



## PRESS RELEASE

### DUOPHARMA BIOTECH MAINTAINS POSITIVE TRAJECTORY DESPITE HIGHLY CHALLENGING ENVIRONMENT

- *Duopharma Biotech Berhad's 19<sup>th</sup> - and first ever fully virtual - AGM reinforces the Group's dynamic aim of evolving as a pharmaceutical and healthcare leader with significant milestones during its second year as an independent entity*
- *Strong business fundamentals and core values of the Group are fuelling onward progress through the coronavirus crisis, said Duopharma Biotech leadership*

**KUALA LUMPUR, 17 June 2020** – In the face of the highly challenging global environment, Duopharma Biotech Berhad (“Duopharma Biotech”) held its 19<sup>th</sup> - and first ever fully virtual - Annual General Meeting, which showcased a robust financial scorecard, including key milestones that bolster its position as a pharmaceutical healthcare leader, reaffirming its dynamic potential for both regional and global expansion.

Amidst the COVID-19 pandemic that continues to impede much of the world's economic progress, Duopharma Biotech’s virtual AGM which allowed remote participation and voting by shareholders reflects a new normal.

Taking short, medium and megatrends into consideration, the Group is implementing a four-pronged strategy embracing the expansion of Consumer Healthcare (“CHC”) product portfolios; diversifying into high-value biologicals and niche products; upgrading manufacturing facilities into world-class assets; and enhancing its ASEAN presence.

The Group ended 2019 on a strong note with financials demonstrating continued bold progress and posted a commendable set of results to close off a strong performance in 2019 with yearly net profit increasing 17% to touch RM55.27 million (2018: RM47.64 million) on higher revenue of RM576.46 million (2018: RM498.72 million). The group also kicked off 2020 by posting robust Q1 2020 results with PBT of RM17.73 million on Increased Revenue of RM158.71 million.

When commenting later to media, Leonard Ariff Abdul Shatar, Group Managing Director of Duopharma Biotech shared his thoughts on the four-pronged strategy: “Keeping in view of the necessity for accessibility and profitability, we have retained focus on strengthening our base while pushing through to new frontiers. I am happy to share that Duopharma Biotech is the first pharmaceutical company to commercialise erythropoietin branded as *Erysa*, a biosimilar product, in Malaysia which was manufactured in our fill and finish facility in Klang.”

“The year saw us maintain our position as the leading pharmaceutical company in Malaysia in terms of sales volume and No. 2 in terms of value. This was aided by strong performance by our Consumer Healthcare (CHC) business, and particularly that of Flavettes Effervescent



(vitamin C) which has rapidly become the best-seller in its category of immune boosting range of products. We also launched another biosimilar – *Zuhera* for breast cancer, apart from *Erysaq*, which is to treat anaemia.”

Building its specialty portfolio, the Group is also the first in the country to produce a cancer drug at its Highly potent Active Pharmaceutical Ingredients (“HAPI”) plant in Glenmarie, Shah Alam. The drug, *Letrozole*, a breast-cancer treatment product, is to be launched soon. Product registration submissions to National Pharmaceutical Regulatory Agency (NPPRA) made to manufacture *Letrozole* tablets have already been approved.

“Another significant move forward, which is further bolstering our position in the halal sector, is our successful bid for halal certification for *Erysaq* from the Korean Muslim Federation (KMF) in order to enable its launch in Malaysia. This is the *first* biosimilar to receive halal certification anywhere in the world,” he continued.

Furthermore, in addition to growing Duopharma Biotech's conventional portfolio of products, the Group has continued to expand its halal platform which, today, distinguishes it from its peers.

“We are motivated to grow the halal pharmaceutical segment both because of the huge business potential it presents, and because we believe in offering Muslims, and indeed all discerning consumers of all faiths, a peace of mind knowing they can avail of the best medical treatments that are halal certified under MS2424:2019 which is the first halal pharmaceuticals standard in the world. This strengthens our position as the halal pharmaceutical industry leader. I am pleased to share that no less than 95% of all Duopharma Biotech manufactured products are halal certified.”

Speaking of broader market expansion, he commented: “As a key industry leader, we are always on a quest to improve compliance to the regulatory requirements: Good progress has been made in our Manufacturing Optimisation Strategy via investments made in new assets, automation and the adoption of cutting-edge technologies to increase operational efficiencies. During the year, we replaced the softgel encapsulation machine at our manufacturing plant in Bangi with a new system that provides improved efficiency, fill volume accuracy and sustainability of supply to our customers.”

Pivoting good manufacturing compliance practices to European Union GMP standards will also further strengthen the Group's widening appeal in new markets. As part of the process of aligning with GMP requirements, the Company's first HAPI Plant in Malaysia officially received the Certificate of GMP Compliance from the National Pharmaceutical Regulatory Agency, Malaysia (NPPRA) on 21 August 2019.

Duopharma Biotech's ASEAN market activities contributed the most to its international business in 2019, charting 21% growth, which included increased performance from the Brunei and Myanmar markets.



