

RISING BEYOND

global expansion
launching excellence
trust & credibility
strategic partnership

A NEW CHAPTER

Integrated Report 2025

Strengthening Collaboration

At Pharmaniaga, collaboration is central to how we deliver value. The Group's integrated model brings together logistics, manufacturing and commercial functions, enabling better coordination, improved efficiency, as well as greater consistency and reliability across the supply chain.

The Group also continues to strengthen external partnerships within the healthcare and scientific communities, including with established research and technical partners. These relationships foster capability building and knowledge sharing, while supporting Pharmaniaga's gradual expansion into higher-value segments of the pharmaceutical value chain. This is underpinned by a governance framework that emphasises accountability, transparency and disciplined execution across the organisation.



Expanding Growth Horizons

As Pharmaniaga strengthens its foundation, we continue to pursue growth in a measured and disciplined manner. This includes building on existing capabilities, expanding the product portfolio and strengthening our presence in key markets.

The Group remains focused on opportunities aligned with its core strengths, while maintaining a balanced approach to growth, resilience and long-term sustainability. This enables Pharmaniaga to grow its business while remaining responsive to changes in the operating environment.



Advancing Sustainable Growth

Sustainability principles are embedded in how the Group conducts its business. Environmental, social and governance considerations are integrated into our operations to ensure activities are carried out responsibly and in line with established standards.

This includes maintaining discipline in quality, compliance and resource management, while continuously improving operational efficiency. Through this approach, the Group aims to sustain performance, strengthen resilience and deliver long-term value.



RISING BEYOND continues the narrative established in BUILDING RESILIENCE: A Future of Innovation, while introducing a refreshed visual language that reflects evolution, growth and forward momentum. This year marks a defining milestone in Pharmaniaga's journey, as the Group celebrates its successful exit from PN17 status and enters a renewed phase of transformation defined by strength, agility and sustainable growth.

The DNA-inspired visual serves as a powerful metaphor for this journey. DNA represents life, continuity and innovation at the most fundamental level, reflecting Pharmaniaga's role in sustaining and advancing the healthcare ecosystem. The dynamic upward motion of the DNA structure symbolises growth and progression. The intertwining strands reflect Pharmaniaga's integrated ecosystem, where research and development, manufacturing and logistics are intrinsically connected, working in unison to drive value and impact. As the strands rise and expand, they signal the Group's successful emergence from PN17 status into a new chapter - one where resilience has transformed into enduring strengths, and innovation is seamlessly translated into meaningful tangible outcomes.

A New Chapter Begins

Our Reporting Suite

The Integrated Report 2025 and Sustainability Report 2025 are our primary reports.

Scan the QR Code to view Digital Version



Supplementary information is available on our website:
www.pharmaniaga.com

28TH

ANNUAL GENERAL MEETING

Royale Ballroom, Level 2
Royale Chulan Damansara
2, Jalan PJU 7/3
Mutiarra Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Tuesday, 19 May 2026
10.00 a.m.

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WE VALUE FEEDBACK

Pharmaniaga Berhad values feedback, comments and enquiries on this Report. Please send your enquiries to the key contact person of the Company:

Email: investor.relations@pharmaniaga.com

ABOUT THIS REPORT

Welcome to Pharmaniaga Berhad’s Integrated Report 2025 (Report). This integrated reporting format helps our shareholders, stakeholders and the investing public better understand what we do, why we do it, how we do it, as well as the risks and opportunities we encounter in attaining our corporate objectives. Ultimately, our goal is to define and better communicate how we intend to create value for our stakeholders. Towards this aim, we have made the Report more user-friendly by utilising icons and links throughout for the convenience of navigation.

SCOPE AND BOUNDARY OF REPORTING

This Report covers the activities, initiatives, and significant events of the Pharmaniaga Group during the reporting period of 1 January 2025 to 31 December 2025. Prepared in accordance with the MFRS Accounting Standards (MFRSs), this Report includes the following entities within the Pharmaniaga Group in which the Group has controlling or significant influence.

Manufacturing

- Pharmaniaga Manufacturing Berhad
 - InspiraPharma Sdn. Bhd. (Sungai Petani)*
 - InspiraPharma Sdn. Bhd. (Seri Iskandar)*
 - Pharmaniaga LifeScience Sdn. Bhd.
 - Pharmaniaga Research Centre Sdn. Bhd.
- * Formerly known as Idaman Pharma Manufacturing Sdn. Bhd.

Logistics & Distribution

- Pharmaniaga Logistics Sdn. Bhd.
- Pharmaniaga Marketing Sdn. Bhd.

Indonesia Operation

- PT Millennium Pharmacon International Tbk
- PT Errita Pharma

This Report should be read in conjunction with Pharmaniaga Berhad’s Sustainability Report 2025, which is available on the Company’s website.

MATERIALITY

As assessed by our Board of Directors, in consultation with the Management, the topics covered in this Report are those that have a meaningful impact on our ability to create value and fulfil our primary purpose. These material challenges have been identified after taking into account external circumstances, the needs, expectations and concerns of our primary stakeholders as well as our business strategy.

COMBINED ASSURANCE

The Report has been read in its entirety and approved by the Board of Directors and Management. Our external auditor, Messrs. Ernst & Young PLT, has provided assurance on the financial statements, and SIRIM QAS International Sdn. Bhd. has confirmed the accuracy of the Sustainability Statement. For further details on these assurances, please refer to pages 93 and page 168.

REPORTING FRAMEWORK

Our Report has been prepared in strict accordance with the requirements of:

1. Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad
2. MFRS Accounting Standards
3. Malaysian Code on Corporate Governance (MCCG) 2021, issued by the Securities Commission
4. Malaysia Companies Act 2016 (CA 2016)
5. Bursa Malaysia Sustainability Guide (3rd Edition)
6. International Integrated Reporting Framework (IIRF 2021) issued by the International Integrated Reporting Council (IIRC)
7. Bursa Illustrative Sustainability Reporting Guide (ISR)
8. Global Reporting Initiative (GRI) Standards 2021
9. National Sustainability Reporting Framework (NSRF)
10. International Financial Reporting Standard (including IFRS S1 and IFRS S2)/ International Sustainability Standard Board (ISSB)
11. Sustainability Accounting Standards Board (SASB): Health Care Distributors Sector

and referenced to the sustainable framework and standards as listed below:

1. United Nations Sustainable Development Goals (UNSDGs)
2. World Business Council for Sustainable Development
3. World Resources Institute’s GHG Protocol
4. Intergovernmental Panel on Climate Change’s (IPCC) Sixth Assessment Reports
5. FTSE4Good ESG Indicators
6. Task Force on Climate-related Financial Disclosures (TCFD)
7. Malaysia-United Nations Cooperation Framework
8. Network for Greening the Financial System (NGFS)
9. International Energy Agency (IEA)

FORWARD-LOOKING STATEMENTS

This Report includes forward-looking statements concerning future performance. Such statements are based on current assumptions and circumstances that may change and hence, they inherently involve uncertainty. A variety of factors could cause actual results to differ significantly from those expressed or implied by these forward-looking statements.

DIRECTORS’ RESPONSIBILITY STATEMENT

The Board recognises the critical responsibility they are charged with in safeguarding the integrity of Pharmaniaga’s Integrated Report 2025. This Integrated Report, in our opinion, accurately assesses the Group’s performance and addresses all significant matters affecting the Group’s ability to generate value for the financial year under review.

ABOUT THIS REPORT

NAVIGATION ICONS

6 CAPITALS

- F

Financial Capital
Funds generated through investments and operations or obtained from external debt financing
- M

Manufactured Capital
Physical assets, manufacturing facilities, IT infrastructure, logistics and office facilities
- I

Intellectual Capital
Research and development capabilities, licensed technologies, intellectual property such as patents, trademarks and technical know-how
- H

Human Capital
Talented and skilful employees, diversity of employees, employees’ training and development
- S

Social & Relationship Capital
Relationships with stakeholders, i.e. customers, suppliers, investors, Government and communities
- N

Natural Capital
Renewable and non-renewable resources, i.e. water, raw materials and landbank

STAKEHOLDER GROUPS

- Government Agencies & Regulatory Authorities**
The Malaysian Federal and State Governments, regulators, federal and state agencies
- Employees**
Full-time and contract employees across Malaysia and Indonesia operations
- Customers and Healthcare Practitioners**
Public and private hospitals, clinics, pharmacies and international customers
- Supply Chain Partners**
Contractors and suppliers providing services and supplies
- Providers of Financial Capital and Analysts**
Local statutory bodies, corporate, institutional, retail investors and other potential investors
- Media**
Local media operating on digital and print platforms
- Communities and Academia**
Local communities living or working in areas that are economically, socially or environmentally impacted by our operations

STRATEGIC PILLARS

- Building Biopharmaceutical Capability
- Growing the Private Market
- Reinventing Indonesia Business
- Strengthening Public Sector Business
- Optimising Cost Aggressively

CROSS REFERENCE

- Link to external web content
- Find more information inside this Report

KEY RISKS

- R1

Geopolitical Risk
Potential disruptions and uncertainties arising from geopolitical tensions, conflicts, or international trade restrictions
- R2

Cybersecurity Risk
Potential harm or loss resulting from vulnerabilities or threats to the Group's digital assets, systems, networks or data
- R3

Customer, Product and Services Risk
Potential losses arising from operational disruption that lead to customer dissatisfaction, substandard product and delay delivery
- R4

Strategic Risk
Potential losses or adverse outcomes arising from the Group’s decisions or inability to adapt to changes in the business environment
- R5

Financial Risk
Potential losses or adverse consequences arising from internal and/or external sources that affect the Group's financial stability
- R6

Environmental Sustainability Risk
Potential negative impacts on the environment stemming from the Group's operations, products, or supply chain activities
- R7

Corruption Risk
Potential exposure of an individual, organisation, or entity to engage in or be affected by acts of bribery
- R8

People Risk
Vulnerable to talent shortage which may result in gaps in the skills, knowledge and expertise required
- R9

Legal and Regulatory Risk
Potential harm to a business due to non-compliance with laws, regulations, or legal obligations, leading to financial penalties, reputational damage, and operational challenges
- R10

Climate Risk
Potential negative impacts on climate-related risk encompassing both physical and transition risks

MATERIAL SUSTAINABILITY MATTERS

- Economic**

M1

Business Continuity

M2

Technology & Innovation

M3

Customer Satisfaction

M4

Sustainable Products & Services

M5

Corporate Governance & Business Ethics
- Environmental**

M6

Environmental Compliance

M7

Greenhouse Gas & Climate Change

M8

Resource Efficiency
- Social**

M9

Talent Management

M10

Health & Safety

M11

Supporting Local Businesses

M12

Corporate Responsibility

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

As part of Pharmaniaga’s sustainability strategy, we have prioritised the following SDGs to ensure our business is environmentally, socially and economically sustainable.



ABOUT PHARMANIAGA

WHO WE ARE

Since its establishment in 1994, Pharmaniaga Berhad has grown to become one of the leading pharmaceutical companies in Malaysia, with a significant presence across the nation’s healthcare landscape. Over the decades, the Group has built a strong foundation anchored in resilience, capability, and trust.

Pharmaniaga’s end-to-end pharmaceutical capabilities encompassing research and development, generic drugs manufacturing, and nationwide distribution and marketing enable the Group to deliver quality and affordable healthcare solutions at scale.

With a strong emphasis on access and reliability, Pharmaniaga remains committed to supporting national healthcare priorities while expanding its presence in international markets. The Group remains committed to strengthening its role as a trusted partner in advancing healthcare outcomes for communities in Malaysia and beyond.

VISION - The preferred pharmaceutical brand in regional markets

MISSION - Provide quality products and superior services by professional, committed and caring employees

VALUES



Respect



Integrity



Teamwork



Excellence

DO IT RIGHT ALWAYS (DIRA)



The DIRA initiative embodies our commitment to integrating ESG (Environmental, Social, and Governance) values into our work culture.

ABOUT PHARMANIAGA

1



RESEARCH & DEVELOPMENT (R&D)



At Pharmaniaga, R&D goes beyond innovation, with our scientists focused on the development of medicines across key therapeutic areas such as cardiovascular care, diabetes, anti-infectives, pain management and respiratory treatments, while also advancing biopharmaceutical products including vaccines and insulin.

Working closely with local and international partners, our team of more than 70 skilled scientists brings together diverse expertise and creativity to address the evolving healthcare needs of Malaysians, ensuring safe, effective and affordable medicines remain accessible while supporting the strength of the nation’s healthcare ecosystem.

2



MANUFACTURING



Our four strategically located facilities combine advanced technology, strong quality governance, and environmentally responsible practices to deliver products that meet the highest global standards, including GMP and European GMP. Beyond producing a broad range of pharmaceutical, we are strategically expanding into the local development of insulin and vaccines, a significant initiative aimed at reducing the nation’s dependence on imports while ensuring Malaysians continue to have reliable access to essential, affordable medicines.

Backed by continuous research and development (R&D), we are constantly enhancing our manufacturing capabilities and broadening our product portfolio. This supports timely responses to evolving healthcare needs and underscores our continued relevance across the region.

3



LOGISTICS & DISTRIBUTION



Pharmaniaga’s logistics and distribution network plays an integral role in supporting healthcare delivery across Malaysia, connecting bustling urban centres to the most remote rural communities. From 14 strategically located warehouses and distribution centres in Selangor, Penang, Sabah, and Sarawak, our fleet of over 250 vehicles ensures that more than 900 products of which around 90 million units on the Ministry of Health’s (MOH) Approved Products Purchase List (APPL) reach nearly 9,000 customers comprising Government hospitals, clinics, and healthcare institutions nationwide.

Through cutting-edge tracking systems and strategic partnerships, we ensure high-quality healthcare products are delivered on time, supporting a reliable and resilient healthcare system nationwide.

4



SALES & MARKETING



Our sales and marketing team champions a diverse portfolio of healthcare products, including medicines, medical devices, and dental solutions. Using clinical evidence, data insights, and digital tools, we reach healthcare providers and patients more effectively, ensuring quality and affordable products are accessible across hospitals, clinics, and pharmacies in both public and private sectors.

Through personalised solutions and strategic partnerships, we meet the unique needs of providers and patients, building trust and fostering long-term loyalty to our brand.

5



INDONESIA OPERATIONS



Our presence in Indonesia is spearheaded by our subsidiaries, PT Millennium Pharmacon International Tbk (MPI) and PT Errita Pharma (Errita), driving growth and strengthening healthcare access in the region.

MPI, one of Indonesia’s top ten pharmaceutical logistics and distribution companies, operates 38 branches nationwide and serves over 30 principals. Errita, equipped with non-sterile pharmaceutical manufacturing facilities has cemented its role as one of the key players in the country’s pharmaceutical landscape. Together, they reflect our dedication to improving healthcare outcomes and enriching lives across Southeast Asia.

OUR COMPETITIVE STRENGTHS

We shape the pharmaceutical landscape in Malaysia and Indonesia by delivering trusted healthcare solutions that protect the national system and support nation-building. Backed by strategic partnerships, innovative approaches, and a skilled workforce, we expand our presence and create lasting social impact in ensuring a healthier, brighter future for all.



As at 31 March 2026

OUR COMPETITIVE STRENGTHS

STANDARDS & CERTIFICATIONS

MS ISO 37001:2025
Anti-Bribery Management Systems

MS ISO 45001: 2018
Occupational Health and Safety Management Systems

MS ISO/IEC 27001:2022
Information Security Management Systems

MS ISO 9001: 2015
Quality Management Systems

MS ISO 14001: 2015
Environmental Management Systems

MS ISO/IEC 17025: 2017
Laboratory Quality Management Systems

MS ISO 18295-1: 2017
Customer Contact Centres

GOOD MANUFACTURING PRACTICE
Certification from NPRA, Malaysia

GOOD DISTRIBUTION PRACTICE
Certification from NPRA, Malaysia

GOOD DISTRIBUTION PRACTICE FOR MEDICAL DEVICES
Certification from MDA, Malaysia

HALAL PHARMACEUTICAL PRODUCT CERTIFICATION
Certification from JAKIM, Malaysia

EU GOOD MANUFACTURING PRACTICE
Certification from INFARMED, Portugal

CARA PEMBUATAN OBAT YANG BAIK
Certification from BPOM, Indonesia

CARA DISTRIBUSI OBAT YANG BAIK
Certification from BPOM, Indonesia

CARA DISTRIBUSI ALAT KESEHATAN YANG BAIK
Certification from Kementerian Kesehatan, Indonesia

PERIZINAN DISTRIBUSI ALAT KESEHATAN
Certification from Kementerian Kesehatan, Indonesia

PERIZINAN PEDAGANG BESAR FARMASI
Certification from Kementerian Kesehatan, Indonesia

SERTIFIKASI HALAL
Certification from Badan Penyelenggara Jaminan Produk Halal, Indonesia

1 Integrated Healthcare Leadership

Our end-to-end presence across R&D, manufacturing, marketing and distribution positions us as Malaysia's leading integrated healthcare service provider.

2 Regional Distribution Network

Our strategically located distribution centres in Malaysia and Indonesia enable seamless logistics, delivering from urban hubs to remote areas.

3 World-Class Manufacturing

Our advanced facilities, including Malaysia's first locally-owned biopharmaceutical plant, meet Pharmaceutical Inspection Co-operation Scheme (PICS) and European Union Good Manufacturing Practices (EU GMP) standards for top-quality, safe products.

4 Skilled Scientific Workforce

Our workforce of over 200 scientific and technical professionals drives innovation in biologics and biosimilars to support national health programmes.

5 Local Biopharmaceutical Production Capability

Pharmaniaga LifeScience, our first Malaysian-owned biopharmaceutical plant, strengthens national medicine security with the capacity to produce up to 30 million insulin cartridges and 25 million vaccine doses annually.

6 Innovation and Market Leadership

By leveraging our strengths, we drive sustainable growth, maintain market leadership, and adapt to the evolving healthcare landscape.

2025 KEY HIGHLIGHTS

FINANCIAL HIGHLIGHTS

REVENUE
RM3.9 billion
(2024: RM3.6 billion*)

PROFIT AFTER TAXATION
RM50.7 million
(2024: RM38.8 million*)

SHAREHOLDERS' EQUITY
RM434.5 million
(2024: (RM171.3 million))



*Excluding Government's penalty waiver

2025 KEY HIGHLIGHTS

BUSINESS HIGHLIGHTS

Received
48 new product registrations
for the Group

31 products received
Halal certification
(Malaysia and Indonesia)
bringing the **total to 210**

Regularisation Plan
completed on
6 August 2025

Registered
**1st Analogue
Insulin (Glargine)**

Acquired **4 distribution centres**
in **Penang, Terengganu,
Sabah and Sarawak**

Opened **38th branch**
in **Palu, Indonesia**

SUSTAINABILITY HIGHLIGHTS

ENVIRONMENTAL

EV consumed 80,000.97 kWh with
61.92 tCO₂e- emission avoidance

E-labelling replaced package inserts,
cost saving RM985,981
approximately 97% product completion

Converted 2.956 tonnes of
**scheduled waste to alternative
material**

SOCIAL

**Average training hours per
employee 41 hours** (2024: 28 hours)

ZERO non-compliance cases
related to **employment, labour
practices or human rights violations**

ZERO breaches and leakage
of **privacy and information**

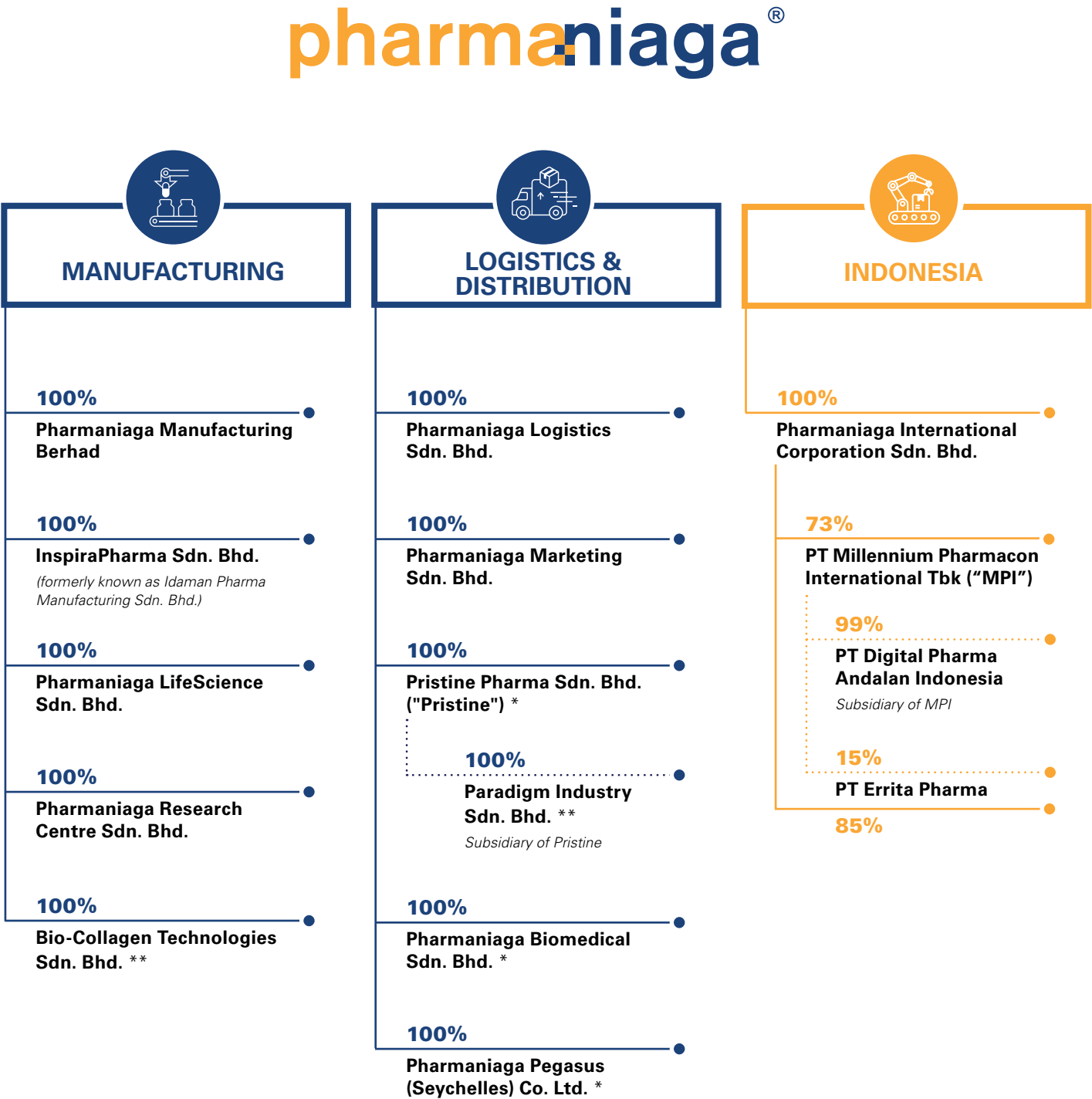
GOVERNANCE & ECONOMY

ZERO confirmed external
corruption cases

Rebranding of Idaman Pharma
Seri Iskandar and Sungai Petani to
InspiraPharma

GROUP STRUCTURE

AS AT 31 MARCH 2026



CHAIRMAN'S OVERVIEW

Dear Shareholder,

It is my privilege to present Pharmaniaga Berhad's Integrated Report for the financial year under review, providing a clear overview of our performance, key achievements, and strategic direction moving forward.

The year 2025 marked a defining period of measured progress and renewed clarity for the Group. The Board remained steadfast in providing strategic direction, ensuring robust governance and maintaining disciplined oversight as we navigated a critical phase in our transformation journey.

Pharmaniaga enters FY2026 on a significantly stronger financial footing, with its successful upliftment from PN17 status marking a defining milestone in the Group's revitalisation journey.

Dato' Seri Abdul Razak Jaafar
Independent Non-Executive Chairman



In the background, the global economy continued to demonstrate resilience in 2025 despite heightened trade protectionism and geopolitical tensions. Global growth reached 2.7%, surpassing earlier expectations, and is projected to moderate slightly to 2.6% in 2026 amid ongoing uncertainties in the Middle East.

Concurrently, the global healthcare sector remains on an upward trajectory, with its value projected to reach US\$11.2 trillion (RM44.2 trillion) by 2029. This sustained expansion is underpinned by structural drivers, including ageing populations, the rising burden of chronic diseases, and the accelerating adoption of digital technologies and artificial intelligence in healthcare delivery. Expanded policy coverage across key markets, including Indonesia, further reinforces this momentum.

Against this global backdrop, Malaysia's economy delivered stronger-than-expected performance, recording a GDP growth of 5.2% in 2025. This growth was supported by sound fiscal management, resilient domestic demand and sustained strength in key economic sectors. The domestic pharmaceutical market expanded to RM15.7 billion and is expected to continue outpacing regional peers, with a projected compound annual growth rate of 8.9% from 2024 to 2029.

CHAIRMAN'S OVERVIEW



STRENGTHENING PERFORMANCE AND TRANSFORMATION MOMENTUM

Amid these favourable conditions, Pharmaniaga has continued to demonstrate resilience and discipline in executing its turnaround strategy. The Group recorded eight consecutive profitable quarters since the quarter ended 31 March 2024 (Q1 FY2024), a testament to the collective efforts undertaken to restore operational stability and financial strength, culminating in the successful upliftment from Practice Note 17 (PN17) status on 17 March 2026.

This achievement marks not merely a financial milestone, but a significant inflection point in the Group's journey towards renewed strength and long-term sustainability.

Anchored by our established manufacturing capabilities, integrated logistics and distribution network, and expanding regional footprint, Pharmaniaga is now well-positioned to build on this momentum. Our forward trajectory is guided by Vision ONE30, which sets a clear and unified direction for the Group's next phase of growth.

Further insights into the Group's operational and financial performance will be presented by the Managing Director and Chief Financial Officer in the sections that follow.

“ Our forward trajectory is guided by Vision ONE30, which sets a clear and unified direction for the Group's next phase of growth. ”

CHAIRMAN'S OVERVIEW

UPLIFTMENT OF PN17 STATUS

The successful upliftment from PN17 status stands as a defining milestone in the Group’s revitalisation journey. This was achieved through the disciplined execution of our Regularisation Plan in FY2025, encompassing a fully subscribed rights issue, private placement and share capital reduction exercise.

The Board extends its deepest appreciation to our major shareholders, Lembaga Tabung Angkatan Tentera (LTAT) and Boustead Holdings Berhad (BHB), as well as our new strategic investors, whose unwavering support and confidence were instrumental in enabling this outcome.

With these foundations firmly in place, Pharmaniaga enters FY2026 on significantly stronger financial footing, better positioned to accelerate its transformation agenda and pursue sustainable value creation.

GROUP FUNDAMENTALS AND BUSINESS STRENGTHS

As a key pillar within the national healthcare ecosystem, Pharmaniaga continues to play a vital role in advancing Malaysia’s healthcare agenda through its integrated value chain and growing biopharmaceutical capabilities.

This includes pioneering efforts in the development of the first locally-owned biopharmaceutical manufacturing plant, alongside the advancement of vaccines and biosimilars. These initiatives not only strengthen national medicine security but also position the Group to capture emerging opportunities in high-value pharmaceutical segments.

Our capabilities are supported by a robust manufacturing base across Malaysia, complemented by an extensive logistics and distribution network that underpins our longstanding concession with the Ministry of Health.

At the regional level, our Indonesian operations continue to demonstrate steady progress. Through effective technology transfer and disciplined operational execution, the business has delivered improved profitability, supported by strong demand, the expansion of its distribution network to 38 outlets, and the continued maturation of its Contract Development and Manufacturing Organisation (CDMO) business.



STRATEGIC DIRECTION: FROM VISION 525 TO VISION ONE30

In 2025, the Group’s efforts were guided by Vision 525, a strategic framework centred on strengthening biopharmaceutical capabilities, expanding the private market, revitalising Indonesian operations, reinforcing the public sector business and driving cost optimisation.

Building on this foundation, Pharmaniaga is now embarking on Vision ONE30, our five-year strategic roadmap from 2026 to 2030. This roadmap aligns the Group under four key strategic thrusts: advancing biopharmaceutical, reinforcing leadership in generics, strengthening logistics excellence and unlocking new growth frontiers.

Through this strategic realignment, the Group aspires to elevate its standing as the most valuable pharmaceutical company in Malaysia by 2030.

OPERATIONAL ACHIEVEMENTS AND INDUSTRY RECOGNITION

During the year under review, the Group achieved several notable milestones, including nine new product launches and 48 product approvals across Malaysia and Indonesia, further strengthening our presence in the healthcare segment.

The successful commercialisation of the SKYCellflu Quadrivalent influenza vaccine in June 2025 represents a significant step forward in our biopharmaceutical journey, with encouraging market reception.

Our commitment to excellence continues to be recognised across the industry. The Group was honoured at the World Halal Excellence Awards (WHEA) 2024 in December 2025 and the Asia-Pacific Biopharma Excellence Awards in March 2026. In addition, Pharmaniaga was named among the HR Asia Best Companies to Work For in Asia 2025, reflecting our ongoing efforts to foster a high-performing and inclusive workplace.

CHAIRMAN'S OVERVIEW



ACKNOWLEDGEMENTS AND WAY FORWARD

On behalf of the Board, I would like to extend our sincere appreciation to the management team, employees and all stakeholders for their unwavering dedication, resilience and continued support throughout this transformative period.

We also wish to record our deepest gratitude to Encik Izaddeen Daud, who served on the Board for over four years, for his invaluable contributions and leadership. His guidance has left a lasting impact on the Group’s journey.

As we move forward into FY2026, guided by Vision ONE30, we remain resolute in our commitment to delivering sustainable growth, creating long-term value and strengthening our role as a trusted partner within the healthcare ecosystem.

DATO’ SERI ABDUL RAZAK JAAFAR
Chairman

MANAGING DIRECTOR'S REPORT

Dear Shareholder,

In 2025, Pharmaniaga continued its resurgence to build a stronger and more resilient organisation. We have seen significant progress in our transformation journey, marked by strengthened fundamentals, improved discipline and a clearer path towards sustainable growth.

During the year, we managed to deftly navigate the various macroeconomic and operational challenges to build on the recovery seen in FY2024, which saw the Group registering profit every single quarter.

We sustained our strong financial performance in 2025, recording profits across all four quarters. This brings the Group to eight consecutive profitable quarters since the quarter ended 31 March 2024 (Q1 FY2024), a notable milestone given the challenges we faced previously.

This consistent performance reflects the success of our turnaround efforts and underscores a sustainable recovery trajectory, ultimately enabling Pharmaniaga to exit its PN17 status.

I am pleased to report that Pharmaniaga has been able to solidify its financial resilience by recording a profit after taxation (PAT) of RM50.7 million for the financial year ended 31 December 2025 (FY2025). The steady improvement in our financial performance has been driven by a better product mix, higher concession volumes, and improved inventory and cost management. Our revenue grew on the back of stronger demand from government hospitals for in-house manufactured products.

The progress we have achieved is primarily due to the continuous hard work, determination, perseverance and unstinting support from our stakeholders including our visionary Board, regulators, customers, business partners, suppliers and management team.

As we review the year’s achievements, it is with great pleasure that I share this report on the Group’s overall performance for FY2025.

CLEAR STRATEGIC DIRECTION

Pharmaniaga embarked on a strategic roadmap – Vision 525 – just after we fell into PN17 classification, and crucially, this laid the foundation for the Group’s recovery and transformation.

Since then, our strategy to revitalise the Group has been effectively translated into building up of our biopharmaceutical capabilities, growing our private market, reinventing the Indonesia market, strengthening of our public sector business, and aggressively optimising cost.

We have seen tangible progress in the execution of these strategic initiatives and have given investors, analysts and shareholders renewed confidence in the Group’s future earnings visibility. Continuous communication with stakeholders on the progress made with these initiatives has provided the assurance that Pharmaniaga’s recovery is firmly on track.

The Group saw sustained profitability in FY2025 with revenue remaining close to RM1 billion per quarter.

Growing Strengths in Biopharmaceutical

Significant headway has been made in expanding our biopharmaceutical capabilities with the establishment of our first locally-owned, state-of-the-art biopharmaceutical manufacturing plant in Puchong, Selangor, backed by a RM300 million investment to produce small-volume injectables, insulin, vaccines and biosimilars for the local market.

Following regulatory approvals, human insulin for trading began in Q1 2025 as part of our push to support national demand and reduce reliance on imported insulin.

Localisation efforts for human insulin progressed as planned in 2025, following the successful technology transfer with our strategic partner, and the submission of product dossiers to the National Pharmaceutical Regulatory Agency (NPRA) for registration.

Our ongoing advancements in biopharmaceutical support Malaysia’s healthcare priorities while unlocking sustainable new revenue streams, strengthening and diversifying the Group’s long-term growth profile beyond its pharmaceutical segments.

Streamlining Operational Efficiencies

Pharmaniaga earnings continues to be supported by stable demand from concession and government contracts, demonstrating the strong operational resilience and steady performance of the Logistics and Distribution segment.

Our ongoing advancements in biopharmaceutical support Malaysia’s healthcare priorities while unlocking sustainable new revenue streams, strengthening and diversifying the Group’s long-term growth profile beyond its pharmaceutical segments.

MANAGING DIRECTOR'S REPORT

We are on track for the commercialisation of our human insulin in the third quarter of 2026, a significant step in strengthening our biopharmaceutical capabilities and supporting the nation’s medicine security agenda.

Dato' Zulkifli Jafar
Managing Director



The ongoing cost optimisation measures groupwide across procurement, logistics and inventory management have also boosted operating margins.

In addition, portfolio rationalisation continued with the streamlining of non-core businesses, enabling resources to be channelled towards higher-value pharmaceutical and biopharmaceutical segments.

Strengthening Regional Presence

The Group continued to focus on strengthening regional operations including expanding product registrations, diversifying the commercial portfolio and improving supply-chain connectivity across both the Malaysian and Indonesian markets.

By leveraging on its manufacturing strengths, logistics network and transfer of technology from the Malaysia operations, Pharmaniaga has made steady progress in enhancing its market presence in the Indonesian market.

Indonesia’s pharmaceutical sector, with a market size of USD6.4 billion (RM27.1 billion) in 2025, is expected to grow to USD7.1 billion (RM29.9 billion) by 2029, with an annual growth rate of 2.5%¹.

In 2025, our subsidiaries PT Millennium Pharmacon International Tbk (MPI) and PT Errita Pharma (Errita) deepened their market penetration by leveraging on the Group’s expanding distribution network and participation in public healthcare platforms to enhance product availability.

The Contract Development and Manufacturing Organisation (CDMO) operations were expanded to generate new revenue streams and enhance capacity utilisation. This was achieved by accelerating registration efforts to gain *Nomor Ijin Edar* (NIE) approvals from *Badan Pengawas Obat dan Makanan* (BPOM) in order to fast-track commercialisation of CDMO products following NIE approval.

Growing the CDMO platform remains a strategic priority, with emphasis on selective product onboarding, regulatory readiness, and manufacturing capacity optimisation to diversify our revenue sources. In expanding our CDMO product portfolio, we will ensure it adheres to updated medical guidelines.

The ongoing cost optimisation measures groupwide across procurement, logistics and inventory management have also boosted operating margins.

The Group continued to focus on strengthening regional operations including expanding product registrations, diversifying the commercial portfolio and improving supply-chain connectivity across both the Malaysian and Indonesian markets.

¹ IQVIA SEA Market Outlook 2025

MANAGING DIRECTOR'S REPORT

EXITING PN17 STATUS

Record-Breaking Capital Raising

A significant milestone achieved during 2025 was the successful execution of the Regularisation Plan (RP) which included a fully subscribed rights issue, a successful private placement, and share capital reduction exercise.

Under the plan, Pharmaniaga raised a total of RM569.6 million, the largest ever non-IPO fund-raising exercise in Malaysia. This was an unequivocal vote of confidence in Pharmaniaga by our major shareholders Lembaga Tabung Angkatan Tentera (LTAT) and Boustead Holdings Berhad (BHB), and the new 19 investors who participated in the private placement exercise.

The record-breaking fundraising was a critical component of the RP, enabling Pharmaniaga to be uplifted from its PN17 status in Quarter 1 of 2026. The successful implementation of the RP has strengthened the Group's financial position and restored financial stability, laying a firm foundation for Pharmaniaga's push to become the most valuable pharmaceutical company as envisage through Vision ONE30.

STRENGTHENING OUR CORE BUSINESSES

Manufacturing

The Manufacturing Division's upward trajectory has been driven by sustained demand in the public sector and private market even as health awareness and spending in Malaysia continue growing.

The growth was supported by stronger demand from the Government facilities and improved output across its various manufacturing plants. As a result, manufacturing sales achieved double-digit growth in 2025, driven by higher-volume generics and addition of more than 20 new products in the Approved Products Purchase List (APPL).

The Division's profit was also bolstered by an improved product mix including the launch of urology and anti-infective products.

As the first locally-owned insulin and vaccine manufacturing facility, Pharmaniaga LifeScience Sdn. Bhd. represents an important step in strengthening our position in the regional biopharmaceutical space. We have successfully completed the technology transfer for human insulin with our strategic partner and have submitted the product dossiers for registration with NPRA.

At the same time, we have made meaningful progress in advancing the Halal certification pathway. The use of *E. coli* bacterial cell derivatives in the production of recombinant human insulin has been deemed permissible by the National Council for Islamic Religious Affairs of Malaysia (MKI), supporting our certification process with *Jabatan Kemajuan Islam Malaysia* (JAKIM). Working closely with our partner in India, we have obtained Halal certification for the insulin drug substance from Jamiat Ulama Halal Foundation, a recognised foreign Halal certification body under JAKIM, further strengthening confidence in the integrity of our product.

Building on this momentum, we are on track for the commercialisation of our human insulin in the third quarter of 2026. This marks a significant step in strengthening our biopharmaceutical capabilities, while reinforcing our commitment to supporting the nation's medicine security agenda.



Pharmaniaga continues to leverage on the growing demand for Halal-certified medications as well as the Government's push to develop Malaysia as a regional Halal pharmaceutical hub. During the year, we obtained Halal certification for 12 new products in Malaysia and 19 in Indonesia, bringing the Group's total certified portfolio to 210 products.

Our efforts in growing a diverse portfolio of Halal-certified medications and products gained international recognition when Pharmaniaga won the Halal Pharmaceutical Excellence Award at the World Halal Excellence Awards (WHEA) 2024 ceremony on 7 December 2025.

MANAGING DIRECTOR'S REPORT

Pharmaniaga also secured two matching grants from the Ministry of Science, Technology and Innovation (MOSTI) aimed at the local development of two key vaccines under the National Immunisation Programme. For the 13-valent pneumococcal conjugate vaccine (PCV13), development is progressing steadily, with technology transfer underway in collaboration with an international partner. The process is expected to be completed in 2026, followed by regulatory registration to enable commercialisation.

This initiative forms part of the National Vaccine Development Roadmap, supporting Malaysia's efforts to strengthen local vaccine manufacturing capabilities and enhance long-term medicine security.

Logistics and Distribution

The Logistics and Distribution Division continues to be the largest contributor to Group's revenue. Supported by Ministry of Health (MOH) concession deliveries, the Division generated revenue of RM2.15 billion in FY2025, beyond the target set. Despite margin pressures, the Division maintained positive operating earnings, underscoring its operational resilience and ability to sustain performance.

In 2025, the Group recorded a year-on-year 8.6% increase in volume, reflecting stronger demand across its supply network. This growth was driven by both organic growth and the inclusion of 171 new products into the APPL.

The Division maintained high service levels across all states, including Sabah and Sarawak, despite increased product range and delivery complexity. The Division also met all Concession Service Performance Standard benchmarks, achieving an overall rating of 96% in FY2025 even as concession volumes continue to grow. We also achieved a rating of 4.3 out of 5 in the Division's Customer Satisfaction Survey, a reflection of our customer-first philosophy.

As part of the initiative to expand our logistics and distribution capacity, the Group is acquiring four distribution centres in the northern region (Penang) and east coast of Peninsular Malaysia (Terengganu), Sabah as well as Sarawak. This expansion exercise is targeted for completion by end 2026, which aligns with our increase in order volumes.

Strategically located distribution centres based on APPL demand volume in these regions, optimise our supply chain in managing inventory levels, reducing lead times, and responding faster to market demands.



The capacity expansion plan enhances business order fulfilment and operating efficiency in terms of transportation strategy and storage allocation. A feasibility study reveals these new centres can potentially save RM9.8 million on third-party rental costs and reduce transportation costs by RM4.2 million annually.

The lead time improvement for the Terengganu and East Malaysia centres is also projected to drop from an average of five to six hours to two hours, and ten hours to three hours, respectively.

In terms of challenges, the Division faced a significant rise in transportation and freight costs, especially for air and sea routes to East Malaysia, which compressed margins. In addition, there was also erosion of earlier inventory advantages as stock purchased at older pricing has fully depleted.

Nevertheless, this was offset by the inroads made to maximise cost optimisation and efficiency gains across its various divisions. The continuous operational tightening has resulted in streamlined logistics operations, enhanced inventory management, and greater procurement discipline. The operational improvements and cost reductions have helped improve margins, contributing to a stronger financial performance.

MANAGING DIRECTOR'S REPORT

Indonesia Operations



Our operations in Indonesia – Southeast Asia’s largest economy – have seen improved profitability, supported by rising demand coupled with more efficient logistics management.

In local-currency terms, our Indonesia operations have delivered stronger sales, supported by higher demand for in-house products and stable performance from existing principals. The Division continued to record positive earnings before interest, taxation, depreciation and amortisation (EBITDA) in 2025, reflecting solid fundamentals despite macroeconomic pressures.

Pharmaniaga has maintained its aggressive growth strategy in Indonesia which included significant marketing and promotional investment, complemented by expansion of warehousing capabilities, and digitalisation initiatives across the whole spectrum of operations.

A key milestone for MPI in 2025 was the opening of its latest branch in Palu, Central Sulawesi, its 38th distribution centre nationwide. In addition, we relocated the Bekasi (Jakarta) and Denpasar (Bali) operations to larger warehouse facilities, supporting active branch operations and strengthening topline resilience.

The expansion of our principal and partnership networks resulted in our manufacturing subsidiary Errita partnering with a leading pharmacy chain and multinational pharmaceutical company for CDMO. This marks the establishment of a new revenue stream. In 2025, Errita received regulatory approval for five SKU products, and supplied four SKU products to CDMO partners.

ESG Principles in Practice

Pharmaniaga continues to strengthen its environmental, social and governance (ESG) practices, as reflected in the improvement of our FTSE4Good ESG rating from 3.8 in 2024 to 4.6 in 2025.

We were also recognised under the UN Global Compact Network Malaysia & Brunei ESG Select List 2025, reinforcing our commitment to responsible business practices.

Our ESG approach is embedded across the organisation, supported by strong governance, sustainability integration into strategy and ongoing stakeholder engagement. Key initiatives include solar energy adoption and the establishment of a Business and Human Rights Policy.

As we move forward in our sustainability journey, we continue to strengthen our alignment with globally recognised frameworks such as GRI and TCFD, while progressively advancing towards adoption of the IFRS Sustainability Disclosure Standards (S1 and S2).

Please refer to our Sustainability Statement on pages 78 to 93 of this Integrated Report for more details on our ESG initiatives.

OUTLOOK

A New Chapter Forward

We remain positive on the Group's long-term outlook, with upside potential in biopharmaceutical, Halal-certified products and export opportunities. The Group's performance will be driven by sustained demand in the public sector and private market, as health awareness and spending continue to grow in Malaysia, which is recognised as the growth leader among regional pharmaceutical markets.

The Group's growth momentum in 2026 will be driven by biopharmaceutical manufacturing, particularly human insulin. To remain competitive and broaden our insulin portfolio, we are advancing the technology transfer for analogue insulin (glargine), which commenced in 2025 and is expected to be completed in 2026. This milestone will support the successful production and commercialisation of human insulin in 2026.

The Division’s profitability and resilience will also be enhanced through cost optimisation, improving productivity, resource efficiency, and raw material sourcing.

MANAGING DIRECTOR'S REPORT

The prospects for the Logistics and Distribution Division is projected to remain healthy, driven by the increased Government concession budget of RM2.1 billion for 2026. The segment is projected for a steady increase in volumes sold in the coming year on the back of rising demand.

To reap further cost savings and productivity gains under our cost optimisation drive, we are working towards fully automating operations in our four new warehouses, introducing automatic stock replenishment and improving collection efficiency.

In the coming year, we will intensify efforts to strengthen our infrastructure, expand our service offerings and accelerate client acquisition. A key near-term priority is to secure additional warehouse capacity to support storage and redressing activities.

Beyond our existing government client base, we aim to broaden our reach by offering services such as third-party logistics (3PL) and redressing to multinational corporations and local principals.

Leveraging Pharmaniaga’s established logistics network and strong compliance capabilities, we will also pursue strategic partnerships to support this expansion. Over time, these initiatives are expected to evolve into a revenue stream, contributing to the Group’s non-concession income.

Indonesia’s pharmaceutical market is expected to remain strong in 2026 on the back of sustained healthcare demand, broad national health insurance coverage and increasing health awareness.

Nevertheless, market fragmentation and pricing pressures will continue to persist while ongoing localisation efforts pose challenges for international firms at the tender phase. For our Indonesian subsidiaries, these challenges reinforce the need for disciplined execution, operational efficiency and new revenue streams to remain competitive.

In this regard, MPI is venturing into distribution of dental products, while actively engaging with potential principals to expand its portfolio.

To achieve greater cost optimisation and efficiency, it will be completing its high-capacity central warehouse in Bekasi and the implementation of the Warehouse Management System.

Errita will be actively expanding its portfolio by offering CDMO services to more customers. Further development of the CDMO platform remains a strategic priority to support incremental revenue generation while maintaining stringent quality and compliance standards.

Errita will ramp up its marketing activities to focus on healthcare practitioners in order to generate more revenue from generic products. It will also seek to reach more outlets within and outside of Jawa, primarily through strengthening ties with existing principals and addition of new ones.

ACKNOWLEDGEMENTS

Lastly, I wish to express my deepest thanks to the Pharmaniaga family, the Board and all our business partners and stakeholders, for the important role they played in the Group’s resurgence and sustained journey to profitability.

I also wish to highlight the sterling support of our shareholders and new investors in ensuring that we successfully exited the PN17 status. We are truly grateful for their confidence and trust in Pharmaniaga.

As we look back on 2025, we have much to be thankful for. It also marked the successful conclusion of the Vision 525 strategic roadmap that has stabilised and fortified the Group, preparing it for the next phase of growth and progress.

This year, Pharmaniaga embarks on Vision ONE30, our five-year strategic roadmap from 2026 to 2030. This plan brings the Group together under a single strategic direction, focused on four key priorities: trailblazing biopharmaceutical, reasserting dominance in our generics business, innovating logistics leadership and extracting greater value from growth frontiers.

I am honoured to be part of this journey with the Pharmaniaga family as we work towards our aspiration of becoming the most valuable pharmaceutical company in Malaysia by 2030.

DATO’ ZULKIFLI JAFAR
Managing Director

CHIEF FINANCIAL OFFICER'S REVIEW

Dear Shareholder,

I am honoured to share Pharmaniaga Berhad’s financial performance for the financial year ended 31 December 2025 (FY2025), a year that showcased sustained growth for the Group. The achievement of our eighth consecutive profitable quarter since the quarter ended 31 March 2024 (Q1 FY2024), reflects the resilience of the business, and improved financial discipline and cash management.

The Group’s remarkable performance during the year was supported by our strengthened manufacturing capabilities in generic pharmaceutical, coupled with improved operational management and cost efficiency, particularly through stock optimisation measures. These strategic initiatives position Pharmaniaga to achieve sustainable growth in FY2026.



This underscores the determination of the Pharmaniaga family in driving the Group to capitalise on growth opportunities, create long-term value, and strive towards new heights.

One of the key milestones for Pharmaniaga in 2025 was the successful completion of its Regularisation Plan (RP), returning it to a financially stable position. This laid a solid foundation that enabled the Group to be uplifted from its classification as a Practice Note 17 (PN17) company on 17 March 2026.

The significant progress we achieved in 2025 was a result of the dedication and resilience of our employees, the leadership of our Board and Senior Management, and unwavering support of our major shareholders.

I am confident that as we move into FY2026, the Group can navigate through any headwinds and be inspired by Vision ONE30 to make Pharmaniaga the most valuable pharmaceutical company in Malaysia by 2030.

