.

"As part of our efforts to bolster the Group's biopharmaceutical initiative, we have signed a Memorandum of Understanding with China's largest pharmaceutical manufacturer, CSPC Pharmaceutical Group Ltd to explore vaccine mRNA development in Malaysia. This marks a significant step towards technological progression for the Group and our country.

"Moving ahead towards exiting PN17 status, we strive hard and remain committed towards sustainable growth, as well as delivering enhanced value to our shareholders," concluded Izaddeen.

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**About Pharmaniaga Berhad**

Pharmaniaga is the leading pharmaceutical company of Boustead Holdings Berhad Group of Companies, which together with the Armed Forces Fund Board, are the major shareholders of the Company. Listed on the Main Board of Bursa Malaysia, Pharmaniaga's core businesses are generic pharmaceuticals manufacturing; research and development; marketing and sales; warehousing and distribution of pharmaceutical and medical products; supply, trading and installation of medical and hospital equipment as well as community pharmacy. With a vision to be the premier Malaysian pharmaceutical company, Pharmaniaga is guided by its philosophy of 'Do It Right Always' and is empowered by its motto of Passion for Patients. Strengthened by nine manufacturing plants, nationwide logistics and distribution in Malaysia and Indonesia as well as products registered in 15 countries, Pharmaniaga Group is positioned to be a regional player in the international pharmaceutical arena. For more information, please log on to <https://pharmaniaga.com/>

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