“As part of our efforts to strengthen ASEAN presence, we are regaining our foothold in Vietnam and Laos. We are currently identifying potential partners in both markets, and product registration is also ongoing,” he said.

Additionally, its Korean partner, SCM Lifescience Co., Ltd (“SCM Lifescience”) successfully completed its technical evaluation for its listing on Korean Securities Dealers Automated Quotations (“KOSDAQ”) scheduled for 17 June 2020. SCM Lifescience is a regenerative medicine technology company with proprietary platform technology in the field of high-purity isolation and cultivation of mesenchymal stem cells.

Moving on to the global coronavirus crisis, which is impacting global economy and society, Leonard Ariff confirmed that COVID-19 countermeasures had received early priority even before the Government's announcement of the first phase of the Movement Control Order (“MCO”). Before MCO, Duopharma Biotech had already implemented multiple measures to safeguard the health and safety of the Group's staff and to minimise disruption to its operations, including working from home and split team arrangements. Due to the coronavirus health crisis, much of the Company's onward plans have used digitalisation as much as possible.

“While we had suspended internal and external events and activities involving large gathering, all business operations have continued albeit at the scale as directed by the authorities, at its three manufacturing plants in Klang, Bangi and Glenmarie, Selangor,” he said. “We also played our part in supporting the Malaysia's Ministry of Health (MOH), and other front-liners in the war against the COVID-19 pandemic that included the donation of an ICU ventilator system, three patient monitoring systems, and other contributions.”

“We foresee that 2020 will be more challenging than previous years. However, barring any unforeseen circumstances, we are cautiously optimistic of our FY2020 financial performance,” said Leonard Ariff. “Budget 2020 saw an increase of 6.6% in allocation for healthcare sector to RM30.6 billion, this is the highest ever allocation in Malaysian history,” he added.

Leonard Ariff also shared that the Duopharma Biotech Group had been informed that contract periods for the supply of pharmaceutical and/or non-pharmaceutical products to hospitals, clinics and others to the Malaysian Government under the Approved Product Purchase List (APPL) contract have been extended for twenty-five months, commencing 1 December 2019 until 31 December 2021. In addition, the contract period of the Offtake Agreement Program (OTA) for the supply of human insulin formulations has been extended for one (1) year, commencing 2 December 2019 until 1 December 2020.

“Additional allocation has been provided to the Ministry of Health as part of measures to combat the COVID-19 outbreak. This augurs well with the Group as approximately 50% of our sales are to public service sector. In this aspect, we are optimistic that the Healthcare sector will continue to grow in 2020,” he added.



“To steer a balanced course through digital transformation, we envisage adopting automation into our operations to increase efficiency and productivity. We will also continue to adopt lean practices, implemented carefully in stages, and I hope that we will be well positioned for Industry 4.0 by elevating all of our operational activities to achieve operations excellence,” he said.

"Aligned to our drive to boost digitalisation in the healthcare industry, Duopharma Biotech recently invested more than RM1 million in a local digital therapeutics pioneer, Naluri Hidup Sdn Bhd, to provide an online holistic health management platform, Naluri App, which aims to improve the health of people with risks of chronic conditions such as diabetes, heart diseases, cancer and mental health," explained Leonard Ariff. "This initiative also seamlessly integrates into the Group's Specialty and Consumer Healthcare businesses and offers premium health packages for customers."

Looking ahead, he concluded: "Crises often draws us to the importance of core values, which have inspired the entire team and organisation. Indeed, both the Board and management are extremely proud of the team spirit actively demonstrated by the entire Group especially in the difficult circumstances which everyone has experienced in recent months. I believe that this collective determination, together with our strong business fundamentals, bodes well for the future of Duopharma Biotech."

*-End-*

#### **ABOUT DUOPHARMA BIOTECH BERHAD**

Duopharma Biotech Group ("Duopharma Biotech" or "the Company") began with the establishment of Duopharma (M) Sendirian Berhad in 1979. Duopharma Biotech was incorporated in 2000 and is today one of Malaysia's leading pharmaceutical companies listed on the Main Market of Bursa Malaysia Berhad.

Duopharma Biotech has core competencies in the pharmaceutical industry inclusive of Manufacturing, Research & Development and Commercialisation & Marketing of over 300 generic drugs such as Omeseq and Prelica as well as Consumer Healthcare ("CHC") products including CHAMPS®, FLAVETTES®, PROVITON® and Uphamol, which are well-recognised and accepted by consumers in Malaysia, regionally and globally. The Company has also diversified into the biosimilars space with technology and commercialisation collaborations with credible and strong international partners.

Headquartered in Kuala Lumpur, Malaysia, Duopharma Biotech owns and operates three manufacturing plants in Klang, Bangi and Glenmarie, Selangor. Duopharma Biotech also has subsidiary companies in the Philippines and Singapore. A subsidiary of Duopharma Biotech Berhad has a representative office in Jakarta, Indonesia.

Website: [www.duopharmabiotech.com](http://www.duopharmabiotech.com)



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