EXITING PN17 STATUS

Restored Stability and Compliance

The successful implementation of the RP has significantly strengthened the Group’s financial position and restored financial stability.

A total of RM569.6 million was raised via the issuance of 3,458,950,862 new ordinary shares at RM0.10 per share pursuant to a Rights Issue, and 1,656,845,000 new ordinary shares at RM0.135 per share under a Private Placement.

Of the total proceeds raised, RM250.0 million was utilised for the repayment of borrowings. Hence, this resulted in a reduction in finance costs of RM4.2 million, while improving liquidity. The borrowings were pared down further by RM119.1 million due to the stock optimisation and cost efficiencies initiatives.

In addition, RM222.0 million was allocated for business expansion, particularly for the building or acquisition of new warehouses and product development of vaccines, insulins and other generic drugs.

The remaining RM97.6 million was used for working capital requirements and expenses related to the RP. With the RP’s completion, Pharmaniaga restored its shareholders’ equity to a positive position, thereby strengthening its balance sheet.

The Group is now fully compliant with Bursa Malaysia’s Main Market Listing Requirements as well as all financial covenants imposed by its financiers, thus improving stakeholder confidence.

CHIEF FINANCIAL OFFICER'S REVIEW

REVIEW OF THE GROUP’S FINANCIAL PERFORMANCE

Strong Turnaround

In FY2025, the Group registered a significant improvement in its financial performance, recording a higher revenue of RM3.9 billion. In comparison, FY2024 revenue amounted to RM3.8 billion, which included a one-off impact arising from the Government’s penalty waiver of RM124.9 million in relation to penalties imposed for late deliveries of drugs and medical devices during the COVID-19 outbreak. Excluding this one-off item, the adjusted revenue for 2024 stood at RM3.6 billion.

Accordingly, FY2025 revenue represents an 8.1% year-on-year growth against the adjusted FY2024 revenue. This growth was primarily attributed to heightened customer demand within the concession segment, underpinned by the inclusion of new products in the Approved Products Purchase List (APPL).

The Group also realised interest savings of RM10.6 million following the stocks optimisation measures and partial repayment of borrowings through the RP proceeds. Consequently, the Group’s profit after taxation (PAT) rose 30.5% to RM50.7 million from RM38.8 million (excluding the Government’s penalty waiver) in the previous financial year.



The Group can navigate through any headwinds and be inspired by Vision ONE30 to make Pharmaniaga the most valuable pharmaceutical company in Malaysia by 2030.

Norai’ni Mohamed Ali
Chief Financial Officer

Revenue

RM3.9 billion
FY2024: RM3.6 billion*
↑ 8.1%

Profit after taxation

RM50.7 million
FY2024: RM38.8 million*
↑ 30.5%

Borrowings

RM816.0 million
FY2024: RM1,185.1 million
↓ 31.1%

Shareholders’ equity

RM434.5 million
FY2024: (RM171.3 million)
↑ more than 100%

* Excluding Government’s penalty waiver

CHIEF FINANCIAL OFFICER'S REVIEW



On 17 June 2025, Pharmaniaga entered into an underwriting agreement with MBSB Investment Bank Berhad and Maybank Investment Bank Berhad for its Rights Issue.

REVIEW OF BUSINESS DIVISIONS’ FINANCIAL PERFORMANCE

Maximising Cost Optimisation and Efficiency

For FY2025, the **Manufacturing Division** reported a higher PAT of RM43.7 million, representing a 31.5% increase from RM33.2 million in the previous financial year, and contributing 86.2% of the Group’s total PAT for FY2025. This marks the Division as the largest contributor to the Group’s profitability.

This strong performance was driven by heightened demand for in-house manufactured products in both the public sector and private market. Profitability was further supported by material cost optimisation, achieved through strategic sourcing measures such as increased local procurement and engagement of alternative suppliers, generating cost savings of RM2.0 million.

In addition, ongoing lean manufacturing initiatives – focusing on reducing waste, improving productivity, and standardising work processes – contributed to enhanced operational efficiency and further strengthened the Division’s profitability.

The **Logistics and Distribution Division** remains a pillar of the Group, being the largest contributor to Group's revenue. It reported a higher PAT of RM4.5 million, an increase of 18.9% from RM3.8 million (excluding the Government’s penalty waiver) in the previous financial year.

Under the concession agreement with MOH, order volumes by government hospitals increased by 8.6% in 2025 compared to the previous financial year. This growth was primarily driven by the addition of new products to the APPL list.

Despite rising logistics costs, profitability improved through enhanced cost and stock optimisation initiatives, while stable volume growth from both concession and non-concession businesses partially offset increased transportation costs.

The **Indonesia Division** recorded a PAT of RM2.2 million in FY2025 from RM3.0 million in the previous financial year. The decline was primarily attributable to currency fluctuations, in particular the Rupiah’s depreciation against the Ringgit.

Excluding the impact of currency fluctuations, the Division’s PAT would have been RM5.9 million, driven by higher revenue from products supplied by existing principals. The Indonesian business continues to reflect solid fundamentals despite macroeconomic pressures.

CHIEF FINANCIAL OFFICER'S REVIEW



OUTLOOK

Growth Beyond Turnaround

As we move into FY2026, Pharmaniaga remains cautiously optimistic, supported by strengthened financial fundamentals following its successful execution of the RP, and driven by a clearer strategic direction as envisioned by Vision ONE30.

The Group will continue anchoring its growth strategy on the biopharmaceutical segment as a main growth driver towards profitability of the Group. Ongoing investments in this segment are expected to enhance Group's revenue and profitability in the long-term, and strengthen Pharmaniaga's competitive position within Malaysia's healthcare value chain.

At the same time, we will intensify focus on operational efficiency. Cost optimisation initiatives across all business segments will remain a priority, alongside continuous improvements in demand forecasting, procurement planning and inventory management to optimise working capital utilisation. Collectively, these measures are expected to enhance profitability and reinforce cash flow resilience amid an evolving economic environment, while targeting an optimum gearing ratio of 0.8 times by 2030.

I believe the strategic initiatives undertaken and transformation the Group has undergone provide the foundation for Pharmaniaga to forge ahead in the coming years.

NORAI'NI MOHAMED ALI
Chief Financial Officer

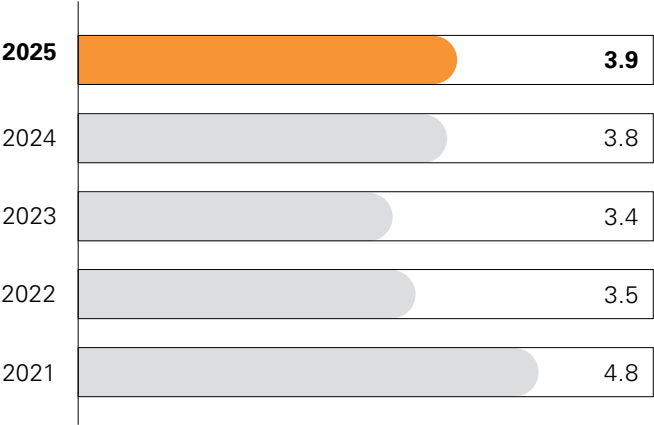
FIVE-YEAR GROUP FINANCIAL SUMMARY

All figures are in RM million unless otherwise stated		2025	2024	2023	2022	2021
FINANCIAL PERFORMANCE						
Revenue		3,927.8	3,759.5	3,404.5	3,480.9	4,815.0
Earnings/(Loss) before interest, taxation, depreciation and amortisation		169.7	305.3	23.9	(535.0)	342.3
Profit/(Loss) before zakat and taxation		74.7	194.2	(78.2)	(610.6)	277.1
Profit/(Loss) after taxation		50.7	133.8	(78.7)	(627.7)	172.2
Net attributable profit/(loss)		48.5	131.8	(80.2)	(629.9)	172.1
Earnings/(Loss) per share	sen	1.34	9.15	(5.86)	(48.09)	13.15
Return on equity*	%	36.9	-	-	-	43.7
Return on assets	%	6.2	13.5	(0.9)	(27.8)	16.1
Return on revenue	%	3.3	7.0	(0.5)	(15.0)	6.4
DIVIDENDS						
Dividend payout	%	-	-	-	(4.1)	70.4
Dividend payment		-	-	-	24.9	121.8
Net dividend per share	sen	-	-	-	1.9	9.3
Dividend yield	%	-	-	-	3.5	12.6
Dividend cover	times	-	-	-	(25.3)	1.4
GEARING						
Borrowings		816.0	1,185.1	1,187.1	1,158.9	855.2
Gearing	times	1.9	(6.9)	(4.0)	(3.1)	1.9
Interest cover	times	2.1	3.7	(0.3)	(13.0)	9.3
OTHER FINANCIAL STATISTICS						
Net assets per share	sen	6.6	(11.9)	(20.8)	(28.2)	26.9
Price earning ratio times	times	21.2	3.9	(6.6)	(1.1)	5.6
Paid up share capital		243.4	200.0	200.0	154.2	154.1
Shareholders' equity		434.5	(171.3)	(299.1)	(369.7)	352.1
Total equity		459.2	(145.9)	(274.1)	(348.3)	372.1
Total assets		2,246.8	1,992.3	1,914.9	1,847.3	2,288.4

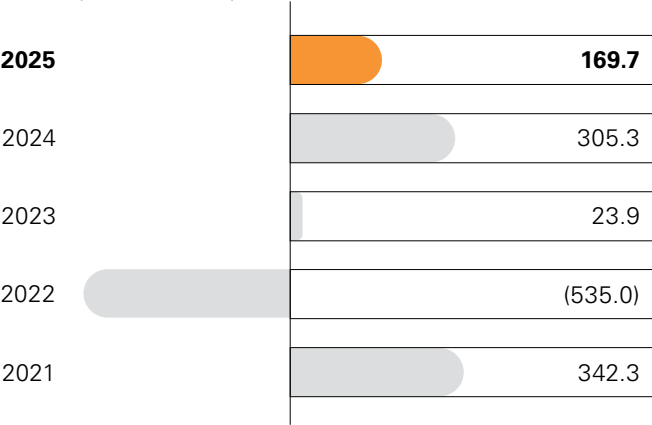
* Not applicable for FY2022 to FY2024 due to negative shareholders' equity.

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

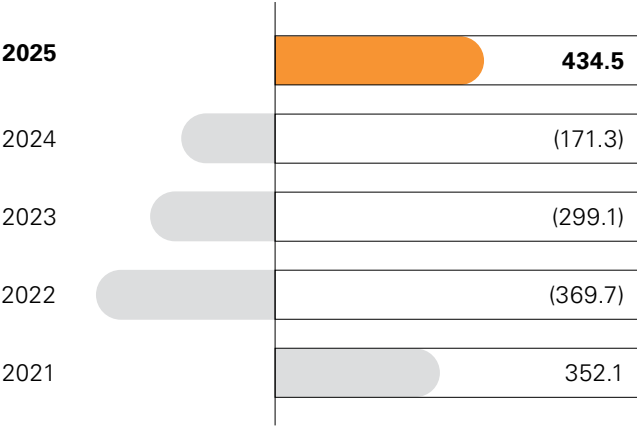
REVENUE
(RM BILLION)



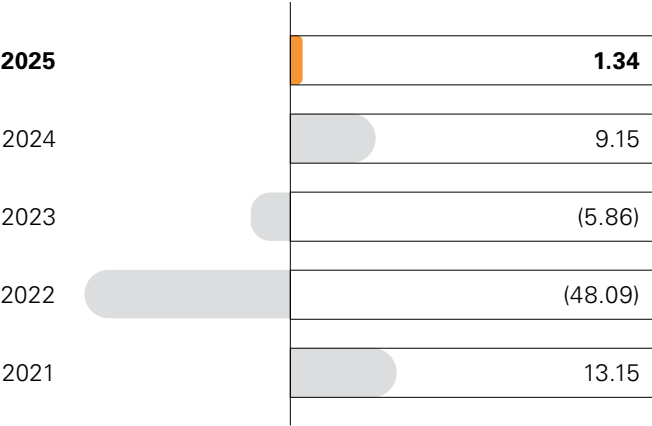
EARNINGS/(LOSS) BEFORE INTEREST,
TAXATION, DEPRECIATION AND AMORTISATION
(RM MILLION)



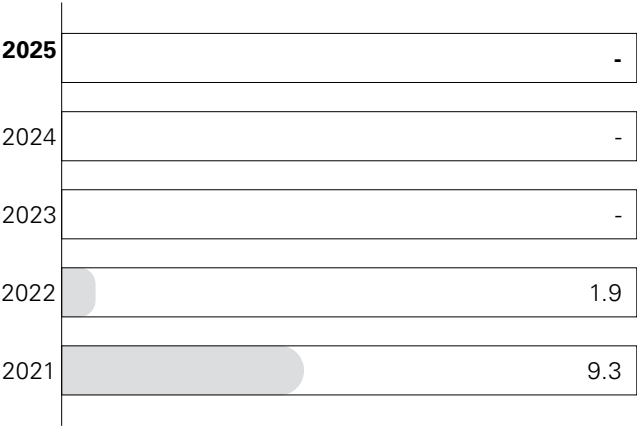
SHAREHOLDERS' EQUITY
(RM MILLION)



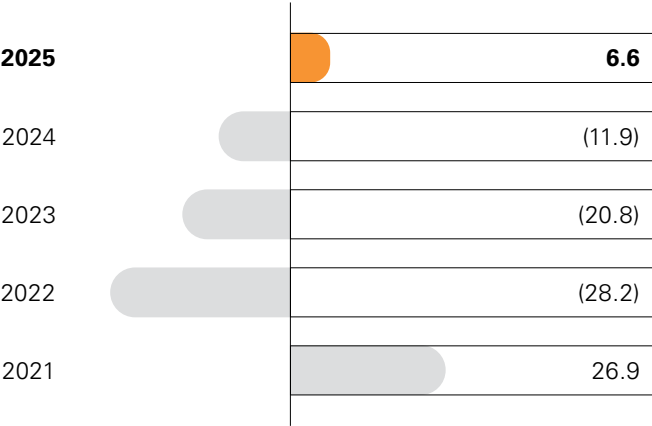
EARNINGS/(LOSS) PER SHARE
(SEN)



NET DIVIDEND PER SHARE
(SEN)



NET ASSETS PER SHARE
(SEN)



GROUP QUARTERLY PERFORMANCE

2025					
RM'000	Q1	Q2	Q3	Q4	YEAR
FINANCIAL PERFORMANCE					
Revenue	1,055,349	926,864	1,007,263	938,277	3,927,753
Profit before zakat and taxation	45,503	7,434	10,357	11,443	74,737
Net profit	30,248	4,213	7,491	8,732	50,684
Net profit attributable to owners of the parent	29,579	3,960	7,276	7,695	48,510
Earnings per share (sen)	0.82*	0.11*	0.20*	0.21*	1.34*

2024					
RM'000	Q1	Q2	Q3	Q4	YEAR
FINANCIAL PERFORMANCE					
Revenue	964,959	838,256	1,029,822	926,442	3,759,479
Profit before zakat and taxation	39,044	3,334	138,485	13,317	194,180
Net profit	26,179	3,846	101,319	2,450	133,794
Net profit attributable to owners of the parent	25,646	2,797	101,032	2,347	131,822
Earnings per share (sen)	1.78**	0.20**	7.01**	0.16**	9.15**

* Calculated based on weighted average number of ordinary shares of 3,613,690,782
** Calculated based on weighted average number of ordinary shares of 1,441,229,526

FINANCIAL CALENDAR



OUR KEY RESOURCES

The Group’s key resources include the essential inputs that drive our core business activities, comprising six interrelated capitals integral to Pharmaniaga’s ongoing development, supporting long-term growth and success.

FINANCIAL CAPITAL



Financial capital encompasses the full range of financial tools available to us, including shareholders' equity and earnings from core business activities to credit financing. Our primary focus is to maintain the health of the Group’s balance sheet through prudent management of incomings and outgoings, while enhancing shareholder value through timely investment in research and development (R&D), digitalisation and optimisation initiatives.

MARKET CAPITALISATION
RM1.87 billion
as at 31 December 2025

BORROWINGS
RM816.0 million

MANUFACTURED CAPITAL



Our manufactured capital comprises the tangible assets which support the smooth and effective operation of our business activities. These include four production facilities located in Malaysia and one in Indonesia, as well as 52 logistics hubs and storage facilities, including 14 in Malaysia and 38 in Indonesia. We continually upgrade our assets, infrastructure and plants to support Pharmaniaga’s growth momentum.

RM300.0 million
invested in biopharma manufacturing facility

Automated Storage & Retrieval System Facility
with 5,000-pallet capacity

250 Vehicles
Owned or operated via appointed service provider

INTELLECTUAL CAPITAL



We have built a strong base of knowledge assets through years of experience, including our proprietary and licensed products, brands, dossiers, technologies, softwares, licences and established procedures. Making up our intellectual capital, these enable us to develop new offerings through in-house research and development, while promoting joint innovation and the exchange of technology by working closely with biotechnology partners across the globe.

More than 30 Strategic Partnerships
With domestic and international organisations and institutes

OUR KEY RESOURCES

Through careful management of these capitals, we strategically align our resources with the operating and business environment to deliver optimal results for the Group and our stakeholders.

HUMAN CAPITAL



Our workforce currently comprises 3,538 employees across Malaysia and Indonesia. We understand that the Pharmaniaga family plays a foundational role in catalysing our progress, expansion and long-term sustainability, and we remain committed to securing a pipeline of high-calibre talent for the Group. At the same time, we continuously develop our workforce’s capabilities through ongoing learning initiatives, towards upholding strong performance standards in line with Pharmaniaga’s vision and objectives.

3,538 Employees
as at 31 December 2025

61:39
Male-Female Ratio

Investment in Employee Training & Development
RM1.41 million

SOCIAL & RELATIONSHIP CAPITAL



Pharmaniaga’s success is closely connected to the communities around us, including clients, shareholders, business partners and local stakeholders, forming the social and relationship capital that supports our sustained progress. We focus on fostering meaningful, trust-driven connections with these groups through dedicated corporate and community-focused efforts, such as collaborating with and uplifting small and medium-sized enterprises (SMEs) through our Vendor Development Programme.

8,876 Customers
Including Ministry of Health's Hospitals and Health Centres, Private Pharmacies, Hospitals and Clinics

110 APPL Suppliers

NATURAL CAPITAL



Natural resources play a crucial role in ensuring the efficient operation of Pharmaniaga’s business activities. Across the Group, we rely on natural capital such as water and fuel for packaging material, raw products and power. We remain conscious of the limited availability of these resources and are dedicated to using them responsibly. We also acknowledge the importance of addressing climate change and contribute by propagating sustainable waste practices throughout the Group while minimising our environmental impact.

Solar Expansion and Installation
at 6 Operation Sites

Forecasted to Generate Approximately
4,661.46 kWp Solar Energy Annually

OUR VALUE CREATING BUSINESS MODEL

Pharmaniaga’s business model manages resources and relationships responsibly to deliver the best outcomes for our stakeholders.



GUIDED BY OUR VISION & MISSION



UNDERPINNED BY OUR CORE VALUES



STAKEHOLDER ENGAGEMENTS

The Group is committed to prioritising the interests of its key stakeholders, including patients, consumers, employees, communities, regulators, business partners, and providers of financial capital. Strong and constructive stakeholder relationships are integral to the Group’s strategy, supporting long-term value creation, resilience, and responsible business conduct.

Engagement with stakeholders is conducted on an ongoing basis, with the frequency and mode tailored to each stakeholder group and their specific needs. Feedback received through these engagements informs decision-making, risk management, and continuous improvement initiatives.

Government Agencies & Regulatory Authorities

Key Concerns

- Timely access to affordable healthcare products and services
- Regulatory compliance, including environmental and occupational safety and health, the Anti-Bribery Act, and the Medical Device Act
- Best practices and policies

How We Responded

- Met industry and regulatory standards by obtaining certifications and consistently monitoring, implementing stringent quality control and internal audits and adopting a cautious business approach.
- Actively held compliance and awareness training on regulations and Acts to ensure best practices and policies are being implemented.
- Actively held dialogue sessions with the Ministry of Health, Responsibility Centres (PTJ) and State Health Department to build long-term business relationships between pharmacists and Contact Care Agents (CCAs).
- Engaged in policy advocacy by providing input to Government agencies during the development of policies, regulations and guidelines.

Employees

Key Concerns

- Business environment volatility and uncertainty
- Talent recruitment, selection and retention
- Salary and benefits
- Employee welfare
- Health and safety

How We Responded

- Established open and transparent communication channels to keep employees informed about company updates, initiatives, and performance.
- Adopted a Business Continuity Plan.
- Carried out training and skills development programmes.
- Recognised and acknowledged employees for their contributions, achievements and milestones.
- Invested in employee training and development programmes to support skill enhancement, career growth and personal development.
- Encouraged employee participation in professional bodies and association memberships.
- Organised employee social, sports and health engagement activities.
- Formalised anti-discrimination and anti-harassment policies.
- Maintained Occupational Health and Safety Management System (OHSMS) certification.
- Conducted Hazard Identification, Risk Assessment and Risk Control/Hazard Identification, Risk Assessment and Determining Control (HIRARC/HIRADC).
- Expanded product portfolio through technology and knowledge transfer across multiple disciplines.

STAKEHOLDER ENGAGEMENTS

Customers and Healthcare Practitioners

Key Concerns

- Product & service quality
- Product responsibility
- Regulatory compliance
- Customer complaints and grievances
- Halal-certified products
- Product information
- Patient safety
- Medicine authenticity and anti-counterfeiting
- Ethical marketing and medical engagement

How We Responded

- Continued the development and production of high-value generics and expansion into biopharmaceutical, primarily the production of vaccines and insulin.
- Carried out cost and productivity optimisation exercise for all products and services.
- Adopted an object and text recognition Graphic User Interface (GUI) system for product traceability.
- Maintained ISO 9001:2015 and ISO 18295-1:2017.
- Provided a customer complaints and grievances platform.
- Conducted internal audits, benchmarking our performance and compliance against the guidelines and industry standards.
- Continued initiatives to expand Halal-certified products by working closely with industry experts and authorities.
- Engaged healthcare practitioners through product briefings and ethical information sharing to promote safe medicine use.
- Enhanced pharmacovigilance to monitor and report adverse drug reactions promptly.
- Added accessibility features to selected packaging to support visually impaired patients.
- Maintained structured recall and incident procedures to protect patient safety.
- Strengthened track-and-trace systems to prevent counterfeiting and improve product identification.

Supply Chain Partners

Key Concerns

- Procurement practices and policies
- Business integrity
- Financial stability
- Environmental conservation and preservation
- Vendor performance

How We Responded

- Carried out Vendor Accreditation Process and performance assessment.
- Established due diligence and site inspection procedure for partner/vendor selection.
- Formed strategic partnership with registered local independent pharmacies (LIPs).
- Conducted internal and external audits to ensure that our material and waste management practices meet the ISO 14001: 2015 Environmental Management Systems certification standards.
- Provided skills, knowledge training and grant consultation under the Vendor Development Programme (VDP).
- Vendor development and evaluation program in place to ensure continuous improvement of product and services.

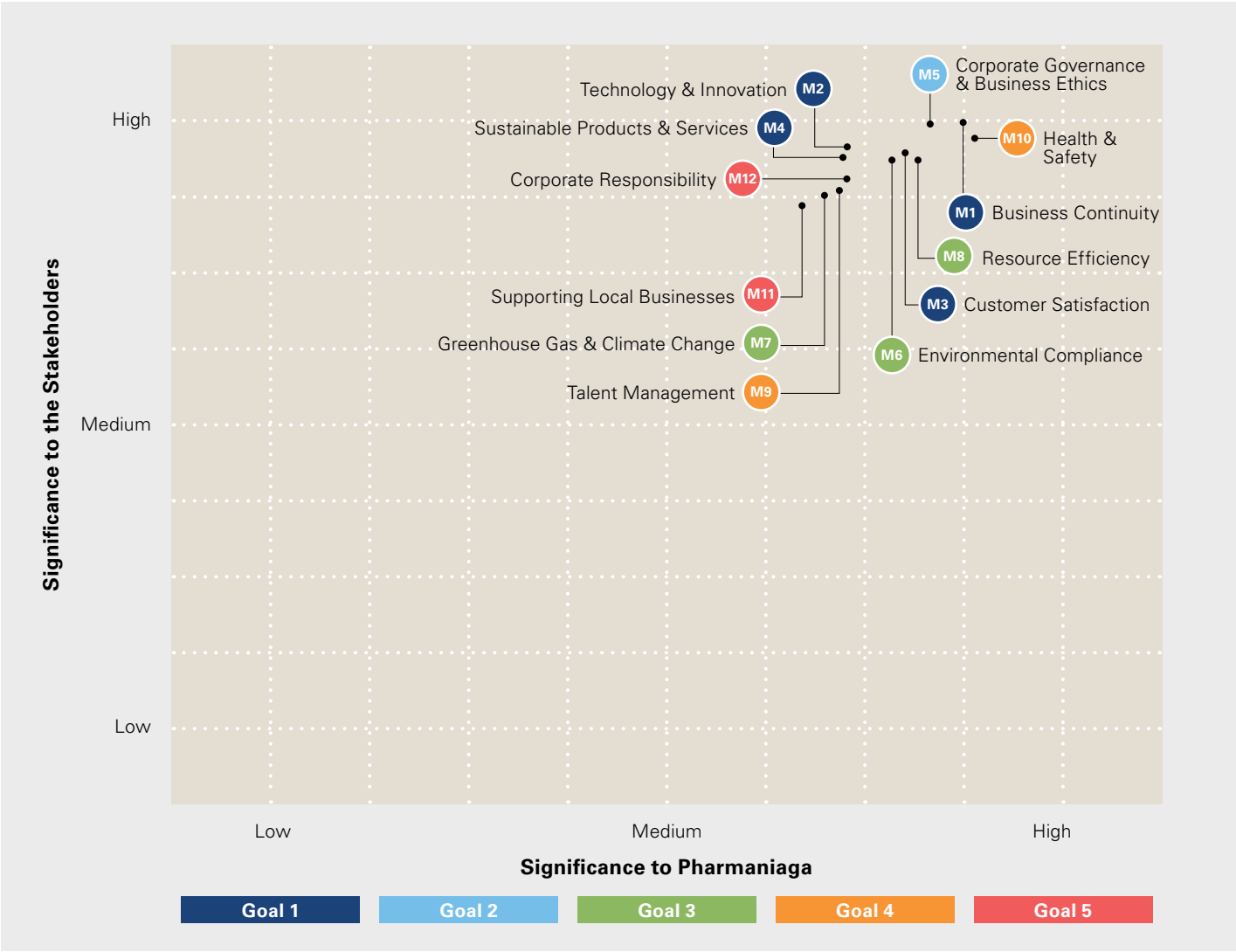
STAKEHOLDER ENGAGEMENTS

Providers of Financial Capital and Analysts	
Key Concerns	How We Responded
- Business performance - Economic contribution - Regulatory compliance - Quality, timely and transparent communication - Governance - ESG strategy and sustainability performance	- Conveyed sound and clear business and operational strategy. - Updated on business performance through news releases and analyst briefings. - Developed a broad range of choices and a preference for local suppliers. - Monitored strictly to ensure compliance with relevant rules and regulations. - Organised AGM, EGM and investor meetings. - Upheld good corporate governance through policies such as the Code of Conduct and Anti-Bribery and Corruption (ABC) Policy to ensure regulatory compliance. - Update analysts with new information - Engaged with ESG analysts and rating agencies to better understand their assessment methodologies, key focus areas and expectations for sustainability disclosures. - Engaged with <i>Lembaga Tabung Angkatan Tentera</i> (LTAT), as the Group's major shareholder, to provide updates on ESG strategy and performance.
Media	
Key Concerns	How We Responded
Information disclosure through media release, events, advertisements and product placements	- Conducted media interviews. - Updated news releases. - Responded to media queries. - Prioritised advertising expenditure on key brands through more aggressive advertising and marketing. - Local media covering digital and print platforms. - Invested continuously in brand building activities in relevant media. - Increased investment and consumer engagement across social media platforms, media, conferences, analyst briefings and quarterly results of the Group are also made available on the website.
Communities and Academia	
Key Concerns	How We Responded
- Community service - Job creation - Community welfare - Environmental conservation and preservation - Education - Research & innovation collaboration - Industry-academia knowledge exchange - Talent pipeline and future skills development - Public health and pharmaceutical ecosystem development	- Made charitable contributions through multiple outlets, especially in educational improvement. - Provided graduate employment opportunities and development such as training, internships and collaboration with NGOs through similar development programmes. - Provided our talents with the necessary skills to specialise in biopharmaceutical fields. - Initiated various philanthropic, volunteering and communication activities with NGOs and the local Government. - Implemented and monitored initiatives for waste, water and energy. - Engaged in structured industry-academia collaborations to support research and innovation. - Participated in knowledge-sharing programme and seminars with academic institutions. - Supported talent pipeline and future skills development through internships, training and graduate engagement. - Contributed to the development of Malaysia's public health and pharmaceutical ecosystem through collaborative initiatives.

MATERIAL SUSTAINABILITY MATTERS

Sustainability remains strategically important to the Group and its stakeholders. The Group is committed to embedding sustainable practices across its operations while addressing current and emerging sustainability issues that align with its Sustainability Goals and material priorities.

MATERIALITY MATRIX



The materiality matrix illustrates the sustainability issues of greatest importance to both the Group and its stakeholders. Issues positioned in the upper-right quadrant represent the highest significance.

Other high-priority material matters include Sustainable Products and Services, Technology and Innovation, Resource Efficiency, Environmental Compliance, and Greenhouse Gas and Climate Change. These reflect increasing stakeholder expectations for sustainability, environmental protection, and responsible innovation.

While Corporate Social Responsibility ranks lower in the matrix's relative priority, the Group continues to pursue initiatives in this area to support community well-being and long-term societal value creation.

SUSTAINABILITY RISK MANAGEMENT STRATEGY

The Group has adopted a sustainability risk management strategy that integrates our material sustainability matters into our value chain and organisational performance. In managing our risks, we consider our corporate strategy as the foundation from which we build business decisions based on the obtained sustainability-related information. It also improves the performance of our five Goals alongside our material matters.

We are committed to integrating sustainability into our overall business strategy, primarily in areas where the Group has the most influence, such as our operations and value chain

MATERIAL MATTERS	RISKS	OPPORTUNITIES
M1 BUSINESS CONTINUITY	Disruptions, disasters or unforeseen events that could impact business operations.	- Implementing business continuity management through: - Policy and procedure development/enhancement. - Coordinate testing on critical business functions. - Provide continuous training and awareness to all employees.
M2 TECHNOLOGY & INNOVATION	- Rapid technological changes may lead to obsolescence or vulnerabilities. - Increase in cyber threats.	- Embracing innovation can lead to competitive advantages and improved operational efficiency. - Continuous monitoring and enhancing of cybersecurity defence.
M3 CUSTOMER SATISFACTION	Dissatisfied customers may lead to reputation harm and loss of business.	- Conduct customer satisfaction surveys to identify any gaps/weaknesses for future improvement. - High customer satisfaction can foster customer loyalty, generate positive word-of-mouth, and sustain business continuity.
M4 SUSTAINABLE PRODUCTS & SERVICES	Increasing demand for sustainability may impact businesses that do not adopt ESG practices.	- Adherence to rules and regulatory requirements related to the business environment. - Meeting the demand for sustainable products/services that could attract environmentally conscious consumers and enhance brand reputation.
M5 CORPORATE GOVERNANCE & BUSINESS ETHICS	Ethical lapses or governance failures can result in legal, financial and reputational consequences.	- Continuous monitoring through compliance and audit functions. - Strong governance and ethical practices can build stakeholder trust and enhance the Group's reputation.
M6 ENVIRONMENTAL COMPLIANCE	Non-compliance with environmental regulations can lead to legal issues and reputational damage.	- Meeting or exceeding environmental standards demonstrates corporate responsibility and compliance, positively affecting reputation. - Certified with ISO 14001:2015 Environmental Management System for Manufacturing and Logistics sites.
M7 GREENHOUSE GAS & CLIMATE CHANGE	Regulatory changes, physical risks and market shifts related to climate change.	Reducing greenhouse gas emissions through decarbonisation programmes, such as energy efficiency, renewable energy (solar) and electric vehicles.

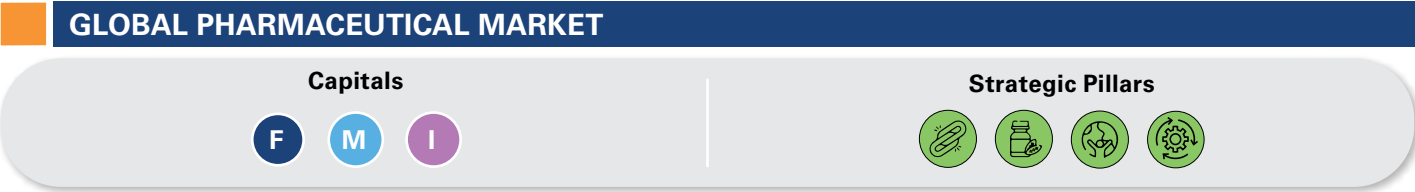
SUSTAINABILITY RISK MANAGEMENT STRATEGY

MATERIAL MATTERS	RISKS	OPPORTUNITIES
M8 RESOURCE EFFICIENCY	Inefficient use of resources can result in increased costs and environmental impact.	Implementing resource-efficient practices through continuous initiatives such as reducing energy, carbon emission, water consumption and waste management, as well as increasing the use of renewable energy sources.
M9 TALENT MANAGEMENT	Difficulty attracting, retaining and developing skilled employees.	- Effective talent management could improve workforce productivity, innovation and overall business performance. - Provide work-life balance and engagement activities. - Established a succession plan, especially on key talent positions. - Provide training and competency enhancement.
M10 HEALTH & SAFETY	- Workplace accidents, injuries, or health-related issues. - Non-compliance may result in imposition of penalties.	- Certified with ISO 45001:2018 Occupational Safety & Health Management System for Manufacturing and Logistics Sites. - Prioritising health and safety by inculcating training and awareness to all employees.
M11 SUPPORTING LOCAL BUSINESSES	Ensuring the quality and safety of products and services from local businesses may be challenging, and any lapses could lead to product recalls, penalty, legal issues, and damage to the Group's reputation.	- Offer capacity-building programmes such as soft skills and technical training, and industry engagement for local businesses to enhance their competitiveness, efficiency and ability to adapt to changing market conditions. - Diversify the Group's network of local suppliers to minimise the impact of economic challenges faced by any single partner.
M12 CORPORATE RESPONSIBILITY	- Challenges in providing affordable and equitable access to medicines, particularly in underserved communities, may raise ethical concerns and damage the Group's reputation. - Safety and quality of pharmaceutical products can jeopardise public health and undermine the Group's commitment to corporate responsibility.	- Develop access programmes, collaborate with healthcare organisations and explore innovative pricing models to ensure broad availability of essential medicines. - Implement stringent quality control measures, adhere to Good Manufacturing Practices (GMP), and invest in technologies for product traceability.

STRATEGIC REVIEW

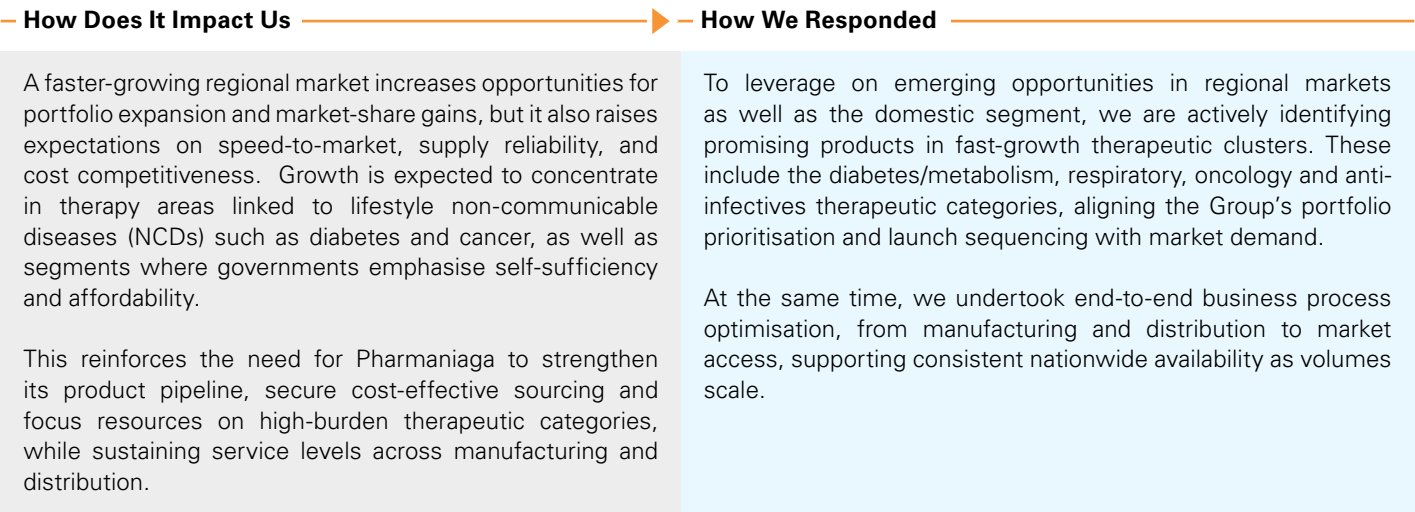
KEY MARKET TRENDS

Growth is projected for the global pharmaceutical market in the mid-term, reaching approximately USD2.4 trillion by 2030¹. Expansion will be supported by continued uptake of new and established branded products in developed markets. Over the next few years, approximately USD220.0 billion worth of patented medicines are expected to go off-patent, creating a significant opportunity for generic and biosimilar manufacturers to expand market share and support healthcare affordability following a relatively muted period of patent expiries.



Trend Description
The pharmaceutical market is projected to continue its upward trajectory, reaching an estimated value of approximately USD2.4 trillion by 2030, with a compound annual growth rate (CAGR) of 6.3% from 2025 to 2030¹. Growth is supported by sustained demand across both innovative and established therapies, particularly in high-prevalence disease areas such as oncology, diabetes, cardiovascular and respiratory conditions.

These trends are seen in Malaysia’s pharmaceutical market. Valued at RM15.7 billion in 2025, it is estimated to grow to RM21.4 billion by 2029², at a CAGR of 8.1% during the forecast period (2025-2029)³.



OUTLOOK

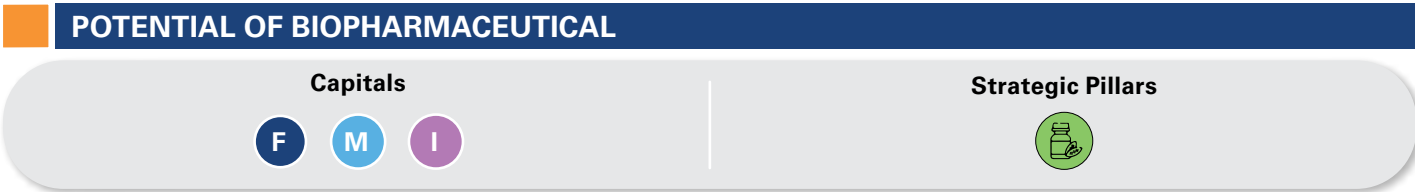
As health awareness and demand for healthcare services and products grow worldwide, Malaysia registered medical cost inflation of 15.0% in 2025⁴, significantly above the global average of 10.4%. This upwards pressure increases financial strain on insurers, employers and patients.

Against this backdrop, Pharmaniaga is well positioned to support affordability objectives through its established generics portfolio and growing biopharmaceutical capabilities.

¹ IQVIA Institute (2025). *The Global Use of Medicines Outlook Through 2029*. <https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/the-global-use-of-medicines-outlook-through-2029>
² BERNAMA. (2025). *Pharmaceutical Market Poised For Growth Following Malaysia-US Agreement*. BERNAMA. <https://www.bernama.com/en/news.php?id=2486665>
³ IQVIA SEA Market Outlook (2025)
⁴ Murad, T., & Soon, S. (2026). *From cost pressure to value: Taming Malaysia’s medical inflation*. PwC. <https://www.pwc.com/my/en/perspective/healthcare/260225-taming-malaysia-medical-inflation.html>

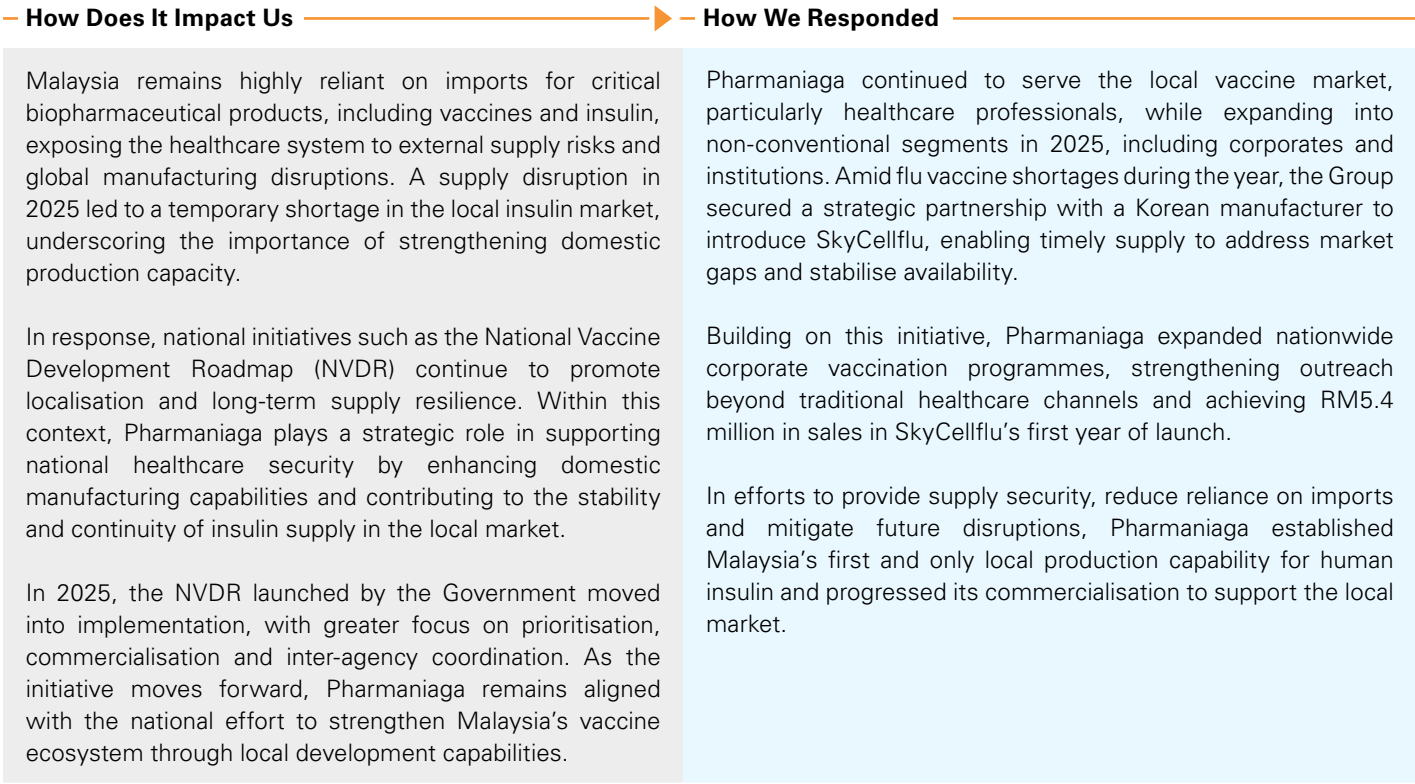
STRATEGIC REVIEW

KEY MARKET TRENDS



Trend Description
The global biopharmaceutical market was valued at USD431.8 billion in 2025, driven by the prevalence of chronic diseases and growing acceptance and demand for biopharmaceutical products. It is estimated to grow to reach USD652.7 billion by 2031, at a CAGR of 7.1%⁵.

Biopharmaceutical represent a key opportunity for Pharmaniaga, with the domestic segment valued at an estimated RM1.8 billion in 2025, making up 16.4% of the country’s total pharmaceutical market⁶.



OUTLOOK

Currently, Pharmaniaga is the only locally-owned biopharmaceutical manufacturer in Malaysia. The domestic biopharmaceutical market is expected to record steady growth, supported by Government initiatives and rising healthcare expenditure. This environment presents opportunities for the Group to capture increasing demand for biosimilars.

⁵ *Biopharmaceuticals Market | Growth, Trends, and Forecast (2020 - 2025)*. (2022). [www.mordorintelligence.com](https://www.mordorintelligence.com/industry-reports/global-biopharmaceuticals-market-industry). <https://www.mordorintelligence.com/industry-reports/global-biopharmaceuticals-market-industry>
⁶ IQVIA National Sales Audit (NSA) 2025

STRATEGIC REVIEW

KEY MARKET TRENDS

RAPID GROWTH OF PRIVATE SECTOR

Capitals

F

M

I

Strategic Pillars

Trend Description

Malaysia’s private pharmaceutical market reached approximately RM7.7 billion in 2025 and is projected to grow to reach RM11.3 billion by 2029, at a CAGR of 10.1% during the forecast period (2025 to 2029). The private sector’s expansion is driven by public sector capacity constraints, rising patient demand and broader insurance penetration⁷.

In addition, Malaysia’s insurance and takaful industry has recommended that the Ministry of Health (MOH) to promote the use of generic medicines and introduce price controls. This is expected to further influence private healthcare utilisation patterns and cost structures⁸.

How Does It Impact Us

How We Responded

A larger private-sector opportunity creates a pathway to diversify revenue, improve product mix and accelerate uptake of differentiated generics and specialty products. However, it also heightens competition from multinational brands, parallel imports and aggressive private-label strategies.

This increases the importance of market access capabilities, medical engagement, key account management, retail partnerships and digital enablement to influence prescribing, dispensing and patient adherence.

To capitalise on the expanding private sector, the Group strengthened commercial execution and portfolio expansion, including accelerated partnerships across our dental and biopharmaceutical segments.

This enhanced commercial focus saw the launch of eight new products in 2025, as well as broader customer engagement initiatives to strengthen penetration and expand presence within the private market. We also enhanced our private market reach through digital channels by listing products on established e-commerce platforms.

OUTLOOK

Insurance and takaful associations have proposed a range of measures to address escalating healthcare costs, including collaboration with MOH to encourage greater use of generic medicines and possible pharmaceutical price controls, recognising that drug costs comprise a significant portion of private hospital revenue.

At the same time, private hospitals have emphasised the need for balanced cost-containment solutions that preserve clinical choice and quality of care, suggesting industry-wide cost transparency and negotiated pricing frameworks rather than one-size-fits-all mandates.

This shifting landscape, characterised by cost pressures, calls for enhanced transparency and collaboration among payers, providers and regulators, creates a strategic window for quality generic and biosimilar manufacturers to expand their presence in the private sector by aligning with affordability and access goals.

Pharmaniaga is well-positioned to support these evolving market dynamics through its established generics portfolio, strengthening commercial execution and undertaking sustained engagement with private healthcare stakeholders to meet demand for cost-effective pharmaceutical solutions.

⁷ IQVIA SEA Market Outlook (2025)

⁸ Insurance and takaful industry proposes measures to tackle rising healthcare costs, promote transparency. (2025). The Edge Malaysia. <https://theedgemaalaysia.com/node/747150>

STRATEGIC REVIEW

KEY MARKET TRENDS

GROWING THE INDONESIA MARKET

Capitals

F

M

I

Strategic Pillars

Trend Description

The pharmaceutical market in Indonesia was valued at USD6.4 billion (RM27.1 billion) in 2025, and is estimated to grow to USD7.1 billion (RM29.9 billion) by 2029, at a CAGR of 2.5% during the forecast period (2025-2029)⁹.

Growth is led by the public sector, driven by near-universal coverage (98.0%) of Indonesia’s population under its *Jaminan Kesehatan Nasional* (JKN) national health insurance programme, administered by *Badan Penyelenggara Jaminan Sosial Kesehatan*.

How Does It Impact Us

How We Responded

The expanding pharmaceutical market in Indonesia presents growth opportunities, while also intensifying competitive pressures. Our established logistics network under PT Millennium Pharmacon International Tbk (MPI) provides a competitive advantage in effectively serving and distributing to the market.

