

PRESS RELEASE
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**Pharmaniaga Files Requisite Announcement on
Regularisation Plan
Paves the way to uplift PN17 status**

Key highlights:

- *Fundraising of up to RM655 million through RM355 million of rights issue and RM300 million of private placement*
- *Substantial shareholder, LTAT is committed to subscribe up to RM190 million for the rights issue*
- *The amount to be raised has taken into account the current financial position of the Group as at year-to-date 30 September 2023.*

SHAH ALAM, 29 November 2023 – Pharmaniaga Berhad's (Pharmaniaga) announces its plan to raise up to RM655 million to bolster its financial position and revitalise financial health, marking a crucial step toward exiting its Practice Note 17 (PN17) status.

The Requisite Announcement made by Pharmaniaga, submitted to Bursa Malaysia today, represents a proactive approach that will initiate a capital reduction process to adjust the Group's share capital; rights issuance to provide the Group's shareholders with an opportunity to reinforce their investments; and private placement exercise that will allow potential investors to participate in the value creation plans and in the growth of a major player in healthcare industry.

In support of this strategy, substantial shareholder of Pharmaniaga, Lembaga Tabung Angkatan Tentera (LTAT) has committed to subscribing up to RM190 million for the rights issuance.

As announced in the previous quarter, Pharmaniaga has undertaken a review of its position in all business segments, making sure that every challenge is being met head-on and addressed holistically. Thus, the Group has decided to take a prudent step to incur total impairment of RM167 million during the third quarter of the financial year ending on 30 September 2023 (Q3 FY2023) of which RM121 million involves prior year adjustments.

The impairment involves, among others, the provision for stock obsolescence for the expiring pandemic-related consumables inventory such as personal protective equipment and needles. These items were procured to meet the daily emergency needs of the health facilities then, but later experienced a sharp decline in demand as the pandemic waned.

This move is a pivotal element in Pharmaniaga's commitment to reset its business through optimisation of its portfolio, fortifying core business operations, and restoring profitability for the Group.

Elaborating on the Group's financial results, Pharmaniaga Chairman Izaddeen Daud said, "We wish to announce our decisive step towards financial rejuvenation by announcing the Requisite Announcement today which signifies a strategic milestone in the turnaround of Pharmaniaga. The robust commitment from LTAT validates our approach and strengthens our resolve.

"Concurrent with this strategic move, we have completed a review of our balance sheet and made the decisive action to impair and provide for certain assets of the company. This proactive move is integral to our action to reset Pharmaniaga, reflecting a commitment to fiscal responsibility, transparency, operational efficiency and adhering to corporate governance," he said.

Izaddeen reiterated that despite the impact of the impairment, it is necessary in the Group's journey towards improving its financial health and uplifting PN17 status.

"We firmly believe that the measures we are taking now will lay the groundwork for a more resilient and robust future for the Group, ultimately creating better value for our shareholders. With a well-prepared strategy and the upcoming submission of the Regularisation Plan to Bursa Malaysia, we are confident in emerging from this tough period stronger and in a more favourable financial position," he added.

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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. With a vision to be the premier Malaysian pharmaceutical company, Strengthened by six manufacturing plants, nationwide logistics and distribution in Malaysia and Indonesia, Pharmaniaga Group is positioned to be a regional player in the international pharmaceutical industry. For more information, please visit <https://pharmaniaga.com/>

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