We strengthened our Indonesia operations through expanding our market position, with the establishment of MPI’s 38th branch in Palu, Central Sulawesi. The Group also developed new growth levers through contract development and manufacturing organisation (CDMO) operations under PT Errita Pharma (Errita).

The CDMO business began providing manufacturing services to third parties, including pharmacy chains, by producing selected products on their behalf. This collaboration enhances plant utilisation and operational efficiency, while strengthening long-term partnerships with customers in the Indonesian market.

OUTLOOK

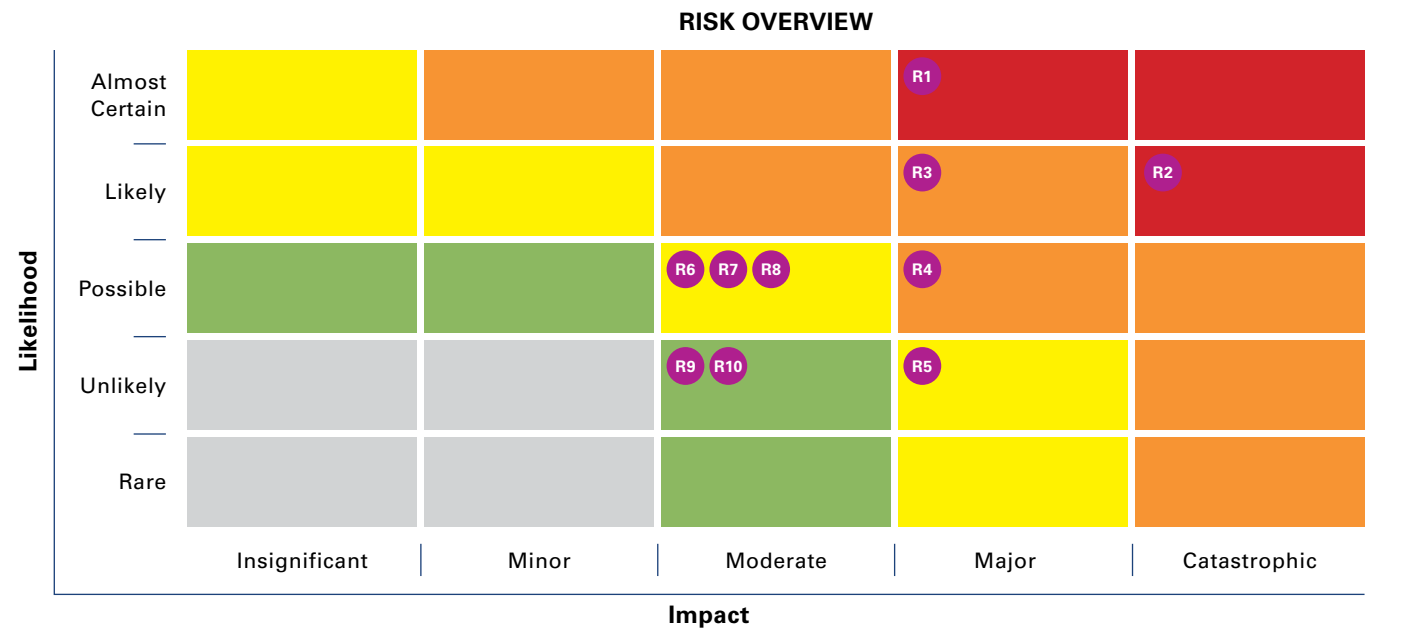
Indonesia’s pharmaceutical market is highly competitive and predominantly driven by local manufacturers. Pharmaniaga seeks to leverage on its manufacturing strengths, logistics network and technology transfer from the Group’s Malaysia operations to enhance its market presence in the market.

⁹ IQVIA SEA Market Outlook (2025)

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

The Group operates in an environment characterised by uncertainty, regulatory complexity, and evolving stakeholder expectations. Effective identification and management of key risks are therefore essential to maintaining operational resilience and safeguarding long-term value. This section sets out the Group’s principal risks, their trends, and the corresponding mitigation measures implemented to manage potential impacts and support sustainable performance.



No	List of Risks	Risk Movement	Risk Rating
R1	Geopolitical Risk	New	Very High
R2	Cybersecurity Risk	↔	Very High
R3	Customer, Product and Services Risk	▲	High
R4	Strategic Risk	▼	High
R5	Financial Risk	▼	Medium
R6	Environmental Sustainability Risk	↔	Medium
R7	Corruption Risk	↔	Medium
R8	People Risk	▲	Medium
R9	Legal and Regulatory Risk	↔	Low
R10	Climate Risk	↔	Low

Risk Movement	Description
▼	Indicates that the risk exposure has decreased compared to the previous year, reflecting improved controls, mitigation measures, or a more favourable risk environment.
▲	Indicates that the risk exposure has increased compared to the previous year, due to heightened external pressures, internal challenges, or emerging risk factors.
↔	Indicates that the risk exposure has remained broadly consistent with the previous year.

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R1 GEOPOLITICAL RISK

Risk Description
The Group faces threats and uncertainties arising from escalating geopolitical tensions in the Middle East, which may disrupt global supply chains, energy crisis, and access to critical resources.

Risk Trend

Potential Impact to the Group

- Prolonged geopolitical tensions and conflict escalation in the Middle East.
- Heightened risk of disruption to key trade routes (e.g., Strait of Hormuz).
- Volatility in global energy prices affecting operational and logistics costs.
- Broader spillover effects on global supply chains and market stability.

- Disruption in supply of raw materials, packaging materials, and finish goods.
- Increased logistics, freight, insurance, and fuel costs impacting operational expenditure and price of goods.
- Delays in delivery affecting service levels and contractual obligations.
- Pressure on margins and overall financial performance.

Mitigation Measures

Result of Mitigation Measures

- Establishment of task force to monitor the situation and implement appropriate action.
- Engagement with regulators and key stakeholders to ensure supply continuity.
- Conduct simulation analysis on the operational and financial impact.
- Ensure operational readiness for escalation under worst-case scenario / prolonged disruption.

- Improved visibility and responsiveness to emerging disruptions.
- Strengthen strategic sourcing and supplier diversification.
- Enhance supply chain agility and inventory optimisation.

OPPORTUNITIES

- Emphasise to the Government on the importance of drug safety and local manufacturer.
- Improve forecasting and scenario planning capabilities to support proactive decision-making.

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R2

CYBERSECURITY RISK

Risk Description

As the Group advances its technology and digital footprint, the business may be exposed to cybersecurity threats that could jeopardise operational continuity and data integrity.

Risk Trend

The increasing frequency and sophistication of cybersecurity threats and vulnerabilities continue to heighten risks to the Group's digital infrastructure.

End-of-life (EOL) systems pose significant risks to both operational continuity and data security.

Ongoing digital transformation and reliance on cloud platforms increase exposure to public-facing servers and endpoints.

Potential disruption to IT systems due to reliance on foreign-based (e.g., US-hosted) platforms and cloud infrastructure, particularly arising from geopolitical conflicts.

Potential Impact to the Group

Disruption to business operations, leading to service downtime and reduced productivity.

Breach / loss of data, intellectual property and critical business intelligence, potentially resulting in financial loss and regulatory penalties.

Increase recovery, operational and maintenance costs due to system restoration and enhanced security measures.

Damage to the Group's reputation and erosion of stakeholder trust in the Group's digital resilience.

Mitigation Measures

Compliance with the ISO/IEC 27001:2022 Information Security Management Systems (ISMS) standard.

The Group continually strengthens its information security framework through enhanced system protections, updated cybersecurity tools, and improved threat monitoring capabilities.

Enhance policy control, implementation, configuration, and periodic review of cybersecurity policies aligned with ISO/IEC 27001:2022 requirements.

Ongoing upgrades to critical systems, servers, and security configurations help minimise vulnerabilities and improve overall resilience.

Regular cybersecurity awareness programmes, training, and technical assessments support proactive risk management and readiness.

Disaster recovery and incident response capabilities are periodically tested to ensure operational continuity and fast recovery in the event of a disruption.

Continuous monitoring of geopolitical developments and IT vendor performance.

Result of Mitigation Measures

Reduced the Group's exposure to cybersecurity risks through strengthened control functions and enhanced security measures.

Improved the Group's ability to proactively address vulnerabilities by implementing advanced threat detection, increasing employee awareness, and adopting industry best practices to safeguard critical assets and support business continuity.

OPPORTUNITIES

Optimise cost efficiency over the long term by consolidating security tools, streamlining infrastructure, and reducing reliance on outdated systems.

Enhancement of operational efficiency by modernising legacy systems and migrating to more secure and scalable digital platforms.

Enhance business continuity and operational reliability through improved system resilience, backup capabilities, and disaster recovery readiness.

● Overview of Pharmaniaga

● Key Messages

● Value Creation

● Management Discussion and Analysis

● Leadership

● Governance

● Financial Statements

● Additional Information

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STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R3

CUSTOMER, PRODUCT AND SERVICES RISK

Risk Description

The Group may faces the risk of disruption in product availability, delay in supply delivery, and adverse impacts on products / service quality. Any failure to meet customer expectations in these areas could impact satisfaction levels, weaken customer confidence, and compromise the Group's market competitiveness.

Risk Trend

Rising customer expectations for timely delivery, consistent product availability, and high service quality increase pressure on manufacturing and supply chain performance.

Supply chain volatility and operational complexity, including reliance on key suppliers, logistics disruptions, and capacity constraints, heighten the risk of delivery delays and product shortages.

Stricter regulatory and quality requirements may impact approval timelines and service responsiveness, potentially affecting customer satisfaction and market competitiveness.

Potential Impact to the Group

Failure to meet customer expectations or maintain product and service quality could tarnish the Group's reputation, and affect stakeholders' confidence.

Non-compliance with quality and delivery standards may result in penalties, fines and legal actions.

Operational disruptions or supply chain inefficiencies could lead to increased costs, lost revenue and reduced profitability.

Delays or inability to introduce new products, arising from dependencies on business partners, R&D challenges, or regulatory approval timelines, may limit the Group's growth opportunities and weaken its competitive positioning.

Mitigation Measures

Implement inventory and demand planning through integrated inventory management systems, automated inventory replenishment, and proactive stock monitoring, supported by regular Sales and Operations Planning (S&OP) meetings, to maintain optimal inventory levels and minimise backorders.

Enforce stringent quality control measures and adhere to international standards and certifications to ensure product and service excellence.

Develop and regularly test Business Continuity Plan (BCP) to minimise the impact of unexpected disruptions on operations and customer commitments.

Establish efficient customer feedback channels to promptly address customer concerns and improve service delivery.

Develop an alternative source for critical raw and packaging materials to minimise the risk of supply issues and disruptions.

Implement end-to-end monitoring of new product development timelines with early-warning indicators and escalation mechanisms to address R&D, partner, or regulatory delays promptly.

Result of Mitigation Measures

Increased operational resilience and control, enabling the Group to manage disruptions effectively and maintain reliable product and service delivery.

OPPORTUNITIES

Enhance manufacturing facilities and production capacity to improve supply reliability, support timely fulfilment of customer demand, and enable scalable growth across the Group's product portfolio.

Expansion of warehousing and distribution capacity to enhance logistics efficiency.

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R4

STRATEGIC RISK

Risk Description

The Group is exposed to potential losses or adverse outcomes arising from the Group’s decisions or inability to adapt to changes in the business environment.

Risk Trend	Potential Impact to the Group
- The strategic and investment landscape remains dynamic, driven by rapid advancements in healthcare technologies, evolving treatment modalities, and changes in health policies. - Intensifying competition, market volatility, and evolving pricing models, together with shifting stakeholder expectations, increase the complexity of strategic decision-making and execution. - Government initiatives to promote and develop local suppliers for selected off-patent generics products may influence procurement policies and market dynamics, requiring the Group to adapt its strategic and investment approach. - Disruptions in takaful / insurance provider landscape through the introduction of Government insurance programmes for private healthcare which focuses on affordability and sufficiency might widen the opportunities for local generics players to play a more important role in the private sector.	- Failure to achieve strategic objectives, potentially affecting the Group’s long-term growth, sustainability, and competitive position. - Increased difficulty in sustaining market position and growth, driven by intensifying competition from local manufacturers and evolving industry dynamics. - Pressure on margins and financial performance arising from volatile market conditions and changes in pricing policies. - Erosion of stakeholder confidence and trust if the Group is unable to adapt effectively to shifting market, regulatory, and policy environments, potentially affecting long-term sustainability. - Higher operational and compliance costs resulting from the need to respond to unexpected changes in market conditions, Government policies, or regulatory requirements.

Mitigation Measures	Result of Mitigation Measures
- Strengthen strategic planning and product selection processes by assessing market trends, treatment algorithms, and addressable market size to ensure commercial viability and sustainable demand. - Diversify the Group’s product pipeline and customer base to reduce concentration risk and support long-term growth potential. - Maintain proactive engagement with Government and key stakeholders to anticipate policy developments, align strategic decisions, and respond effectively to changes in procurement and regulatory priorities. - Align strategic execution with clearly defined performance metrics, including Key Performance Indicators (KPIs), to ensure delivery of customer value and achievement of the Group’s strategic objectives. - Pursue strategic collaborations and partnerships to access new business segments, enhance capabilities, and accelerate growth. - Leverage data analytics and market intelligence to strengthen commercial strategies, improve decision-making, and enhance competitiveness.	- Stronger strategic clarity and alignment, enabling more informed and timely strategic decisions in response to market and policy developments. - Improved resilience of the product pipeline and customer portfolio, reducing reliance on single markets or segments. - Enhanced ability to anticipate and respond to policy and regulatory changes, supporting continuity in market access and strategic execution. - More effective execution of strategic initiatives, supported by clearer performance targets and monitoring mechanisms. - Increased readiness to capture new growth opportunities, through strengthened partnerships and improved commercial insights.

OPPORTUNITIES
- Scaling proven partnerships and pilot initiatives into repeatable business models. - Strengthen external market sensing capability through structured monitoring of competitors, policy developments, and customer behaviour. - Opportunities to work with Government as part of the off-take programmes to develop local manufacturing capabilities for future off-patent products.

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R5

FINANCIAL RISK

Risk Description

Financial risk refers to potential adverse impacts on the Group’s financial performance and stability arising from factors such as liquidity constraints, interest rate volatility, credit defaults, fluctuations in foreign exchange rates, and market uncertainties.

Risk Trend	Potential Impact to the Group
The financial landscape is becoming increasingly volatile due to global economic uncertainties, geopolitical tensions, inflationary pressures, rising interest rates, and currency fluctuations.	- Cash flow constraints may restrict the Group’s ability to meet its operational and investment needs. - Customer defaults or delays in payment could adversely affect the Group’s working capital position and overall financial health. - Exposure to foreign exchange fluctuations may impact profitability, costs, and asset valuation.
Mitigation Measures	Result of Mitigation Measures
- Maintain financial discipline through ongoing cost containment initiatives and regular reviews of financial performance. - Enhance working capital efficiency by managing receivables, payables, and inventory levels effectively. - Optimise debt structure and financing terms in line with the Group’s improved financial position.	- The Group recorded positive financial results for all four quarters in 2025, indicating effective cost optimisation, improved operational efficiency and strong business performance. - The Regularisation Plan was completed on 6 August 2025 following the completion of the Rights Issue, Private Placement, and Share Capital Reduction. - The Group has successfully uplifted from PN17 status on 17 March 2026.

OPPORTUNITIES
- Strengthen financial planning, forecasting, and scenario analysis capabilities to enable more informed and agile decision-making. - Stabilise cash flows and restore access to funding, creating capacity for future growth and investment as the Group’s financial position improves.

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R6

ENVIRONMENTAL SUSTAINABILITY RISK

Risk Description
The Group faces environmental sustainability risk arising from the environmental impacts of its operations, including energy and water consumption, waste generation, emissions, and resource utilisation. It also extends to risks related to regulatory compliance and operational inefficiencies across manufacturing and logistics operation.

Risk Trend	Potential Impact to the Group
Rising regulatory requirements, stakeholder expectations, and environmental standards, together with increased focus on sustainable resource efficiency and emissions performance.	- Environmental pollution and ecosystem damage, including air and water pollution, soil contamination, hazardous emission and improper disposal of pharmaceutical waste and materials. - Regulatory enforcement actions, such as reprimands, penalties, or suspension of licenses, arising from non-compliance with environmental laws and standards. - Higher operating cost and financial loss resulting from inefficient use of utilities and resource consumption. - Contribution to climate change and environmental degradation, arising from reliance on non-renewable energy and inefficient energy consumption. - Reputational damage and erosion of stakeholder trust, adversely affecting the Group's credibility and long-term sustainability. - Potential increase in compliance costs, capital expenditure, and operational expenses if environmental performance is not effectively managed.

Mitigation Measures	Result of Mitigation Measures
- Established Sustainability Roadmap (2016 - 2030) to provide strategic direction, guide decision making and management of sustainability in our daily operations. - Enforce the Group Safety, Health and Environmental Policy and compliance with applicable environmental laws and regulations, while maintaining ISO 14001:2015 Environmental Management Systems certification across subsidiaries. - Install air pollution control systems such as dust collectors, scrubbers and chimneys to ensure emissions from manufacturing plants are within permissible limits. - Conduct energy saving initiatives such as LED retrofits and installation of solar panels to minimise Greenhouse Gas (GHG) emissions. - Record and monitor buildings' energy consumption, GHG emissions, water consumption, and waste and effluent management. - Conduct regular energy audits and inspection of main systems. - Conduct continuous education and awareness initiatives for employees and other stakeholders on the importance of environmental stewardship.	- Contributed to the improvements in the Group's FTSE4Good Bursa Malaysia Index and FTSE4Good Shariah Index ratings, stood at 4.6 (2024: 3.8). - Reduced greenhouse gas emissions and energy consumption through energy efficiency initiatives and increased adoption of renewable energy sources. - Lowered carbon footprint from transportation activities through the use of electric vehicles and cleaner mobility solutions. - Improved waste management and circular economy practices, including higher recycling rates, waste transformation initiatives, and increased use of recycled packaging materials. - Enhanced water stewardship through water recycling, conservation initiatives, and rainwater harvesting. - Enhanced product authenticity and anti-counterfeiting controls through serialization and QR tracking, alongside reduced paper consumption via e-labelling.

OPPORTUNITIES
- Integrate environmental performance metrics into operational KPIs and management scorecards to strengthen accountability and drive continuous improvement at site and divisional levels. - Standardise environmental practices and performance benchmarks across all sites to improve consistency, comparability, and operational efficiency. - Leverage environmental data and digital monitoring tools to improve real-time visibility, early issue detection, and data-driven decision-making. - Enhance supplier engagement on environmental performance and social considerations, including labour and human rights expectations, by incorporating sustainability criteria into supplier evaluations and procurement decisions.

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R7

CORRUPTION RISK

Risk Description
The Group faces potential exposure to corruption risk based on the nature of its business, which require frequent engagement with Government and private sectors stakeholders through concessions, tenders, procurement activities, sales and marketing, licensing, regulatory dealings and third-party engagements.

Risk Trend	Potential Impact to the Group
- Heightened regulatory scrutiny, evolving anti-corruption laws, and increased stakeholder expectations for ethical conduct and transparency continue to elevate corruption risk exposure across business operations and third-party relationships. - Increasing focus of the national governance reform agenda on integrity, transparency, and accountability is driving higher expectations on corporate governance and ethical conduct.	- Legal and regulatory sanctions, including fines, penalties, prosecution, or debarment from tenders and business opportunities. - Exposure to corporate and personal liability, including the potential for Directors and senior management to be charged under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act, resulting in legal consequences and heightened governance scrutiny. - Operational disruptions and management distraction due to investigation, enforcement actions, or enhanced regulatory oversight. - Financial losses, including costs arising from investigation, remediation efforts, penalties, and loss of contract or revenue opportunities. - Reputational damage and loss of stakeholder trust, adversely affecting customer confidence, investor sentiment, and relationship with regulators and business partners.

Mitigation Measures	Result of Mitigation Measures
- Establish dedicated department and appointment of Certified Integrity Officer (CeIO) to manage integrity and corruption matters. - Establish and promote whistleblowing and reporting mechanism, ensuring confidentiality and protection against retaliation. - Maintain and enhance compliance with the ISO 37001 Anti-Bribery Management System (ABMS) standard to strengthen anti-corruption controls, governance, and continuous improvement of the Group's integrity framework. - Implement and enforce a robust Anti-Bribery and Corruption governance, including clear policies, procedures, and code of conduct aligned with applicable laws, regulations and best practices. - Perform due diligence on employees, directors, business partners, suppliers and third-party contractors to mitigate corruption risks in external engagements. - Conduct regular awareness and training programmes on integrity, anti-bribery related policies for employees, management, suppliers and vendors. - Collaboration with relevant authorities, including the MACC to promote public awareness on anti-corruption.	- No fines, charges, or enforcement actions (e.g. including offences under the MACC Act, freeze orders by MACC, or suspension of licences/permits by relevant authorities) were imposed on the Group in FY2025. - Strengthen the Group's reputation and public trust through demonstrated commitment to anti-corruption efforts.

OPPORTUNITIES
- Extend ISO 37001:2025 ABMS certification to the Pharmaniaga Berhad level. - Enhance a comprehensive corruption risk strategy at Pharmaniaga Berhad via the Corruption Risk Management (CRM) system through ISO 37001 ABMS scope certification. - Develop and implement a five-year Organisational Anti-Corruption Plan (OACP) to systematically address corruption, abuse of power, and integrity risks, in alignment with MACC guidelines and the National Anti-Corruption Strategy (NACS). - Integration of the ABMS across the Group, including centralisation of key processes and structured training programmes.

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R8

PEOPLE RISK

Risk Description

The Group faces challenges in attracting, developing, and retaining skilled and competent employees, as well as maintaining workforce engagement, productivity, and succession readiness. These challenges may be exacerbated by talent shortages, skills gaps, employee turnover, evolving workforce expectations, and dependency on key personnel, which could affect operational continuity and strategic execution. It also includes risks related to workforce practices, fair employment, occupational health and safety, and emerging human rights expectations within the Group and its operations.

Risk Trend

- The competition for skilled talent continues to intensify across industries, driven by evolving workforce expectations, technological advancements, and demographic shifts. The growing demand for specialised skills further heightens the risk of talent shortages, particularly within the pharmaceutical and biopharmaceutical segments.
- Evolving regulatory expectations, stakeholder scrutiny, and emerging client and tender requirements are increasing attention on business and human rights considerations in workforce and people management practices.

Potential Impact to the Group

- Hindering the implementation of key strategies, hampering innovation and growth initiatives critical to the Group's competitive advantage.
- Delays in project execution, operational inefficiencies, and challenges in maintaining service quality, affecting overall performance and customer satisfaction.
- Higher recruitment, training and compensation costs, impacting financial performance.
- Insufficient pool of readily available successors to assume critical positions.

Mitigation Measures

- Enhance employee value proposition by continuously reviewing and benchmarking benefits and compensation packages against market practices.
- Strengthen workforce capability and readiness through structured and continuous learning and development initiatives, supported by annual training calendar that enables employees to self-register for relevant programmes.
- Implement structured succession plans and talent development programme to identify and prepare high potential employees for critical and leadership roles, supporting talent retention and long-term organisational sustainability.
- Implement programmes to foster employee engagement and well-being, reducing turnover and enhancing the Group's commitment to work-life balance.

Result of Mitigation Measures

- Sustained a manageable employee attrition rate, reflecting effective talent retention, engagement initiatives, and workforce stability.

OPPORTUNITIES

- Strengthen the Group's commitment to Business and Human Rights by embedding human rights principles into policies, operations, and supplier engagement, enhancing ethical standards and corporate credibility.

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STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R9

LEGAL AND REGULATORY RISK

Risk Description

The Group is subject to extensive, complex, costly and evolving legal and regulatory requirements governing the development, manufacturing, labelling, marketing, warehousing, distribution, sale, and regulatory approval of pharmaceutical products.

Risk Trend

- Continuously evolving pharmaceutical regulations, heightened regulatory scrutiny, and stricter compliance and enforcement requirements across jurisdictions.
- Changes in laws, standards, and regulatory approval processes may increase compliance complexity, operational costs, and the risk of non-compliance, particularly across the Group's diversified operations and product portfolio.
- Evolving data protection requirements, including the Personal Data Protection (Amendment) Act 2024, may require enhancements to the Group's data protection framework, with potential financial, operational, and compliance implications.
- Heightened expectations on responsible business practices and ethical conduct are increasing exposure to business and human rights-related risks, requiring greater oversight across operations and business relationships.

Potential Impact to the Group

- Laws and regulatory breaches or non-compliance may adversely impact the Group's reputation and operations, and could lead to monetary and non-monetary enforcement actions such as product liability claims, penalties suspension/revocation of licenses and permits.
- Poor ethical conduct or failure to comply with the Group's Code of Ethics & Conduct may erode stakeholders trust and confidence.
- Delays in new product registration approval could lead to adverse market perception, affecting the Group's market positioning and competitiveness.
- Financial impact, including increased compliance costs, penalties, or remediation expenses, may affect the Group's financial position and performance.

Mitigation Measures

- Strengthen cross-functional compliance governance through close collaboration between operational, technical and regulatory teams, supported by continuous monitoring, robust quality control, assurance process, and prudent business practices to ensure adherence to regulatory and industry standard.
- Ensure timely monitoring and renewal of relevant licences/permits, supported by a centralised compliance tracking mechanism to prevent lapses and operational disruption.
- Establish, maintain and regularly update policies and procedures to align with the latest regulatory requirements and industry best practices.
- Maintain regulatory readiness and early risk identification through periodic site inspections / internal audit activities by Regulatory Compliance, Group Internal Audit Department, and accredited regulatory bodies, supported by internal gap assessment and timely corrective actions.
- Conduct compliance assurance and oversight through continuous monitoring and review by Regulatory Compliance, and relevant departments.
- Strengthen compliance culture and employee competency through continuous awareness programmes, targeted training and the "Do It Right Always (DIRA)" campaign to reinforce accountability and ethical conduct.
- Incorporated critical regulatory, compliance and data protection clauses into agreements / contracts to ensure alignment with legal requirements, manage third-party risks, and safeguard the Group's interests.
- Strengthen legal support to key business segments to expedite decision-making and support effective business operations.

Result of Mitigation Measures

- No breaches of statutory duty, and regulation.
- No revocation of license and permit by authority bodies in 2025.
- Any findings/lapses identified has been addressed in a structured and timely manner.

OPPORTUNITIES

- Incorporation of human rights statements and commitments across agreements and contracts to strengthen ethical standards, regulatory compliance, and responsible business conduct.
- Implementation of contract monitoring automation to enhance compliance tracking, improve contract lifecycle management, and reduce legal and regulatory risks.
- Strengthening data protection governance through the appointment of a dedicated Data Protection Officer (DPO) to enhance oversight, coordination, and compliance with data protection requirements.

STRATEGIC REVIEW

OUR KEY RISKS AND MITIGATION

R10

CLIMATE RISK

Risk Description

The Group is exposed to various climate-related risks, encompassing both physical and transition risks, due to its extensive and diverse geographical presence across the nation.

Risk Trend

- Climate-related risks are becoming increasingly prominent, and expected to intensify over the short to medium term, driven by more frequent extreme weather events.
- Stricter regulatory requirements and shifts in market preferences.

Potential Impact to the Group

- Disruption of manufacturing, distribution and supply chain operations, leading to financial loss.
- Damage to critical infrastructure and assets, resulting in higher repair and maintenance costs and prolonged downtime.
- Potential impairment of assets or increased capex requirements for resilience upgrades.
- Stricter climate-related regulations, carbon reduction mandates, and reporting requirements may lead to higher compliance costs and operational adjustments.
- Inadequate management of climate-related risk or slow adoption of sustainable practices may erode stakeholder confidence, discourage potential investors and harm the Group's reputation.

Mitigation Measures

- Conduct periodic climate risk assessments to identify and evaluate physical and transition climate-related risks across operations and supply chains.
- Incorporate sustainable practices into operations, including energy efficiency initiatives, waste reduction programmes and renewable energy adoption.
- Develop a diversified supply chain to reduce dependency on specific regions or suppliers vulnerable to climate risks.
- Continuously educate employees and stakeholders through structured training and internal engagement programme about climate-related risks and the importance of sustainable practices to foster a culture of environmental responsibility.
- Develop and regularly testing BCP to ensure swift recovery from climate-related disruptions.
- Cushion recovery cost via comprehensive insurance programme.

Result of Mitigation Measures

- Reduced environmental impacts and strengthened stakeholders' trust through effective climate risk management.
- Minimal operational disruption, and limited impact on customer and physical assets during climate-related incidents.

OPPORTUNITIES

- Conduct comprehensive climate scenario analysis and implement IFRS sustainability reporting requirements (IFRS S1 and S2) to enhance risk visibility, regulatory readiness, and informed strategic decision-making.
- Conduct periodic assessment on emerging climate change risk.
- Strengthen access to sustainable financing and ESG-linked funding.
- Enhance supply chain resilience through diversification and collaboration.

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OUR STRATEGIC PROGRESS

Vision 525 has served as a pivotal framework designed to guide Pharmaniaga towards sustainable growth and long-term value creation. Launched in 2023 by the Board, it served as a short-term strategic roadmap for FY2023 to FY2025, aimed at revitalising the Group amid pressing financial challenges. Anchored on five strategic pillars, Vision 525 reinforced a disciplined back-to-basics approach that prioritised operational fundamentals, core businesses and optimal use of resources. Through these five key result areas, the aim was to reposition Pharmaniaga to be back on track by 2025.

As we concluded the final year of this initiative, it was encouraging to reflect on the progress achieved through sustained efforts to improve performance and strengthen long-term value creation. The journey under Vision 525 helped realign the Group with its broader aspirations, while reinforcing a culture of innovation, inclusivity and resilience across the organisation.

VISION 525

KEY RESULT AREAS

BUILDING BIOPHARMACEUTICAL CAPABILITY

Accelerate launch of high-value biologics

Expand network & medico-marketing initiatives

GROWING THE PRIVATE MARKET

Introduce first-to-market generics

Enhance partnership management to access larger product portfolio

REINVENTING INDONESIA BUSINESS

Acquire more principals & expand more branches

Enhance sales & marketing capabilities with stronger product portfolio

STRENGTHENING PUBLIC SECTOR BUSINESS

Extract greater value from concession business

Expand product portfolio by introducing more in-house products

OPTIMISING COST AGGRESSIVELY

Enhance new product development (NPD) processes

Rationalise & optimise SKUs at plant

Efficiency improvements across manufacturing & logistics operations

Accelerate Digitalisation & ESG

Reinforce Human Capital Development

VALUE CREATION FOR STAKEHOLDERS

Shareholders

Sustainable growth anchored on financial recovery to support consistent dividend returns.

Employees

Strategic initiatives provide skill enhancement opportunities, particularly in biopharmaceutical and market access.

Customers

Expanded product offerings and improved quality standards address diverse healthcare needs.

Other Stakeholders

Collaboration with Government and private entities to amplify public health impact and economic contributions.

STRATEGIC REVIEW

OUR STRATEGIC PROGRESS

BUILDING BIOPHARMACEUTICAL CAPABILITY

2025 Key Initiatives

- Establishing biopharmaceutical sales team incorporating market access & medical scientific liaison to place greater emphasis on go-to-market initiatives.
- Expediting launch of high value biologics through strategic partnerships with established MNCs.

2025 Key Achievements

- Established biopharmaceutical dedicated sales and marketing team to boost medico-marketing activities to drive awareness, trust and uptake.
- Successfully launched human insulin N, R and 30:70 in May 2025 and SKYCellflu in March 2025.
- Achieved 42.8% growth in biopharmaceutical sales from 2024 to 2025.
- On track with the localisation manufacturing initiative for human insulin, with planned launch in 2026.
- Strengthened Biopharma portfolio via partnerships for vaccine, insulin and GLP-1 products.
- Successfully registered analogue insulin (glargine).

Impact

Capitals

FMIH

Stakeholders

Material Matters

M1M2M3M4

GROWING THE PRIVATE MARKET

2025 Key Initiatives

- Prioritising blockbuster product development with significant market size.
- Institutionalising partnership management to establish long-term strategic collaboration with existing partners.
- Strengthening Sales and Marketing efforts through the establishment of Commercial Excellence team.

2025 Key Achievements

- Successfully launched nine products, with three products exceeding targets.
- Improved product reachability by listing products on e-commerce platforms.
- Strengthened ASEAN presence with product registration approval in the Philippines and new market entry into Thailand.

Impact

Capitals

FMI

Stakeholders

Material Matters

M1M2M3M4

STRATEGIC REVIEW

OUR STRATEGIC PROGRESS

REINVENTING INDONESIA BUSINESS

2025 Key Initiatives

- Continuing branch expansion to acquire more high-quality principals.
- Exploring corporate restructuring or capital-raising activities to fund growth and reduce financing burden.
- Strengthening commercial team in Indonesia.
- Enhancing synergy between Malaysia and Indonesia by centralising product development and transferring strategic products to Indonesia.

2025 Key Achievements

- Successfully launched 38th branch in Palu, Central Sulawesi to expand retail footprint.
- Established a new contract development and manufacturing organisation (CDMO) business, generating IDR1.6 billion in revenue in 2025.

Impact

Capitals

FMI

Stakeholders

Material Matters

M1M2M3M4

STRENGTHENING PUBLIC SECTOR BUSINESS

2025 Key Initiatives

- Improving demand forecasting and supplier management.
- Automating order management and improving collection.
- Enhancing warehouse operations and network optimisation.

2025 Key Achievements

- Completed Sale and Purchase Agreements for four new distribution centres.
- Secured APPL tenders to supply 91 products under Skim Anak Angkat, Skim Panel Pembuat Bumiputera and e-Tender.
- Achieved 96% compliance of Concession Service Performance Standard, demonstrating continued excellence in meeting Government standards.

Impact

Capitals

FMI

Stakeholders

Material Matters

M1M3M4

OPTIMISING COST AGGRESSIVELY

2025 Key Initiatives

- Improving operating equipment efficiency (OEE).
- Reducing cost of raw materials through process improvements and economies of scale.
- Optimising inventory management to support the growing concession business.

2025 Key Achievements

- Achieved average cost reduction of 17% across Manufacturing Division via the cost of goods sold (COGS) Improvement Project.
- Progress remains on track, with 50% of the overall identified transformation initiatives executed, supporting enhanced operational optimisation across logistics operations.

Impact

Capitals

FMI

Stakeholders

Material Matters

M1M4

STRATEGIC REVIEW

OUR STRATEGIC PROGRESS

STRATEGY FRAMEWORK AHEAD

VISION ONE30			
Trailblazing Biopharma Through Scientific Credibility and Strategic Partnerships	Reassert Dominance in Generic Pharma For Affordable, High-Quality Medicines	Innovate Logistics Leadership To Enable Scalable, Efficient and Value-Driven Healthcare Delivery	Extract Greater Value from Growth Frontiers Beyond the Current Core Business
HIGHEST VALUED PHARMACEUTICAL COMPANY IN MALAYSIA			
Market Capitalisation of RM3.0 billion to RM4.5 billion		Profit After Taxation of RM300 million	

STRATEGIC PRIORITIES

Trailblazing Biopharma Through scientific credibility and strategic partnerships - Forge long-term strategic alliances with reputable biopharma partners to strengthen product pipeline - Conduct post-approval clinical studies to support scientific validation and regulatory confidence for key products - Strengthen ties with key opinion leaders (KOLs) and scientific societies to amplify awareness and take-up - Accelerate biopharmaceutical market entry to Indonesia via parallel registration	Reassert Dominance in Generic Pharma For affordable, high-quality medicines - Enhance sales force effectiveness through tailored channel strategies and prioritisation of high-value products - Leverage strategic sourcing to accelerate speed to market - Expand CDMO business under PT Errita Pharma (Errita) via partnerships with chain clinics / pharmacies - Implement aggressive COGS optimisation initiatives across operations
Innovate Logistics Leadership To enable scalable, efficient and value-driven healthcare delivery - Enhance operational efficiencies through digitalisation & automation - Expand beyond concession to be a competitive pharmaceutical logistics player in Malaysia - Introduce value-added services and Market Expansion Services (MES) offerings for PT Millennium Pharmacon International Tbk (MPI) operators in Indonesia - Improve cost efficiency through warehouse consolidation in Klang Valley	Extract Greater Value from Growth Frontiers Beyond the current core business - Scale up dental segment via strategic partnerships and dedicated business unit formation - Intensify international business through key biopharma products - Setting up local presence in high-potential international markets - Explore new verticals and adjacencies through mergers and acquisitions (M&A) and joint ventures

KEY ENABLERS			
TALENT & CAPABILITY DEVELOPMENT		REGULATORY & COMPLIANCE STRENGTH	
DIGITALISATION & AUTOMATION		FINANCIAL DISCIPLINE & CAPITAL ALLOCATION	

STRATEGIC REVIEW

OUR STRATEGIC PROGRESS

2026 STRATEGIC PRIORITIES

TRAILBLAZING BIOPHARMA - Scale up human insulin production to meet commercial scale production of 500 litres. - Development of vaccines in line with commitment to the Ministry of Science, Technology and Innovation's National Vaccine Development Roadmap. - Registration of potential blockbuster products including Liraglutide and HPV vaccine.	REASSERT DOMINANCE IN GENERIC PHARMA - Development and launching of key blockbuster products. - Strengthen Sales and Marketing structure. - Development of digitalised ordering system to assist marketing team. - Leverage on digital platforms and telemarketing to optimise sales call effectiveness.
INNOVATE LOGISTICS LEADERSHIP - Optimise logistics network through equipment fit-out of four new warehouses across Malaysia. - Improve concession supply via auto monitoring system to enhance delivery efficiencies. - Enhance operational efficiency through automatic stock replenishment while improving collection efficiency.	EXTRACT GREATER VALUE FROM GROWTH PARTNERS - Accelerate portfolio expansion by securing new partnerships across dental and oncology segments. - Build regulatory readiness to support international market, including Gulf Cooperation Council (GCC) and South Africa market entry. - Introduce MES as a new business offering, combining third-party logistics and redressing capabilities to support both multinational and local principals.

VISION ONE30

Vision ONE30 represents Pharmaniaga's refreshed strategic direction, designed to guide the Group into its next phase of growth beyond the stabilisation period of Vision 525. While the previous strategy focused on restoring operational discipline and financial resilience, Vision ONE30 is forward looking and value driven, positioning Pharmaniaga to unlock its full potential as a leading regional healthcare player.

At its core, Vision ONE30 sets out a long-term ambition to position Pharmaniaga as the highest valued pharmaceutical company in Malaysia by 2030, supported by clear mid-term priorities to strengthen profitability, expand growth platforms and enhance market leadership across core and emerging businesses.

This strategic refresh reflects the Group's commitment to repay shareholders' faith by translating recovery into sustained performance, to realise Pharmaniaga's true potential by leveraging its integrated healthcare ecosystem and to reposition the Group for higher value creation in an increasingly competitive and innovation-driven industry.

By evolving from recovery to growth, Vision ONE30 marks a deliberate shift from stabilisation towards value maximisation, ensuring Pharmaniaga moves forward with stronger foundations, clearer strategic focus and a renewed commitment to delivering sustainable impact and long-term prosperity.

As Pharmaniaga embarks on a new five-year chapter under Vision ONE30, everything we pursue and aspire to achieve is anchored in one clear and powerful idea – ONE.

ONE Team Bound by trust and collaboration, we work as a single force across divisions, subsidiaries and geographies. No silos, no barriers, just shared ownership of success.	ONE Standard Whether in research, manufacturing, logistics or commercial, we uphold one uncompromising benchmark for quality, integrity and discipline. Excellence is non-negotiable.	ONE Goal Every effort, every decision, every innovation, should all point towards one destination: becoming the Highest Valued Pharmaceutical Company in Malaysia by 2030.
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OPERATIONAL REVIEW



MALAYSIA

MANUFACTURING

Halal-compliant Manufacturing Facilities

WHO WE ARE

With production of generic drugs and over-the-counter (OTC) medicines as a core business, the Manufacturing Division is integral to Pharmaniaga’s mandate in supplying quality pharmaceutical and biopharmaceutical to public and private clients across domestic and international markets. Our state-of-the-art facilities are capable of manufacturing a wide range of dosage forms, in compliance with international standards and guidelines.

Leveraging on the latest technology and equipment, we are the contract manufacturing partner of choice for a network of multinational principals. Diversifying into new markets, we have built our first-mover advantage in the biopharmaceutical segment into sustainable new revenue streams for the Group.

Building on this momentum, Pharmaniaga ventured into the biopharmaceutical space in 2024 under the Manufacturing Division, with a focus on high-growth segments such as vaccines and insulin, further strengthening our position in advancing national medicine security and long-term value creation.

WHAT WE DO

The Manufacturing Division produces a variety of pharmaceutical products, in dosage forms ranging from tablets and powders to small-volume injectables. Our diversification into biopharmaceutical has seen the development of a pre-filled syringe (PFS) line at the Group’s Puchong plant, with RM10 million in revenue generated to date across five vaccine products.

This will be supplemented by a cartridge filling line for our human insulin business, projected to contribute RM100 million per annum to revenue. As Malaysia’s first locally-owned insulin and vaccine production plant, the initiative positions Pharmaniaga as a leading biopharmaceutical player in the region.

Our vaccine portfolio primarily serves the private market, with general practitioner clinics as the main customer base, followed by private hospitals. Its insulin products are strategically focused on Government tenders and public healthcare institutions.

With a broad manufacturing base encompassing facilities throughout the country, our operations adhere to numerous international standards and guidelines. These include the Good Manufacturing Practices (GMP) and Pharmaceutical Inspection Co-operation Scheme (PIC/S), certified by the National Pharmaceutical Regulatory Agency (NPRA) in Malaysia. Our current plants, located in the central and northern regions of Peninsular Malaysia, comprise:

- Pharmaniaga Manufacturing Berhad, Bangi, Selangor
- Pharmaniaga LifeScience Sdn. Bhd., Puchong, Selangor
- InspiraPharma Sdn. Bhd., Sungai Petani, Kedah
(formerly known as Idaman Pharma Sdn. Bhd., Sungai Petani, Kedah)
- InspiraPharma Sdn. Bhd., Seri Iskandar, Perak
(formerly known as Idaman Pharma Sdn. Bhd., Seri Iskandar, Perak)



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BUSINESS ENVIRONMENT

The Malaysian pharmaceutical market continues to outpace regional counterparts, with an estimated market value of RM15.7 billion in 2025. Growth was driven by diverse factors such as ageing demographics, the rise of medical tourism and escalating rates of non-communicable diseases (NCDs) such as diabetes and cancer, contributing to increased healthcare awareness and spending.

Current trends in the sector include digital integration throughout the value chain, from artificial intelligence-based (AI) stock analytics optimising inventory management to omnichannel pharmacy platforms offering seamless customer experiences. Government support for domestic manufacturing continues in the form of supportive policy, such as the Off-Take Plus Programme (PPO) agreement, with approved investments totalling RM4.0 billion for medical devices and RM724.8 million for pharmaceutical in 2025¹.

Halal-certified medications remain a key driver, with strong domestic demand fostering innovation and growth within the segment, facilitated by targeted Government incentives as well as research and development grants. Provisions under national blueprints such as the Halal Industry Master Plan 2030 prioritise research and international collaboration, towards developing Malaysia as a regional Halal pharmaceutical hub.

Challenges for the industry include heated competition from existing multinational firms, as well as domestic companies. Market players must also account for Malaysia’s diverse geography, with urban congestion and remote rural areas posing logistical issues as well as cold-chain requirements for temperature-sensitive pharmaceutical.

Despite these headwinds, Malaysia’s strategic location within ASEAN positions it favourably as a global leader in the pharmaceutical space, with a strong regulatory environment supporting intellectual property rights, quality standards and manufacturing growth. Key opportunities remain in the development of Halal-certified, biopharmaceutical and biosimilar products, with significant export potential to regional markets and the US.

Malaysia’s biopharmaceutical market for vaccines and insulin continues to play a vital role in supporting national public health priorities. Growth in this segment is driven by increasing vaccination needs, a rising prevalence of diabetes, and sustained government support for local pharmaceutical manufacturing.

General practitioner clinics and private hospitals remain key drivers for vaccine demand, due to their accessibility and growing emphasis on preventive healthcare. However, vaccine supply remains largely dependent on imports.

In contrast, insulin production is progressively being localised, in line with the Government’s efforts to safeguard medicine supply security. In this evolving landscape, biopharmaceutical affordability, supply reliability and strong distribution capabilities have become key competitive differentiators that Pharmaniaga is able to capitalise on.

¹ MIDA Investment Performance Report 2025, p48 and p52 respectively

OPERATIONAL REVIEW

2	ACHIEVEMENTS	
	Completed manufacturing of three human insulin process validation (PV) batches Completed technology transfer gap assessment for analogue insulin (glargine) Ongoing media fill of PFS line in preparation for 13-valent pneumococcal conjugate vaccine (PCV13) batches Enhanced operational equipment effectiveness by 1.25% following improvements in manufacturing line efficiency Introduced 23 new products in APPL tender for 2024-2026 12 products received Halal certification by <i>Jabatan Kemajuan Islam Malaysia</i> (JAKIM), bringing the total to 190 in Malaysia Recognised in the Halal Pharmaceutical Excellence category at the World Halal Excellence Awards 2024 The use of <i>E. coli</i> bacterial cell derivatives in the production of recombinant human insulin ruled as permissible by the National Council for Islamic Religious Affairs of Malaysia (MKI) Registered a total of RM13.0 million in biopharmaceutical sales in 2025 Secured insulin supply contracts and pricing to three teaching hospitals	



Pharmaniaga was honoured with the Bioprocessing Excellence in Southeast Asia award at the Asia-Pacific Biopharma Excellence Awards (ABEA) 2026, held on 11 March 2026.

OPERATIONAL REVIEW

3	BUSINESS PERFORMANCE REVIEW		
	Key Priorities	Key Initiatives	Achievements
	Accelerating business growth	Enhanced biopharmaceutical readiness and strengthened platform for insulin and vaccine commercialisation Implemented sales & operations planning (SNOP) meetings to mitigate back order issues and optimise private market sales	Successfully completed key technology transfers, media fills and PV activities for human insulin and PCV13 Significantly reduced back orders to 1% in 2025 (3% in 2024)
	Sustaining and increasing profitability	Implemented a comprehensive cost of goods (COGS) improvement programme with initiatives such as: - Process optimisation measures including batch size optimisation, tooling efficiency improvement, e-labelling expansion and more - Material costs optimisation via strategic sourcing measures, including increased local procurement and alternative suppliers	Achieved an average COGS reduction of 17% Improved manufacturing efficiency Achieved more competitive material costs Successfully implemented e-labelling for commercial use, reducing printing costs by RM985,981
	Continuous improvement and operational excellence	Improved production line efficiency by increasing equipment availability and output rates while reducing downtime Increased the use of sustainable packaging materials, such as grey-back cartons Continued lean manufacturing initiatives to reduce waste, improve productivity and standardise work processes	Improved overall equipment effectiveness (OEE) by 1.25% compared to the prior year Expanded the use of grey-back cartons, with 53 products converted to sustainable packaging Strengthened operational discipline across manufacturing operations
	Increasing on-site vaccine accessibility in corporate organisations, educational institutions and public sector	Identified, initiated and delivered influenza vaccination programmes to corporate offices, in collaboration with selected service partners, Organised influenza awareness sessions conducted by the Biopharma Medical Affairs team	Successfully implemented vaccination programmes across more than 10 corporate organisations Vaccinated over 1,300 employees with SKYCellflu

OPERATIONAL REVIEW

4	RISKS & CHALLENGES		
	Challenges	Mitigation Efforts	Results
	Material price increases above market standard	- Conducted direct negotiations between site and manufacturer, without agents or traders - Initiated direct purchases from manufacturer	Cost savings of up to RM2.0 million for the same quantity purchased in previous year
	Delay of first supply of new APPL products due to capacity challenges	Increased batch sizes for PV batches and variations to fulfil APPL demand	- Reduced sales losses from newly awarded tenders - Eliminated one-off purchases from third-party manufacturers
	Prolonged blister machine downtime due to obsolete spare parts	- Sourced spare parts through open market and grey market channels - Requested expertise and assistance from regional vendor - Affected products transferred to and validated via alternative blister machine	Reduced potential sales losses for major APPL and private market products
	Limited influenza vaccination uptake due to low awareness and urgency	- Introduced corporate and vaccination school-based programmes - Organised public health education sessions by medical scientific liaisons	- Improved vaccination acceptance among targeted organisations - Increased understanding of influenza prevention among corporate employees, students and staff

OPERATIONAL REVIEW

5	OUTLOOK		
	Malaysia is projected to be the growth leader among regional pharmaceutical markets, with an estimated compound annual growth rate (CAGR) of 8.9% over 2024-2029². The Division's extensive manufacturing base, concession track record, generics portfolio and innovation in biopharmaceutical position the Group at the forefront of the industry's ongoing expansion. Pharmaniaga's investment in biopharmaceutical continues to bear fruit, with PV batches for our PCV13 set to commence in Q1 2026. The stability data from this process will be used to support product registration with the NPRA. PV activities for the Group's analogue insulin (glargine) are targeted to take place in Q2 2026. Our next major regulatory milestone is targeted for Q3 2026, with the approval of the Group's first in-house human insulin product. While market adjustments are anticipated from the Price Control and Anti-Profitteering (Price Marking for Drugs) Order 2025, the Division's prospects in the medium term remain positive, on the back of Government emphasis on localisation and supply security. In particular, the PPO agreement provides guaranteed Ministry of Health procurement contracts for locally produced essential and high-value pharmaceutical and medical devices, de-risking investment for domestic manufacturers³. In 2026, the Biopharma business unit will focus on accelerating growth in its vaccine portfolio by expanding the reach of SKYCellflu through non-traditional vaccination channels. It will continue working closely with selected service providers to deliver on-site influenza vaccination programmes, particularly within corporate organisations, making vaccination more accessible to working adults. Looking ahead, we anticipate the approval of Malaysia's first EV71 vaccine, marking a significant milestone in the prevention of Hand, Foot and Mouth Disease (HFMD). The team will prioritise education on EV71, its potential complications and the role of vaccination in protecting children. Alongside vaccines, we will continue our human insulin initiatives to ensure long-term stability supported by supported by reliable supply partners and potential in-house production of Malaysia's first Halal-certified human insulin. Our priority will remain on meeting national demand, while laying the groundwork for export to international markets. Moving forward, the Manufacturing Division's performance will be driven by sustained demand in the public sector and private market, as health awareness and spending in Malaysia continue to grow. We remain optimistic on the Division's long-term outlook, with upside potential in biopharmaceutical, Halal-certified products and export opportunities.		

² [iqvia.com/-/media/iqvia/pdfs/library/articles/key-tailwinds-and-headwinds-impacting-the-outlook-for-the-asian-pharmaceutical-market.pdf](#)

³ [healthcare-international_healthcare_week_part_2-mbsbr-230725.pdf](#)

OPERATIONAL REVIEW



LOGISTICS & DISTRIBUTION

End-to-end Logistics and Distribution Network across Malaysia

WHO WE ARE

As a wholly-owned subsidiary of Pharmaniaga, Pharmaniaga Logistics Sdn. Bhd. (PLSB) undertakes the distribution of the Group’s pharmaceutical and healthcare products in Malaysia. The firm has a distinguished track record of more than 30 years in the logistics and supply chain industry.

Pharmaniaga remains a trusted partner for healthcare providers and other stakeholders in the nation’s healthcare ecosystem, ensuring a seamless flow of critical medical supplies to the Ministry of Health (MOH) and other Government institutions as well as private healthcare facilities.

WHAT WE DO

Serving as the logistics and distribution partner for the MOH’s Approved Products Purchase List (APPL), we have developed a comprehensive range of integrated solutions through the years across the logistics value chain, including warehousing, transportation, distribution and related services.

From supply chain management and order fulfilment to last-mile delivery, PLSB is focused on the smooth and seamless flow of medical supplies to a nationwide client base. These include MOH and other Government institutions, encompassing a network of hospitals, clinics and other healthcare centres.

Our current transport fleet comprises more than 250 vehicles, operating from 14 distribution centres and warehouses strategically located across Peninsular and East Malaysia. Growing in tandem with the concession business, we optimise our logistics processes via automation and digitalisation, with continuous capacity expansion extending our distribution network to every corner of the country.

Our temperature-controlled storage and transportation systems ensure the safe and steady delivery of healthcare products, from metropolitan hubs to rural villages. We also manage distribution to Ministry of Higher Education (MOHE) hospitals, and the sale and marketing of Pharmaniaga’s diverse product portfolio, including pharmaceutical products, medical equipment devices and consumable items.



OPERATIONAL REVIEW

1

BUSINESS ENVIRONMENT

As the MOH concession holder for over 30 years, we provide logistics and distribution services for nearly 1,000 products from more than 100 suppliers, comprising Malaysia’s national medical stockpile.

As the MOH concession holder for over 30 years, we provide logistics and distribution services for nearly 1,000 products from more than 100 suppliers, comprising Malaysia’s national medical stockpile.

Despite year-on-year growth in concession volume with more than 457,000 annual deliveries, PLSB continues to maintain satisfactory Concession Service Performance Standard benchmarks, achieving an overall rating of 96% in FY2025 from 91% last year.

We continue to build our distribution business, underscoring strong demand in the domestic pharmaceutical space. The Division has also acquired four distribution centres under the renewed MOH concession agreement, strategically located in Penang, Terengganu, Sabah and Sarawak

In FY2025, we achieved a rating of 4.3 out of 5 in PLSB’s Customer Satisfaction Survey, a testament to our customer-first philosophy. We also foster innovation and forward-thinking approaches with a young and agile workforce, which comprise 45% of total staff, driving the Group forward with energy, adaptability and digital fluency.

OPERATIONAL REVIEW

2

ACHIEVEMENTS

✔

Attained 96% compliance with MOH's Concession Service Performance Standard

✔

Acquired 4 distribution centres under the renewed MOH concession agreement

✔

Scored 4.3 out of 5 in Customer Satisfaction Survey

3

BUSINESS PERFORMANCE REVIEW

Key Priorities

Key Initiatives

Achievements

Maintaining compliance with the MOH concession agreement

•

Emphasised consistent KPI track record monitoring

•

Empowered contact centre and MOH service representatives to foster rapport with customers

•

Achieved overall Concession Service Performance Standard rating of 96%

•

Achieved Customer Satisfaction Survey score of 4.3 out of 5.0

Increasing operational efficiencies

•

Enhanced operational consistency through standardised SOPs

•

Utilised Oracle Transportation Management (OTM) in delivery routes

•

Developed alternative purchase price criteria with MOH

•

Optimised alternative supplier approval process from 90 days to 30 days

•

Achieved approximately RM3.0 million in interest savings through improved inventory management

Accelerating technology automation & innovation

•

Undertook Robotic Processing Automation (RPA) initiatives

•

Migrated APPL alternative purchase procedures from manual to e-sourcing platforms

•

Enhanced sourcing process efficiency, reducing the timeline from 22 days to 10 days

OPERATIONAL REVIEW

4

RISKS & CHALLENGES

Challenges	Mitigation Efforts	Results
Rising fuel and transportation costs	Established transport tender processes to leverage competitive bidding and enhance cost efficiencies	Reduced transport rates by 3.5% to 10% on average
Inventory management risks	- Revised forecasting methodologies - Established guidelines for supply planning and ordering	Reduced stock holding costs by 11% compared to previous year
Supply chain disruptions	- Maintained consistent buffer stock at warehouse facilities - Monitored buffer stock levels with suppliers - Improved alternative purchase process lead times	Achieved Concession Service Performance Standard rating of 98% in the supply and distribution category

5

OUTLOOK

The Logistics & Distribution Division recorded an 8.6% increase in volume sold in 2025 under the concession agreement with the MOH, compared to the previous financial year, reflecting stronger demand across the Group's supply network. This positive trend is expected to continue in coming quarters, based on higher concession allocations under Budget 2026.

While higher projected volume indicates a healthy outlook for the Division in the short term, continued cost monitoring and efficiency management are imperative to maintain compliance with MOH service standards.

Recognising the impact of rising logistics costs, we are undertaking several digitalisation initiatives to improve operational efficiency, including order processing automation, transport management optimisation and demand forecasting enhancements.

We continue to grow our logistics and distribution capacity through the expansion of factory and office building assets. This initiative is in line with our obligations under the MOH concession agreement, with the exercise targeted for completion by end-2026.

As part of the initiative to expand our logistics and distribution capacity, the Group acquired four distribution centres across Malaysia. Based on feasibility studies, the locations potentially save RM9.8 million annually on third-party rental costs and potentially reduce transportation costs by RM4.2 million annually.

Despite escalating transport expenditure following the Government's fuel rationalisation exercise, the renewal of the MOH agreement ensures continuity for the Group's concession business up to 2030, sustained by expansion in the agreement's scope as well as the APPL list.

As the nation's preferred pharmaceutical distribution partner, we are fully dedicated to fulfilling our role in safeguarding Malaysia's medical supply security.

OPERATIONAL REVIEW



INDONESIA OPERATIONS

Backed by 38 Logistics and Distribution Branches and 1 Manufacturing Plant

WHO WE ARE

Pharmaniaga’s Indonesia operations are driven by our two subsidiaries – PT Millennium Pharmacon International Tbk (MPI) and PT Errita Pharma (Errita). Listed on the Indonesia Stock Exchange, MPI is one of Indonesia’s top 10 pharmaceutical logistics and distribution company, with 38 branches nationwide. Along with Errita, a pharmaceutical manufacturer based in Bandung, MPI spearheads the Group’s operations in the market, catering for over 30 principals in Indonesia.

WHAT WE DO

With a track record spanning more than 70 years, MPI oversees Pharmaniaga’s Indonesian sales and distribution activities. It focuses on the sale and distribution of ethical drugs, over-the-counter (OTC) products, medical devices and health-related consumer goods.

MPI’s scope is complemented by Errita’s pharmaceutical manufacturing operations, with a portfolio of over 60 generic pharmaceutical products as well as OTC medicines. Manufacturing activities comply with Indonesia’s Good Manufacturing Practices (CPOB) and international standards such as ISO 9001:2015 and ISO 14001:2015. It has also earned a Blue PROPER rating, and holds Halal certification for a range of Blue Dot OTC products.

Together, MPI and Errita undertake the manufacture, sale and distribution of more than 12,000 different products to over 21,000 active customers across Indonesia. As subsidiaries, they benefit from the Group’s research and development efforts in Malaysia, utilising technology transfer to bring the latest pharmaceutical products to the market.



1

BUSINESS ENVIRONMENT

Indonesia continues to dominate the pharmaceutical landscape in Southeast Asia. Its domestic pharmaceutical market was valued at USD9.3 billion (IDR145.68 trillion) (MAT 4Q 2024), growing 13.1% over the previous period, and remains a key focus area for Pharmaniaga.

The *Jaminan Kesehatan Nasional* (JKN) national health insurance programme administered by *Badan Penyelenggara Jaminan Sosial* (BPJS) remains a major structural driver for the industry, achieving near-universal coverage in 2025 with 282 million members (98% of Indonesia’s population). This provides a stable foundation for pharmaceutical demand, particularly for generic and essential medicines.

The market’s value in 2025 was USD6.4 billion (IDR108.47 trillion), supported by an expanding middle class, increasing health awareness and improved access to healthcare services. This growth was reinforced by ongoing healthcare infrastructure development and wider uptake of digital and e-commerce platforms across the healthcare ecosystem.

Challenges specific to Indonesia include significant market fragmentation, with more than 2,400 distribution players and over 200 pharmaceutical manufacturing companies. The weakening Rupiah impacted earnings as well as import costs, exacerbated by the industry’s reliance on imported raw ingredients. Other risk factors included lengthy regulatory procedures and stringent quality compliance requirements, affecting time to market for international and domestic players.

Amid these headwinds, we maintained our aggressive expansion strategy. This included significant marketing and promotional investment, with high engagement of healthcare professionals to grow market reach and strengthen in-house product visibility. This was complemented by ongoing portfolio enhancement, expansion of warehousing capabilities, and digitalisation initiatives across operations.

These initiatives were reflected in the launch of two new products in our pain management and anti-infectives product portfolios, the opening of MPI’s 38th branch in Palu, Central Sulawesi, and the expansion of our principal and partnership networks.

Overall, these efforts culminated in healthy financial performance in FY2025, including an 5% increase in revenue for our Logistics & Distribution arm, enhancing operational performance and reinforcing the Group’s market presence in Indonesia.

OPERATIONAL REVIEW

OPERATIONAL REVIEW

2

ACHIEVEMENTS

MPI

- Opened 38th branch in Palu, Central Sulawesi
- Relocated warehouses in Bekasi, Jakarta and Denpasar, Bali to larger facilities
- Received Investortrust’s Best Stock Award 2025 in the Small Cap Consumer Staples category

Errita

- Grew market reach via inclusion in the BPJS e-Catalogue programme, resulting in a 21% increase in Errita's revenue
- Expanded distribution channels to include sub-distributors and pharmacy wholesalers, strengthening product accessibility
- Obtained 13 new *Nomor Ijin Edar* (NIE) approvals from *Badan Pengawas Obat dan Makanan* (BPOM)
- Completed commercialisation for four toll-manufactured stock-keeping units (SKUs), establishing a new revenue stream through Contract Development and Manufacturing Organisation (CDMO)
- Secured Halal certification for 19 Blue Dot OTC SKUs, expanding access to the Halal consumer segment
- Established CDMO partnership with a leading pharmacy chain, signalling strong regional growth momentum



The newly relocated MPI warehouse in Denpasar, Bali, offering expanded warehouse capacity.

OPERATIONAL REVIEW

3

BUSINESS PERFORMANCE REVIEW

Manufacturing

Key Priorities	Key Initiatives	Achievements
Growing market penetration in the pharmacy segment	- Implemented promotion cycle to increase end consumer sales - Expanded market access through diversified distribution channels and public healthcare platforms	- Grew gross revenue by 18%, amounting to IDR109.3 billion - Strengthened reach through inclusion in the BPJS e-Catalogue programme - Expanded distribution channels to sub-distributors and pharmacy wholesalers
Expanding CDMO operations to generate new revenue streams and enhance capacity utilisation	- Accelerated registration efforts to gain NIE approvals from BPOM - Fast-tracked commercialisation of CDMO products following NIE approval - Sourced new CDMO principals	- Obtained nine new NIE approvals from BPOM - Completed commercialisation for four toll-manufactured SKUs
Restructuring in-house sales team and optimising portfolio efficiency	Undertook portfolio rationalisation to prioritise four key ATC focus categories, ensuring efficient capital allocation and improved profitability	- Increased gross in-house specialist sales to IDR9.6 billion - Decreased sales team costing - Enhanced governance and operational practices for the sales team
Strengthening inventory planning and stock management	Implemented disciplined inventory planning to balance product availability while preventing overstocking of slow-moving items	98% of inventory carried more than 15 months of remaining shelf life - Short-expiry stock represented less than 1% of total inventory

Logistics and Distribution

Key Priorities	Key Initiatives	Achievements
Strengthening profitable sales growth	- Implemented strategic customer selection and channel prioritisation - Enlarged warehouse capacity of Denpasar and Bekasi branches via relocation - Opened one new branch in Palu, Central Sulawesi	- Enhanced revenue by 5% - Increased capacity and item availability at Denpasar and Bekasi branches
Rationalising stock management	Managed days outstanding inventory (DOI) ratio	Maintained a manageable DOI ratio of <60 days
Optimising operational costs	Controlled and optimised operating expense, improving processes while maintaining service levels	Lowered operating costs and enhanced resource utilisation

OPERATIONAL REVIEW

4	RISKS & CHALLENGES		
	Manufacturing		
	– Challenges	Mitigation Efforts	Results
	Limited market reach and dependence on local distribution channels	- Implemented promotion cycle to increase end consumer sales - Expanded market access through diversified distribution channels and public healthcare platforms	- Grew gross revenue by 18%, amounting to IDR109.3 billion - Improved nationwide product accessibility and brand visibility
	Underutilised manufacturing capacity and over-reliance on in-house products	Expanded the CDMO portfolio through regulatory approvals, selective partner onboarding, and toll manufacturing readiness	- Obtained nine new NIE approvals from BPOM - Completed commercialisation for four toll-manufactured SKUs
	Potential sales disruptions due to delayed Halal certification	- Implemented a phased halal certification roadmap prioritising high-volume and strategic products - Closely coordinated with certification bodies and internal compliance teams	Obtained Halal certification for 19 products
	Overly broad product portfolio impacting management focus, working capital requirements and profitability	Undertook portfolio rationalisation to prioritise four key ATC focus categories	- Improved capital allocation discipline - Strengthened governance over product decisions - Enhanced profitability and long-term portfolio sustainability
	Inefficient inventory planning potentially contributing to stock and service issues	- Introduced structured min-max replenishment SOP for Class A and B products - Improved demand forecasting and stock rotation controls	98% of inventory carried more than 15 months of remaining shelf life - Short-expiry stock represented less than 1% of total inventory - Enhanced service levels and reduced back orders
	Logistics and Distribution		
	– Challenges	Mitigation Efforts	Results
	Fixed and low industry distribution margins	Strengthened margin management through tighter sale discount controls and logistics cost optimisation	- Improved distribution margins - Increased warehouse operations efficiency
	Slow payment risks from government institutions	- Centralised monitoring of outstanding receivables - Conducted regular follow-ups on overdue payments	- Improved cash collection efficiency - Maintained sustainable revenue streams

OPERATIONAL REVIEW

5	OUTLOOK	
	Growth in Indonesia’s pharmaceutical market is expected to remain strong in 2026. Tailwinds include sustained healthcare demand, broad national health insurance coverage, increasing health awareness and supportive policies such as the implementation of BPJS’s Standard Inpatient Health Classes (KRIS) and the opening of the healthcare system to foreign specialists .	
	At the same time, continued market fragmentation and pricing pressures are expected to persist, while ongoing localisation efforts pose challenges for international firms at the tender phase. These trends reinforce the need for disciplined execution, operational efficiency and the cultivation of sustainable new revenue streams to remain competitive.	
	In navigating these challenges, Pharmaniaga’s Indonesian subsidiaries will continue to deepen market penetration and access, leveraging on the Group’s expanded distribution network and participation in public healthcare platforms to enhance product availability across its focus areas. Ongoing engagement with healthcare professionals and optimisation of channel strategies is expected to support demand stability and revenue diversification.	
	Further development of the CDMO platform remains a strategic priority, with emphasis on selective product onboarding, regulatory readiness and manufacturing capacity optimisation. These initiatives are intended to support incremental revenue generation while maintaining stringent quality and compliance standards.	
	Portfolio optimisation and working capital discipline will remain central to management focus. Continued application of structured inventory planning, demand forecasting, and lifecycle management is expected to enhance service levels, reduce obsolescence risk and improve capital efficiency.	
	The relocation of MPI’s Bekasi and Denpasar branches to larger warehouse facilities in particular has served to improve capacity, strengthen operational support and enable faster distribution, ahead of the establishment of a high-capacity central warehouse set for completion by mid-2026.	
	In preparation for the mandatory Halal certification requirements effective in 2026, Errita has made meaningful progress, with Halal certification obtained for 19 products. We will continue to prioritise certification of remaining key products to ensure full regulatory compliance and business continuity, ahead of the progressive deadlines for cosmetic, OTC and prescription pharmaceuticals in October 2026, October 2029 and October 2034 respectively.	
	Moving forward, Pharmaniaga remains committed to strengthening operational resilience, maintaining regulatory compliance and delivering sustainable long-term value in Indonesia’s dynamic and evolving pharmaceutical landscape, with the market expected to contribute significantly to the Group’s longer-term growth.	

SUSTAINABILITY STATEMENT

AS AT 31 DECEMBER 2025

This Sustainability Statement provides a summarised overview of the Group’s sustainability disclosures for the purpose of Integrated Reporting. The Sustainability Report 2025, including detailed disclosures on initiatives, performance and frameworks, is available on Pharmaniaga’s website.

The Sustainability Report 2025 provides expanded disclosures, including:

- Sustainability Goals and initiatives across all focus areas
- Task Force on Climate-related Financial Disclosures (TCFD) aligned disclosures
- ESG Performance Data Table
- Sustainability Reporting Framework
- Global Reporting Initiative (GRI) Content Index

Guided by our responsibility to society and the environment, Pharmaniaga pursues sustainable business practices to support our ambition to be a leading pharmaceutical company.

We take a holistic approach to sustainability by embedding stakeholder considerations into decision-making and operational practices. By leveraging our expertise and collaborating with stakeholders, we enhance operational efficiencies and resilience while minimising or avoiding adverse environmental and social impacts.

In our commitment to transparent reporting and alignment with national and international standards, the Group strengthened its foundations for IFRS readiness during the reporting year by enhancing governance, data quality, and internal controls, while improving coordination across finance, sustainability, risk, and operations. During the financial year under review, the Group strengthened its foundations for IFRS readiness by enhancing governance, data quality, and internal controls, while improving coordination across finance, sustainability, risk, and operations. Initial gap assessments and alignment of policies and reporting practices were undertaken to support consistent, reliable, and decision-useful disclosures, positioning the Group for a structured transition towards IFRS-aligned reporting. This included disclosing the applicability of relevant SASB Standards for the Health Care Distributors industry to identify sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s business, financial position and future prospects.

SUSTAINABILITY MILESTONES



These milestones included strengthened governance oversight, enhanced environmental and social management practices, clearer human rights commitments, and improved ESG data quality and disclosures across the Group.

We welcome feedback, comments and suggestions for improvement to our Report. Please send your enquiries to:

Fazleena Jasin

Head of Sustainability

Tel : +603-3342 999

E-mail : sustainability@pharmaniaga.com

SUSTAINABILITY STATEMENT

SUSTAINABILITY ACHIEVEMENTS AND HIGHLIGHTS

OUR SIGNIFICANT ACHIEVEMENTS

✔ Completed manufacturing of three human insulin process validation (PV) batches

✔ Improved FTSE4Good ESG Rating score from 3.8 in FY2024 to 4.6 in FY2025, achieving a 4-star rating

✔ Received 1-star recognition for Purposeful Partnership by UN-Global Compact Malaysia and Brunei

✔ Awarded HR Asia Best Companies to Work for in Asia 2025 (Malaysia Chapter)

✔ Formation of Business and Human Rights (B+HR) Taskforce to advance policy and framework development

✔ Strengthened stakeholder engagement through inclusion of ESG Analysts, Academia and Healthcare Practitioners



SUSTAINABILITY STATEMENT

OUR APPROACH TO SUSTAINABILITY

Pharmaniaga’s sustainability approach is embedded across all levels within the Group. Guided by our Board of Directors, we prioritise a holistic approach that integrates environmental, social, and governance (ESG) considerations into every aspect of our business. This comprehensive approach ensures that sustainability principles are reflected in all our policies, operational decisions, and projects. We align our efforts with national and international sustainability standards and track our progress against key performance indicators to achieve positive outcomes for our company, our stakeholders, and the wider community.

Policies

Our policies reflect our commitment to ethical business practices, environmental and social responsibility, and a diverse and inclusive workplace. This section outlines our core policy tenets and lists our established policies.

01	To continuously invest our resources in ensuring our products and services are relevant and meet the needs of our customers	04	To continuously create and sustain an engaged work culture that attracts, retains, and motivates our employees
02	To be fully committed to environmentally friendly business practices towards the conservation and preservation of the environment	05	To strengthen communities and contribute to the enrichment of society by: • Prioritising opportunities for local businesses; and • Integrating corporate responsibility initiatives that encompass healthcare, education and welfare of Malaysians across our operations
03	To ensure that our employees operate in a safe and conducive work environment		

Our commitments are supported by a comprehensive set of policies that establish clear standards for ethical conduct, environmental management, workplace practices, and governance across the Group. In FY2025, the Group reaffirmed its commitment to responsible business conduct by aligning its operations with the Business and Human Rights (B+HR) Policy. These efforts reflect the Group’s ongoing commitment to upholding internationally recognised human rights standards and supporting sustainable, inclusive business growth.

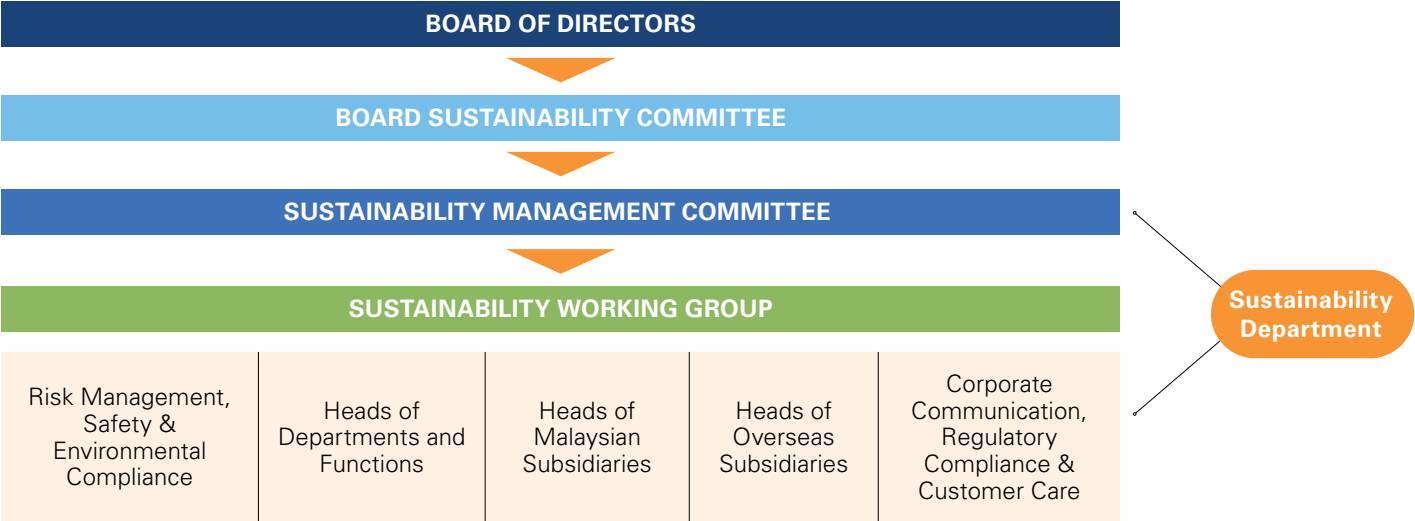
ENVIRONMENTAL	GOVERNANCE AND ECONOMY
• Environmental, Safety and Health Policy • Energy Policy • Sustainability Policy	• Corporate Governance Policy • Code of Ethics and Conduct • Vendor Code of Ethics Policy • Anti-Bribery and Corruption Policy • Whistleblowing Policy • Halal Policy • Anti-Money Laundering Policy • Contribution to External Party Procedure • Gifting Policy • Investor Relations Policy • Good Distribution Practice for Medical Devices Procedure • Laboratory Policy
SOCIAL	
• Human Rights Policy (Under Development) • Gender Diversity Policy • Sexual Harassment Policy • Social Media Policy • Workplace Bullying Policy • Quality Policy	

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

At Pharmaniaga, sustainability is a strategic priority overseen by our highest governing bodies. The Board of Directors provides overall direction and guidance on all sustainability matters, including climate-related risks. The Board Sustainability Committee (BSC) assists the Board in these deliberations. Sustainability-related decisions are approved at the Board level. These decisions are cascaded across the Group, with the Sustainability Department acting as the liaison between the Sustainability Management Committee (SMC) and Sustainability Working Group (SWG) to implement, monitor, and report on approved sustainability initiatives.

The following infographics illustrate the Group's sustainability governance structure:



Board Sustainability Committee

The BSC assists the Board in performing its oversight responsibility over Pharmaniaga’s sustainability objectives, policies, and practices, such as:

- Develops and recommends sustainability strategies, targets, policies and roadmaps for the Board’s approval.
- Reviews and evaluates the effectiveness of implemented sustainability initiatives.
- Ensures adequate resources are allocated to achieve the established sustainability goals.
- Advises the Board on risk appetite and strategies related to sustainability-related risks and opportunities, with a focus on mitigating climate change and its potentially catastrophic impacts.
- Monitors stakeholder engagement activities and ensures effective grievance mechanisms are in place.

The BSC receives reports from the SMC on critical sustainability issues, including health, safety, environmental matters, and grievances. The BSC is responsible for reviewing this information and subsequently preparing the sustainability reports for presentation to the Board of Directors. The composition of BSC is stated on pages 98, 102, 103 and 107 of this report.

The BSC, together with the Nominating and Remuneration Committee (NRC), has initiated discussions to progressively evaluate the integration of selected sustainability and climate-related performance indicators into performance and remuneration frameworks. This supports the Group’s long-term value creation and alignment with emerging sustainability disclosure requirements, including IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board.

Further details on remuneration governance and the role of the Nominating and Remuneration Committee are provided in the Governance section of this Integrated Report (refer pages 118 and 121).

SUSTAINABILITY STATEMENT

SUSTAINABILITY TARGETS AND PERFORMANCE

MATERIAL MATTERS	TARGETS	PERFORMANCE
GOAL 1: Delivering Sustainable Value and Future-Proofing the Business		
M1 Business Continuity	Implement Business Continuity Management (BCM)	Established BCM Working Committee (BCMWC) and the Crisis Management Committee (CMC)
M2 Technology & Innovation	Apply new or improved technologies, tools, systems and processes	Installed: - Variable Speed Drive (VSD) Compressor - E-labelling using Quick Response (QR) - Power BI Manufacturing Dashboard - HR Service Apps - QC Service Apps - ClickUp for Project Management Upgraded: Overall Equipment Efficiency (OEE)
	Ensure zero breaches and leakage of privacy and information	Zero breaches of privacy through the Implementation of ISO/IEC 27001:2022 Information Security Management System
M3 Customer Satisfaction	Maintain quality and customer care service	Maintained at all manufacturing sites the ISO 9001:2015 Quality Management Systems
	Certification	Maintained at relevant sites: ISO 18295-1:2017 Customer Contact Centres Certified
	Customer satisfaction rating surveys > 94%	Ministry of Higher Education (MOHE): 96% Private Sector (reporting for 2024): 95%
	30-day resolution for Service & Distribution complaints	Service Level Agreement (SLA) Performance FY2023: 78% FY2024: 61% FY2025: 81%
M4 Sustainable Products & Services	Improve access to medicine	Expansion of the concession agreement via rider contracts to teaching hospitals and hospitals under the Ministry of Defence
	Product Pipeline Expansion and Market Registration	Generic Drugs: - Product registered in Malaysia: 332 products - Product registered in Indonesia: 127 products Registered Biopharma: - Vaccine: 5 - Insulin: 5 - Medical Device: 5 Expanded Halal-certified halal medicine: 210 - Malaysia - New: 12 / Total: 190 - Indonesia - New: 19 / Total: 20
	Partnered with international industry leaders to localise medicine	Partnership/Collaboration: In 2025, we further strengthened our insulin portfolio by securing registration for an analogue insulin in partnership with China, with plans to submit for local manufacturing registration in 2026.

SUSTAINABILITY STATEMENT

MATERIAL MATTERS	TARGETS	PERFORMANCE
GOAL 2: Acting with Integrity		
M5 Corporate Governance & Business Ethics	Apply the best practices as recommended by MCCG	Zero fines and non-compliance incidents
	Zero incidents of unethical practices, bribery and corruption	No substantiated claims of bribery and corruption practices
GOAL 3: Achieving Operational Eco-Efficiency		
M6 Environmental Compliance	Maintain zero non-compliance incidents on environmental matters	Zero fines and non-compliance incidents ISO certification maintained across all Malaysia sites and PT Errita Pharma (Indonesia manufacturing site)
M7 Greenhouse Gas & Climate Change	Increase the use of renewable energy sources	Decarbonisation programmes - IPSB Sungai Petani have achieved energy saving of 767.51 GJ and avoided 165.01 tCO₂ of GHG emissions from the utilisation of renewable energy - Signed Solar Power Purchase Agreement for solar panels with 4,661.46kWp expected capacity
	15% reduction in Greenhouse Gas (GHG) absolute emissions by 2025, against the 2019 Baseline	Status of the 15% reduction of GHG by 2025: 29.02% of GHG has been reduced since 2019 Efficiency Programmes - Installed energy-efficient technologies - Upgraded and optimised equipment and machinery at facilities - Transitioned to LED lights - Motor changed to VSD
M8 Resource Efficiency	Reduce waste whilst increasing water efficiency and raw material usage	Water recycled: 14.67 m ³ Harvested rainwater: 128.32 m ³ Reduced potable water consumption by 15.16% against the 2019 baseline Environmental training: 733 man-hours

SUSTAINABILITY STATEMENT

MATERIAL MATTERS	TARGETS	PERFORMANCE
GOAL 4: Creating a Sustainable and High-Performance Workforce		
M9 Talent Management	Zero incidents of labour practices and human rights violation	Zero human rights and labour incidents
	Maintain employee attrition rate at below 13% for Malaysia (60% weighting) and Indonesia (40% weighting)	Attrition rate FY2025: - Malaysia: 9.13% - Indonesia: 14.98% Turnover rate (Malaysia / Indonesia):* - FY2023 : 20.51% / 15.57% - FY2024: 12.26% / 18.57% - FY2025: 9.13% / 14.98% * Internal assurance
	Achieve 30% gender diversity at Group level	Gender Diversity (Female) - Board: 30% ^ - Senior Manager: 15.38% - Middle Management: 32.97% - Executive: 63.12% - Non-executive: 31.49% ^ Calculated based on the full Board, excluding alternate directors
	Build employee career development and succession plans	Established Management Development Programmes: - Succession Planning Programme (SPP) - High Potential Programme (HiPo) - Hackhaton Programme - PharmaLead Programme Average Employee Training Hours - FY2023: 23 hours - FY2024: 28 hours - FY2025: 41 hours
M10 Health & Safety	Maintain Zero Fatality	No fatalities recorded since the establishment
	Improve Year-Over-Year Loss Time Injury Rate (LTIR)	FY2023: LTIR: 0.31 FY2024: LTIR: 0.35 FY2025: LTIR: 0.47
GOAL 5: Building a Better Society		
M11 Supporting Local Businesses	Promote local purchasing	81% of total procurement spend was sourced from local suppliers
M12 Corporate Responsibility	Establish a strategic Corporate Social Responsibility (CSR) policy at the Group level	Created community-focused pillars: - Health - Welfare - Education - Established Skuad Operasi Sihat (SOS) employee volunteering structure Total Investment in Corporate Responsibility Initiatives - FY2023: RM 3,628,683 - FY2024: RM 2,948,464 - FY2025: RM 1,312,657

PRESCRIBED TABLE
(BURSA ESG PLATFORM)

Pharmaniaga Berhad

BMLR Transition Period

Date & Time: 2026-04-15_16:30:21

FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Anti- corruption	Percentage of employees who have received training on anti-corruption by employee category: Senior Management	Percentage	58.50	—	External (Reasonable)	
Anti- corruption	Percentage of employees who have received training on anti-corruption by employee category: Middle Management	Percentage	91.20	—	External (Reasonable)	
Anti- corruption	Percentage of employees who have received training on anti-corruption by employee category: Executive/ Non - executive	Percentage	46.30	—	External (Reasonable)	
Anti- corruption	Percentage of operations assessed for corruption-related risks	Percentage	8.700	—	External (Reasonable)	
Anti- corruption	Confirmed incidents of corruption and action taken	Number	0	—	External (Reasonable)	
Community/ Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,312,658	—	External (Reasonable)	
Community/ Society	Total number of beneficiaries of the investment in the communities	Number	152,271	—	External (Reasonable)	
Community/ Society	Employee participated in community impact programmes	Number	172	—	External (Reasonable)	
Diversity	Age group by Employee Category: Senior Management Under 30	Percentage	1.54	—	External (Reasonable)	

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PRESCRIBED TABLE
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Pharmaniaga Berhad
BMLR Transition Period

Date & Time: 2026-04-15 16:30:21
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Age group by Employee Category: Senior Management Between 30-50	Percentage	58.46	—	External (Reasonable)	
Diversity	Age group by Employee Category: Senior Management Above 50	Percentage	40.00	—	External (Reasonable)	
Diversity	Age group by Employee Category: Middle Management Under 30	Percentage	110	—	External (Reasonable)	
Diversity	Age group by Employee Category: Middle Management Between 30-50	Percentage	75.27	—	External (Reasonable)	
Diversity	Age group by Employee Category: Middle Management Above 50	Percentage	23.63	—	External (Reasonable)	
Diversity	Age group by Employee Category: Executive Under 30	Percentage	25.58	—	External (Reasonable)	
Diversity	Age group by Employee Category: Executive Between 30 - 50	Percentage	65.56	—	External (Reasonable)	
Diversity	Age group by Employee Category: Executive Above 50	Percentage	8.86	—	External (Reasonable)	
Diversity	Age group by Employee Category: Non-Executive Under 30	Percentage	25.71	—	External (Reasonable)	
Diversity	Age group by Employee Category: Non-Executive Between 30-50	Percentage	67.34	—	External (Reasonable)	
Diversity	Age group by Employee Category: Non-Executive Above 50	Percentage	6.95	—	External (Reasonable)	

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Pharmaniaga Berhad
BMLR Transition Period

Date & Time: 2026-04-15 16:30:21
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Gender Group by Employee Category: Senior Management Male	Percentage	84.62	—	External (Reasonable)	
Diversity	Gender Group by Employee Category: Senior Management Female	Percentage	15.38	—	External (Reasonable)	
Diversity	Gender Group by Employee Category: Middle Management Male	Percentage	6703	—	External (Reasonable)	
Diversity	Gender Group by Employee Category: Middle Management Female	Percentage	32.97	—	External (Reasonable)	
Diversity	Gender Group by Employee Category: Executive Male	Percentage	36.88	—	External (Reasonable)	
Diversity	Gender Group by Employee Category: Executive Female	Percentage	6312	—	External (Reasonable)	
Diversity	Gender Group by Employee Category: Non-Executive Male	Percentage	68.51	—	External (Reasonable)	
Diversity	Gender Group by Employee Category: Non-Executive Female	Percentage	31.49	—	External (Reasonable)	
Diversity	Percentage of directors by gender and age group: Male	Percentage	70.00	—	External (Reasonable)	Calculated based on the full Board, excluding alternate directors
Diversity	Percentage of directors by gender and age group: Female	Percentage	30.00	30%	External (Reasonable)	Calculated based on the full Board, excluding alternate directors
Diversity	Percentage of directors by gender and age group: 30 and below	Percentage	0	—	External (Reasonable)	Calculated based on the full Board, excluding alternate directors

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PRESCRIBED TABLE
(BURSA ESG PLATFORM)

Pharmaniaga Berhad
BMLR Transition Period

Date & Time: 2026-04-15 16:30:21
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Percentage of directors by gender and age group: 31 - 40	Percentage	0	—	External (Reasonable)	Calculated based on the full Board, excluding alternate directors
Diversity	Percentage of directors by gender and age group: 41 - 50	Percentage	10.00	—	External (Reasonable)	Calculated based on the full Board, excluding alternate directors
Diversity	Percentage of directors by gender and age group: Above 51	Percentage	90.00	—	External (Reasonable)	Calculated based on the full Board, excluding alternate directors
Health and Safety	Number of work-related fatalities	Percentage	0	Zero fatalities	External (Reasonable)	
Health and Safety	Lost time incident rate ("LTIR")	Percentage	0.47	Year-over-year reduction in LTIR	External (Reasonable)	
Health and Safety	Number of employees trained on health and safety standards	Percentage	1,236	—	External (Reasonable)	
Health and Safety	Total hours worked	Percentage	6,801,813	—	External (Reasonable)	
Health and Safety	Number of lost time injuries	Number	18	—	External (Reasonable)	
Labour practices and standards	Total hours of training by employee category: Senior Management	Hours	2,339	—	External (Reasonable)	
Labour practices and standards	Total hours of training by employee category: Middle Management	Hours	33,474	—	External (Reasonable)	
Labour practices and standards	Total hours of training by employee category: Executive and Non- Executive	Hours	109,963	—	External (Reasonable)	
Labour practices and standards	Percentage of employees that are contractors or temporary staff	Percentage	10.99	—	External (Reasonable)	

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PRESCRIBED TABLE
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Pharmaniaga Berhad
BMLR Transition Period

Date & Time: 2026-04-15 16:30:21
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour practices and standards	Total number of employee turnover by employee category: Senior Management	Number	12	—	External (Reasonable)	
Labour practices and standards	Total number of employee turnover by employee category: Middle Management	Number	17	—	External (Reasonable)	
Labour practices and standards	Total number of employee turnover by employee category: Executive	Number	90	—	External (Reasonable)	
Labour practices and standards	Total number of employee turnover by employee category: Non- Executive	Number	289	—	External (Reasonable)	
Labour practices and standards	Number of substantiated complaints concerning human rights violations	Number	0	Zero complaints	External (Reasonable)	
Labour practices and standards	Average training hours per employee	Hours	41	32- 40 average training hours	External (Reasonable)	
Labour practices and standards	Total new hires	Number	475	—	External (Reasonable)	
Labour practices and standards	New hires rate	Percentage	13.43	—	External (Reasonable)	
Labour practices and standards	Turnover rate for Malaysia	Percentage	913	—	Internal	
Labour practices and standards	Turnover rate for Indonesia	Percentage	14.98	—	Internal	
Supply chain management	Proportion of spending on local suppliers	Percentage	81.00	—	External (Reasonable)	
Supply chain management	Suppliers assessed for environmental impacts	Number	202	100% of new suppliers assessed	External (Reasonable)	

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PREScribed TABLE
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Pharmaniaga Berhad
BMLR Transition Period

Date & Time: 2026-04-15 16:30:21
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Supply chain management	Suppliers assessed for social impacts	Number	202	100% of new suppliers assessed	External (Reasonable)	
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	Zero complaints	External (Reasonable)	
Materials Management	Total weight or volume of materials that used to produce and package products and services	Metric tonnes	1,00192	Achieve 100% use of recycled materials in packaging	External (Reasonable)	
Energy Management	Total Energy Consumption	Gigajoules	223,647,91	15% reduction from the baseline	External (Reasonable)	
Waste Management	Total waste generated	Metric tonnes	1,985.59	—	External (Reasonable)	
Waste Management	Total waste diverted from disposal	Metric tonnes	1,74,722	—	External (Reasonable)	
Waste management	Total waste directed to disposal	Metric tonnes	238.37	—	External (Reasonable)	
Emissions management	Scope 1 emissions in tonnes of CO2e	Metric tonnes	5,468.59	15% reduction from the baseline	Internal	
Emissions management	Scope 2 emissions in tonnes of CO2e	Metric tonnes	31,796.69	15% reduction from the baseline	Internal	
Emissions management	Scope 3 emissions in tonnes of CO2e	Metric tonnes	89,207.9	—	Internal	
Water	Total volume of water used	Megalitres	280.05	15% reduction from the baseline	External (Reasonable)	

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ASSURANCE STATEMENT

- As part of this assurance engagement, the verification team visited Pharmaniaga's corporate office at Kawasan Perindustrian Bukit Raja Selatan, Shah Alam. However, the verification process did not include physical inspections of any of Pharmaniaga's buildings, offices and plants.
- The verification team did not assess or verify any data related to contractors or third parties.

Conclusion

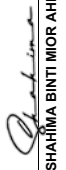
SIRIM QAS International, the Conformity Assessment Body (CAB) in Malaysia, is accredited to ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 for the provision of management system certification, product certification, and testing services across its full scope of operational activities. Building on this foundation, SIRIM QAS International is accredited as a Validation and Verification Body (VVB) under ISO/IEC 17029:2019 and ISO 14065:2020, enabling it to provide independent, impartial, and technically robust validation and verification services in accordance with internationally recognized standards. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of Pharmaniaga relating to the accuracy of some of the information contained in the report. In response to the findings, the Sustainability Report was subsequently reviewed and revised by Pharmaniaga. It is confirmed that changes that have been incorporated into the final version of the report have addressed all issues. Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Pharmaniaga Sustainability Report 2025 is fairly stated.
- The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared.
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report.
- The Sustainability Report 2025 presents a reasonable and balanced view of Pharmaniaga Berhad's sustainability performance.

List of Assessors.	
1)	Ms. Aernida Abdul Kadir : Team Leader
2)	Ms. Kamini Sooriamoorthy : Team Member
3)	Ms. Suzalina Kamaralarifin : Team Member
4)	Ms. Hazwan Yob : Team Member
5)	Ms. Farhanah Ahmad Shah : Team Member

Statement Prepared by:

Statement Approved by:

 AERNIDA BINTI ABDUL KADIR Team Leader Management System Certification Department SIRIM QAS International Sdn. Bhd. Date: 2 April 2026	 WAN SHAHIMA BINTI MIOR AHMED SHAHIMI General Manager Management System Certification Department SIRIM QAS International Sdn. Bhd Date: 8 April 2026
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Note : This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantee the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (16 March 2026).

SIRIM QAS INTERNATIONAL SDN BHD
INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Pharmaniaga Berhad (hereafter referred to as Pharmaniaga) to perform an independent verification and provide assurance of the Pharmaniaga Sustainability Report 2025. The main objective of the verification process is to provide assurance to Pharmaniaga and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International pertains to sustainable performance information (subject matter) within the assurance scope which is included in Pharmaniaga Sustainability Report 2025.

The management of Pharmaniaga was responsible for the preparation of the Sustainability Report. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Pharmaniaga's Sustainability Report, and the Integrated Annual Report 2025.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of Pharmaniaga Sustainability Report and its overall presentation against respective frameworks such as UN-SDGs, GRI Standard requirement, IFRS S1 & S2 requirements and other relevant frameworks. The assurance process involves verification of applicable subject matter as presented in the report through these goals i.e., Delivering Sustainable Value and Future-Proofing the Business; Acting with Integrity, Achieving Operational Eco-Efficiency, Creating a Sustainable and High-Performance Workforce, and Building Better Society. In addition to this, we also review and verify the sustainability indicators outlined by Bursa Malaysia to ensure the accuracy, completeness, and reliability of the reported information. The results of this verification process have been systematically tabulated in Appendix 1, Appendix 2 and the Report to Management, with further details provided therein.

The verification was carried out by SIRIM QAS International between February and March 2026, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation made available during the assessment.
- Verifying the data presented in the Sustainability Report, which includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and developing various sections of the report to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in Pharmaniaga Integrated Annual Report 2025.
- The review excluded all financial-related data, as these are subjected to the company's financial audit.
- The scope of this review excludes GHG emissions and all associated data contributing to Scope 1, Scope 2 and Scope 3 emissions, and any information relating to Pharmaniaga's GHG accounting and reporting.

BOARD AT A GLANCE

BOARD AT A GLANCE



Seated:

DATO' SERI ABDUL RAZAK JAAFAR
Independent Non-Executive Chairman

Standing from left to right:

SARAH AZREEN ABDUL SAMAT
Independent Non-Executive Director

MOHAMMAD ASHRAF MD. RADZI
Non-Independent Non-Executive Director

DATO' DR. FARIDAH ARYANI MD. YUSOF
Independent Non-Executive Director

MOHD FIRDAUS ZULKIFLI
Non-Independent Non-Executive Director
(Alternate Director to Mohammad Ashraf Md. Radzi)

11
DIRECTORS
(Including Alternate Director)

8 Male | **3** Female

Age Diversity

Length of Service

1
Below 40 years old

5
41 - 60 years old

5
Above 61 years old

4
2 - 5 years

7
Below 2 years

Seated:

DATO' ZULKIFLI JAFAR
Managing Director

Standing from left to right:

DATO' MOHD ZAHIR ZAHUR HUSSAIN
Independent Non-Executive Director

DATUK MOHD ADZAHAR ABDUL WAHID
Non-Independent Non-Executive Director

DR. ABDUL RAZAK AHMAD
Senior Independent Non-Executive Director

PROFESSOR EMERITA DR. MARY JANE CARDOSA
Independent Non-Executive Director

DATO' SERI DR. HJ. AWALUDIN SAID
Independent Non-Executive Director

PROFILE OF BOARD OF DIRECTORS

DATO’ SERI ABDUL RAZAK JAAFAR

Independent Non-Executive Chairman



Skills Matrix	
HR	Human Resource
PA	Public Administration
Board Committee(s)	
None	
Details of any interest in the securities of Pharmaniaga Berhad	
None	
Directorship in other public listed companies	
None	
Directorship in public companies	
None	
Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries	
None	
List of convictions for offences within the past 10 years other than traffic offences, if any	
None	

Working Experience and Occupations

Dato’ Seri Abdul Razak’s distinguished career in public service began in 1988 as a Public Relations Officer at the Seremban City Council. He joined the Administrative and Diplomatic Official (PTD) in 1991, marking the start of his impactful journey in Government. He currently holds several key directorships in public and statutory bodies, including serving as Chairman of Lintasan Resources Sdn Bhd, Chairman of Universiti Malaysia Pahang Al Sultan Abdullah (UMPSA) and its Foundation, as well as a Board Member of Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN).

From 1992 to 1996, he played a key role in national security as Assistant Director at the Federal Special Task Force in Sabah and the National Security Council under the Prime Minister’s Office. His contributions were instrumental in shaping national security strategies during a pivotal time.

In 1996, Dato’ Seri Abdul Razak transitioned to the Selangor State Government, where he held several leadership positions, including Head of Internal Audit & Public Complaints and Assistant Secretary for Services & Training. His tenure marked a significant contribution to state governance and public service delivery.

Rising through the ranks, he was appointed Director of Community Development at Petaling Jaya Municipal Council in 2002, followed by Director of Corporate Planning at Ampang Jaya Municipal Council in 2003. His leadership was further recognised in 2006 when he became Deputy President of the Sepang Municipal Council, and later, President of the Kuala Langat Municipal Council in 2009, where he led transformative municipal projects.

In 2012, Dato’ Seri Abdul Razak moved to the Unit Kerjasama Awam Swasta - UKAS, Prime Minister Department - PMD, where he held multiple strategic roles, including Director for Security, Housing, and Land Development, and played a key role in public-private partnerships. His expertise in policy, public administration, and inter-governmental coordination was invaluable.

In 2013, his career reached new heights when he was appointed Division Secretary at the Ministry of Defence (MINDEF), overseeing Finance and Procurement divisions, where his leadership enhanced financial operations and procurement strategies.

From 2015 to 2019, as Deputy Secretary General at the Ministry of Works, he shaped national infrastructure policies and strategic development. In 2019, he was appointed State Secretary for Penang, driving the state’s development agenda and improving governance efficiency.

Most recently, Dato’ Seri Abdul Razak served as Secretary General at the Ministry of Higher Education from 2021 to 2023, where he provided visionary leadership in shaping Malaysia’s higher education policies and initiatives. Throughout his illustrious career, Dato’ Seri Abdul Razak has been a driving force in public administration, governance, and national development.

Qualification(s)

- Master of Science in Human Resource Development, Universiti Putra Malaysia
- Postgraduate Diploma in Public Management, National Institute of Public Administration (INTAN)
- Bachelor of Communication (Honours), Universiti Kebangsaan Malaysia

PROFILE OF BOARD OF DIRECTORS

DATO’ ZULKIFLI JAFAR

Managing Director



Skills Matrix	
LR	Legal & Regulatory
CPD	Corporate Planning & Development
N	Negotiation
Board Committee(s)	
None	
Details of any interest in the securities of Pharmaniaga Berhad	
• 400,000 ordinary shares	
Directorship in other public listed companies	
• PT Millennium Pharmacon International Tbk	
Directorship in public companies	
None	
Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries	
None	
List of convictions for offences within the past 10 years other than traffic offences, if any	
None	

Working Experience and Occupations

Dato’ Zulkifli’s career began as a legal counsel at Panglima Aces Sdn. Bhd. in 1997. Rapidly ascending the ranks, he distinguished himself as an advocate and solicitor at Messrs Raslan Loong within the same year and by 2002, Dato’ Zulkifli became a partner at Messrs Rashid Zulkifli. Beyond his legal practice, Dato’ Zulkifli serves as a director and major shareholder of MMA Resources Sdn. Bhd., an oil & gas company.

In addition to his corporate responsibilities, Dato’ Zulkifli is actively engaged in shaping the landscape of development and governance. Currently, he holds the positions of Chairman and Director at Era Universe Development Sdn. Bhd., a development company.

Dato’ Zulkifli had served as the Legal Advisor for Johor State Government Linked Companies (GLC). His diverse portfolio included directorships in esteemed organisations such as the Cooperative Commission of Malaysia, the regulator body of cooperatives in the country; Board of Trustee of the Foundation of Research and Transformation, an independent think tank research body of the Prime Minister’s Office; and Songa Offshore Malaysia Sdn. Bhd.

Internationally, Dato’ Zulkifli was a director and management member of the Chartridge Conference Centre (UK) Limited, overseeing the operations of four hotels and conference centres in the United Kingdom.

In 2020, Dato’ Zulkifli assumed the position of Chairman at Idaman Pharma Manufacturing Sdn. Bhd., a subsidiary of Pharmaniaga Berhad (Pharmaniaga) and subsequently, appointed as the Group Executive Director of Pharmaniaga in March 2022. In February 2023, he was redesignated as Deputy Chief Executive Officer of Pharmaniaga.

In January 2023, Dato’ Zulkifli was appointed as a board member of University Sains Islam Malaysia (USIM) and in June 2023, he was appointed to be the Chairman of USIM Tjarah Holdings Sdn. Bhd., the holding company of USIM. He was also appointed as the Chairman of the Advisory Panel (Faculty of Sharia and Law) and the Investment Committee.

On 1 March 2024, Dato’ Zulkifli was appointed as the Executive Director of Pharmaniaga, taking over the role and functions of the Executive Committee which was dissolved, and subsequently, he was redesignated as Managing Director on 1 September 2024.

Qualification(s)

- Master of Business Administration, MAHSA University
- Certified Patent Agent
- Advocate and Solicitor of the High Court of Malaya
- Admission to Malaysian Bar in 1996
- Bachelor of Laws (Honours), Universiti Islam Antarabangsa Malaysia

PROFILE OF BOARD OF DIRECTORS

DR. ABDUL RAZAK AHMAD

Senior Independent Non-Executive Director



Skills Matrix	
HCK	Human Capital & Knowledge Management
LR	Legal & Regulatory
IA	International Affairs
PPG	Public Policy & Governance
Board Committee(s)	
- Chairman of Nominating and Remuneration Committee - Chairman of Sustainability Committee - Member of Audit Committee - Member of Board Risk and Investment Committee	
Details of any interest in the securities of Pharmaniaga Berhad	
None	
Directorship in other public listed companies	
None	
Directorship in public companies	
None	
Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries	
None	
List of convictions for offences within the past 10 years other than traffic offences, if any	
None	

Gender	Age	Nationality	Appointed on	Last re-election on
Male	54	Malaysian	20 November 2020	18 June 2025

Working Experience and Occupations

Dr. Abdul Razak is the Founding Director of Bait Al Amanah, a political security and international affairs think tank based in Kuala Lumpur.

He is currently the Special Advisor to the Foreign Minister of Malaysia and Malaysia’s Representative to the Advisory Board of ASEAN Institute for Peace and Reconciliation (ASEAN-IPR), Jakarta. He is also a member of the Board of Directors at Universiti Malaysia Sarawak (UNIMAS) and the Board of Governors of MAHSA University.

Dr. Abdul Razak previously served as the member of the Consultative Council on Foreign Policy, Ministry of Foreign Affairs, a senior advisor in the Ministry of Higher Education Malaysia and a consultant to the special consultancy team on globalisation at the National Economic Action Council (NEAC) of the Prime Minister’s Department.

He was also a faculty member at the National Defence University of Malaysia, teaching international security, international law and global affairs. At present, he is an Adjunct Professor in a few national and international universities.

On the international front, Dr. Abdul Razak had served as consultant and policy advisor in peace building and international development strategies in the Middle East, North Africa, ASEAN and the Southern Pacific region. He was also engaged by the European Union and the World Bank as a subject matter expert on human development and human security-related issues.

He is a qualified legal counsel, having trained in Malaysia and the United Kingdom (UK) and received his PhD in Law and International Security from the University of Leeds, UK. He did his fellowship at East West Centre (University of Hawaii) and was a visiting researcher at Colombia University. He also attended leadership executive programmes at Said Business School (Oxford University) and Kennedy School of Government (Harvard University).

On 22 February 2023, Dr. Abdul Razak was redesignated as Senior Independent Non-Executive Director of Pharmaniaga.

Qualification(s)

- Doctor of Philosophy in Law (International Security), University of Leeds, United Kingdom
- Master of Laws in International Trade Law, University of Kent at Canterbury, United Kingdom
- Bachelor of Laws (Honours), Universiti Islam Antarabangsa Malaysia
- Advocate and Solicitor, High Court of Sabah and Sarawak
- Advocate and Solicitor, High Court of Malaya

PROFILE OF BOARD OF DIRECTORS

MOHAMMAD ASHRAF

MD. RADZI

Non-Independent Non-Executive Director



Skills Matrix	
AF	Accounting & Finance
CPD	Corporate Planning & Development
Board Committee(s)	
None	
Details of any interest in the securities of Pharmaniaga Berhad	
None	
Directorship in other public listed companies	
Affin Bank Berhad	
Directorship in public companies	
Boustead Plantations Berhad	
Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries	
None	
List of convictions for offences within the past 10 years other than traffic offences, if any	
None	

Gender	Age	Nationality	Appointed on	Last re-election on
Male	48	Malaysian	10 August 2023	18 June 2025

Working Experience and Occupations

Mohammad Ashraf is the Chief Executive of Lembaga Tabung Angkatan Tentera (LTAT), having been appointed on 1 April 2024. Prior to this, he served as Chief Financial Officer of LTAT from March 2020 to March 2024.

He has over 23 years of experience across Malaysia and Europe, with exposure to corporate finance, investment management and capital markets.

Before joining LTAT, he served as Chief Financial Officer of Ahmad Zaki Resources Berhad from 2017 to 2020. He was previously Associate Director, Corporate Advisory and Structuring at MIDF Amanah Investment Bank Berhad (2015–2016), General Manager, Finance Special Projects at Johawaki Holdings Sdn Bhd (2013–2015), and Associate Director, Capital Market and Corporate Advisory at Prokhas Sdn Bhd (2009–2013).

He began his career at Ernst & Young (Dublin) in 2002 as an Audit Senior and subsequently held roles in Europe with CUNA Mutual Group (Europe) Limited (2005–2007) and UBS Investment Bank (London) (2007–2009).

Qualification(s)

- Chartered Accountant, Malaysian Institute of Accountants
- Member of the Association of Chartered Certified Accountants
- Bachelor of Accountancy (Honours), Universiti Tenaga Nasional

PROFILE OF BOARD OF DIRECTORS

SARAH AZREEN
ABDUL SAMAT

Independent Non-Executive Director



Board Meetings Attended
14/14

Skills Matrix

AF

Accounting & Finance

CPD

Corporate Planning & Development

Board Committee(s)

• Chairman of Audit Committee

• Chairman of Board Tender Committee

• Member of Nominating and Remuneration Committee

• Member of Board Risk and Investment Committee

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

• Reneuco Berhad

• PT Millennium Pharmacon International Tbk

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Gender	Age	Nationality	Appointed on	Last re-election on
Female	51	Malaysian	20 August 2021	5 June 2024

Working Experience and Occupations

Sarah has over 23 years of experience in corporate finance transactions involving equity issuance, mergers and acquisitions, corporate restructuring and corporate valuation. She began her career in investment banking with Malaysian International Merchant Bankers Berhad in 2001 after obtaining her professional qualifications from PricewaterhouseCoopers.

Later in her career, she joined other banking institutions in Malaysia such as AmlInvestment Bank Berhad, Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and RHB Investment Bank Berhad.

Presently, Sarah sits as Executive Director of Reneuco Berhad and is also the Executive Director of 3p Capital Advisers Sdn. Bhd., a company licensed with the Securities Commission Malaysia that provides advisory services to the capital market players.

Qualification(s)

- Certified Practising Accountant, CPA Australia
- Capital Markets Services Representative's License (CMSRL)
- Bachelor of Commerce (Accounting), University of Canberra, Australia

PROFILE OF BOARD OF DIRECTORS

DATO' MOHD ZAHIR
ZAHUR HUSSAIN

Independent Non-Executive Director



Board Meetings Attended
14/14

Skills Matrix

AF

Accounting & Finance

Board Committee(s)

• Chairman of Board Risk and Investment Committee

• Member of Audit Committee

• Member of Board Tender Committee

• Member of Nominating and Remuneration Committee

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

• Mycron Steel Berhad

• Olympia Industries Bhd

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Gender	Age	Nationality	Appointed on	Last re-election on
Male	50	Malaysian	1 March 2024	5 June 2024

Working Experience and Occupations

Dato' Mohd Zahir has almost 30 years of experience in accounting, finance and asset management. He established his career as an auditor with various accounting firms including PricewaterhouseCoopers and Deloitte & Touche in both of its Malaysia and overseas offices.

He subsequently joined Prasarana Malaysia Berhad (Prasarana) as the Group Chief Financial Officer and was promoted to Chief Executive Officer of Prasarana Integrated Development (PRIDE), a wholly owned subsidiary of Prasarana. Dato' Mohd Zahir subsequently became the Executive Director of ALFI Advisory PLT and then appointed as Managing Director and Group Chief Executive Officer of Destini Berhad.

Dato' Mohd Zahir graduated with a Bachelor of Commerce (Accounting) degree from the University of New South Wales, Australia. He attended Oxford Global CEO Programme at Said Business School, Oxford University, England. He is a Certified Financial Planner, a fellow of the Chartered Accountants Australia & New Zealand and a member of Malaysian Institute of Accountants.

Currently, Dato' Mohd Zahir sits as an Independent Non-Executive Director of Mycron Steel Berhad and Olympia Industry Berhad.

Qualification(s)

- Certified Financial Planner
- Fellow, Chartered Accountants Australia & New Zealand
- Bachelor of Commerce (Accounting), University of New South Wales, Australia

PROFILE OF BOARD OF DIRECTORS

**DATO’ DR. FARIDAH
ARYANI MD. YUSOF**
Independent Non-Executive Director



Board Meetings Attended

14/14

Skills Matrix

LR

Legal & Regulatory

MP

Medical & Pharmaceutical

Board Committee(s)

•

Member of Nominating and Remuneration Committee

•

Member of Sustainability Committee

•

Member of Board Risk and Investment Committee

Details of any interest in the securities of
Pharmaniaga Berhad

None

Directorship in other public listed companies

None

Directorship in public companies

None

Any family relationship with Director and/or
major shareholder of Pharmaniaga Berhad or any
companies that have entered any transactions with
Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past
10 years other than traffic offences, if any

None

Working Experience and Occupations

Dato’ Dr. Faridah brings to the Board over 37 years of experience in pharmaceutical industry involving pharmacy development, regulatory compliance and drug management.

She started her career with the National Pharmaceutical Control Bureau in 1986 upon graduating with a Bachelor of Pharmacy from the Universiti Sains Malaysia. She has held several important posts in the Government sector, namely at the Ministry of Health, Kuala Lumpur Hospital and the National Pharmaceutical Regulatory Agency. The highest post that she held was the Senior Director for Pharmaceutical Services Programme before her retirement. Upon her departure from the Ministry, she was appointed as an Academic Fellow at the School of Pharmaceutical Sciences, Universiti Sains Malaysia from June 2021 to May 2023.

In addition to her degree and Diploma in Medical Microbiology from the Institute for Medical Research, Dato’ Dr. Faridah received her Master of Science degree in Pharmaceutical Services and Medicines Control from the University of Bradford, United Kingdom. She later pursued and received her Doctor of Philosophy (Ph.D.) in Pharmacoeconomics from Universiti Sains Malaysia in 2006.

Qualification(s)

- Doctor of Philosophy in Pharmacoeconomics, Universiti Sains Malaysia
- Master of Science in Pharmaceutical Services and Medicines Control, University of Bradford, United Kingdom
- Bachelor of Pharmacy (Honours), Universiti Sains Malaysia
- Diploma in Medical Microbiology, Institute for Medical Research, Malaysia

PROFILE OF BOARD OF DIRECTORS

**PROFESSOR EMERITA
DR. MARY JANE CARDOSA**
Independent Non-Executive Director



Board Meetings Attended

11/14

Skills Matrix

MP

Medical & Pharmaceutical

Board Committee(s)

•

Member of Sustainability Committee

•

Member of Board Tender Committee

Details of any interest in the securities of
Pharmaniaga Berhad

None

Directorship in other public listed companies

None

Directorship in public companies

None

Any family relationship with Director and/or
major shareholder of Pharmaniaga Berhad or any
companies that have entered any transactions with
Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past
10 years other than traffic offences, if any

None

Working Experience and Occupations

Professor Emerita Dr. Mary Jane began her career as a Research Assistant under Wellcome Trust Grant at the Dunn School of Pathology, University of Oxford, United Kingdom from 1980 to 1984, while concurrently pursuing her Doctor of Philosophy (PhD) at the same university. She then moved to the Research Institute of the Scripps Clinic in La Jolla, California, United States of America (USA), where she was a Postdoctoral Fellow from January to April 1985.

From 1985 to 1989, Professor Emerita Dr. Mary Jane served as a Lecturer at the School of Medical Sciences at Universiti Sains Malaysia, before moving to the School of Pharmaceutical Sciences, where she held the position of Lecturer from 1990 to 1994. She was subsequently appointed Associate Professor at the School of Pharmaceutical Sciences, Universiti Sains Malaysia, from 1994 to 1995.

In 1995, Professor Emerita Dr. Mary Jane became the Founding Director of the Institute of Health and Community Medicine at Universiti Sarawak Malaysia (UNIMAS), where she served until 2010, establishing the institute and advancing research in public health and community medicine. From 2009 to 2018, Professor Emerita Dr. Mary Jane became the Founder and Chief Scientific Officer at Sentinext Therapeutics Sdn. Bhd., where she played a pivotal role in leading scientific and technological innovations in biotechnology.

Currently, she is the Chief Technical Officer at Integrated Research Associates LLC and the Founder and Director of both MAB Explorations Sdn. Bhd. and Venture Technologies Sdn. Bhd., where she drives cutting-edge research, strategic initiatives, and technological advancements in the field of science and innovation.

Qualification(s)

- Doctor of Philosophy, University of Oxford, United Kingdom
- Master of Arts, Columbia University, New York, USA
- Bachelor of Arts, Princeton University, New Jersey, USA

PROFILE OF BOARD OF DIRECTORS

DATO’ SERI
DR. HJ. AWALUDIN SAID

Independent Non-Executive Director



Board Meetings Attended
14/14

Skills Matrix

MP Medical & Pharmaceutical

Board Committee(s)
- Member of Audit Committee - Member of Board Risk and Investment Committee - Member of Board Tender Committee
Details of any interest in the securities of Pharmaniaga Berhad
300,000 ordinary shares
Directorship in other public listed companies
None
Directorship in public companies
None
Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries
None
List of convictions for offences within the past 10 years other than traffic offences, if any
None

Working Experience and Occupations

Dato’ Seri Dr. Hj. Awaludin began his career in the medical field as a Houseman at Hospital Besar Seremban from 1985 to 1986. He then served as a Medical Officer at Hospital Besar Seremban from 1986 to 1987, before moving to Pusat Kesihatan Besar Padang Lebar, Batu Kikir, Negeri Sembilan as a Health Officer from 1987 to 1991. Following this, he worked as a Medical Officer for Tabung Haji in Mekah, Saudi Arabia from 1989 to 1990. In 1991, he transitioned into private practice, becoming a Private Medical Practitioner at Klinik Kita in Ampang, Selangor, where he practiced until 2004. He subsequently served as a Member of the Public Accounts Committee (PAC) of Negeri Sembilan from 2004 to 2013 and from 2018 to 2022.

In his political career, Dato’ Seri Dr. Hj. Awaludin was elected as the Member of the Negeri Sembilan State Legislative Assembly (Wakil Rakyat) for Kota Rembau, serving from 2004 until June 2023. He also served as the Chairman of the Board of Directors of MAINS Zakat Sdn. Bhd. (Pusat Zakat Negeri Sembilan) from 2014 to 2018. From 2013 to 2018, Dato’ Seri Dr. Hj. Awaludin held the position of Speaker of the Negeri Sembilan State Legislative Assembly, playing a key role in the legislative process and governance at the state level.

Qualification(s)

- Bachelor of Medicine, Bachelor of Surgery (MBBS), Universiti Malaya

PROFILE OF BOARD OF DIRECTORS

DATUK MOHD ADZAHAR
ABDUL WAHID

Non-Independent Non-Executive Director



Board Meetings Attended
5/5

Skills Matrix

AF Accounting & Finance

Board Committee(s)
Member of Audit Committee
Details of any interest in the securities of Pharmaniaga Berhad
None
Directorship in other public listed companies
None
Directorship in public companies
- Cypark Resources Berhad - Glomac Berhad
Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries
None
List of convictions for offences within the past 10 years other than traffic offences, if any
None

Working Experience and Occupations

Datuk Mohd Adzahar brings with him over 37 years of extensive experience in the banking and financial services sector.

He began his career in London as a Trainee Accountant/Auditor at Sagoo & Co after completing his ACCA Level III at Emile Woolf College in 1988. Returning to Malaysia, he joined Bumiputra Merchant Bankers Berhad from 1988 to 1994, advancing to Corporate Banking Manager with responsibilities in corporate lending, syndicated debts, and treasury functions. He later became Corporate Finance Manager at Malaysian Helicopter Berhad, where he played a key role in financing the acquisition of Malaysia Airlines Berhad and managing corporate investments.

In 1995, he transitioned to PMCare Sdn. Bhd. as Chief Executive Officer and Executive Director, where he was instrumental in developing its core operating system and driving the company’s growth in medical management outsourcing. Over the years, he also held board roles in notable companies including Kencana Petroleum Berhad, SapuraKencana Petroleum Berhad, Symphony House Berhad, Edra Global Energy Berhad, and TH Plantations Berhad.

Datuk Mohd Adzahar currently serves as an Independent Non-Executive Director at Cypark Resources Berhad and Glomac Berhad, while also remaining an advisor to SC Healthcare Holdings Sdn. Bhd.. He is also a Fellow of the Association of Chartered Certified Accountants (UK), a member of the Malaysian Institute of Accountants and member of the Certified Financial Planner of Malaysia.

Qualification(s)

- Fellow, Association of Chartered Certified Accountants, United Kingdom
- Member of Malaysian Institute of Accountants
- Member of Financial Planning Association of Malaysia

PROFILE OF BOARD OF DIRECTORS

MOHD FIRDAUS ZULKIFLI

Non-Independent Non-Executive Director
(Alternate Director to Mohammad Ashraf Md. Radzi)



Board Meetings Attended
6/14

Skills Matrix

CFO Corporate Finance & Operations

Board Committee(s)

None

Details of any interest in the securities of Pharmaniaga Berhad

None

Directorship in other public listed companies

None

Directorship in public companies

None

Any family relationship with Director and/or major shareholder of Pharmaniaga Berhad or any companies that have entered any transactions with Pharmaniaga Berhad or its subsidiaries

None

List of convictions for offences within the past 10 years other than traffic offences, if any

None

Working Experience and Occupations

Firdaus began his career with UEM Edgenta Berhad, where he held roles across Engineering, Operations & Maintenance, Corporate Strategy, Business Development, and Operations Control, gaining broad exposure to operational efficiency, business development, corporate planning, and enterprise performance management.

He subsequently served in the Managing Director’s Office at UEM Edgenta Berhad (Infra Division), before joining UEM Sunrise Berhad as Assistant Manager, Corporate Planning, where he contributed to corporate strategy development, business planning, and operational improvement initiatives.

From 2016 to 2021, Firdaus was Head of Business Development, Group Strategy at Naza Corporation Holdings Sdn. Bhd., leading group-wide strategic initiatives, business development activities, and transformation efforts. He also served as Interim Head of Company at Naza Communications Sdn. Bhd., overseeing operations during a transitional period.

He later joined Capital A Berhad as Senior Manager, Growth & Strategy, where he supported the execution of growth strategies and expansion initiatives.

Firdaus currently serves as Director and Head of Strategic Asset Management at Lembaga Tabung Angkatan Tentera (LTAT). He is responsible for the evaluation, reporting, restructuring, and performance management of LTAT’s strategic investee companies, with a focus on enhancing financial performance, driving sustainable growth, and maximising shareholder value, in alignment with LTAT’s strategic objectives.

Qualification(s)

- Master of Management, Universiti Tun Abdul Razak
- Bachelor of Chemical Engineering, Universiti Putra Malaysia

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO’ SERI ABDUL RAZAK JAAFAR
Independent Non-Executive Chairman

DATO’ ZULKIFLI JAFAR
Managing Director

DR. ABDUL RAZAK AHMAD
Senior Independent Non-Executive Director

SARAH AZREEN ABDUL SAMAT
Independent Non-Executive Director

MOHAMMAD ASHRAF MD. RADZI
Non-Independent Non-Executive Director

DATO’ MOHD ZAHIR ZAHUR HUSSAIN
Independent Non-Executive Director

DATO’ DR. FARIDAH ARYANI MD. YUSOF
Independent Non-Executive Director

PROFESSOR EMERITA DR. MARY JANE CARDOSA
Independent Non-Executive Director

DATO’ SERI DR. HJ. AWALUDIN SAID
Independent Non-Executive Director

DATUK MOHD ADZAHAR ABDUL WAHID
Non-Independent Non-Executive Director

MOHD FIRDAUS ZULKIFLI
Non-Independent Non-Executive Director
(Alternate Director to Mohammad Ashraf Md. Radzi)

AUDIT COMMITTEE CHAIRMAN
Sarah Azreen Abdul Samat

MEMBERS
Dr. Abdul Razak Ahmad
Dato’ Mohd Zahir Zahur Hussain
Dato’ Seri Dr. Hj. Awaludin Said
Datuk Mohd Adzahar Abdul Wahid

NOMINATING AND REMUNERATION COMMITTEE CHAIRMAN
Dr. Abdul Razak Ahmad

MEMBERS
Sarah Azreen Abdul Samat
Dato’ Dr. Faridah Aryani Md. Yusof
Dato’ Mohd Zahir Zahur Hussain

BOARD RISK AND INVESTMENT COMMITTEE CHAIRMAN
Dato’ Mohd Zahir Zahur Hussain

MEMBERS
Sarah Azreen Abdul Samat
Dr. Abdul Razak Ahmad
Dato’ Dr. Faridah Aryani Md. Yusof
Dato’ Seri Dr. Hj. Awaludin Said

BOARD SUSTAINABILITY COMMITTEE CHAIRMAN
Dr. Abdul Razak Ahmad

MEMBERS
Dato’ Dr. Faridah Aryani Md. Yusof
Professor Emerita Dr. Mary Jane Cardosa
Dato’ Seri Dr. Hj. Awaludin Said

BOARD TENDER COMMITTEE CHAIRMAN
Sarah Azreen Abdul Samat

MEMBERS
Dato’ Mohd Zahir Zahur Hussain
Professor Emerita Dr. Mary Jane Cardosa
Dato’ Seri Dr. Hj. Awaludin Said

COMPANY SECRETARIES
Wan Intan Idura Wan Ismail (LS 0010668)
SSM PC No. 202408000726
Syaruzaimi Yusof (LS 0010665)
SSM PC No. 202408000727

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Sector : Trading/Services
Stock Code : 7081

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Fax. No. : +603-3341 7777
Website : www.pharmaniaga.com
Email : info@pharmaniaga.com

PRINCIPAL BANKERS
Bank Muamalat Malaysia Berhad
Affin Islamic Bank Berhad
Bank Islam Malaysia Berhad
United Overseas Bank (Malaysia) Bhd

AUDITORS
Messrs. Ernst & Young PLT (AF 0039)
Chartered Accountants
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur.

SHARE REGISTRAR
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Avenue 3, Bangsar South,
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KEY MANAGEMENT PERSONNEL

KEY MANAGEMENT PERSONNEL



From left to right:

WAN INTAN IDURA WAN ISMAIL
Chief Governance Officer

ERICK ARJUNAN KERESHANAN
Chief Commercial Officer

DATO' ZULKIFLI JAFAR
Managing Director
As expressed on page 97 of the Profile of Directors

AHMAD SHAHREDZUAN MOHD SHARIFF
Chief Operating Officer

NORAI'NI MOHAMED ALI
Chief Financial Officer

DR. BADARULHISAM ABDUL RAHMAN
Chief Scientific Officer

HAIRULRIZAL SAMURI
Head of Logistics & Distribution

ZULHAZRI RAZALI
Head of Market Expansion Services

DR. IMAM FATHORRAHMAN
Head of Indonesia Operations

RAJA AHMAD HIDZIR RAJA MUHAMAD
Head of Human Capital Management & Administration

MOHD IZWAN ISHAK
Head of Manufacturing

KHAIRUL NIZAR MOHD ARIP
Head of Information Technology & Digitalisation

12
KEY MANAGEMENT
PERSONNEL

10
Male

2
Female

Age
Diversity

5
41- 50
years old

7
Above 51
years old

Length of
Service

4
Below
2 years

3
2-5 years

5
More than
5 years

PROFILE OF KEY MANAGEMENT PERSONNEL

AHMAD SHAHREDZUAN MOHD SHARIFF

Chief Operating Officer



Date of Appointment to Present Position:
1 October 2024

Gender	Age	Nationality
Male	43	Malaysian

Ahmad Shahredzuan began his career at Permodalan Nasional Berhad in 2006. His last position was Senior Manager at the Office of President and Group Chief Executive. Subsequently, he joined McKinsey & Company in 2015 as an Implementation Consultant, where he was involved in the strategy and execution of numerous projects.

In 2019, he expanded his horizon by joining Boustead Holdings Berhad (Boustead) as Senior General Manager. He then rose in the ranks within the Boustead Group to Chief Transformation Officer in May 2020. In March 2021, Ahmad Shahredzuan was appointed as Chief Reinvention and Strategy Officer of Boustead and later redesignated to Group Chief Reinvention and Strategy Officer effective March 2023.

He holds a Bachelor of Economics from the University of Warwick, United Kingdom and obtained his Graduate Diploma of Applied Finance from Kaplan Higher Education in Australia. On 22 February 2023, he was appointed as Non-Independent Non-Executive Director of Pharmaniaga and later appointed as Chief Operating Officer effective 1 October 2024.

Qualification(s)

- Graduate Diploma of Applied Finance, Kaplan Higher Education, Australia
- Bachelor of Economics, University of Warwick, United Kingdom

NORAI'NI MOHAMED ALI

Chief Financial Officer



Date of Appointment to Present Position:
1 June 2012

Gender	Age	Nationality
Female	59	Malaysian

Norai'ni is Pharmaniaga's Chief Financial Officer and brings 34 years of vast working experience in accounting and finance.

Her professional career with the Company extends nearly 25 years. She is an accomplished talent who oversees all financial matters, including acquisition of strategic business, treasury, taxation, risk management strategies and formulation of financial policies and tax planning of Pharmaniaga.

Norai'ni joined the Company in 2001 as a Deputy General Manager of Finance. Subsequently, she was appointed as CFO in 2012 and presently sits on the Boards of Pharmaniaga's subsidiaries.

Prior to joining the Company, Norai'ni was attached to Opus Group Berhad, a subsidiary of UEM Group Berhad, for eight years. A Chartered Accountant and a fellow member of Association of Chartered Certified Accountant (FCCA), Norai'ni is also a member of the Malaysian Institute of Accountant (MIA) and the ASEAN Chartered Professional Accountants (ASEAN CPA).

Qualification(s)

- Fellow, Association of Chartered Certified Accountants (FCCA)
- Chartered Accountant, Malaysia Institute of Accountants (MIA)
- ASEAN Chartered Professional Accountants (ASEAN CPA)
- Bachelor of Arts (Honours), Accounting and Finance, Liverpool John Moores University, United Kingdom

PROFILE OF KEY MANAGEMENT PERSONNEL

DR. BADARULHISAM ABDUL RAHMAN

Chief Scientific Officer



Date of Appointment to Present Position:
1 January 2023

Gender	Age	Nationality
Male	58	Malaysian

As the Chief Scientific Officer at Pharmaniaga, Dr. Badarulhisam spearheads product development and regulatory strategies for the Company, which include product ideation, development, trial, registration, and product life cycle management. He has extensive experience in pharmaceutical and biopharmaceutical manufacturing plant design, construction, equipment and facility qualification & process validation and the operation of these plants for the manufacturing of various therapeutic segments and dosage forms including vaccine.

Dr. Badarulhisam was instrumental in establishing Pharmaniaga's Group-wide sustainability programme, which he headed from 2017 to 2022. He is a qualified Biochemical Engineer with expertise in Biochemical Engineering and Biotechnology.

He completed his Advanced Diploma and Master of Science at University College of London in the United Kingdom and subsequently, obtained his PhD from Johns Hopkins University in the United States of America.

Dr. Badarulhisam began his career as a lecturer at the Department of Bioprocess Engineering, Universiti Teknologi Malaysia, where he is still academically active. He then served as an Adjunct Professor at the Chemical Engineering Department of Universiti Putra Malaysia.

Amongst his other accomplishments include his appointment as Board of Academic Advisory of the Faculty of Engineering at Universiti Kebangsaan Malaysia and several other universities. He has also served as an industrial advisor to several Bioprocess Engineering Programmes of major universities in Malaysia and co-supervises Master's and PhD students in various aspects of Biopharmaceutical Plant Design, Biologics Drug Development and Process Optimisations.

Qualification(s)

- PhD in Biotechnology, Johns Hopkins University, USA
- MSc in Biochemical Engineering, University College London, United Kingdom
- Advanced Diploma in Biochemical Engineering, University College London, United Kingdom

ERICK ARJUNAN KERESHANAN

Chief Commercial Officer



Date of Appointment to Present Position:
2 September 2025

Gender	Age	Nationality
Male	53	Malaysian

Erick brings with him over 20 years of extensive experience in the pharmaceutical and healthcare industries.

He began his career at Bristol Myers Squibb, where he gained foundational experience in pharmaceutical operations and commercial strategy. His early exposure to global healthcare practices laid the groundwork for his future leadership roles. He later advanced to become Director of Marketing and Sales at Sanofi a position in which he played a pivotal role in driving regional sales performance, expanding market access especially the insulin and Genzyme portfolios, driving new product launches and strengthening market shares across different portfolios and markets.

Over the years, Erick has held senior positions in various reputable organisations such as Novo Nordisk and Merck, consistently delivering results through strategic planning, commercial excellence, business transformation and cross-functional collaboration. His ability to navigate complex market environments and lead high-performing teams has contributed significantly to the success of numerous blockbuster product launches and regional growth initiatives.

Erick holds a Master of Business Administration from Charles Sturt University and a Bachelor of Pharmacy from the University of Manchester.

Qualification(s)

- Master of Business Administration, Charles Sturt University, Australia
- Bachelor of Pharmacy, University of Manchester, England

PROFILE OF KEY MANAGEMENT PERSONNEL

WAN INTAN IDURA
WAN ISMAIL
Chief Governance Officer



Date of Appointment to Present Position:
1 August 2024

Gender	Age	Nationality
Female	46	Malaysian

Wan Intan Idura joined Pharmaniaga in 2010 as Assistant Manager in the Legal Department and was promoted to Head of the Legal Department in 2012.

Her dedication and expertise led to further career advancements within the Company, as she expanded her skills and knowledge in corporate governance and legal management.

In 2017, she was promoted to Deputy Director of the Corporate Governance Division and subsequently appointed as Director on 1 July 2021. She has also served as the Company Secretary of Pharmaniaga Berhad since 19 November 2019, overseeing all legal and secretarial functions of the Company.

On 1 August 2024, Wan Intan Idura was appointed as Chief Governance Officer, a role in which she leads the Legal, Secretarial, Risk Management, Sustainability, Compliance, and Corporate System functions of Pharmaniaga.

Admitted to the Malaysian Bar in 2006, Wan Intan Idura brings over 19 years of experience as an in-house legal counsel. Her expertise spans both local and international dealings across industries such as pharmaceutical, information technology solutions, manufacturing and automotive.

Qualification(s)

- Licensed Company Secretary (LS 0010668)
- Admission to Malaysian Bar in 2006
- Bachelor of Laws (Honours), Universiti Teknologi MARA

MOHD IZWAN ISHAK
Head of Manufacturing



Date of Appointment to Present Position:
1 February 2024

Gender	Age	Nationality
Male	47	Malaysian

Mohd Izwan started his career at Pharmaniaga as Head of Production Section and progressed to General Manager of Pharmaniaga Manufacturing Berhad, before being appointed as the Head of Manufacturing Operations of the Manufacturing Division effective 1 August 2024.

With over 23 years of experience under his belt in the pharmaceutical industry, he presently leads the four plants located throughout Malaysia. Apart from overseeing superior supply performance and continuous improvement activities of each plant, he led the capacity balancing improvement including the readiness of manufacturing facilities, utilities, equipment and developed organisational capability.

Prior to joining Pharmaniaga, Mohd Izwan was a New Product Development Manager at GlaxoSmithKline (M) Sdn. Bhd. with 9 years of experience in various positions within the company.

Mohd Izwan graduated with a Bachelor of Accounting (Honours) from Universiti Putra Malaysia. He is an active member of various pharmaceutical societies, both locally and internationally, such as the International Society for Pharmaceutical Engineering (ISPE) and a member of the Malaysian Organisation of Pharmaceutical Industries (MOPI).

Qualification(s)

- Bachelor of Accounting (Honours), Universiti Putra Malaysia

PROFILE OF KEY MANAGEMENT PERSONNEL

HAIRULRIZAL SAMURI
Head of Logistics and Distribution



Date of Appointment to Present Position:
21 April 2025

Gender	Age	Nationality
Male	48	Malaysian

Hairul has over 25 years of experience in supply chain management, procurement, logistics and distribution, with a proven track record in the semiconductors, oil & gas, construction, chemical and pharmaceutical sectors, across Malaysia and internationally. He began his career as an Assistant Manager, Production Planning and Logistics at Ericsson in 1999, where he gained experience in inventory management, logistics, and production operation.

He progressed to lead global logistics operations at Emerson Process Management and later drove distribution and supply chain efficiency as ASEAN Regional Logistics Head, at Bluescope Steel Asia in 2011. His ability to streamline operational excellence further expanded when he became the General Manager of Supply Chain at Cement Industries of Malaysia Berhad (CIMA) from 2013 to 2019.

He moved to Vietnam till 2023 where he attached to BMT Logistics, responsible for 3PL operations before assumed the role of Global Director at Twinstar Home, overseeing logistics and supply chain operations across ASEAN, China and US regions. Before joining Pharmaniaga in April 2025, Hairul was the Director of Supply Chain at Omya Malaysia, where he managed the country's supply chain operations for pharmaceutical and chemical products.

His strengths in strategic planning, operational excellence, supply chains optimization, and ability to lead diverse teams to achieve business growth make him a key player in any supply chain operation.

Qualification(s)

- Master of Business Administration (Strategic Management), Universiti Teknologi Malaysia
- Bachelor of Business Administration (Honours) in Human Resources, Universiti Teknologi MARA
- Diploma in Banking, Universiti Teknologi MARA

ZULHAZRI RAZALI
Head of Market Expansion Services



Date of Appointment to Present Position:
1 December 2014

Gender	Age	Nationality
Male	59	Malaysian

Zulhazri joined Pharmaniaga in 1994 as an Assistant Manager of Customer Care, marking the beginning of a remarkable journey within the company. Over the years, he has broadened his expertise across various disciplines, including warehouse management, supply chain, international business, sales and marketing, finance, and business strategy.

In 2014, he was promoted to Commercial Director, where he took charge of the Sales & Marketing Division and played a pivotal role in identifying strategic business opportunities for the Group's healthcare portfolios within both the private and Government sectors in Malaysia.

On 1 December 2024, Zulhazri was redesignated as the Head of Government Business Unit, subsequently renamed to Market Expansion Services, tasked with overseeing all Government-related business functions.

Qualification(s)

- Master of Business Administration from University of Manchester, United Kingdom
- Bachelor of Science (Honours), Pharmacy from University of Manchester, United Kingdom

PROFILE OF KEY MANAGEMENT PERSONNEL

DR. IMAM FATHORRAHMAN
Head of Indonesia Operations



Date of Appointment to Present Position: 2 January 2026		
Gender Male	Age 61	Nationality Indonesian

Dr. Imam brings a wealth of experience and expertise to the company, supported by a strong educational foundation and decades of professional experience in the pharmaceutical industry.

With a broad expertise spanning marketing and sales strategy, business strategy, retail, pharmaceutical, business development, and healthcare, he brings a multifaceted skill set to the boardroom, ready to drive strategic initiatives and propel organisational success to new heights.

After earning his Bachelor of Pharmacy degree in 1989, Dr. Imam began his career journey in the pharmaceutical field. Driven by a passion for innovation and strategic foresight, he pursued a Master of Strategic Management to equip himself with the knowledge and skills needed to navigate the complexities of the modern business landscape. Along with the development of science and the challenges of the pharmaceutical industry in the future, Dr. Imam has completed his doctoral programme in Pharmaceutical Sciences at Airlangga University in December 2024.

In 2011 to 2019, he was appointed as President Director of PT Kimia Farma Apotek. Furthermore, Dr. Imam was given a new assignment as Director of Business Development at PT Kimia Farma Tbk in 2019 to strengthen PT Kimia Farma Tbk's position as a holding company to adapt to new challenges and provide invaluable insights in establishing strategic partnerships and driving sustainable growth initiatives.

Recognised for his outstanding contributions, Dr. Imam held the position of Marketing & Commercial Director from 2021 to 2022, further highlighting his expertise in creating robust marketing and sales strategies to capture the ever-evolving market dynamics.

Dr Imam, who previously served as an Independent Non-Executive Director, was redesignated as Head of Indonesia Operations with effect from 2 January 2026.

Qualification(s)

- Doctor of Pharmaceutical Sciences, Airlangga University, Indonesia
- Master of Strategic Management, PPM School of Management, Indonesia
- Bachelor of Pharmacy, Airlangga University, Indonesia

RAJA AHMAD HIDZIR
RAJA MUHAMAD
Head of Human Capital
Management & Administration



Date of Appointment to Present Position: 1 April 2026		
Gender Male	Age 54	Nationality Malaysian

Raja Ahmad Hidzir brings over 30 years of extensive experience in human capital management, organisational development, and corporate administration across both public-listed companies and multinational organisations.

Prior to joining Pharmaniaga, he served as Group Chief People Officer at Pos Malaysia Berhad, where he led enterprise-wide human capital strategies, organisational transformation initiatives, and employee engagement programmes across the Group and its subsidiaries.

Previously, he was Head of Human Resources & Administration at Pengurusan Air Selangor Sdn Bhd, part of the Transformation team involved in the restructuring of the water industry in Selangor, KL, and Putrajaya. In this capacity, he led end-to-end HR, administration, security, and health, safety & environment functions, while supporting corporate governance, digitalisation initiatives, and large-scale organisational transformation initiatives.

His earlier career includes senior leadership roles at Kumpulan Perangsang Selangor Berhad as Group General Manager, Human Resources, as well as key positions in Malayan Banking Berhad, Adidas (Malaysia) Sdn Bhd, Deloitte Touche Tohmatsu and Edaran Otomobil Nasional Berhad.

He holds a Bachelor of Management (Honours), majoring in Finance and Accounting, from Universiti Sains Malaysia.

Qualification(s)

- Bachelor of Management (Hons), majoring in Finance & Accounting, and a minor in Economics, Universiti Sains Malaysia

PROFILE OF KEY MANAGEMENT PERSONNEL

KHAIRUL NIZAR
MOHD ARIP
Head of Information Technology &
Digitalisation



Date of Appointment to Present Position: 1 August 2025		
Gender Male	Age 47	Nationality Malaysian

Khairul Nizar joined Pharmaniaga in August 2025 as Head of Information Technology & Digitalisation, where he provides strategic leadership for the Group's technology agenda. He is responsible for shaping and executing the Group's IT and digitalisation strategy, strengthening cybersecurity and governance frameworks, and overseeing enterprise technology platforms to enable sustainable growth, operational resilience, and long-term value creation.

He brings over 22 years of senior technology leadership experience across healthcare, reinsurance, and technology services, with a strong track record in driving enterprise-wide transformation initiatives. Khairul also possesses significant global exposure, having worked with leading multinational corporations across diverse industries, including Dell and Hewlett-Packard (Global Technology and IT Services), Shell (Energy), and Standard Chartered Bank (International Banking and Financial Services), where he supported large-scale technology initiatives within a highly regulated environment governed by Bank Negara Malaysia.

Prior to joining Pharmaniaga, Khairul served as Chief Technology Officer of WISEYES Solution Sdn. Bhd., where he led the development and management of PERKESO core applications in

compliance with statutory requirements under the Ministry of Human Resources. He also held the role of Chief of Information Technology at Labuan Reinsurance (L) Ltd.

He previously served as Head of Information Technology at PUSPAKOM Sdn. Bhd., a concession-based business operating under regulatory oversight of the Ministry of Transport, where he was responsible for nationwide IT operations, enterprise systems, and data centre management.

In 2014, Khairul obtained a Master in Management from Asia Metropolitan University after being selected among the Top 20 participants of the DRB-HICOM Top Talent Programme, a senior leadership development initiative designed to groom high-potential executives.

Qualification(s)

- Master in Management, Asia Metropolitan University, Malaysia
- Bachelor of Science (Honours), Computer Science, Universiti Teknologi MARA
- Diploma in Computer Science, Universiti Teknologi MARA

None of the Key Senior Management:

- holds any directorship in public companies or public listed companies;
- has any family relationship with any director and/or major shareholder of the Company;
- has any conflict of interest with the Company;
- has been convicted of any offences within the past five years, nor has any public sanction or penalty been imposed by the relevant regulatory bodies, other than traffic offences.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(PURSUANT TO PARAGRAPH 15.25(1) OF THE MAIN MARKET LISTING REQUIREMENTS (MMLR) OF
BURSA MALAYSIA SECURITIES BERHAD (BURSA MALAYSIA))

Introduction

At Pharmaniaga Berhad (Pharmaniaga), we recognize that effective corporate governance is fundamental to our success, sustainability and ability to create long-term value for all stakeholders. As such, the Board is committed to upholding the highest standards of transparency, accountability, integrity, and ethical conduct in all aspects of our operations.

Our corporate governance practices are designed to ensure that we operate in a manner that is consistent with the interests of our shareholders, employees, customers, suppliers, and the communities in which we operate. By adhering to best practices and continuously evaluating and enhancing our governance framework, we aim to maintain the trust and confidence of our stakeholders while driving sustainable growth and delivering value over the long term.

In this Corporate Governance Overview Statement, we set out the principal features of Pharmaniaga and its subsidiaries’ (collectively, the Group) corporate governance approach, summary of corporate governance practices during the year under review, as well as key focus areas and future priorities in relation to corporate governance. Guidance was drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (4th edition) issued by Bursa Malaysia.

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on a prescribed format as enumerated in Paragraph 15.25(2) of the MMLR, so as to provide a detailed articulation on the application of the Group’s corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (MCCG). The updated MCCG dated 28 April 2021 introduced a number of new practices and guidance for listed issuers with the aim of strengthening their corporate governance culture.

The Corporate Governance Report is available on the Group’s website, **www.pharmaniaga.com** as well as via announcement made on the website of Bursa Malaysia. This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Integrated Report, namely Statement on Risk Management and Internal Control, Audit Committee Report and the Sustainability Statement.

CORPORATE GOVERNANCE APPROACH

The Board of Pharmaniaga is committed to reinforcing its market position in the pharmaceutical sector, whilst remaining true to the Group’s well-established corporate governance philosophies which are ingrained in the Group’s core values, namely Respect, Integrity, Teamwork and Excellence. The Board believes that a robust and dynamic corporate governance framework is essential to form the bedrock of responsible and responsive decision-making in the Group. The Group’s overall approach to corporate governance is to:

- promote heightened accountability at the leadership level (Board and Senior Management);
- adopt the substance behind corporate governance enumerations and not merely in form;
- conduct a thorough debate and rigorous enquiry process before establishing corporate governance systems, policies and procedures;
- identify opportunities to drive the synergistic implementation of corporate governance systems, policies and procedures for improved strategic and operational decision making; and
- find a fine balance in meeting the expectations of all stakeholders within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Given that the Board forms the pivot of good corporate governance, the Board steers efforts to promote meaningful and thoughtful application of good corporate governance practices. The Group regularly reviews its corporate governance arrangements and practices to ascertain if they reflect prevailing norms, market dynamics, emerging trends, developments in the regulatory tapestry and evolving stakeholder expectations.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group’s commitment to sound corporate governance, the Group has benchmarked its practices against relevant promulgations and other best practices. Pharmaniaga has applied all the Practices encapsulated in the MCCG for the financial year ended 31 December 2025, with the exception of Practice 8.2: Disclosure of the top five Senior Management personnel’s remuneration on a named basis in bands of RM50,000.

In line with the latitude accorded in the application mechanism of the MCCG, the Company has provided explanations for the departures from the said Practice, supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practice, measures that the Company has taken or intends to take to adopt the departed Practice as well as the timeframe for adoption of the departed Practice. Further details on the application of the MCCG Practice are available in the Corporate Governance Report.

A summary of the Group’s corporate governance practices with reference to the MCCG is described below.

BOARD’S ROLES AND RESPONSIBILITIES

The Board’s primary role is to determine Pharmaniaga’s strategic objectives and policies to deliver sustainable value to its shareholders. In ensuring the protection and enhancement of shareholder value, it takes into account the interests of stakeholders, customers, suppliers, regulators, non-governmental organisations, and the general public, amongst others. The Board is ultimately accountable for the performance of the Group, governs its affairs on behalf of the shareholders and retains full and effective control over it. To this end, the Board sets goals, policies, and targets within a framework of prudent and effective controls that enable the assessment and management of risk. Additionally, the Board ensures the necessary resources and capabilities are in place to deliver its strategic aims and objectives.

The following are the Board’s principal roles and responsibilities in discharging its leadership function and fiduciary duties toward meeting the goals and objectives of the Group:

- a) Reviewing and adopting a strategic plan
- b) Monitoring the conduct of business
- c) Reviewing the adequacy and integrity of information and internal control systems and identifying principal risks and implementation of appropriate internal controls and mitigation measures
- d) Reviewing and adopting a strategic plan that supports long-term value creation and business sustainability
- e) Succession planning
- f) Ensuring effective communication with stakeholders

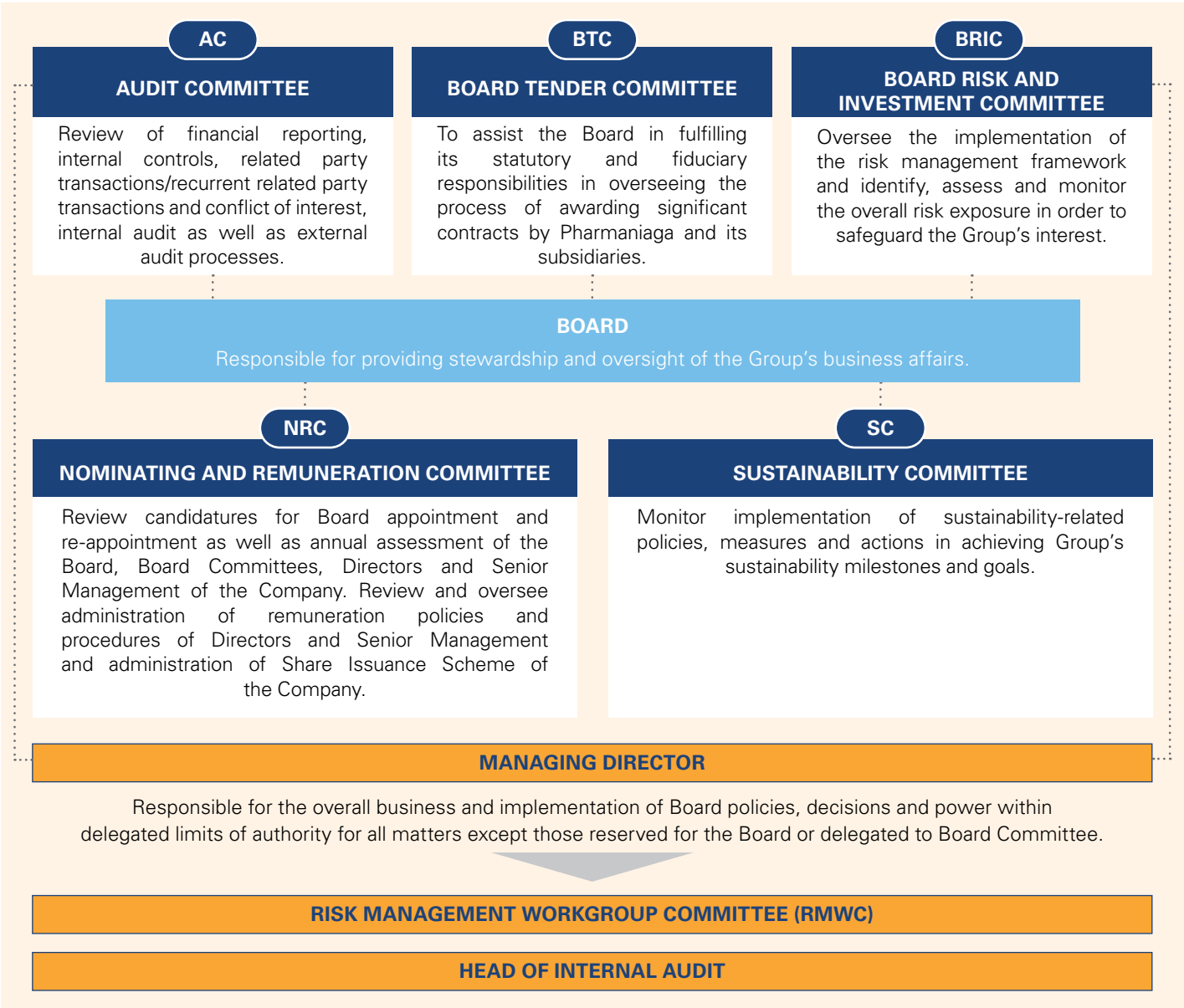
The Chairman and Managing Director (MD) roles are separate and clearly defined and held by two distinct parties. This distinction enables a clearer understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with a focused approach facilitates efficiency and expedites informed decision-making. Whilst the Chairman provides leadership to the Board, responsibility for the overall business and the day-to-day management of Pharmaniaga is delegated to the MD. The MD is responsible for leading the Management and implementing operational decisions. The MD has been delegated certain powers to execute transactions, subject to rules and procedures, and within the defined and formalised authority limits.

In performing their duties, the Board is supported by two professionally qualified and competent joint Company Secretaries who, under the direction of the Chairman, are accountable for all matters regarding the proper functioning of the Board and for facilitating effective information flows within the Board and Board Committees and between Senior Management and the Non-Executive Directors.

All Directors have access to the advice and services of the Senior Management and Company Secretaries on matters relating to the Group and necessary compliance by the Group. The Directors, in their individual capacity or collectively, may seek independent professional advice in furtherance of their duties, whenever necessary and in appropriate circumstances at the Company’s expense.

The joint Company Secretaries attend all meetings of the Board and Board Committees and advise the Directors on the requirements of the Company’s Constitution and legislative promulgations such as the Companies Act 2016, Capital Markets and Services Act 2007 and MMLR of Bursa Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



GOVERNANCE FRAMEWORK

The Board discharges its responsibilities within a clearly defined governance framework and robust mechanisms in place. Through the framework, the Board delegates its governance responsibilities to the Committees of the Board and other Management Committees. The Board maintains ultimate accountability and responsibility for the performance and affairs of the Company and ensures that the Group adheres to high standards of ethical behaviour.

The table above illustrates the Group’s governance structure and an overview of the key Board Committees and Management Committees for the financial year ended 31 December 2025.

As depicted in the table, the Board is assisted by five (5) Board Committees in its oversight function across specific responsibility areas. These Board Committees have been constituted with clear terms of reference, and they are actively engaged to ensure that the Group is in adherence with good corporate governance.

The Board has formalised a Board Charter which serves as the primary source of reference on the governance together with the roles and responsibilities of the Board Committees and individual Directors. The Board Charter is available on the Group’s website, www.pharmaniaga.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ATTENDANCE AT BOARD MEETINGS

In accordance with the Company’s Constitution, the Board is required to meet at least four (4) times a year. The dates of these scheduled meetings are determined well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on an ad hoc basis to deliberate urgent matters. All Directors attended at least 75% of all Board meetings held during the financial year under review. Members of the Senior Management were also invited to attend selected Board meetings to provide the Board with further information on the matters under deliberation.

During the financial year under review, the Board deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, financial results, and key performance indicators. Directors must immediately declare if they have any interest in transactions that are to be entered into directly or indirectly with the Company. They must disclose the extent and nature of their interest at a Board meeting or as soon as practicable after they become aware of the conflict of interest. They must also abstain from participating in the deliberation and the Board’s decision on the matter, as he/she is an interested party.

Board meetings are convened immediately following the finalisation of the Company’s quarterly and annual results for the Board to review and approve prior to announcements to Bursa Malaysia.

The attendance of individual Directors at Board and Board Committees meetings during the financial year ended 31 December 2025 is outlined below:

Director	Board	AC	NRC	SC	BRIC	BTC
Managing Director						
Dato’ Zulkifli Jafar	14/14	-	-	-	-	-
Independent Non-Executive Chairman						
Dato’ Seri Abdul Razak Jaafar	11/14	-	-	-	-	-
Senior Independent Non-Executive Director						
Dr. Abdul Razak Ahmad	14/14	6/6	7/7	4/4	6/6	-
Independent Non-Executive Directors						
Sarah Azreen Abdul Samat	14/14	6/6	7/7	-	6/6	5/5
Dato’ Dr. Faridah Aryani Md. Yusof	14/14	-	7/7	4/4	6/6	-
Dato’ Mohd Zahir Zahur Hussain	14/14	6/6	6/6	-	6/6	5/5
Dr. Imam Fathorrahman ¹	14/14	6/6	7/7	1/1	-	-
Dato’ Seri Dr. Hj. Awaludin Said ²	14/14	5/5	-	-	5/5	5/5
Professor Emerita Dr. Mary Jane Cardosa	11/14	-	-	3/3	-	4/5
Non-Independent Non-Executive Directors						
Izaddeen Daud ³	3/5	-	-	-	-	-
Mohammad Ashraf Md. Radzi	8/14	-	-	-	-	-
Datuk Mohd Adzahar Abdul Wahid ⁴	5/5	-	-	-	-	-
Mohd Firdaus Zulkifli (Alternate Director to Mohammad Ashraf Md. Radzi)	6/14	-	-	-	-	-

Board/Board Committee Chairman Member

¹ Resigned as Independent Non-Executive Director w.e.f 31 December 2025
² Appointed as Member of Board Risk and Investment Committee and Audit Committee on 1 March 2025
³ Resigned as Non-Independent Non-Executive Director w.e.f 17 June 2025
⁴ Appointed as Non-Independent Non-Executive Director w.e.f 1 September 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD COMPOSITION

During the financial year under review, the Board saw changes to its composition. On 17 June 2025, Encik Izaddeen Daud resigned as Non-Independent Non-Executive Director of the Company following the expiry of his employment contract with Boustead Holdings Berhad. Datuk Mohd Adzahar Abdul Wahid was appointed as Non-Independent Non-Executive Director on 1 September 2025.

Subsequently, on 31 December 2025, Dr Imam Fathorrahman resigned from the Board in light of his new role as the President Director of PT Millennium Pharmacon International Tbk, the Company’s Indonesian subsidiary based in Jakarta.

Following the new appointment, redesignation and resignation of Board members, as of the date of this Integrated Report, the Board consists of ten (10) Directors, seven (7) of whom are Independent Non-Executive Directors. Presently, the Board has three (3) female Directors. The NRC and the Board fully recognise the need to rebalance the Board and have factored this into their succession planning. Nonetheless, whilst sufficient emphasis is placed on recruiting women Directors, appointments to the Board will be based on the merits and credentials of each candidate under evaluation.

In accordance with the Company’s Constitution, one-third of the Directors shall retire from office at every annual general meeting and all Directors shall retire at least once in every three (3) years. If eligible, retiring Directors may offer themselves for re-election. Directors appointed by the Board during the financial year are subject to re-election by shareholders at the next annual general meeting following their appointments.

The Board is supported by the Senior Management in ensuring that there is an effective and fair representation of the shareholders, including minority shareholders. The Board strives to ensure that it has an appropriate and collective mix of skills, qualifications, expertise, and diversity to add value to Board processes and decisions. The Board, from time to time, undertakes a review of its composition to identify areas of strength and opportunities for improvement.

The oversight of the Board’s overall composition and Board Committees rests with the NRC. Appointments to the Board are made via a formal, rigorous, and transparent process. The NRC is guided by qualitative and quantitative criteria when assessing the suitability of Directors for nominations, such as qualifications, skills, experiences, professionalism, integrity and diversity. In the case of Independent Non-Executive Directors, the NRC assesses the candidate’s ability to bring the element of detached impartiality and objective judgment to the boardroom deliberations.

The Board, with the assistance of the NRC, regularly assesses the skills, experiences, independence, and diversity required collectively for the Board to effectively fulfill its roles.

The Board was satisfied that there was mutual respect among Directors, which contributed to a democratic environment that enabled constructive deliberations and a robust decision-making process. The Board reviews and evaluates its performance annually, as well as that of the Board Committees and individual Directors, based on a set of predetermined criteria, in a process facilitated by the NRC.

INDEPENDENCE OF THE BOARD

The Board recognises the importance and contributions of Independent Non- Executive Directors. They provide objectivity, impartiality and independent judgement to the Board and ensure checks and balances. Their presence provides unbiased and independent views, advice, and opinions to safeguard the interests of minority shareholders.

At the date of this Integrated Report, seven (7) Independent Non-Executive Directors satisfy the following criteria:

- independent from Management and any other relationship that could interfere with their independent judgment or the ability to act in the best interest of the Company;
- not involved in the day-to-day operations of the Company;
- declared their interest or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings.

In reviewing the independence of Independent Non-Executive Directors, the NRC and the Board adopt a qualitative approach to assess whether the Independent Non-Executive Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour.

BOARDROOM DIVERSITY

Diversity is important to ensure the Company remains relevant, resilient and sustainable in the rapidly transforming and evolving business environment.

In this regard, the NRC is empowered to review and evaluate the composition and performance of the Board annually, as well as to assess qualified candidates for Board positions.

The Board will take the necessary measures to ensure that, at every possible opportunity, boardroom diversity is accounted for in Board appointments and the annual assessment.

The Company appreciates the benefits of gender diversity in the boardroom as a mixed-gender Board would offer different viewpoints, ideas, and market insights, enabling better problem-solving and a competitive advantage in serving an increasingly diverse customer base, compared with a boardroom dominated by one gender.

The Company also provides a suitable working environment free from harassment and discrimination to attract and retain women’s participation on the Board.

The Board further acknowledges the benefits of diversity in the boardroom, particularly in age demographics, which would create professional environments rich in experience and maturity, as well as youthful exuberance.

Whilst it is important to promote diversity, Directors are selected based on various factors, i.e., an effective blend of competencies, skills, experience, and knowledge in the industry or other identified areas, to carry out the Board’s functions and duties effectively. The Board is committed to ensuring that its composition not only reflects diversity but also has the right mix of skills and balance to help achieve the Company’s goals.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INDUCTION PROGRAMME

The Company Secretaries are tasked with facilitating the induction of newly appointed Directors to familiarise them with the Group’s business. New Directors received a comprehensive onboarding programme, conducted by the Senior Management, covering key areas of the business, an overview of the Group’s financial management processes and operations of the Company, amongst others. During the session, Directors were also updated on the Group’s ongoing potential projects.

The Company has arranged for newly appointed and existing Directors to attend the Mandatory Accreditation Programme (MAP) Part I, focusing on corporate governance, including directors’ roles, duties, and liabilities as well as other obligations under the Listing Requirement; and MAP Part II, a new mandatory onboarding programme on sustainability for directors of Public Listed Companies.

REMUNERATION

The Board delegates to the NRC the responsibility to set the overarching principles, parameters and governance framework relating to the Group’s remuneration matters. To attract and retain high calibre Directors and Senior Management in order to run the business successfully, Pharmaniaga aims to set remuneration at levels that are sufficient, taking into consideration all relevant factors including the function, workload and responsibilities involved. The Board acknowledges the importance of motivating quality people to lead, manage and serve the Company in a competitive environment. Hence, the appropriate level of remuneration is essential to enhance the long-term interests of the stakeholders.

A review of the quantum and composition of the C-Suite and Senior Management’s remuneration is usually undertaken on an annual basis to reflect the experience and level of responsibilities, while for Non-Executive Directors, it may be reviewed from time to time as determined by the Board. However, due to the Company’s PN17 status as at 31 December 2025, the remuneration review is put on hold until the Company’s financial position stabilizes.

The details for the remuneration of Directors for the financial year ended 31 December 2025 for the Group are as tabulated below.

Director	Fees		Salaries		EPF and SOCSO	Benefits in Kind	Other Allowances		Total	
	Company RM	Group RM	Company & Group RM	Company & Group RM	Company & Group RM	Company & Group RM	Company RM	Group RM	Company RM	Group RM
Managing Director										
Dato’ Zulkifli Jafar	-	-	1,256,400	140,420	31,150	83,950	103,942	1,511,920	1,531,912	
Non-Executive Directors										
Dato’ Seri Abdul Razak Jaafar	170,000	170,000	-	-	-	15,000	15,000	185,000	185,000	
Dr. Abdul Razak Ahmad	153,000	192,705	-	-	-	43,000	51,119	196,000	243,824	
Izaddeen Daud ¹	41,750	41,750	-	-	-	3,000	3,000	44,750	44,750	
Sarah Azreen Abdul Samat	131,000	193,608	-	-	-	41,500	57,592	172,500	251,200	
Mohammad Ashraf Md. Radzi	90,000	90,000	-	-	-	7,000	7,000	97,000	97,000	
Dato’ Mohd Zahir Zahur Hussain	120,500	120,500	-	-	-	38,000	38,000	158,500	158,500	
Dato’ Dr. Faridah Aryani Md. Yusof	99,000	99,000	-	-	-	30,000	30,000	129,000	129,000	
Dr. Imam Fathorrahman ³	114,000	266,702	-	-	-	27,000	57,720	141,000	324,422	
Dato’ Seri Dr. Hj. Awaludin Said	111,667	111,667	-	-	-	27,000	27,000	138,667	138,667	
Professor Emerita Dr. Mary Jane Cardosa	95,000	95,000	-	-	-	16,000	16,000	111,000	111,000	
Datuk Mohd Adzahar Abdul Wahid ²	30,000	30,000	-	-	-	4,000	4,000	34,000	34,000	
Mohd Firdaus Zulkifli (Alternate Director to Mohammad Ashraf Md. Radzi)	-	-	-	-	-	6,000	6,000	6,000	6,000	
Total	1,155,917	1,410,932	1,256,400	140,420	31,150	341,450	416,373	2,925,337	3,255,275	

¹ Resigned w.e.f 17 June 2025
² Appointed w.e.f 1 September 2025
³ Resigned w.e.f 31 December 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD CONDUCT

The Board commits itself to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. All Board members discharge their fiduciary duties and responsibilities at all times in the best interest of the Company. They act with integrity, lead by example, and keep abreast of their responsibilities as Directors for the business and development of the Company.

In directing or managing the Company’s affairs and business, the Board exercises reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided in a meeting. The Board also ensures that decisions and the basis for those decisions, including any dissenting views are made known and properly recorded.

MATTERS RESERVED FOR THE BOARD

The matters reserved for the Board, amongst others, are set out below:

- a. Review, approve and adopt the Company’s strategic plans and annual budgets
- b. Declaration of dividends
- c. Approval of annual financial statements, accounts and quarterly reports
- d. Acquisitions, divestments or closure of business
- e. Establishment of new substantial businesses
- f. Corporate exercises
- g. Capital investment and disposal of material assets

OUR SUSTAINABILITY COMMITMENT

The Board is responsible for formulating ongoing programmes to promote sustainability where attention is paid to environmental, social and governance (ESG) aspects of business which underpin sustainability.

To support the Group’s long-term strategy and success, the Board and Management emphasise strategic management of material sustainability risks and opportunities, including integrating ESG factors into their decision-making process and the Group’s operations. The Board considers ESG factors as a component of the Board’s fiduciary responsibility and, therefore, is accountable for oversight and management accountability.

A designated senior employee is tasked with managing the Company’s sustainability governance and integrating sustainability considerations into our operations.

In line with the MCGG’s recommendation, the Board will consider the Company’s performance in managing material sustainability risks and opportunities when determining the appropriate level of remuneration for Directors and Senior Management.

AUDIT COMMITTEE

The Audit Committee (AC) was established by the Board to provide independent oversight of the Company’s internal and external audit functions and financial reporting processes, including the quality of its financial reporting and the internal control systems, and to ensure checks and balances within the Company.

The AC is chaired by an Independent Director who is not the Chairman of the Board. Majority members of the AC have the relevant accounting or related financial management experience or expertise. The Chairman of the AC is a Certified Practising Accountant of CPA Australia, recognised under the MMLR of Bursa Malaysia.

The members of the AC have extensive experience across various industries and can provide sound advice to the Board, not only on financial reporting but also on internal audit and the state of the Company’s risk and internal control environment. The AC has full access to internal and external auditors, who, in turn, have access at all times to the Chairman of the AC. The Terms of Reference of the AC are available on the Company’s corporate website.

The role of the AC and the number of meetings held during the financial year under review as well as the attendance record of each member are set out in the AC Report of this Integrated Report.

BOARD RISK AND INVESTMENT COMMITTEE

The Board Risk and Investment Committee (BRIC) consists exclusively of the Independent Non-Executive Directors and is chaired by an Independent Non- Executive Director.

The composition of the BRIC, its duties and responsibilities are set out in the Corporate Governance Report. The BRIC oversees the adequacy of risk management within the Group. It also assists the Board in ensuring that the risk exposures and outcomes affecting the Group are effectively managed and addressed by the Board. More specifically, BRIC is responsible for formulating policies and frameworks to identify, monitor, manage and control material risks impacting the Group. It is also to review all investments and project business cases proposed by the Company before making appropriate recommendations to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group achieve its value-creation targets by providing risk information to enable better formulation of the Group’s strategies and decision-making.

The Group outsource its internal audit functions to Group Internal Audit Department (GIAD) of Boustead Holdings Berhad. The GIAD’s function reports directly to the AC and is independent of the activities it audits. GIAD’s authority, scope, and responsibilities are governed by an Internal Audit Charter approved by the AC.

Financial Reporting

The Board is committed to providing a fair and objective assessment of the Group’s financial position and prospects in the quarterly financial results, annual financial statements, Integrated Reports, and all other reports or statements to shareholders, investors, and relevant regulatory authorities.

The Statement of Director’s Responsibility for Preparation of Financial Statements is set out on page 154.

Risk Management and Internal Control

The Board reviews the risk management processes and internal control procedures to ensure a sound system of risk management and internal control to safeguard the Company’s shareholders’ investments and assets.

Further information on the Group’s risk management and internal control framework is set out in the Statement on Risk Management and Internal Control of the Integrated Report on pages 128 to 148.

BOARD TENDER COMMITTEE

The Board Tender Committee (BTC) is established to assist the Board in fulfilling its statutory and fiduciary responsibilities in overseeing the process of awarding significant contracts by Pharmaniaga and its subsidiaries. The BTC strives to ensure it has an appropriate mix of skills and experience to discharge its roles and responsibilities effectively in accordance with the BTC’s terms of reference.

COMMUNICATION WITH STAKEHOLDERS

Regular communication and engagement between stakeholders and the Company are critical for the sustainable growth of our business, as they provide stakeholders with greater insight into the Company and facilitate mutual understanding of each other’s expectations. We have, therefore, consistently maintained a two-way communication and an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors, consumers and the general public, non-governmental associations, industry and trade associations, and suppliers. Their views and concerns on the Company’s business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.

Our annual investor relations engagement programme ordinarily includes one-to-one meetings, plants or site visits, and the Annual General Meeting.

During the financial year under review, Senior Management also hosted the Company’s analyst briefing after the announcement of our quarterly financial results, during which participants were updated on our operational, commercial and financial performance of the Company.

The Group is fully committed to maintaining a high standard in the dissemination of relevant and material information about the Group’s development. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to stakeholders. Key stakeholder communication modes include Integrated Report, unaudited quarterly results, analyst briefings, announcements to Bursa Malaysia, corporate website and investor relations activities.

The Group’s investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication to improve disclosure and transparency. Communication and feedback from stakeholders can be directed to the key contact person of the Company as follows:

▶ **Norai’ni Mohamed Ali**
Chief Financial Officer
Tel : +603-3342 9999
E-mail : investor.relations@pharmaniaga.com

CORPORATE GOVERNANCE OVERVIEW STATEMENT

GROUP CORPORATE WEBSITE

The Group’s corporate website, **www.pharmaniaga.com**, provides comprehensive, easy access to the latest information on the Group’s corporate and business aspects. Corporate profiles, individual profiles of Directors and Senior Management, financial results, Integrated Reports, and corporate news, amongst others, can be found on our corporate website. Additionally, information on press releases, announcements to Bursa Malaysia and quarterly results of the Group are also made available on the Company’s corporate website and this serves to promote accessibility of information to the Company’s shareholders and all other market participants.

ANNUAL GENERAL MEETINGS

The Group is of the view that Annual General Meeting (AGM) is an important two-way platforms for engaging with its shareholders and addressing their concerns.

The Company’s 27th AGM, which was held on 18 June 2025 and Extraordinary General Meeting (EGM) held on 20 March 2025, was attended by shareholders at the Royale Chulan Damansara Hotel.

There was active engagement between the Board and shareholders and there was an opportunity for shareholders to have real-time interaction with the Board and Senior Management. The Chairman and Senior Management answered questions raised by shareholders and provided written responses to those that could not be answered readily. Answers to the questions by the Minority Shareholder Watch Group prior to the AGM were also shared with the shareholders, and the same were uploaded to the website prior to the AGM day.

The minutes of the AGM and EGM detailing the meeting’s proceedings, including issues or concerns raised by shareholders and a summary of the key matters discussed, are accessible to the public on the Company’s corporate website.

NOTICE OF 28TH ANNUAL GENERAL MEETING

 Date

: 19 May 2026 (Tuesday)

 Time

: 10.00 a.m.

 Venue

: Royale Ballroom, Level 2,
Royale Chulan Damansara

INTEGRITY AND ETHICS

The Board is committed to a corporate culture that encompasses and embraces ethical conduct within the Group by adopting numerous policies that serve to achieve this commitment.

Code of Ethics and Conduct

The Pharmaniaga Code of Ethics and Conduct (the Code) provide clear guidelines on permissible and non-permissible conduct in the Company’s business practices. The Code is implemented to ensure that all employees and their representatives comply with the same standards. It shall also serve as guidelines when making judgment calls on work ethics, including in bridging and fostering close relations between the Company and its customers. The business code of conduct (Board Charter) for the Board is subject to the statutory duties of directors under various legislative enactments, and as stipulated under the Companies Act, Listing Requirements of Bursa Malaysia and Securities Commission Act. The Code applies to all the Company’s employees and representatives including agents, consultants, contractors and suppliers for the Company.

The Code expressly prohibits improper solicitation, bribery and other corrupt activities not only by employees and directors but also by third parties performing work or services for or on behalf of companies in the Group.

Anti-Bribery and Corruption Policy

With the adoption of the Anti-Bribery and Corruption Policy (ABC) policy, Pharmaniaga also practices a zero-tolerance policy against all forms of bribery and corruption. The ABC policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise while conducting business. The ABC policy is also applicable to all employees, directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Company.

Whistleblowing Policy

The Company has established its Whistleblowing Policy, which provides an avenue for the Group’s employees and members of the public to disclose any improper conduct in accordance with the procedures set out in the policy. To lodge a report for any improper conduct, please email to **whistleblow@pharmaniaga.com** and/or to the Audit Committee Chairman and/or to the Senior Independent Non-Executive Director. The email addresses of the Audit Committee Chairman and the Senior Independent Non-Executive Director can be found on the Group’s corporate website at **www.pharmaniaga.com**. The policy and procedures are publicly available on the Company’s corporate website.

Trading on Insider Information

The Board and Principal Officers of the Group are prohibited from trading in securities based on price-sensitive information and knowledge acquired by virtue of their positions, which have not been publicly announced. Notices on the closed period for trading in Pharmaniaga’s shares are sent to the Directors and Principal Officers on a quarterly basis as a reminder not to trade during the identified timeframe. None of the Directors and Principal Officers breached the above ruling during the financial year under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PROFESSIONAL DEVELOPMENT OF DIRECTORS

In line with Paragraph 15.08 of the MMLR, the Directors acknowledged the importance and value of attending conferences, training, programmes, and seminars to keep themselves abreast of industry developments and changes and update themselves on new statutory and regulatory requirements.

During the financial year under review, the Directors attended various training programmes to keep abreast of changes in legislative developments and industry practices. To enhance their knowledge and performance, the Board members attended as many training sessions as they possibly could to facilitate them in discharging their duties effectively.

The list of training programmes attended by the Board members during the financial year under review are outlined below:

Name	Programme Title & Organiser	Date
Dato’ Seri Abdul Razak Jaafar	Mandatory Accreditation Programme (MAP) by Institute of Corporate Directors Malaysia (ICDM)	20 - 21 January 2025
	Global ESG and Sustainability Forum 2025 by Corporate World Intelligence (CWI)	8 - 10 July 2025
	Mandatory Accreditation Programme Part II; Leading for Impact (LIP) by Institute of Corporate Directors Malaysia (ICDM)	30 - 31 July 2025
	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025
	Finance Essentials for Non-Finance Directors by Institute of Corporate Directors Malaysia (ICDM)	25 November 2025
Dato’ Zulkifli Jafar	National Sales Conference 2025 by Pharmaniaga Berhad, Commercial Division	6 January 2025
	Empowering Leadership Excellence: Executive Coaching by Boustead	January to December 2025
	Trump’s Tariffs and the Global Economy. What’s Next and What Can Be Done) by Asia School of Business (ASB)	8 May 2025
	Mr. Hsu Chuang Khoo, Professional Media Trainer at Royale Chulan Damansara by Media Spokespersons Training	10 June 2025
	BOLD Project Kick Off: Change Management Workshop for Pharmaniaga Senior Leadership Team & Commercial Heads by Royale Chulan Damansara	23 June 2025
	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Oxford Programme on Negotiation by University of Oxford	2 - 5 November 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025
Dr. Abdul Razak Ahmad	Cross Cultural Negotiations by United Nations Institute for Training and Research	13 April - 15 May 2026
	Geopolitics and Global Risks by IE School of Politics, Economics and Global Affairs, Madrid, Spain	19 - 22 September 2025
	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	The 2nd Iteration of The Conference of the High Contracting Parties CHCPS to the Treaty of Amity and Cooperation, ASEAN Secretariat <i>(Delivered keynotes and conducted numerous lectures, briefings and seminars on Global Affairs, public policies, sustainability related issues and issues of national and international security)</i>	18 October 2025
	Oxford Programme on Negotiation by University of Oxford	2 - 5 November 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name	Programme Title & Organiser	Date
Dr. Abdul Razak Ahmad (continued)	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025
	The Future of Conflict Management and Peace Operations in South East Asia and The Pacific, Bangkok	1 - 3 December 2025
Izaddeen Daud (Resigned on 17 June 2025)	Nil	Nil
Sarah Azreen Abdul Samat	Mandatory Accreditation Programme Part II; Leading for Impact (LIP) by Institute of Corporate Directors Malaysia (ICDM)	6 - 7 August 2025
	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025
Mohammad Ashraf Md. Radzi	Briefing by BoardPAC	12 February 2025
	Refresher on Conflict-of-Interest Training by Affin	12 February 2025
	Annual Compliance Attestation for Board (E-Learning Module 2025) by Affin	1 October 2025
	Anti-Money Laundering, Countering Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) (E-Learning Module 2025 by Affin	1 October 2025
	Anti-Bribery and Corruption (ABC) (E-Learning Module 2025) by Affin	1 October 2025
	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025
Dato’ Mohd Zahir Zahur Hussain	National Sustainability Reporting Framework & Latest Bursa Listing Requirements by Minority Shareholders Watch Group (MSWG)	13 March 2025
	Related Party Transactions Simplified by CKM Advisory Sdn. Bhd.	17 April 2025
	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025
Dato’ Dr. Faridah Aryani Md. Yusof	Global ESG and Sustainability Forum 2025 by Corporate World Intelligence (CWI)	8 - 10 July 2025
	National Pharmacists Convention 2025 by Malaysian Pharmacists Society	26 - 28 July 2025
	Mandatory Accreditation Programme Part II; Leading for Impact (LIP) by Institute of Corporate Directors Malaysia (ICDM)	6 - 7 August 2025
	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name	Programme Title & Organiser	Date
Dato’ Dr. Faridah Aryani Md. Yusof (continued)	Finance Essentials for Non-Finance Directors by Institute of Corporate Directors Malaysia (ICDM)	25 November 2025
Dr. Imam Fathorrahman	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025
Dato’ Seri Dr. Hj. Awaludin Said	Mandatory Accreditation Programme (MAP) by Institute of Corporate Directors Malaysia (ICDM)	20 - 21 January 2025
	Mandatory Accreditation Programme Part II; Leading for Impact (LIP) by Institute of Corporate Directors Malaysia (ICDM)	30 - 31 July 2025
	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025
	Finance Essentials for Non-Finance Directors by Institute of Corporate Directors Malaysia (ICDM)	25 November 2025
Professor Emerita Dr. Mary Jane Cardosa	WHO R&D Blueprint Consultation : Frontiers in Medical Countermeasures R&D	26 - 27 February 2025
	World Congress of Virology, 2025	6 - 8 May 2025
	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025
	Finance Essentials for Non-Finance Directors by Institute of Corporate Directors Malaysia (ICDM)	25 November 2025
Datuk Mohd Adzahar Abdul Wahid	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025
Mohd Firdaus Zulkifli <i>(Alternate Director to Mohammad Ashraf Md. Radzi)</i>	Successor Development Modular Series: Beyond the Box - Design Thinking by LTAT	2 - 3 July 2025
	Coaching for Leaders: Masterclass by LTAT	17 July 2025
	Coaching Lab by LTAT	5 August 2025
	Coaching Practice by LTAT	25 - 26 August 2025
	Pharmaniaga’s Board Retreat 2025 by Pharmaniaga Berhad	8 - 10 October 2025
	Board Cybersecurity Briefing 2025 On: Cybersecurity Threat Landscape Artificial Intelligence (“AI”) & Impersonation Risks Managing Security Risk in Cloud Adoption Third Party Risks Regulatory Development & Updates (including Cyber Act) by PwC Malaysia	13 November 2025

CORPORATE GOVERNANCE PRIORITIES

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to instill trust and confidence amongst stakeholders. The Board has identified the following set pieces on its horizon that will help it to achieve its corporate governance objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Board is pleased to provide the Statement on Risk Management and Internal Control for the financial year ended 31 December 2025 (FY2025) which was prepared in accordance with Practice 10.1 and 10.2 of the Malaysian Code on Corporate Governance (MCCG) and the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD AND MANAGEMENT’S RESPONSIBILITIES

The Board

The Board recognises its overall responsibility for establishing and maintaining a sound system of risk management and internal control to safeguard shareholders’ interest and the Group assets. The Board affirms that an effective enterprise risk management and internal controls framework is fundamental to the achievements of the Group’s strategic objectives, operational effectiveness, financial performance, and compliance with applicable laws and regulations.

The Board continually articulates, implements, and reviews the adequacy and effectiveness of the Group’s enterprise risk management and internal control system, which is embedded across all aspects of the Group’s activities. In discharging this responsibility, the Board reviews the risk management processes, governance structures, and assigned responsibilities, as well as assess whether reasonable assurance is in place to ensure that key risks are managed within the Group’s risk appetite and tolerable ranges. This ongoing oversight ensures that the risk management and internal control system remains viable, robust, and responsive to the Group’s evolving risk landscape.

The Board’s oversight of risk management and internal control also supports the Group’s readiness for sustainability-related financial disclosures in line with the International Financial Reporting Standards (IFRS) issued by the International Sustainability Standards Board (ISSB), including IFRS S1 (General Requirements) and IFRS S2 (Climate-related Disclosures).

To support effective oversight, the Board has established an appropriate governance structure to ensure effective oversight of risks and internal controls within the Group. The Board is assisted by the Board Risk and Investment Committee (BRIC), which oversee the governance of risks and investments as well as to ensure that an effective infrastructure in place, including policies, frameworks, processes, resources, and systems to support the identification, assessment, control, and monitoring of risks. The BRIC reports to the Board on a quarterly basis as part of its monitoring activities to ensure that key risks are deliberated and appropriate mitigating actions are implemented. The Board is also assisted by the Audit Committee (AC), which provides independent oversight of the Group’s financial reporting and internal control systems, thereby facilitating appropriate checks and balance within the Group.

During the financial year under review, the BRIC held four (4) meetings on 13 February, 6 May, 12 August and 11 November 2025 to assess and discuss the Group’s risks profile. The BRIC reviewed the controls and mitigation actions in place to manage the Group’s overall risk exposure, including emerging risks, and highlighted issues of concerns together with recommended mitigating actions. The BRIC also assisted the Board by reporting on matters deemed critical to the Group’s risk management and internal control environment, including the adequacy of systems established to manage risks.

For FY2025, the risk report was presented to the Board on 27 February, 7 May, 14 August and 13 November 2025. Through the BRIC, the Board maintained effective and continuous oversight of the Group’s overall risk profile throughout the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Management

The Management assists the Board in the effective implementation of the Group’s risk management and internal control system. Through the Risk Management Committee (RMC), Management is responsible for embedding, implementing and maintaining the Group’s enterprise risk management framework across the Group’s operations. The RMC is chaired by the Managing Director and supported by C-Suites. During the financial year under review, four (4) RMC meetings were held on 6 February, 28 April, 8 August and 4 November 2025.

In supporting the Board and BRIC, the core responsibilities of Management in relation to risk management and internal controls include the following:

- 1 Formulating, endorsing, implementing and periodically reviewing the Group’s risk management policies, frameworks, procedures, and guidelines to ensure consistent application and alignment across the Group.
- 2 Assigning clear accountabilities and responsibilities at appropriate levels within the Group, and ensuring that adequate resources are allocated to support effective risk management and internal control activities.
- 3 Identifying, assessing, monitoring and reporting on risks and internal control matters, as well as implementing appropriate measures to mitigate or minimise the risks relevant to the Group’s businesses and objectives.
- 4 Continuously monitoring changes in the market environment, including economic, environmental, political, social, and regulatory developments, as well as emerging risks that could affect the Group.
- 5 Implementing, tracking and reporting remedial actions to address deficiencies, significant risk exposures, and emerging risk identified through reviews, assessment, or assurance activities, including providing timely updates to the BRIC and the Board on the effectiveness of such actions.
- 6 Demonstrating a strong risk-aware and ethical culture through leadership by example, reinforcing the importance of integrity, accountability, and ethical business conduct across the Group.

In addition, the Group’s Management Control Policy (MCP) outlines the responsibilities of managers at all levels to ensure effective oversight of internal control within their respective areas of accountability. The MCP also clarifies the role of the Internal Audit function, complementing the Internal Audit Charter and this Statement on Risk Management and Internal Control.

Risk Governance Structure

The Group has established a clear and structured risk governance framework to ensure effective oversight, accountability, and management of risks across the organisation. The risk governance structure defines the roles, responsibilities, and reporting lines for risk management and internal control, and supports timely escalation of significant and emerging risks to the appropriate governance bodies.

This framework emphasises accountability and risk ownership while maintaining appropriate levels of independence and clear segregation of duties under the Three Lines of Defense model. Risk management is implemented across various hierarchical levels and reinforced through multiple committees, business units, internal controls, and reporting mechanisms to support consistent and effective risk oversight.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



RISK MANAGEMENT FUNCTION

Risk Management

The Group’s risk management function is led by the Risk Management Department (RMD) of Governance Division, which provides enterprise-wide oversight of risk management activities across the Group. RMD is responsible for establishing and maintaining robust risk management strategies, frameworks, and policies, as well as performing independent risk assessments and ongoing monitoring to support effective risk mitigation and informed decision-making.

During the financial year under review, the RMD continued to focus on strengthening the Group’s risk management capabilities to support value creation and the achievement of strategic and business objectives. Risk management is embedded into key business processes, including strategic planning, investment evaluation, and operational decision-making, enabling the Group to proactively manage risks arising from both internal operations and the external environment.

In carrying out this role, the RMD provides oversight over key risk areas across the Group, including risks associated with material sustainability matters and emerging developments. Consistency in risk management practices is reinforced through the application of standardised risk assessment methodologies, reporting requirements, and monitoring processes, thereby enabling effective escalation, monitoring, and enterprise-wide visibility of key risks.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk management within the Group is governed by a structured set of core policies, namely the Risk Appetite Statement, the Enterprise Risk Management (ERM) framework, and the Business Continuity Management (BCM) policy.



Risk Appetite Statement

The Group’s risk appetite is a fundamental component of its risk management framework and provides a clear basis for guiding risk-taking decisions across the Group. It serves as a tool for the Board and Management to define, communicate, and evaluate the types and levels of risk the Group is prepared to accept in pursuing its strategic and business objectives, while accounting for constraints under stressed conditions. The risk appetite also considers environmental, social, and governance risks that may affect long-term sustainability, resilience, and stakeholder confidence.

The risk appetite translates the Group’s risk capacity into defined risk limits and tolerances, providing clear guidance for the consistent measurement, monitoring, and evaluation of the Group’s risk profile. It is embedded into key management processes, including strategic planning, operational matters, and investment decision making, to ensure alignment between risk-taking activities and the Group’s strategic priorities.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The risk appetite is reviewed periodically to remain responsive to changes in internal and external conditions, and to remain relevant and forward-looking. For the year under review, the Group’s risk appetite covered ten (10) key areas.

**FINANCIAL**
Maintain financial sustainability while taking measured risks to support growth and operations.

**LEGAL & SECRETARIAL**
Avoid breaches of laws, regulations and listing requirements.

**COMPLIANCE**
Comply with regulatory and ethical requirements, allowing only minor and well-managed deviations.

**HEALTH & SAFETY**
Protect the safety and wellbeing of employees, customers and business partners.

**SERVICES**
Deliver reliable services while accepting limited operational risks to improve efficiency and quality.

**SUSTAINABILITY**
Minimise environmental impact and comply with environmental regulations.

**BRIBERY & CORRUPTION**
Zero tolerance for bribery, corruption, fraud or abuse of power.

**TECHNOLOGY**
Support innovation while protecting systems, data and business continuity.

**HUMAN CAPITAL**
Manage people-related risks to maintain a capable, ethical and motivated workforce.

**IMAGE & REPUTATION**
Protect stakeholder trust, corporate reputation and brand value.

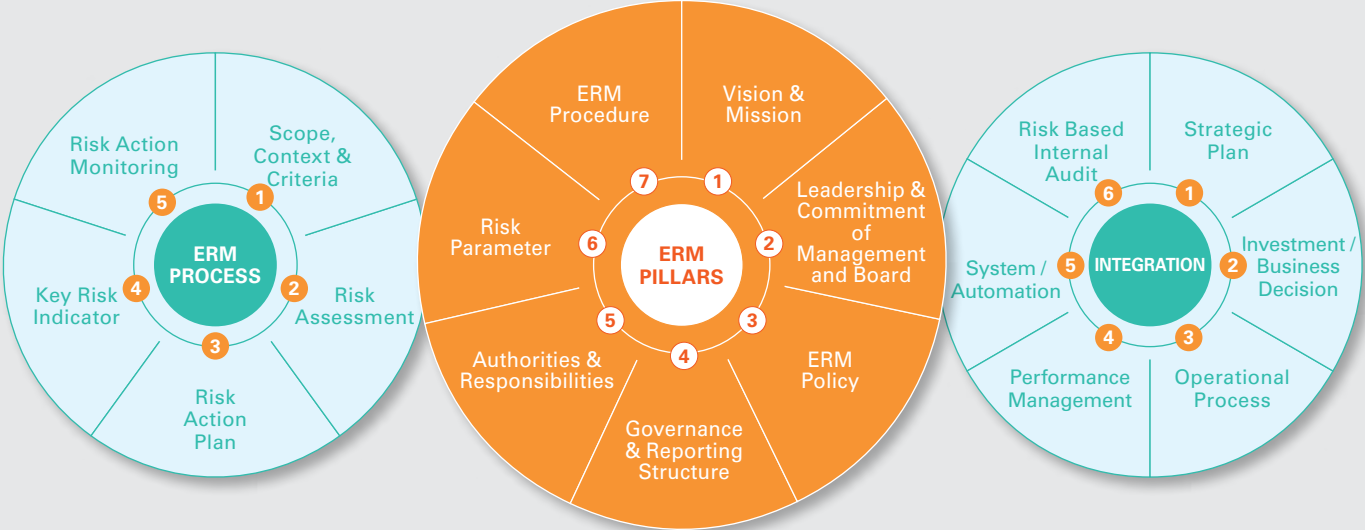
Enterprise Risk Management Framework

The Group has established an appropriate risk management infrastructure which is tailored to the specific circumstances of the Group and guided by Enterprise Risk Management (ERM) Framework, to ensure that the Group’s assets are well-protected, and shareholders’ value enhanced. The ERM Framework is periodically reviewed and revised to ensure it remains current and effective, with the latest revision taking effect on 1 December 2024.

The responsibility for day-to-day risk management resides with the Management at the functional business units, where designated risk owners are accountable for identifying, assessing, controlling and monitoring risk within their respective areas. Risk information is consolidated and escalated through established governance channels to support effective oversight through RMC, the BRIC, and the Board.

The ERM framework is supported by a set of foundational components that collectively promote a disciplined and consistent approach to risk management across the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ENTERPRISE RISK MANAGEMENT FRAMEWORK

SUSTAINABILITY OF ERM

Value Creation and Protection	Communication and Consultation	Record, Monitor and Review	Continual Improvement	Risk Culture
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ERM Pillars

The ERM pillars emphasise strong leadership and governance as the foundation of effective risk management. This includes setting the tone at the top, demonstrating commitment from the Board and Management, establishing clear roles and responsibilities, and maintain appropriate governance structures to support effective risk oversight and accountability.

ERM Process

The ERM process follows a structured and systematic methodology, beginning with an understanding of the Group’s internal and external operating environment. Key steps include risk identification, assessment, formulation of mitigation and action plans, monitoring of risk exposures, and regular reporting. This ensures a consistent and comprehensive approach to managing risks across all business functions and levels of organisation.

Integration

Risk management is integrated into the Group’s key decision-making and operational processes to ensure that risk are considered proactively rather than reactively. This includes integration into strategic planning, capital and investment decisions, operational management, performance monitoring, and risk-based internal audit activities, fostering a risk-aware and risk-responsive organisation.

Sustainability of ERM

In ensuring the suitability, adequacy, and effectiveness of the ERM framework, the Group is committed to continuously enhancing its risk management practices. This includes strengthening risk reporting and monitoring mechanism, improving risk data quality, and adapting the framework to evolving business, regulatory, and external environments. Ongoing engagement, communication, and awareness initiatives further support the embedding of risk management practices into the Group’s culture, contributing to long-term resilience and sustainability.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

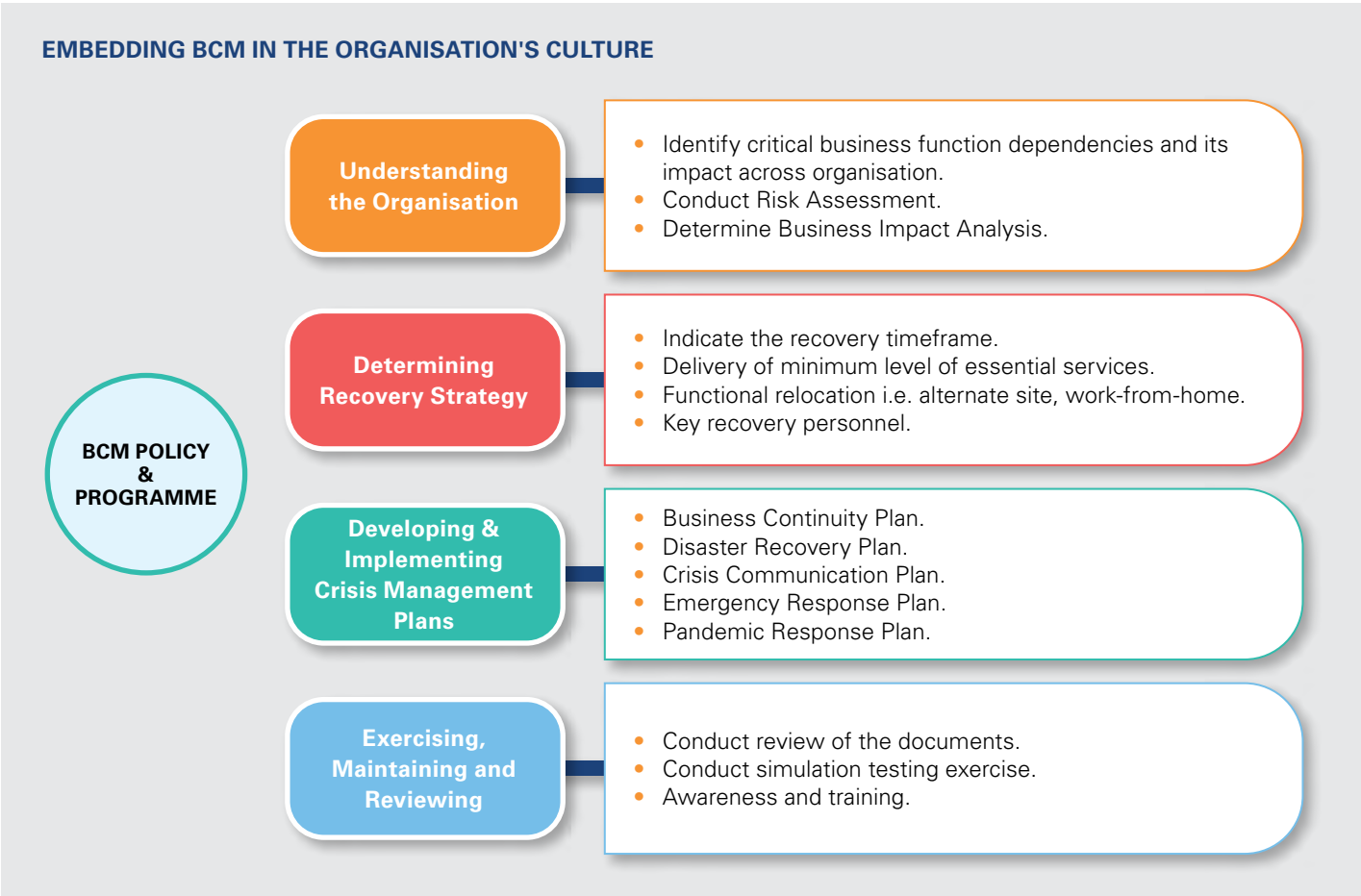
Business Continuity Management

The Group is committed to the continuous enhancement of its operational resilience to ensure that preventive measures are effective in responding to disruptions, enabling swift recovery, and minimising potential impacts arising from business interruptions. This commitment is underpinned by the Group’s comprehensive Business Continuity Management (BCM) Programme.

The BCM Programme is governed by the Group’s BCM Policy, which set out the principles, roles and responsibilities for managing business continuity across the organisation. The policy is reviewed periodically to ensure its continued relevance and effectiveness, with the latest revision taking effect on 27 March 2025.

The BCM Programme is designed to:

- Safeguard the safety, health, and overall well-being of employees.
- Ensure that critical business operations, services, and/or products are restored to an acceptable level within the required recovery timeframe.
- Protect the Group’s reputation and public image.



To support the effective implementation of the BCM programme, the Group undertakes regular BCM-related activities, including establish new or periodic review on existing BCM documentation, coordinate testing exercises, and conduct regular workshops/ awareness initiatives. These activities are designed to strengthen the Group's ability to respond, recover, and resume critical business functions during disruptive incidents as well as return to normal business operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

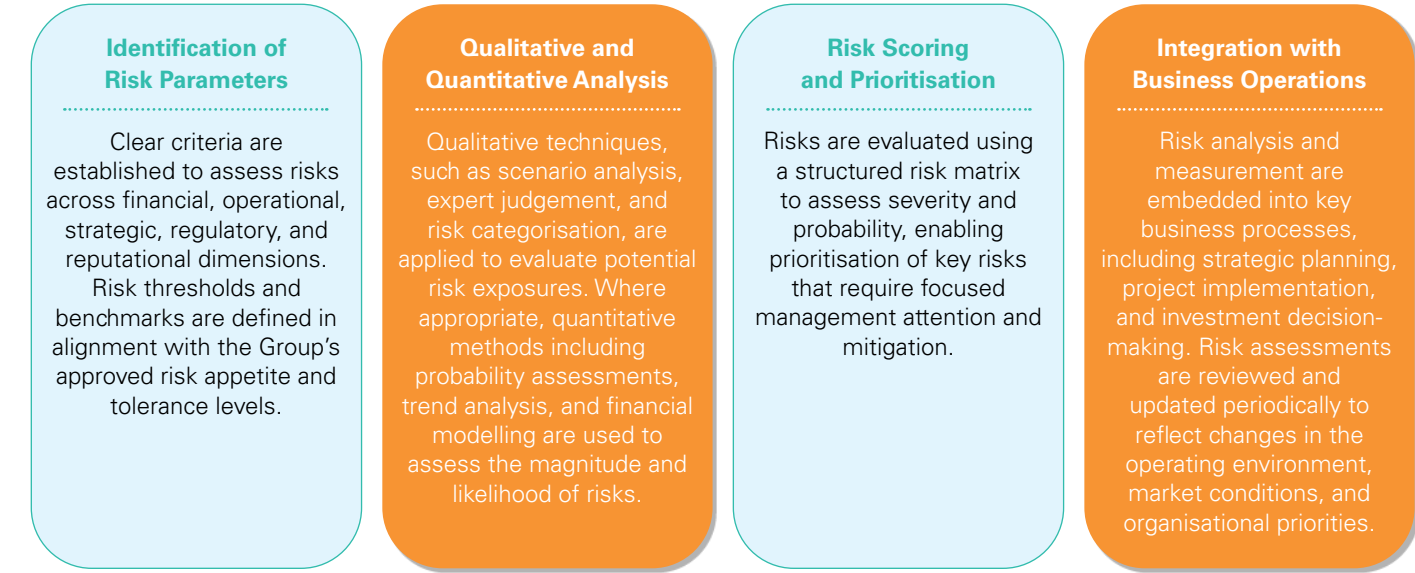
Risk Management Practices And Process

The risk management practices and processes support the systematic identification, assessment, mitigation, monitoring, and reporting of risk exposures across the Group. These practices are embedded within the ERM framework and the key elements are as follows:

Risk Analysis and Measurement

Risk analysis and measurement is a core component of the Group’s ERM Framework, enabling the identification, evaluation, and prioritisation of risks across the Group. This process ensures a consistent and structured approach to understanding nature, impact, and likelihood of potential risks, providing a solid foundation for effective decision-making and mitigation strategies.

Key elements of the risk analysis and measurement process include:



Risk Assessment, Monitoring and Reviews

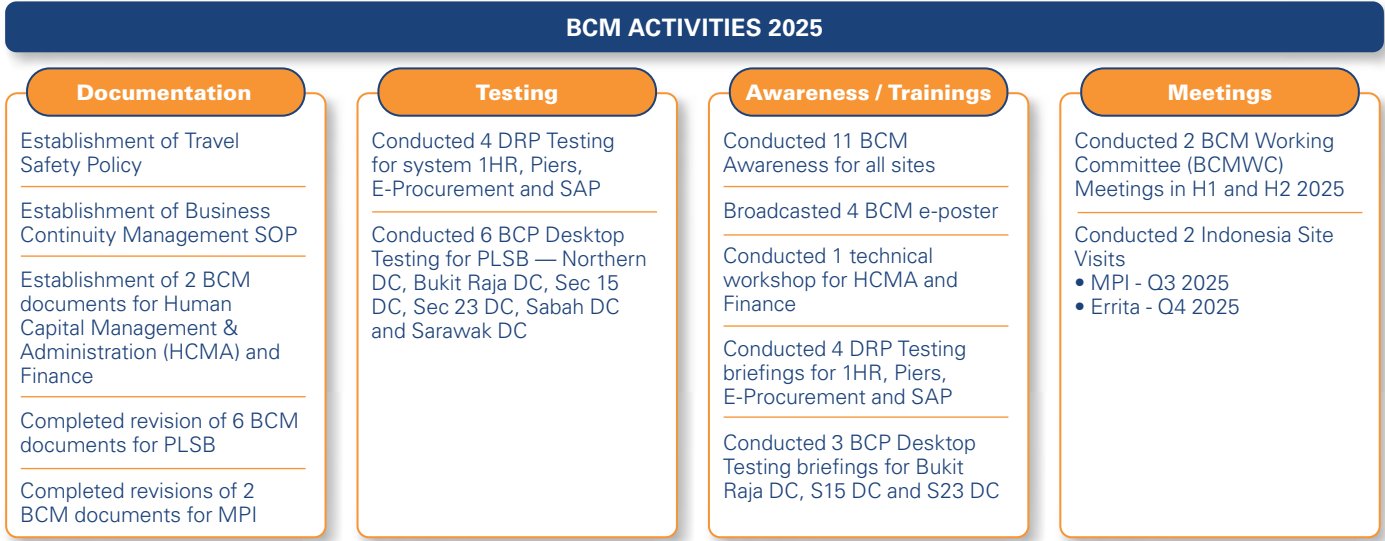
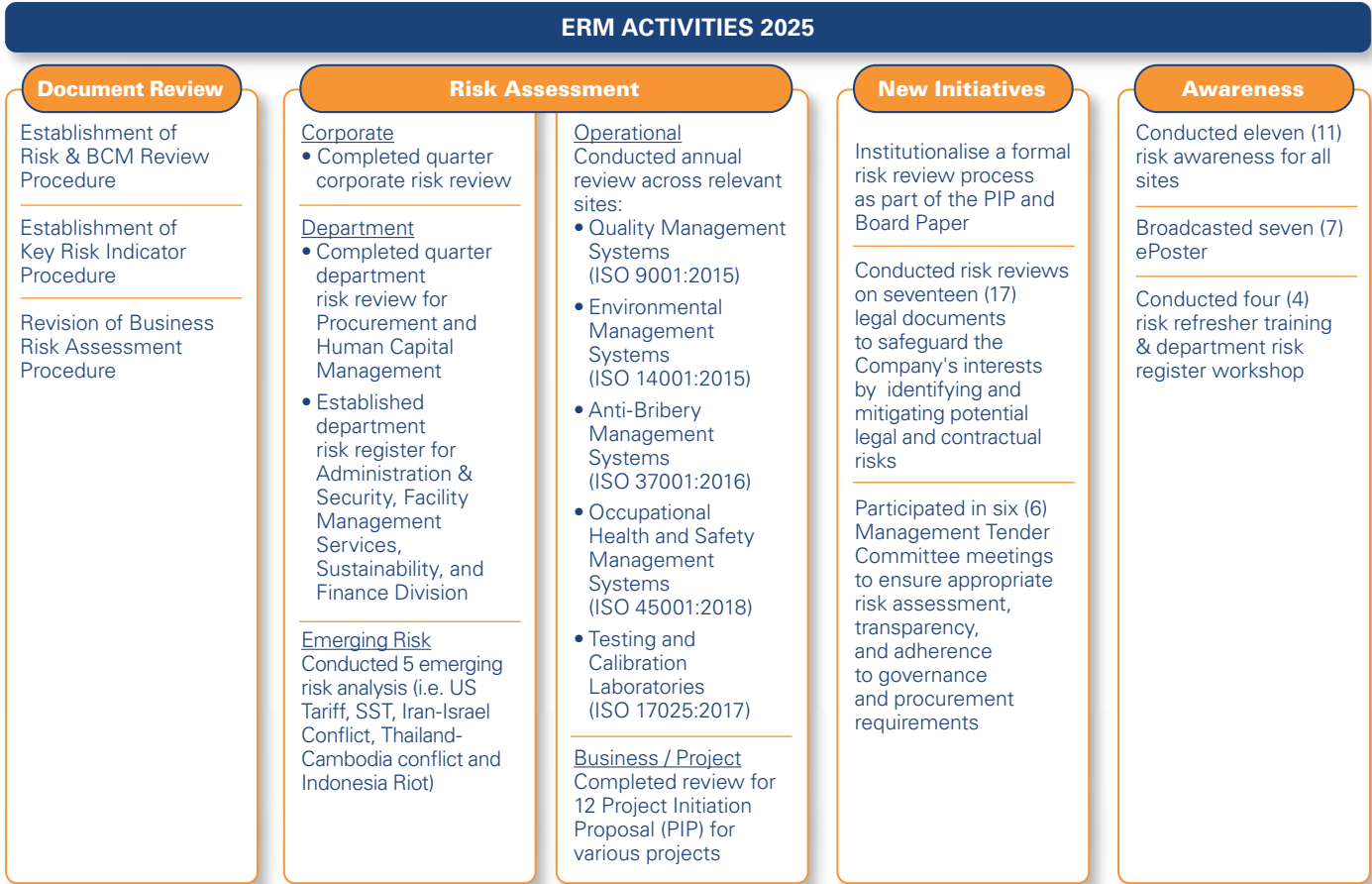
The Group places strong emphasis on continuous risk assessment, monitoring, and reviews to ensure that risk exposures are identified early and managed proactively. Risk assessments are conducted at multiple levels within the organisation, with clear management involvement and defined review frequencies, as summarised below:

Level/ Context	Assessment	Management Involvement	Frequency
Corporate	Assessment on the Group’s key risks captured in Corporate Risk Register.	Review and deliberation of key risk exposures, existing controls, and status of mitigation action plans.	Quarterly
Department	Assessment of risks arising from departmental activities through the Department Risk Register.	Review and deliberation of risks, control effectiveness, and progress of mitigation actions.	Quarterly
Operational	Assessment of risks related to ISO-certified management systems, including Quality, Occupational Health & Safety, Environmental, Anti-Bribery, and Testing & Calibration Laboratories.	Review and deliberation of risks, controls and compliance with certification requirements.	Annually
Business / Project	Assessment related to new projects and investment proposals, including potential financial, operational, and strategic impact.	Review and deliberation of risk exposure, potential impacts, and required mitigation measures prior to approval.	As required
Business Continuity Management	Assessment of business resilience and continuity risk, particularly arising from material events or disruption.	Review and deliberation of business continuity risk and adequacy of response and recovery measures	Annually

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

• Key Risk Management Initiatives

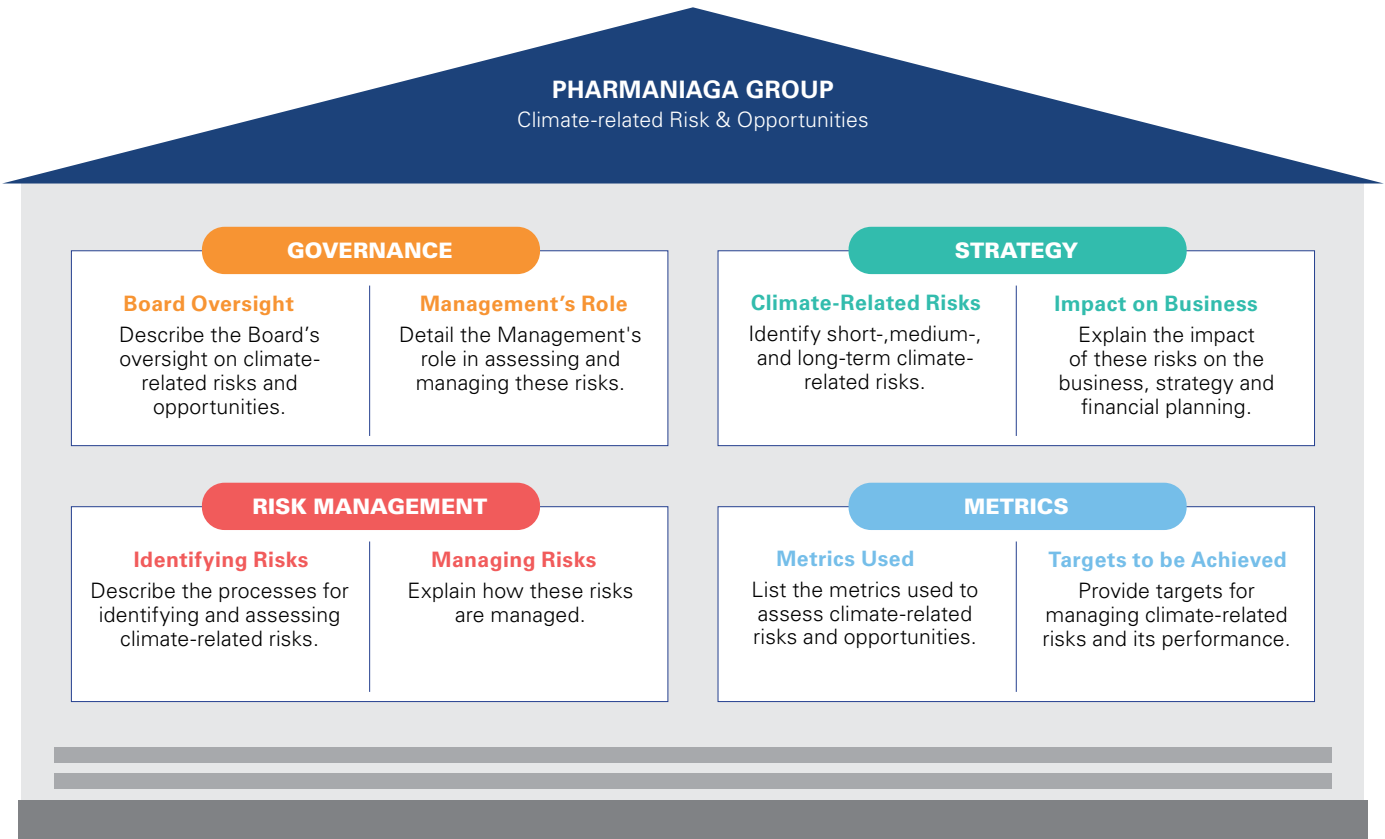
During the financial year under review, several key risk management and business continuity initiatives were undertaken to strengthen the Group's risk governance, enhance operational resilience, and support informed decision-making across the organisation. These activities encompassed the review and enhancement of policies and procedures, enterprise-wide risk assessments, implementation of new risk initiatives, and continuous awareness and capability-building programmes at both Group and subsidiary levels.



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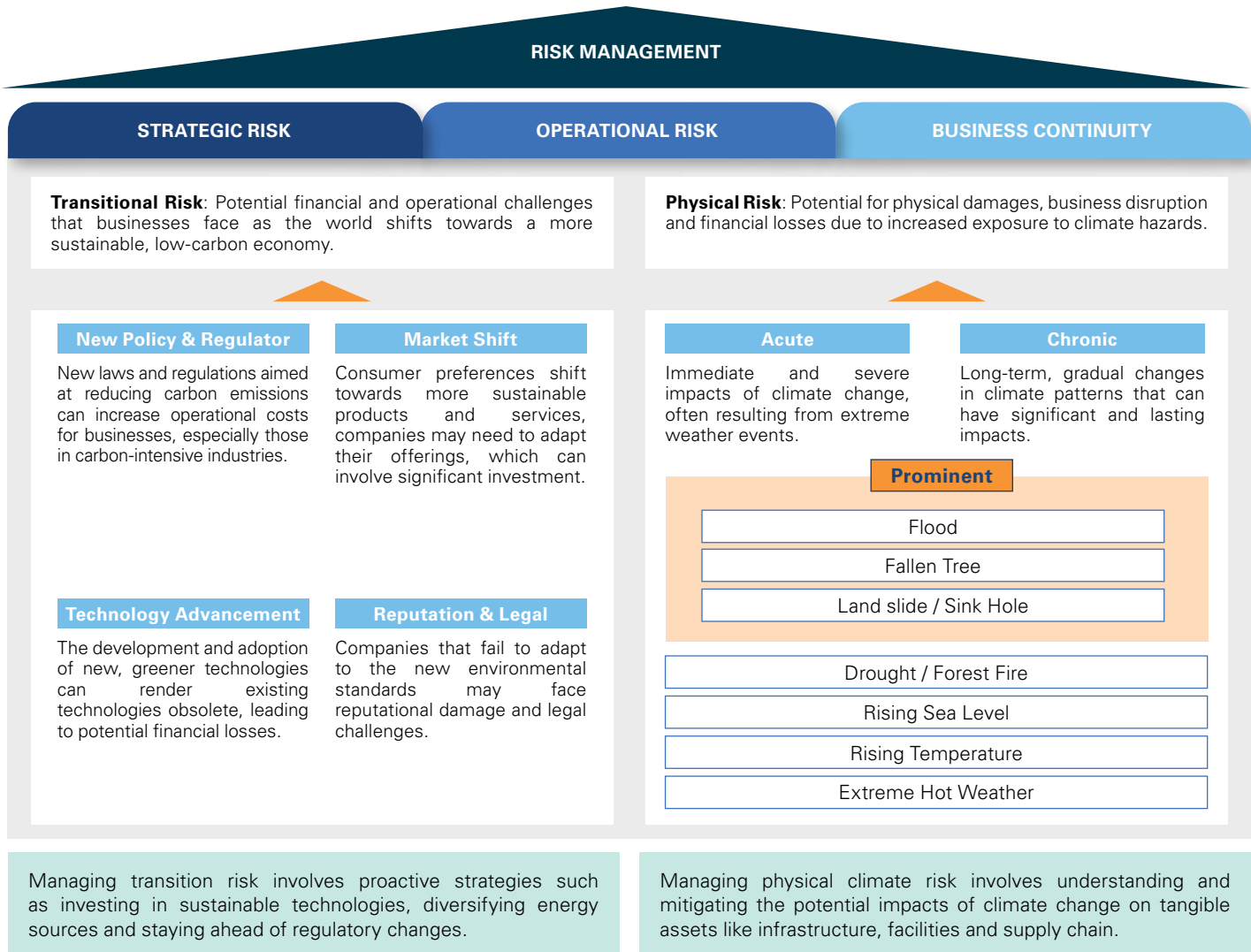
• Climate Risk Management

In line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and International Financial Reporting Standards (IFRS) of International Sustainability Standards Board (ISSB) S1 and S2, the Group recognises climate change as an emerging risk that may affect business continuity, operational efficiency, supply chain resilience, and long-term sustainability. Climate-related risks are integrated into the Group's ERM processes to enable structured identification, assessment, and monitoring of potential impacts.



During the financial year under review, the Group conducted climate risk assessments covering both physical risks, such as extreme weather events and long-term climate changes, and transition risks, including regulatory developments, energy efficiency requirements, carbon management, market expectations on decarbonisation and emissions performance, and shifts in stakeholder behaviour. These assessments support the identification of areas of vulnerability across the Group's operations and inform the development of appropriate mitigation and adaptation measures.

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INTERNAL CONTROL SYSTEM

Internal Control Oversight

• Audit Committee

The Board has delegated the responsibility for reviewing and monitoring the adequacy and effectiveness of the Group’s internal control system to the Audit Committee (AC). The AC provides independent oversight of the Group’s financial reporting, duties and responsibilities of the internal and external auditors, governance, integrity, related party transactions and overall internal financial controls.

In carrying out its duties, the AC reviewing the external auditors’ audit plan, scope and findings arising from the annual audit, including audit observations and recommendations. The AC also evaluates the adequacy and effectiveness of the Group’s internal control systems through regular reviews of internal control issues identified by internal and external auditors as well as the Management. The AC also monitors the status of corrective actions and ensures that Management has satisfactorily addressed significant control weaknesses and audit findings reported by internal and external auditors, as well as other external advisors, where applicable.

• Group Internal Audit

The Group outsource its internal audit functions to Group Internal Audit Department (GIAD) of Boustead Holdings Berhad. The internal audit function remains independent and objective in supporting the assurance to the AC and the Board.

GIAD adopts a risk-based audit approach in planning and conducting its audits, with its annual internal audit plan reviewed and approved by the AC. Through systematic and disciplined methodology, GIAD supports the Group in achieving its objectives by evaluating and enhancing the effectiveness of risk management, control and governance practices.

GIAD operates and performs its activities in accordance with the Group Internal Audit Charter and the Group Internal Audit Manual, whilst also adopting internal audit standards and best practices based on the Global Internal Audit Standards (promulgated by the Institute of Internal Auditors) and the COSO Internal Control Framework. GIAD reports directly to the AC and is independent of the activities it audits.

In FY2025, the audits covered a wide range of operational areas and processes within the Group, including inventory management, trade procurement, penalties, engineering, technical services, quality control, production, operational efficiency, order management, transportation management and sales management encompassing invoicing, commission and discount claims.

Areas for improvement were identified from the audits conducted, and appropriate recommendations were made to strengthen internal controls. Follow-up audits were performed to monitor Management’s progress in implementing the agreed corrective actions and to assess the effectiveness of remediation measures.

Internal Control Systems and Practices

The Group’s internal control system is supported by established control systems and practices that provide the necessary discipline and structure to sustain effective oversight by Management and employees. These control systems and practices encompass organisational structure, governance activities and management processes that collectively support the maintenance of a strong control environment.

• Governance and Organisational Controls

• Group Organisation Structure

The Board has established an organisational structure with clearly defined lines of responsibility, limits of authority and accountability aligned to business and operational requirements to support the maintenance of a strong control environment. The Group has ten (10) divisions which consist of Commercial, Manufacturing, Logistics and Distribution, IT and Digitalisation, Research and Development, Strategy, Indonesia Operations, Finance, Human Capital Management and Administration, and Governance, with each division having clear roles and responsibilities to support and achieve the Group’s objectives.

• Strategic Business Planning, Budgeting and Reporting

Strategic business planning, budgeting, and performance monitoring are key elements of the Group’s governance framework. The Board actively engages with Management in the formulation and review of strategic plans, annual budgets, and financial targets. Approved plans and budgets provide a structured basis for performance measurement, accountability, and resource allocation, with regular monitoring and reporting to Management and the Board to ensure alignment with the Group’s strategic objectives.

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The Board participates in strategic planning sessions with the Management to deliberate on business strategies, performance outcomes, and key challenges faced by the Group. Strategic concerns reviewed collectively, with Management mandated to implement agreed action plans under the Board’s oversight. A retreat amongst the Senior Management and Board members was conducted on 8 to 10 October 2025, providing a platform for Management to seek the Board’s guidance on the Group’s business plans and strategies priorities for the year 2026 - 2030.

Based on strategies identified and input from the Board, the Annual Operating Plan for 2026 and the Five-Year Strategic Plan and Financial Targets were drawn up and approved by the Board on 5 December 2025. This ensures accountability and achievement of the Group’s objectives and strategies. Strategies are also revised where necessary based on changes in the business and operating environments.

Business plans, budgets and KPIs are aligned with the Group’s Five-Year Strategic Plan. Actual financial and non-financial performance is measured against approved budgets, with significant variances analysed and reported at monthly Management meetings and quarterly Board meetings. Budget utilisation is closely monitored by Management to ensure disciplined and effective financial management.

To further enhance operational efficiency and strategic decision-making, the Group continuously make improvements on its current initiatives, including:

- Product Management Committee: Close monitoring of product development progress using project management standards; tracking both development costs & timeline against baseline. This provides clarity in terms of development cost at risk & timeliness of projects.
- Scorecard Measurement & Monitoring: Quarterly tracking of respective divisions performance against target to meet strategic objectives. The quarterly performance of divisions are reported back to Management Committee (MANCO) on quarterly basis.

• Limits of Delegated Authority

The Group has put in place a Limits of Authority (LOA) which defines the appropriate approving authority and decision-making limits to govern and manage business decision process. The LOA sets out a clear line of accountability and responsibility, which serves as a reference in identifying the approving authority for various transactions, including matters that the Board approves. The LOA is reviewed periodically to ensure its continued relevance and alignment with the Group’s organisational structure and operational requirements.

• Policies, Procedures, and Compliance Framework

• Policies and Standard Operating Procedures

The Group has established a comprehensive set of written policies and procedures to guide employees performing their duties and to support consistent, effective, and compliant business operations. These policies and procedures form an integral part of the Group’s management systems and are reviewed periodically to ensure their continued relevance and effectiveness in line with changes in business operations, regulatory requirements and risk exposure. Briefings and trainings are frequently held to enhance employees’ awareness of the policies and procedures.

• Certified Management Systems and Regulatory Licenses

Subsidiaries within the Group have implemented Internationally Accredited Management Systems and regulatory licenses to standardise operational practices, strengthen internal controls, and enhance efficiency. These systems support consistent compliance with regulatory requirements, promote best practices, and reinforce a strong control environment throughout the Group.

The Group has obtained and maintained a range of certifications and licences, which may be broadly categorised as follows:

Management System Certifications

- MS ISO 37001: 2016 Anti-Bribery Management Systems;
- ISO 45001: 2018 Occupational Health and Safety Management Systems;
- ISO 27001: 2013 Information Security Management Systems;
- ISO 9001: 2015 Quality Management Systems;
- ISO 14001: 2015 Environmental Management Systems;
- ISO/IEC 17025: 2017 Laboratory Quality Management Systems; and
- ISO 18295-1: 2017 Customer Contact Centres.

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Pharmaceutical and Healthcare Regulatory
Certifications and Licenses

- Pharmacist Type A License – License from Pharmacy Enforcement Division, Malaysia;
- Good Manufacturing Practice – Manufacturing License from NPRA, Malaysia;
- Good Distribution Practice – Wholesaler License from NPRA, Malaysia;
- Good Distribution Practice for Medical Devices – Certification from SIRIM, Malaysia;
- Establishment License from MDA;
- Halal Pharmaceutical Product Certification – Certification from JAKIM, Malaysia;
- EU Good Manufacturing Practice – Certification from INFARMED, Portugal;
- Cara Pembuat Obat Yang Baik – Certification from BPOM, Indonesia;
- Cara Distribusi Obat Yang Baik – Certification from BPOM, Indonesia;
- Perizinan Distribusi Alat Kesehatan – Certification from Kementerian Kesehatan, Indonesia;
- Perizinan Perdagangan Besar Farmasi – Certification from Kementerian Kesehatan, Indonesia; and
- Sertifikasi Halal - Certification from Badan Penyelenggara Jaminan Produk Halal, Indonesia.

These certifications and licenses reflects the Group’s commitment to maintaining high standards of product quality, regulatory compliance, customer satisfaction, employee safety and health, and environmental protection across its operations.

The Group’s business activities are governed by various regulations and laws applicable to the pharmaceutical and healthcare industry. To ensure continued compliance, regular audits, inspection, and assessment are conducted by regulatory authorities and independent certification bodies, including the National Pharmaceutical Regulatory Agency (NPRA), Pharmacy Enforcement Division, SIRIM, and Department of Islamic Development Malaysia (JAKIM) and evaluation committees of numerous multinational companies. These external assessments provide independent assurance on compliance and support continuous improvement of the Group’s control systems and operational practices.

• Compliance and Corporate Systems

The Compliance and Corporate Systems Department (CCSD) provides independent, reasonable and objective assurance, including business advisory reviews designed to add value and improve efficiency of the Group’s operations. In supporting the Group to achieve its objectives, CCSD employs a systematic and disciplined approach to evaluate and recommend improvements for the effectiveness of risk management, internal controls and governance processes. This is to ensure the certifications and licenses are continuously maintained for business continuity. The following three (3) units drive the CCSD:

Regulatory Compliance

- ▶ Conduct routine compliance audits across the Group in areas such as Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), Good Distribution Practice for Medical Devices (GDPMD), Good Pharmacovigilance Practice (GVP), Pharmacist Type A License (PTAL), and relevant ISO management system including ISO9001, ISO14001, ISO45001, ISO27001 and ISO37001;
- ▶ Review and advise on advertisements and promotional materials for pharmaceutical products, medical devices, food supplements, and health awareness initiatives prior to its publication to healthcare professionals and general public; and
- ▶ Provide regulatory perspectives, guidance, and resources to support business initiatives and projects, including biologics, vaccines, insulins, cold chain and digitalisation.

Safety, Environmental & Compliance

- ▶ Lead, coordinate, consult and monitor Safety and Health, and Environmental (SHE), as well as Emergency Response Team (ERT) management for the Group;
- ▶ Monitor implementation of SHE activities to ensure the Group complies with applicable legislation requirements; and
- ▶ Conduct training and awareness to all employees on SHE and other related matters.

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Customer Care & Office Help Desk

- ▶ Address customers’ enquiries and complaints about products and/or services. This involves providing accurate and timely information to ensure customer satisfaction.
- ▶ Manage product returns or recall process to ensure that all customer interactions are smooth and efficient.
- ▶ Collect and analyse customer feedback to identify areas for improvement. This facilitates the company to continuously enhance its products and services based on customer needs and preferences.
- ▶ Ensure clear communication channels within the team and with other departments to facilitate quick resolution of issues and enhances overall customer experience.

• Operational and Project Controls

• Project Management

The Group adopts structured project management practices to govern the planning, evaluation, approval, and execution of projects across the organisation. Projects are subject to defined review and approval processes, including risk assessments, financial evaluations, and technical feasibility assessments, prior to implementation.

Project performance is monitored against approved objectives, timelines, budgets, and key milestones, with material deviations escalated to Management for timely corrective actions. This approach ensures that project risks are appropriately identified, managed, and monitored throughout the project lifecycle, while supporting effective decision-making and accountability.

• Contract Management

Contract management controls are implemented to safeguard the Group’s interests and ensure that contractual arrangements are aligned with business objectives, regulatory and legal requirements, and risk considerations. Contracts are reviewed and approved in accordance with established policies and the LOA to ensure clarity of terms, responsibilities, and risk allocation.

Key contractual risks, including legal, financial, operational, and compliance risks, are assessed prior to execution. Ongoing monitoring of contractual obligations and performance is conducted to ensure compliance with agreed terms and to mitigate potential disputes or exposures.

• Procurement Management

A Centralised Procurement Policy and Procedures (CPPP) is implemented across the Group to establish uniform standards and consistent practices for non-trade procurement activities, supporting transparency, accountability, and cost-effectiveness. The CPPP embed best practices that promote competitive sourcing, disciplined cost management, efficient procurement cycles, and enhanced transparency, while minimising the risk of control lapses and leakages. Vendor selection and management processes are conducted in accordance with established policies and approval thresholds to ensure fairness, objectivity, and value for money. These processes also consider ethical labour, and compliance expectations, supporting the Group’s efforts to manage potential human rights-related risks within its value chain.

To strengthen governance over significant procurement activities, a Management Tender Committee (MTC) is established for tender exercise involving goods and services exceeding a prescribed threshold. The MTC ensures that procurement activities are conducted in a structured, accountable, and impartial manner, in accordance with the CPPP. The MTC comprises three key functions, the Opening Tender Committee, Technical Committee, and Commercial Committee, each consisting of qualified and impartial representatives from various departments. This structure ensures an independent, objective, and transparent procurement process.

The committees are responsible for assessing and evaluating all bids against predetermined criteria and recommending the most suitable vendor for onward approval by the relevant approving authority. This structured approach enhances efficiency, ensures robust internal controls, and strengthens governance in the tender award process. These processes collectively reinforce the Group’s commitment to transparency, efficiency, and fairness in procurement, ensuring that all sourcing and tendering activities are aligned with corporate governance principles and contribute to long-term operational excellence.

These policies support the Group’s commitment to fair labour practices, ethical treatment, and respect for human rights, and form part of the Group’s broader approach to managing human rights-related risks across its operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

• People and Capabilities Controls

• Human Resource Policies and Controls

The Board and Management set the tone at the top by promoting ethical behaviour and good governance across the Group. A Code of Ethics and Conduct, supported by the Employee Handbook and key internal policies, guides the standards of behaviour expected of all employees and business partners. These policies include, among others, requirements relating to confidentiality, information security, conflict of interest, integrity, gifting and donations, anti-bribery and corruption, and personal data protection. Disciplinary measures are in place to address breaches of policies and ethical standards, reinforcing accountability and consistent application across the Group.

The Group has established documented human resource policies and procedures to ensure compliance with internal controls and applicable laws. These cover key areas such as recruitment, performance management, learning and development, disciplinary matters, and employee grievance handling. Policies are reviewed periodically to ensure continued relevance and are made accessible to employees through the Employee Handbook, which was revised and took effect on 1 January 2025.

• Performance Management

The Group has established performance management processes to ensure that employee objectives and performance expectations are aligned with the Group's strategic goals. Employee performance is assessed through a Performance Management System (PMS), supporting accountability, consistency, and continuous improvement. Performance outcomes are used to identify development needs and inform talent management and succession planning initiatives.

The PMS is guided by a Departmental Balanced Scorecard, comprising Key Performance Indicators (KPIs) and Key Result Areas (KRAs), and adopts the FCIO Balanced Scorecard framework covering of Financial (F), Customer (C), Internal Business Process (I), and Organisational Learning and Growth (O). The Group and departmental scorecards are developed based on the approved Strategic Plans and AOP and are cascaded from the Group level to departments and individual employees to ensure alignment across all levels. In addition, a 360-degree appraisal approach is incorporated into the PMS to enhance the evaluation of both individual and team performance.

• Competency Development and Training

Regular training and development programmes are identified and implemented to ensure that employees are equipped with adequate skills, knowledge, and competencies to carry out their responsibilities effectively. Training initiatives cover technical competencies, leadership development, compliance requirements, risk management, safety, and ethical standards, supporting workforce capability and strengthening the overall internal control environment.

• Manpower Planning

The Group undertakes annual manpower planning exercises in line with the approved budget to assess current and future workforce requirements. This process enables Management to identify resource needs, plan for workforce optimisation, and ensure the availability of suitably qualified personnel to support business operations and strategic objectives. Workforce planning also facilitates effective deployment of talent through recruitment, promotions, and internal transfers in accordance with operational needs.

• Succession Management

The Group has strengthened its succession planning and leadership development framework to mitigate key-person risk and ensure continuity in critical roles. High-potential talents are developed through the structured PharmaLEAD Management Development Programme, launched on 1 August 2025 to build a sustainable pipeline of future leaders for Pharmaniaga.

These initiatives reinforce corporate governance, support business continuity, and enhance the Group's long-term organisational resilience in line with GLC best practices and stakeholder expectations.

• Cyber and Technology Management

• Information Security

The Group has implemented information security policies to protect sensitive information and data assets from unauthorised access, misuse, loss, or cyber threats. These controls are designed to safeguard digital information, and are supported by employee awareness and training programmes to reinforce secure information handling practices.

• Access Controls

Access to information systems and applications is governed by defined access control mechanisms to ensure that users are granted appropriate levels of access based on their roles and responsibilities. User access rights are reviewed periodically and updated promptly in response to changes in roles or employment status, supporting segregation of duties and reducing the risk of unauthorised activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

• System and Data Availability

Controls are in place to support the availability and reliability of the Group's systems and data to ensure continuity of business operations. These include system monitoring, data backup, and recovery procedures designed to minimise downtime and enable timely restoration of critical systems and data in the event of disruptions. System capacity, availability, and backup arrangements are reviewed periodically to ensure they continue to support operational and service delivery requirements, thereby enhancing operational resilience and informed decision-making.

• Financial and Asset Protection Controls

• Financial Reporting

The Group has established robust processes and procedures to ensure efficient financial reporting. This enables timely submission of quarterly financial results and audited financial statements to Bursa Securities, as well as to shareholders and other stakeholders. The Group's quarterly and integrated reports, which include the annual audited financial statements along with the auditors' and directors' reports, are reviewed to ensure compliance with the MMLR of Bursa Securities, applicable approved accounting standards, and other statutory and regulatory requirements before submission to the Board for approval.

• Credit Management

Credit management controls are in place to manage exposure to credit risk arising from trade receivables and other counterparties. Credit risk arises primarily from delays or failures in debt recovery, which may adversely affect the Group's cash flow, funding position and profitability. To mitigate this risk, the Group has established a Credit Management Policy that sets out clear and disciplined criteria for managing credit exposures. Key measures include:

- ▶ Assessing the credit worthiness of potential customers before granting credit limits and terms;
- ▶ Closely monitoring collections and overdue debts; and
- ▶ Ensuring effective credit utilisation to keep leverage at a comfortable level.

These measures support effective cash flow management and reinforce the Group's commitment to maintaining financial stability while minimising exposure to credit-related risks.

• Liquidity Management

On 31 July 2025, the Group completed its Rights Issue and Private Placement following the successful listing and quotation of the Rights Shares amounting to RM345.9 million and Placement Shares amounting to RM223.7 million on the Main Market of Bursa Malaysia. The completion of the Regularisation Plan has significantly strengthened the Group's liquidity position and financial flexibility.

As a result, the Group has recorded improved cash flows, enhanced its ability to meet operational and financial obligations, and stabilised its working capital position. The strengthened liquidity profile has also enabled the Group to normalise supplier payments and better support ongoing business operations.

In parallel, the Group continues to implement operational and financial discipline measures to enhance efficiency, improve profitability, and sustain positive cash flow generation. Liquidity levels are monitored closely through regular cash flow forecasting and management reporting to ensure that sufficient funds are available to meet obligations as they fall due. Further details on the Group's liquidity risk management are disclosed in Note 34(c) to the financial statements.

On 16 March 2026, Bursa Malaysia vide its letter approved the application for the upliftment of Pharmaniaga from being classified as a PN17 company.

The upliftment of Pharmaniaga from being classified as a PN17 company effective on 17 March 2026.

• Insurance Coverage

The Group maintains adequate insurance coverage and physical safeguards over its major assets, including buildings, machinery, and inventories across all operating divisions and subsidiary companies. These measures are designed to mitigate the financial impact of unforeseen events and potential calamities that could result in material losses. Insurance coverage is reviewed periodically to ensure that it remains appropriate and aligned with the Group's asset base, operational risks, and risk appetite. Through this approach, the Group seeks to safeguard its assets, protect business continuity, and enhance financial resilience.

• Penalty Management

The Group operates under a seven-year Concession Agreement (CA) with the Ministry of Health (MOH) to provide logistics and distribution services for medical products to Government hospitals and clinics from 1 July 2023 to 30 June 2030. The CA incorporates defined Key Performance Indicators (KPIs) covering service delivery timelines, product quality, buffer stock availability, and invoicing requirements, with penalties imposed for non-compliance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

To mitigate penalty-related risks, the Group continues to strengthen its penalty management controls through ongoing engagement with MOH, enhanced monitoring of penalty status via quarterly reporting to the Board, and initiatives to automate penalty tracking processes. These measures support compliance with the Concession Agreement, strengthen financial discipline, and safeguard operational performance while reinforcing the Group's commitment to delivering reliable healthcare logistics services.

• Inventory Management

Inventory management controls are implemented to ensure the availability of products while minimising the risk of obsolescence, expiry, loss, or inefficiencies. The Group maintains defined policies, procedures, and system-based controls to manage inventory levels across its operations in line with operational requirements and service obligations.

To strengthen inventory planning and coordination, the Group has implemented a Sales and Operations Planning (S&OP) meeting to align demand forecasts, supply planning, inventory positioning, and distribution capabilities. The S&OP facilitates cross-functional collaboration among relevant business units to ensure that inventory levels are optimised to meet customer demand, buffer stock requirements, and service delivery commitments.

Automated inventory replenishment processes are implemented to support timely restocking based on inventory levels, predefined stock thresholds, and consumption patterns. These controls enable effective day-to-day inventory management and help ensure continuity of supply while minimising the risk of overstocking, stock-outs, and operational inefficiencies.

Inventory levels and movements are closely monitored, including tracking of expiry products, including slow-moving items, and stock ageing. Periodic stock counts and reconciliations are conducted to verify the accuracy of inventory records and safeguard physical assets. These practices support timely decision-making, minimise potential write-offs, and enhance overall inventory efficiency.

Through the integration of S&OP, automated inventory replenishment, and robust inventory controls, the Group seeks to improve supply reliability, strengthen operational resilience, and support effective working capital management.

• **Incident Management Controls**

• Incident Management

The Group has established incident management controls to ensure that incidents are identified, reported, and addressed in a timely and structured manner. Defined procedures are established to assess incidents based on their nature and severity, implement appropriate response and corrective actions, and escalate significant matters to Management and, where appropriate, to the Board for oversight.

Incident management is integrated with the Group's ERM and BCM frameworks to ensure consistent incident handling, appropriate escalation, and alignment with risk treatment and business continuity strategies. Incidents and near misses are reviewed to identify root causes and lessons learned, with corrective and preventive measures implemented to strengthen controls and enhance organisational resilience.

• Flood Management Task Force

In FY2025, the Flood Task Force was reactivated on 22 September 2025, following the Malaysian Meteorological Department (Met Malaysia) forecast of heavy rainfall. The Task Force has adopted a Standby Mode approach for preparedness, with priority has been accorded to employee safety and welfare, with the following action plans:

- Reactivate Emergency Hotline to provide official communication channels for affected employees;
- Test the functionality of the necessary equipment (genset, water jet, etc.);
- Coordinate preloved or unused clothes collection from Pharmaniaga Bukit Raja employees;
- Disseminate flood awareness posters to all employees on a weekly basis starting 22 September 2025;
- Monitor weather forecast, check hotspot location based on official announcements by authorities and identify Flood Transfer Center;
- Request updated information from employees; and
- Briefing to employees on flood preparation & psychological support by Jabatan Bomba & Penyelamat on 20 November 2025.

Recognising the severe impact on livelihoods and well-being, the initiative aimed to provide immediate assistance to affected employees and their families by delivering essential supplies, including food, drinking water, hygiene kits, and other necessities. In addition to material support, the Group also provided monetary contributions and offered emotional and moral support, reaffirming its commitment to employee welfare and corporate social responsibility.

These proactive measures demonstrate the Group's dedication to safeguarding employee well-being and providing timely assistance during flood-related incidents.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Monitoring

Relevant processes adopted to monitor the adequacy and integrity of the Group's system of internal control include:

- Regular Management reviews and reporting, including monitoring of financial and operational performance against approved budgets, plans, and key performance indicators;
- Risk assessments and periodic reviews conducted at corporate, departmental, and operational levels to identify emerging risks and control gaps;
- Independent assurance provided through internal audit reviews, with findings, recommendations, and follow-up actions reported to the AC;
- External audits, regulatory inspections, and certification assessments to provide independent validation of compliance with applicable laws, regulations, and standards;
- Ongoing monitoring of corrective and remedial actions to ensure timely implementation and closure of identified control weaknesses; and
- Continuous oversight by Management and relevant Board Committees on significant control matters, incidents, and emerging issues.

These monitoring processes provide reasonable assurance that the Group's internal control systems remain effective, relevant, and responsive to changes in the operating and risk environment.

Communication

• **Corporate Communications**

Effective communication is an integral component of the Group's governance and internal control framework, supporting transparency, accountability, and timely decision-making. The Group has established structured internal and external communication processes to ensure that relevant, accurate, and consistent information is communicated to stakeholders in a timely manner.

The Corporate Communication function plays a central role in managing the Group's communication strategy, providing guidance on public communications to ensure alignment with corporate values, strategic objectives, and regulatory requirements. It also monitors public sentiment and media coverage to identify potential reputational issues and supports Management in addressing emerging concerns appropriately.

During incidents or crisis situations, established communication protocols are activated to ensure clear, timely, and coordinated messaging to employees, stakeholders, regulators, and the public. This approach supports effective issue management and mitigates potential reputational risks.

• **Employee Engagement**

The Group recognises that transparent and effective communication is critical to employee engagement, motivation, and productivity. Multiple communication platforms and engagement initiatives are utilised to facilitate open dialogue between Management and employees on operational updates, strategic direction, organisational changes, and employee welfare matters.

Engagement activities are conducted through both physical and virtual platforms to ensure inclusive participation across the Group. Structured initiatives such as town halls, surveys, leadership engagement sessions, and employee well-being programmes support a culture of trust, collaboration, and shared purpose. Counselling and well-being support initiatives are also made available to assist employees in managing work-related and personal challenges, contributing to workforce effectiveness and resilience.

• **Whistleblowing and Speak-Up Culture**

The Group has established a Whistleblowing Policy to provide a secure and confidential channel for employees and external parties to report suspected misconduct, fraud, unethical behaviour, or non-compliance with laws and internal policies. The policy outlines clear reporting procedures to safeguards and protect whistleblowers from retaliation or victimisation.

Establishment of the Whistleblowing Procedure, which took effect on 12 August 2024, together with the enhancements to the Whistleblowing Policy effective on 26 November 2024, introduced a more structured reporting process and standardised reporting documentation to improve efficiency and consistency in handling concerns. All reported cases are subject to appropriate investigation, with findings escalated to the Board for review and necessary action.

The whistleblowing mechanism also serves as a key control for identifying and escalating potential ethical and human rights-related concerns.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

• Culture and Values Communication

The Group reinforces its culture and values through the Do It Right Always (DIRA) initiative, which serves as a key platform for promoting integrity, accountability, sustainability, and responsible conduct across the organisation. DIRA supports consistent communication of the Group’s values and expectations, ensuring that ethical behaviour and sound decision-making are embedded into daily operations.

Through structured awareness programmes, engagement activities, and internal communication channels, DIRA initiatives are disseminated across the Group to reinforce key messages on ethical conduct, employee welfare, responsible workplace practices, safety, sustainability, and social responsibility. These initiatives support employee awareness and encourage shared ownership of the Group’s values at all levels.

DIRA-related communications are delivered through a combination of digital platforms, engagement sessions, and awareness campaigns to ensure broad reach and effective engagement. By embedding DIRA into its communication framework, the Group seeks to cultivate a strong, values-driven culture that supports effective governance, risk management, and long-term sustainable performance.

ADEQUACY AND EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

All risk management matters including BCM, key recommendations and management actions plans, are reviewed and deliberated at RMC and BRIC meetings before being escalated to the Board. The quarterly reports track the progress and completion status of corrective actions arising from issues highlighted by Management, the Board and GIA.

The monitoring, review and reporting arrangements in place provide reasonable assurance that the Group’s risk management and internal controls systems are adequately designed and effectively implemented in accordance with the nature and scale of the Group’s operations, and that risks are managed within acceptable levels. However, these systems are not intended to eliminate all risks, and may not prevent human error, judgmental decisions, or deliberate circumvention of control procedures.

The Board, supported by BRIC, continues to monitor material risks affecting the Group and to take appropriate measures to strengthen controls and enhance the effectiveness of risk management practices. For areas requiring improvement, Management action plans are developed, with implementation timelines monitored by Management, BRIC, and the Board.

Based on the reviews conducted during the financial year under review and up to the date of issuance of the financial statements, the Board is of the view that the Group’s risk management and internal control systems are sound, adequate, and effective, and provide reasonable assurance in safeguarding shareholders’ investments, the interests of stakeholders, and the Group’s assets.

ASSURANCE FROM MANAGEMENT

For the financial year under review, the Board has received assurance from the Managing Director, Chief Operating Officer, and Chief Financial Officer, based on their enquiries, information, and representations provided, that the Group’s systems of risk management and internal control have operated adequately and effectively.

Based on this assurance, the Board is satisfied that the Group’s risk management and internal control systems provide reasonable assurance in safeguarding shareholders’ investment, protecting the Group’s assets, and supporting the achievement of the Group’s strategic and operational objectives.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control as required in the paragraph 15.23 of the MMLR of Bursa Securities. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 (AAPG 3) issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this statement is inconsistent with their understanding of the processes the Group had adopted in the review of the adequacy and integrity of the risk management and internal control system of the Group. This Statement has been approved by the Board of Directors on 6 April 2026.

AUDIT COMMITTEE REPORT

The Board of Directors (the Board) is pleased to present the report on the Audit Committee and its activities during the financial year ended 31 December 2025.

The main objective of the Audit Committee is to assist the Board in ensuring effective governance over the appropriateness of the Group’s financial reporting, including the adequacy of related disclosures, the performance of both the internal audit function and the external auditors and the oversight of the Group’s systems of internal control and related compliance activities.

The Audit Committee continued to play a key role in assisting the Board to fulfil its responsibilities in accordance with its Terms of Reference and held discussions with the internal auditors, external auditors and relevant members of Management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

COMPOSITION AND TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The composition of the Audit Committee is appointed by the Board from amongst the Non-Executive Directors and stood at five (5) members as at year end, whom including the Chairman are Independent Directors.

The Audit Committee is chaired by Sarah Azreen Abdul Samat and comprises four members.

The composition of the Audit Committee is in line with Paragraph 15.09 and 15.10 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and Practice 9.1 under Principle B of the Malaysian Code on Corporate Governance (MCCG), in which;

- All members are Non-Executive Directors and Independent Directors;
- No alternate director is appointed as a member;
- The Chairman of the Audit Committee is a certified Practicing Accountant of CPA Australia;
- The Chairman of the Audit Committee is not the Chairman of the Board; and
- None of the Committee members is a former key audit partner of the Company’s external auditor.

The Audit Committee has a policy that requires a former partner of the Company’s external auditors to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

The Audit Committee reviewed its report for the financial year ended 31 December 2025 to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.

MEETINGS AND MINUTES

A total of six (6) meetings were held during the financial year. Details of the composition of the Committee and the attendance by each member at the Committee meetings are set as follows:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Sarah Azreen Abdul Samat ¹ (Chairman)	Independent Non-Executive Director	Yes	6/6
Dr. Abdul Razak Ahmad	Senior Independent Non-Executive Director	Yes	6/6
Dato’ Mohd Zahir Zahur Hussain	Independent Non-Executive Director	Yes	6/6
Dato’ Seri Dr. Hj. Awaludin Said (Appointed as Committee member on 1 March 2025)	Independent Non-Executive Director	Yes	5/5
Dr. Imam Fathorrahman (Resigned on 31 December 2025)	Independent Non-Executive Director	Yes	6/6

Note: ¹ The Audit Committee Chairman’s profile can be viewed on page 100 of this Integrated Report.

AUDIT COMMITTEE REPORT

The Audit Committee meetings were also attended by the Managing Director, Chief Operating Officer, Chief Financial Officer and Head of Internal Audit at the Audit Committee’s invitation and as and when appropriate. The Audit Committee also met with the external auditors during the year on two separate sessions, without the presence of Management. The meetings have been appropriately structured with Audit Committee members receiving notices, agendas and papers sufficiently in advance of the meetings.

The Audit Committee Chairman reports to the Board on principal matters deliberated at Audit Committee meetings. Minutes of each Audit Committee meeting are recorded and tabled for confirmation at the following meeting and subsequently presented to the Board for notation. The Audit Committee Chairman also conveys to the Board matters of significant concern as and when raised by the external auditors or internal auditors.

All members of the Audit Committee have and will continue to undertake professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the Audit Committee members’ trainings can be viewed on pages 125 to 127 of this Integrated Report.

KEY ACTIVITIES DURING THE YEAR

During the year, the Audit Committee carried out its duties as set out in its Terms of Reference. The information on the Terms of Reference of the Audit Committee is available on Pharmaniaga’s website, www.pharmaniaga.com. The main activities undertaken were as follows:

Financial Reporting

1. Reviewed the quarterly unaudited financial results and audited annual financial statements of the Group to ensure compliance with the MMLR of Bursa Securities, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board.

2. Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.

3. Obtained assurance from the Chief Financial Officer that:

- appropriate accounting policies had been adopted and applied consistently;
- the going concern basis applied in the quarterly financial statements and annual financial statements was appropriate;

Integrated Report

1. Reviewed and endorsed the Statement on Risk Management and Internal Control (SORMIC) for Board’s approval and disclosure in the Integrated Report 2025.

2. Reviewed and approved the Audit Committee Report for incorporation in the Integrated Report 2025.

3. Reviewed and endorsed the Corporate Governance Overview Statement and Report for Board’s approval and inclusion in the Integrated Report 2025.

External Audit

During the year, the Audit Committee together with the external auditors:

1. Reviewed 2025 audit plan and scope of work for the Group.

2. Reviewed the external audit fees and the timeline of the audit engagement.

3. Reviewed the performance of external auditors, their independence and objectivity.

4. Discussed on audit reports and evaluation of the systems of the internal controls.

5. Reviewed major audit findings and reservations arising from the interim and final audits, significant accounting issues and any matter the external auditors may wish to discuss.

6. Reviewed the external auditors’ management letter(s) and management response(s).

- prudent judgements and reasonable estimates had been made in accordance with MFRS Accounting Standards (MFRSs);
- adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs and MMLR of Bursa Malaysia; and
- the quarterly financial statements and the annual financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2025.

● Overview of Pharmaniaga

● Key Messages

● Value Creation

● Management Discussion and Analysis

● Leadership

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AUDIT COMMITTEE REPORT

External Audit (Cont'd)

The Audit Committee met with the external auditors twice during the year in the absence of Management to discuss amongst others, audit issues and reservations arising from the interim and final audits.

The external auditors have assured the Audit Committee that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for 2025.

The external auditor’s non-audit service fees and the statutory audit fees are available on page 163 of this Integrated Report.

Internal Audit

During the year, the Audit Committee:

1. Reviewed with the internal auditors, their annual audit plan which is risk-based, focusing on significant areas of risk to ensure adequate and comprehensive scope coverage over the activities of the Group.

2. Reviewed the internal audit fees and timeline of the audit engagement.

3. Reviewed and deliberated internal audit reports, including follow-up on remedial action.

4. Reviewed the corrective actions taken by the Management in addressing and resolving issues as well as ensuring that all key issues were adequately addressed on a timely basis.

5. Reviewed the adequacy of resource requirements and competencies of staff within the Group Internal Audit Department to execute the annual audit plan.

6. Reviewed the effectiveness of internal audit processes and the resources allocated to the Group Internal Audit Department.

Related Party Transactions

During the year, the Audit Committee:

1. Reviewed the Circular to Shareholders relating to shareholders’ mandate for recurrent related party transactions of revenue or trading nature prior to recommending it for Board’s approval.

2. Reviewed the related party transactions entered by the Company and the Group pursuant to the shareholders’ mandate obtained at the Annual General Meeting held on 18 June 2025.

3. Reviewed the related party transactions entered by the Company and the Group as well as the disclosure and the procedures relating to related party transactions.

4. Reviewed the Framework and Procedures on related party transactions in ensuring that these were in accordance with the provisions of the MMLR of Bursa Malaysia.

INTERNAL AUDIT FUNCTION

The Group outsource its internal audit functions to Group Internal Audit Department (GIAD) of Boustead Holdings Berhad. The internal audit function is independent and objective in providing assurance to the Audit Committee. The Head of GIAD is a Fellow Member of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a Professional Member of the Institute of Internal Auditors Malaysia (IIA Malaysia). The Head of GIAD has more than 21 years of firm and commercial experience in internal audit, risk management, compliance and financial management (strategic and operational) encompassing a wide array of industries. The Head of GIAD reports functionally to the Audit Committee.

In discharging its duties in accordance with the Three Lines of Defence Model, GIAD, being the third line of defence, is responsible in providing independent assessment of compliance with existing laws/regulations, policies and procedures, as well as evaluating the adequacy and effectiveness of the risk management systems, internal controls and governance processes of Pharmaniaga Berhad and its subsidiaries. This is accomplished through a systematic and disciplined approach of regular reviews based on the internal audit plan that is presented to and approved by the Audit Committee annually.

AUDIT COMMITTEE REPORT

i. Reporting Line

The internal audit function’s purpose, authority and responsibilities are stated in the Pharmaniaga Berhad Internal Audit Charter. The Charter was last updated in February 2021 and approved by the Audit Committee. GIAD operates and performs its activities in accordance with the principles of the Charter that provides for its independence. GIAD reports directly to the Audit Committee and is independent of the activities it audits. GIAD assist’s the Audit Committee and the Board in maintaining an effective system of internal control and overall governance practices within the Company and the Group.

ii. Audit Planning and Work Done

GIAD adopts a risk-based methodology in planning and conducting audits based on a risk assessments of the business operations and activities. These are aligned with the Group’s strategic plans and the overall audit cycle. GIAD has also adopted internal audit standards and best practices based on the Global Internal Audit Standards promulgated by the Institute of Internal Auditors and the COSO Internal Control Framework, in conducting its reviews.

As at 31 December 2025, GIAD had in total 6 internal auditors, assigned to perform audits across the various divisions and they were assisted via a co-sourcing arrangement with an external service provider. At Pharmaniaga Berhad, reviews were focused on the following sectors, i.e. manufacturing, logistics and distribution, sales and marketing and the Indonesia operations. GIAD completed and issued internal audit reports for 8 assignments based on the approved annual audit plan. The audits conducted in 2025 covered a wide range of operational areas and processes within the Group, such as production and operational efficiency, engineering, technical services, quality control, penalties, trade procurement, inventory management, order management, transportation, management of principal discounts, sales personnel performance and commission, and sales invoicing.

The internal audit reports which included issues and action plans, were presented to and discussed with Management, and subsequently to the Audit Committee; for their attention, deliberation and/or corrective actions. GIAD also monitors the status of implementation of the agreed action plans to ensure full compliance.

Internal Audit Activities

During the year under review, GIAD undertook the following activities:

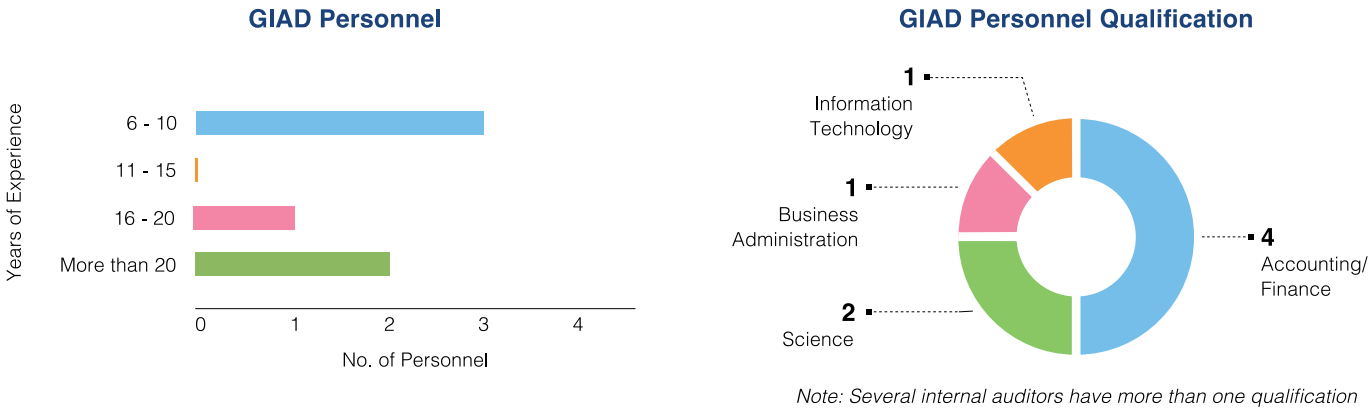
- Prepared the annual audit plan for approval by the Audit Committee;
- Performed risk-based audits based on the annual audit plan;
- Undertook ad-hoc reviews on matters arising from the audits and/or requested by the Management and/or Audit Committee and issued reports accordingly;
- Conducted root-cause analysis as part of the internal audit work to enable relevant recommendations to address any weaknesses noted;
- Issued internal audit reports on risk management, control and governance issues identified from the risk-based audits together with recommendations for improvements for these processes;
- Reported on a quarterly basis to the Audit Committee on significant risk management, control and governance issues from the internal audit reports issued, special reviews undertaken and results of follow-up of matters reported;
- Reported on an ongoing basis to the Audit Committee the achievement of the audit plan and status of resources of GIAD;
- Conducted regular follow-up and monitoring on the implementation of recommendations made to ensure that appropriate corrective or preventive actions were taken on a timely basis or within agreed timelines;
- Liaised with the external auditors to maximise the use of resources and for effective coverage of the audit risks; and
- Reviewed the procedures relating to related party transactions entered into by the Group to ensure that the transactions have been conducted on the Group’s normal commercial terms and are not to the detriment of the Group’s minority shareholders.

AUDIT COMMITTEE REPORT

iii. Resources and Continuous Professional Development

GIAD continues its commitment to equip its internal auditors with the sufficient knowledge, skills and competencies to discharge their duties and responsibilities. They had attended various trainings, seminars and courses focusing on enhancing technical competencies, and development of soft skill capabilities, as well as industry related trainings. They are strongly encouraged to obtain appropriate professional certifications and qualifications. The internal auditors have over the years accumulated experiences in areas of governance, assurance, integrity, fraud and risk, as well as exposure in various industry practices.

The qualification and audit related years of experience breakdown of the GIAD team as at 31 December 2025 are shown below:



iv. Internal Audit Cost

GIAD had carried out the audits for Pharmaniaga Berhad with a total fee amounting to RM439,880 for the financial year ended 31 December 2025.

STATEMENT OF DIRECTORS’ RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Applied the appropriate and relevant accounting policies on a consistent basis;
- Made judgements and estimates that are prudent and reasonable; and
- Prepared the financial statements on the going concern basis.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the requirements of Companies Act 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company to prevent, detect fraud and other irregularities.

This statement has been approved by the Board of Directors on 6 March 2026.

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DIRECTORS’ REPORT

The Directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company’s other principal activities include the provision of management services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM’000	Company RM’000
Net profit for the financial year	50,684	63,964
Attributable to:		
Owners of the parent	48,510	63,964
Non-controlling interests	2,174	-
	50,684	63,964

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2025.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

On 29 July 2025, the Company increased its issued and paid-up share capital by way of issuance of 3,458,950,862 new ordinary shares at RM0.10 per share ("Rights Issue") and 1,656,845,000 new ordinary shares at RM0.135 per share ("Private Placement").

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company. There were no debentures issued during the financial year.

DIRECTORS’ REPORT

SHARE SCHEME

On 13 May 2016, the Company implemented the Share Scheme comprising Option Plan and Long Term Incentive Plan (“LTIP”) after approval was obtained from Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Share Scheme is governed by By-Laws approved by the Company’s shareholders at the Extraordinary General Meeting (“EGM”) held on 29 March 2016.

Option Plan

The principal features of the Option Plan are as follows:

- (a) Directors and selected Senior Management Officers (“Eligible Employees”) can subscribe under the Option Plan for new ordinary shares in the Company. The number of options granted is subject to the seniority of the respective Eligible Employees as provided under the Option Plan By-Laws.
- (b) Options granted under the Option Plan shall expire on 12 May 2021. Any extension of time of the Option Plan would have to be approved by the relevant authorities and shareholders of the Company in a general meeting. The Company in a general meeting may terminate the Option Plan prior to the expiry date.
- (c) The option price under the Option Plan shall be based on the weighted average market price of the shares as shown in the daily official list issued by the Bursa Malaysia for the five (5) Market Days immediately preceding the date of offer subject to a discount not more than ten percent (10%) at the Scheme Committee’s discretion.
- (d) The new ordinary shares shall rank pari passu in all respect with the existing ordinary shares of the Company.

Long Term Incentive Plan (“LTIP”)

The principal features of the LTIP are as follows:

- (a) Subject always to the eligibility criteria set out below, the Executive Director and Eligible Employees of the Group are awarded with new ordinary shares in the Company for nil consideration:

- if he has attained the age of 18 years, is not an undischarged bankrupt and is not subject to any bankruptcy proceedings;

- if he entered into a full-time or fixed term contract with, and is on the payroll of the Group, and whose service has been confirmed;

- if he is serving in a specific designation under an employment contract, whether on a permanent contract or for a fixed duration (or any other contract as may be determined by the Scheme Committee); and

- if he fulfils any other criteria and/or falls within such category as may be determined by the Scheme Committee from time to time.
- (b) Shares granted are vested to the Executive Director and Eligible Employees in tranches over a period of up to 3 years, the vesting conditions of which are to be determined by the Scheme Committee.
- (c) Executive Director and Eligible Employees are awarded with new ordinary shares in the Company for nil consideration.
- (d) The value of the allocation per year to the Executive Director and Eligible Employees under the LTIP shall not exceed 6% of the audited profit after tax of the Group for the preceding financial year.
- (e) The new ordinary shares shall rank pari passu in all respect with the existing ordinary shares of the Company.

DIRECTORS’ REPORT

SHARE SCHEME (CONTINUED)

Amendments to the Share Scheme

On 7 May 2021, the Board of Directors has resolved to extend the duration of the Initial Term of the Share Scheme for a further period of 5 years from 13 May 2021 to 12 May 2026, in accordance with the terms of the By-Laws.

The proposed amendments to the By-Laws governing the existing Share Scheme (“Proposed By-Laws Amendment”) shall consist of the following amendments to the following terms under the By-Laws:

- (a)

amending the definition of eligible persons as specified under the By-Laws to include all employees of the Group (excluding foreign and dormant subsidiaries) to enable them to participate in the Option Plan and LTIP under the Share Scheme;
- (b)

streamlining the By-Laws to be aligned with the Companies Act 2016 (“Act”), which came into force on 31 January 2017, and to be in compliance with Bursa Listing Requirements, which include amongst others, the abolition of the par value regime and the maximum allocation to the Directors and senior management;
- (c)

providing that not more than 65% of the total number of shares of the Company to be issued under the Share Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group who are eligible persons under the Share Scheme (where “senior management” shall be subject to any criteria as may be determined at the sole discretion of the Scheme Committee from time to time); and
- (d)

reducing the Maximum Shares Available from 15% to 8.5% of the then issued share capital (excluding treasury shares) of the Company at any point of time, from time to time, during the duration of the Share Scheme.

The Proposed By-Laws Amendment has been approved by the shareholders of the Company at the EGM on 16 June 2021.

Particulars of the Outstanding Options Granted under the Option Plan and the Shares Granted under LTIP

As at 31 December 2025, the particulars of the outstanding options granted under the Option Plan and the shares granted under LTIP are as follows:

Option Plan

Date of grant	Option price	Number of options over ordinary shares				
		At	Adjustment	Exercised	Forfeited	At
		1.1.2025				31.12.2025
20 August 2021	RM0.4961	26,080,100	17,418,660	-	(2,343,800)	41,154,960

Details of senior management who were granted options to subscribe shares under the Option Plan during the financial year, other than Directors, are as follows:

	Number of options over ordinary shares				
	At	Adjustment	Exercised	Forfeited	At
	1.1.2025				31.12.2025
Norai’ni Mohamed Ali	82,550	57,785	-	-	140,335
Abdul Malik Mohamed	82,550	-	-	(82,550)	-
Zulhazri Razali	82,550	57,785	-	-	140,335
Wan Intan Idura Wan Ismail	82,550	57,785	-	-	140,335
Dr. Badarulhisam Abdul Rahman	56,700	39,690	-	-	96,390

DIRECTORS’ REPORT

SHARE SCHEME (CONTINUED)

Long Term Incentive Plan (“LTIP”)

As at 31 December 2025, no shares under LTIP were granted to Eligible Employees.

The other details of Share Scheme are disclosed in Note 27 to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and during the period from the end of the financial year to the date of this report are as follows:

Dato’ Seri Abdul Razak Jaafar	
Dato’ Zulkifli Jafar	
Dr. Abdul Razak Ahmad	
Sarah Azreen Abdul Samat	
Mohammad Ashraf Md. Radzi	
Dato’ Mohd Zahir Zahur Hussain	
Dato’ Dr. Faridah Aryani Md. Yusof	
Mohd Firdaus Zulkifli	
(Alternate Director to Mohammad Ashraf Md. Radzi)	
Dato’ Seri Dr. Hj. Awaludin Said	
Dr. Mary Jane Cardosa	(Appointed on 1 September 2025)
Datuk Mohd Adzahar Abdul Wahid	(Resigned on 17 June 2025)
Izaddeen Daud	
Dr. Imam Fathorrahman	(Resigned on 31 December 2025)

DIRECTORS’ REPORT

DIRECTORS (CONTINUED)

The names of the Directors of the Company’s subsidiaries since the beginning of the financial year to the date of this report, excluding those who were already listed above are as follows:

Norai’ni Mohamed Ali	
Zulhazri Razali	
Dr. Badarulhisam Abdul Rahman	
Yusni Rizal Khairul Anuar	
Muhammad Fauzi Abdul Hamid	
Mohd Izwan Ishak	
Joefly Joesoef Bahroeny	
Professor Dr. Aman Bhakti Pulungan	
Ahmad Shahredzuan Mohd Shariff	(Appointed on 17 March 2025)
Wan Intan Idura Wan Ismail	(Appointed on 17 March 2025)
Dr. Israfil Merican Fazil Merican	(Appointed on 24 October 2025)
Hairulrizal Samuri	(Appointed on 3 November 2025)
Shamsulanwar Harun	(Appointed on 12 December 2025)
Ikhwan Fadhli Abd. Rahim	(Appointed on 12 December 2025)
Dr. Imam Fathorrahman	(Appointed on 2 January 2026)
Abdul Malik Mohamed	(Resigned on 17 March 2025)
Ahmad Abu Bakar	(Resigned on 14 January 2026)

DIRECTORS’ BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate emoluments received or due and receivable by the Directors as shown in Notes 7 and 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS’ REMUNERATION

The aggregate amounts of emoluments received by Directors of the Group and of the Company during the financial year were as follows:

	Group RM’000	Company RM’000
Non-Executive Directors fees	1,411	1,156
Non-Executive Directors’ other allowances and emoluments	312	258
Managing Director’s remuneration:		
- Salaries	1,256	1,256
- Defined contribution plan	140	140
- Other short-term employee benefits	104	84

DIRECTORS’ REPORT

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the Company and the total premium paid during the financial year amounted to RM71,500.

NOMINATING AND REMUNERATION COMMITTEE

The Nominating and Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the Managing Director and senior management of the Company on an annual basis and makes recommendation to the Board of Directors. The members of the Nominating and Remuneration Committee are as follows:

Dr. Abdul Razak Ahmad	
Sarah Azreen Abdul Samat	
Dato’ Dr. Faridah Aryani Md. Yusof	
Dato’ Mohd Zahir Zahur Hussain	
Dr. Imam Fathorrahman	(Resigned on 31 December 2025)

DIRECTORS’ INTERESTS IN SHARES

None of the Directors holding office at 31 December 2025 held or dealt in the shares and options over the shares of the Company and of its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

CURRENT ASSETS VALUATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a)

to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b)

to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a)

which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b)

which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c)

which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS’ REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

CONTINGENT AND OTHER LIABILITIES

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a)

any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b)

any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

CHANGING CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, other than as disclosed in the financial statements:

- (a)

the results of the Group’s and of the Company’s operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b)

there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS

The significant events during the financial year and subsequent events are disclosed in Note 35 to the financial statements.

HOLDING CORPORATIONS

The Directors regard Boustead Holdings Berhad, a company incorporated in Malaysia, and Lembaga Tabung Angkatan Tentera, a local statutory body established under the Tabung Angkatan Tentera Act, 1973, as the immediate holding company and ultimate holding corporation respectively.

DIRECTORS’ REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

SUBSIDIARIES

Details of subsidiaries are set out in Note 13 to the financial statements.

AUDITORS’ REMUNERATION

Auditors’ remuneration for the financial year ended 31 December 2025 for the Group and the Company is as follows:

	Group RM’000	Company RM’000
Auditors’ remuneration		
(i) statutory audit fees:		
- Ernst & Young	646	182
- firms other than member firms of Ernst & Young	230	-
(ii) other non-audit fees		
- Ernst & Young	575	516
- firms other than member firms of Ernst & Young	103	-

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

This report was approved by the Board of Directors on 6 March 2026. Signed on behalf of the Board of Directors:

DATO’ SERI ABDUL RAZAK JAAFAR
INDEPENDENT NON-EXECUTIVE
CHAIRMAN

DATO’ ZULKIFLI JAFAR
MANAGING DIRECTOR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Seri Abdul Razak Jaafar and Dato’ Zulkifli Jafar, being two of the Directors of Pharmaniaga Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 170 to 260 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and financial performance of the Group and of the Company for the financial year ended on 31 December 2025 in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 6 March 2026.

DATO' SERI ABDUL RAZAK JAAFAR
INDEPENDENT NON-EXECUTIVE
CHAIRMAN

DATO’ ZULKIFLI JAFAR
MANAGING DIRECTOR

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Norai’ni Mohamed Ali, being the officer primarily responsible for the financial management of Pharmaniaga Berhad, do solemnly and sincerely declare that the financial statements set out on pages 170 to 260 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

NORAI’NI MOHAMED ALI
MIA Number: 44576

Subscribed and solemnly declared by the abovenamed Norai’ni Mohamed Ali at Kuala Lumpur on 6 March 2026, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS’ REPORT

TO THE MEMBERS OF PHARMANIAGA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pharmaniaga Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 170 to 260.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors’ responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS’ REPORT

TO THE MEMBERS OF PHARMANIAGA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Revenue recognition

(refer to Note 2(n) and Note 4 to the financial statements)

Revenue from sales of goods recognised for the financial year ended 31 December 2025 amounted to RM3.87 billion (2024: RM3.74 billion) representing 99% (2024: 99%) of the Group’s total revenue.

We considered the revenue from sales of goods to be an area of audit focus as the magnitude and the high volume of transactions may give rise to a higher risk of material misstatement relating to timing and amount of revenue recognised.

In addressing the matter above, we have performed amongst others the following audit procedures:

- i. Obtained an understanding of the relevant internal controls over the revenue recognition process, including the accuracy and timing of revenue recognition towards satisfaction of performance obligation;
- ii. Tested the operating effectiveness of these controls over the revenue recognition process, including involving our information technology specialists to test the operating effectiveness of information technology system for revenue;
- iii. Evaluated the terms and conditions of major sales transactions to assess if the revenue recognised is in line with the requirements of MFRS 15 Revenue from Contracts with Customers;
- iv. Used data analytics to perform correlation analysis between revenue, trade receivables and cash and bank balances;
- v. Test sample of revenue transactions near the financial year end to determine if revenue is recorded in the correct accounting period; and
- vi. To the extent the revenue generated from the components within the Group are audited by component auditor, we evaluated the adequacy of the work performed by the component auditor, in particular, their audit procedures on the following area:
 - Test of revenue transactions through examining of supporting evidences such as invoices and acknowledged delivery orders on sampling basis;
 - Evaluate the terms and conditions of major sales transactions to assess if revenue recognised is in line with the requirements of MFRS 15 Revenue from Contracts with Customers; and
 - Test sample of revenue transactions near the financial year end to determine if revenue is recorded in the correct accounting period.

Impairment assessment of goodwill

(refer to Note 3 and Note 14 to the financial statements)

As at 31 December 2025, the carrying amounts of the Group’s goodwill amounted to RM77.0 million (2024: RM77.3 million). In accordance with MFRS 136: Impairment of Assets, the Group is required to perform annual impairment test of cash generating units (“CGUs”) to which goodwill has been allocated.

The Group estimates the recoverable amount of the CGUs based on value-in-use (“VIU”). We focused on this area because this assessment requires significant judgement and estimates by the directors, in particular, the discount rate applied in deriving the VIU and the underlying assumptions applied to the cash flow projections in deriving the VIU, including sales growth rates, gross profit margin and terminal growth rate.

Our procedures to address this area of focus include, amongst others, the following:

- i. Obtained an understanding of management process in estimating the recoverable amounts of the CGUs;
- ii. Evaluated the key assumptions used by management in the cash flow projections by comparing the sales growth rate, gross profit margins and terminal growth rate to the past trends, taking into consideration the current and expected outlook of the economic growth;
- iii. Evaluated the rates used in discounting the future cash flows to its present value, with the involvement of our internal valuation specialists;
- iv. Assessed the sensitivity of the recoverable amount to the changes in the key assumptions; and
- v. Evaluated the adequacy of the disclosures made in the financial statements.

INDEPENDENT AUDITORS’ REPORT

TO THE MEMBERS OF PHARMANIAGA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Impairment assessment of property, plant and equipment

(refer to Note 3 and Note 11 to the financial statements)

As of 31 December 2025, the continuing losses reported by a CGU indicated that the carrying amount of the property, plant and equipment in this loss-making CGU amounted to RM267.4 million (2024: RM262.8 million) may be impaired.

The Group estimates the recoverable amount of the CGU based on value-in-use (“VIU”). We focused on this area because this assessment requires significant judgement and estimates by the directors, in particular, the discount rate applied in deriving the VIU and the underlying assumptions applied to the cash flow projections in deriving the VIU, including estimated revenue and gross profit margin.

In addressing the matters above, we have performed amongst others the following audit procedures:

- i. Obtained an understanding of management process in estimating the recoverable amounts of the CGU;
- ii. Evaluated the key assumptions used by management in the cash flow projections by:
 - Assessed estimated revenue by evaluating the likelihood of securing sales from tenders, industry demand, and the projected economic growth; and
 - Compared the gross margins to the peer manufacturing companies within the group, taking into consideration the fixed and variable cost structure.
- iii. Evaluated the rates used in discounting the future cash flows to its present value, with the involvement of our internal valuation specialists;
- iv. Assessed the sensitivity of the recoverable amount to the changes in the key assumptions; and
- v. Evaluated the adequacy of the disclosures made in the financial statements.

Impairment assessment of assets – Investment in subsidiaries

(refer to Note 3 and Note 13 to the financial statements)

As at 31 December 2025, the carrying amount of the investment in subsidiaries amounted to RM1.0 billion (2024: RM1.0 billion) representing 84% and 81% (2024: 87% and 81%) of the Company’s total non-current assets and total assets respectively.

The Company has an investment of RM625.2 million (2024: RM625.2 million) on Pharmaniaga LifeScience Sdn. Bhd..

The net assets of the subsidiary above was lower than the Company’s investment in this subsidiary as at 31 December 2025. This indicates that the carrying amount of the investment of the subsidiary may be impaired.

The Group estimates the recoverable amount of the investment in the subsidiary based on value-in-use (“VIU”).

We focused on this area because this assessment requires significant judgement and estimates by the directors, in particular, the discount rate applied in deriving the VIU and the underlying assumptions applied to the cash flow projections in deriving the VIU, including estimated revenue, sales growth rates, gross profit margin and terminal growth rate.

In addressing the matter above, we have performed amongst others the following audit procedures:

- i. Obtained an understanding of management process in estimating the recoverable amount of the investment in subsidiary;
- ii. Evaluated the key assumptions used by management in the cash flow projections by:
 - Assessed Pharmaniaga LifeScience Sdn. Bhd.’s estimated revenue by evaluating the likelihood of securing sales from tenders, industry demand, and the projected economic growth;
 - Assessed the gross margins for Pharmaniaga LifeScience Sdn. Bhd. by comparing to the peer manufacturing companies within the group, taking into consideration the fixed and variable cost structure; and
 - Assessed the terminal growth rate for Pharmaniaga LifeScience Sdn. Bhd. by comparing to the industry growth and macroeconomic trends.
- iii. Evaluated the rates used in discounting the future cash flows to its present value, with the involvement of our internal valuation specialists;
- iv. Assessed the sensitivity of the recoverable amount to the changes in the key assumptions; and
- v. Evaluated the adequacy of the disclosures made in the financial statements.

INDEPENDENT AUDITORS’ REPORT
TO THE MEMBERS OF PHARMANIAGA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors’ report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors’ Report, but does not include the financial statements of the Group and of the Company and our auditors’ report thereon, which we obtained prior to the date of this auditors’ report, and the annual report, which is expected to be made available to us after the date of this auditors’ report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS’ REPORT
TO THE MEMBERS OF PHARMANIAGA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors’ responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s or the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur
6 March 2026

Najihah Binti Khalid
03249/10/2026 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	4	3,927,753	3,759,479	104,850	83,466
Cost of sales	5	(3,518,597)	(3,218,985)	-	-
Gross profit		409,156	540,494	104,850	83,466
Other income	7(c)	778	2,971	9	34
Administrative expenses		(279,511)	(279,568)	(43,279)	(35,210)
Impairment of amount due from subsidiaries	18(a)	-	-	-	(550)
Finance costs	6	(61,345)	(71,969)	(24,106)	(57,339)
Interest income	7(b)	5,659	2,252	27,382	21,950
Profit before zakat and taxation	7(a)	74,737	194,180	64,856	12,351
Zakat		(1,000)	-	-	-
Taxation	9	(23,053)	(60,386)	(892)	(7,301)
Net profit for the financial year		50,684	133,794	63,964	5,050
Attributable to:					
Owners of the parent		48,510	131,822	63,964	5,050
Non-controlling interests		2,174	1,972	-	-
Net profit for the financial year		50,684	133,794	63,964	5,050
Earnings per share (sen):					
- Basic	10(a)	1.34	9.15		
- Diluted	10(b)	1.34	9.15		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net profit for the financial year		50,684	133,794	63,964	5,050
Other comprehensive income, net of tax:					
Items that will be subsequently reclassified to profit or loss					
Foreign currency translation losses for foreign operations		(9,181)	(5,906)	-	-
Items that will not be reclassified to profit or loss					
Recognition of actuarial (losses)/gains	29	(34)	238	-	-
Gains on revaluation of land and buildings		426	264	-	-
Other comprehensive loss, net of tax for the financial year		(8,789)	(5,404)	-	-
Total comprehensive income, net of tax for the financial year		41,895	128,390	63,964	5,050
Attributable to:					
Owners of the parent		42,361	127,791	63,964	5,050
Non-controlling interests		(466)	599	-	-
		41,895	128,390	63,964	5,050

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	522,674	520,869	-	-
Right-of-use assets	12(a)	80,105	88,486	-	-
Subsidiaries	13	-	-	1,006,189	1,006,212
Intangible assets	14	151,653	151,317	-	-
Amounts due from subsidiaries	18(a)	-	-	191,181	136,649
Deferred tax assets	28	28,154	27,343	7,198	8,033
		782,586	788,015	1,204,568	1,150,894
Current assets					
Inventories	15	729,822	612,793	-	-
Trade receivables	16	324,546	337,626	-	-
Other receivables	17	122,141	69,881	2,218	1,949
Amounts due from subsidiaries	18(a)	-	-	19,954	73,487
Amounts due from related companies	20	-	6	-	-
Tax recoverable		29,159	31,782	2,477	1,080
Deposits, cash and bank balances	19	258,573	152,203	19,515	19,292
		1,464,241	1,204,291	44,164	95,808
TOTAL ASSETS		2,246,827	1,992,306	1,248,732	1,246,702

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
EQUITY AND LIABILITIES					
<u>Capital and reserves attributable to equity holders of the Company</u>					
Share capital	26	243,426	200,046	243,426	200,046
Exchange reserve		(10,830)	(4,307)	-	-
Revaluation reserve		101,183	100,774	-	-
Share reserves	27	3,624	3,624	3,624	3,624
Retained earnings/(Accumulated losses)		97,063	(471,412)	666,207	82,243
		434,466	(171,275)	913,257	285,913
Non-controlling interests		24,689	25,331	-	-
Total equity/(Capital deficiency)		459,155	(145,944)	913,257	285,913
<u>Non-current liabilities</u>					
Government grants	24	15,216	14,511	-	-
Borrowings	25	125,528	130,063	70,546	37,796
Lease liabilities	12(b)	238	2,686	-	-
Deferred tax liabilities	28	25,048	27,125	-	-
Provision for defined benefit plan	29	10,555	10,792	-	-
		176,585	185,177	70,546	37,796
<u>Current liabilities</u>					
Amounts due to subsidiaries	18(b)	-	-	-	519,224
Amounts due to related companies	20	2,180	10,070	-	30
Trade payables	21	776,476	650,095	-	-
Other payables	22	119,339	140,806	4,563	3,883
Amount due to immediate holding company	23	402	52,740	120	52,381
Contract liabilities	30	11,432	29,496	-	-
Government grants	24	260	260	-	-
Borrowings	25	690,426	1,055,059	260,246	347,475
Lease liabilities	12(b)	3,599	4,088	-	-
Current tax liabilities		6,973	10,459	-	-
		1,611,087	1,953,073	264,929	922,993
Total liabilities		1,787,672	2,138,250	335,475	960,789
TOTAL EQUITY AND LIABILITIES		2,246,827	1,992,306	1,248,732	1,246,702

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		Equity attributable to equity holders of the Company					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Share reserves RM'000	(Accumulated losses)/ Retained earnings RM'000			
	Note								
Group									
At 1 January 2025		200,046	(4,307)	100,774	3,624	(471,412)	(171,275)	25,331	(145,944)
Net profit for the financial year		-	-	-	-	48,510	48,510	2,174	50,684
Other comprehensive (loss)/income		-	(6,523)	409	-	(35)	(6,149)	(2,640)	(8,789)
Total comprehensive (loss)/income for the financial year		-	(6,523)	409	-	48,475	42,361	(466)	41,895
Issuance of new shares	26	569,569	-	-	-	-	569,569	-	569,569
New shares issuance expenses	26	(6,189)	-	-	-	-	(6,189)	-	(6,189)
Share capital reduction	26	(520,000)	-	-	-	520,000	-	-	-
Transactions with owners:									
Dividends:									
- non-controlling interests of a subsidiary		-	-	-	-	-	-	(176)	(176)
Total transactions with owners for the financial year		-	-	-	-	-	-	(176)	(176)
At 31 December 2025		243,426	(10,830)	101,183	3,624	97,063	434,466	24,689	459,155

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		Equity attributable to equity holders of the Company					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Share reserves RM'000	Accumulated losses RM'000			
	Note								
Group									
At 1 January 2024		200,046	149	100,534	3,624	(603,419)	(299,066)	24,976	(274,090)
Net profit for the financial year		-	-	-	-	131,822	131,822	1,972	133,794
Other comprehensive (loss)/income		-	(4,456)	240	-	185	(4,031)	(1,373)	(5,404)
Total comprehensive (loss)/income for the financial year		-	(4,456)	240	-	132,007	127,791	599	128,390
Transactions with owners:									
Dividends:									
- non-controlling interests of a subsidiary		-	-	-	-	-	-	(244)	(244)
Total transactions with owners for the financial year		-	-	-	-	-	-	(244)	(244)
At 31 December 2024		200,046	(4,307)	100,774	3,624	(471,412)	(171,275)	25,331	(145,944)

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Non-distributable		Distributable	Total equity RM'000
		Share capital RM'000	Share reserves RM'000	Retained earnings RM'000	
<u>Company</u>					
At 1 January 2025		200,046	3,624	82,243	285,913
Total comprehensive income for the financial year		-	-	63,964	63,964
Issuance of new shares	26	569,569	-	-	569,569
New shares issuance expenses	26	(6,189)	-	-	(6,189)
Share capital reduction	26	(520,000)	-	520,000	-
At 31 December 2025		243,426	3,624	666,207	913,257
At 1 January 2024		200,046	3,624	77,193	280,863
Total comprehensive income for the financial year		-	-	5,050	5,050
At 31 December 2024		200,046	3,624	82,243	285,913

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		3,905,928	3,648,914	-	-
Cash payments to suppliers and employees		(3,835,137)	(3,506,506)	(29,121)	(6,275)
Cash generated from/(used in) operations		70,791	142,408	(29,121)	(6,275)
Interest paid		(62,525)	(68,105)	(21,509)	(20,065)
Net tax paid		(28,427)	(33,887)	(1,454)	(4,520)
Zakat paid		(1,000)	-	-	-
Interest received		3,471	2,252	471	268
Net cash (used in)/generated from operating activities		(17,690)	42,668	(51,613)	(30,592)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		289	79	-	-
Purchase of property, plant and equipment	11	(29,782)	(31,160)	-	-
Purchase of intangible assets	14	(8,890)	(8,412)	-	-
Gross advances to subsidiaries		-	-	(158,454)	(89,728)
Gross repayments from subsidiaries		-	-	10,884	1,207
Increase in investment in deposits maturing more than three (3) months		(141,855)	(6,125)	-	-
Net cash used in investing activities		(180,238)	(45,618)	(147,570)	(88,521)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to non-controlling interest of a subsidiary		(176)	(244)	-	-
Proceeds from issuance of new shares	26	569,569	-	569,569	-
Payment of new shares issuance expenses		(6,189)	-	(6,189)	-
Drawdown of borrowings		1,955,716	2,150,072	672,605	715,430
Repayment of borrowings		(2,296,936)	(2,131,405)	(727,084)	(767,535)
Repayment of hire purchase liabilities	25	(590)	(688)	-	-
Gross repayments to immediate holding company		(50,000)	-	(50,000)	-
Gross advances received from subsidiaries		-	-	814,299	551,407
Gross repayments to subsidiaries		-	-	(1,073,794)	(372,836)
Receipt of government grant	24	965	11,674	-	-
Payment of lease liabilities	12(b)	(7,738)	(7,306)	-	-
Net cash generated from financing activities		164,621	22,103	199,406	126,466
NET CHANGES IN CASH AND CASH EQUIVALENTS		(33,307)	19,153	223	7,353
Foreign exchange differences		(2,178)	(516)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		146,078	127,441	19,292	11,939
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	19	110,593	146,078	19,515	19,292

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

1 GENERAL INFORMATION

The Company is an investment holding company. The Company’s other principal activities include the provision of management services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The addresses of the registered office and principal place of business of the Company are as follows:

Registered office:

Level 23, The Bousteador,
No.10, Jalan PJU 7/6,
Mutiar​a Damansara,
47800 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business:

7, Lorong Keluli 1B,
Kawasan Perindustrian Bukit Raja Selatan,
Seksyen 7,
40000 Shah Alam,
Selangor Darul Ehsan.

The Directors regard Boustead Holdings Berhad, a company incorporated in Malaysia, and Lembaga Tabung Angkatan Tentera, a local statutory body established under the Tabung Angkatan Tentera Act, 1973, as the immediate holding company and ultimate holding corporation respectively.

The financial statements are presented in Ringgit Malaysia and rounded to the nearest thousand, unless otherwise stated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in this summary of material accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Basis of preparation (continued)

Amendments to published standards that are effective

On 1 January 2025, the Group and the Company have applied the following amendments to published standards:

- Amendments to MFRS 121 “The Effects of Changes in Foreign Exchange Rates” – Lack of Exchangeability

The adoption of the above amendments to published standards did not have any significant impact on the amounts recognised in the current period as well as any prior period and is not expected to significantly affect future periods.

Amendments to published standards that have been issued but not yet effective

- Annual improvements to MFRS Accounting Standards – Volume 11 (effective 1 January 2026)
- Amendments to MFRS 7 “Financial Instruments: Disclosures” and MFRS 9 “Financial Instruments” on the Classification and Measurement of Financial Instruments (effective 1 January 2026)
- Amendments to MFRS 7 “Financial Instruments: Disclosures” and MFRS 9 “Financial Instruments” on the Contracts Referencing Nature-dependent Electricity (effective 1 January 2026)
- MFRS 18 “Presentation and Disclosure in Financial Statements” (effective 1 January 2027)
- MFRS 19 “Subsidiaries without Public Accountability: Disclosures” and Amendments to MFRS 19 (effective 1 January 2027)
- Amendments to MFRS 121 “The Effects of Changes in Foreign Exchange Rates” on the Translation to a Hyperinflationary Presentation Currency (effective 1 January 2027)
- Amendments to MFRS 10 “Consolidated Financial Statements” and MFRS 128 “Investments in Associates and Joint Ventures” on ‘Sale or Contribution of Assets between Investor and its Associate or Joint Venture’ (the effective date has been deferred to a date to be determined by Malaysian Accounting Standards Board)

The Group and the Company are expected to apply the above mentioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the above mentioned pronouncements is not expected to have any material impact to the financial statements of the Group and of the Company.

(b) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

The Group applies the acquisition method to account for business combination under common control.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Consolidation (continued)

Subsidiaries (continued)

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

If the business combination is achieved in stages, the carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

Disposal of subsidiaries

When the Group ceases to consolidate because of loss of control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries includes the carrying amount of goodwill relating to the subsidiaries sold.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(d) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia, which is the Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain and loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Property, plant and equipment

Land and buildings

Land and buildings within the property, plant and equipment are measured initially at cost, including transaction costs and borrowing costs if the land and buildings meet the definition of qualifying assets.

After initial recognition, land and buildings are carried at revaluation, less subsequent depreciation and impairment losses. The revaluation is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the land and buildings being valued.

When revalued land and buildings are sold, the revaluation surplus included in equity is transferred directly to retained earnings when the asset is retired or disposed of.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders’ equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

The Group has opted to apply the gross method for the treatment of accumulated depreciation when revaluing assets and to recognise the depreciation charge on revalued assets as an expense in income statement.

Other property, plant and equipment

All other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses except for freehold land and capital work-in-progress which are not depreciated. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see accounting policy Note 2(l) on borrowings and borrowing costs).

Subsequent costs are included in the assets’ carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with carrying amounts and are included in ‘other income’ or ‘administrative expenses’ in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Property, plant and equipment (continued)

Other property, plant and equipment (continued)

Freehold land is not depreciated as it has an infinite life. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Buildings on freehold and leasehold lands	2% - 5%
Furniture and fittings	10% - 25%
Renovation	5% - 25%
Equipment	3% - 25%
Motor vehicles	20% - 25%
Plant and machinery	3% - 20%

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. The effects of any revision of the residual values and useful lives are accounted for as a change in accounting estimate and are included in profit or loss for the financial year in which the changes arise.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See Note 2(i) for accounting policy on impairment of non-financial assets.

(f) Investments in subsidiaries in separate financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See Note 2(i) for accounting policy on impairment of non-financial assets.

On disposal of an investment, the difference between disposal proceeds and carrying amount of the investment is recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

(g) Intangible assets

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Research and development

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) management intends to complete the intangible asset and use or sell it;
- (iii) there is an ability to use or sell the intangible asset;
- (iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life of 5-15 years.

Development costs work-in-progress is tested for impairment annually, in accordance with MFRS 136 "Impairment of Assets." See Note 2(i) for accounting policy on impairment of non-financial assets.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

Cost includes the actual cost of materials and incidental cost incurred in bringing the inventories to store. As for in-house manufactured finished goods and work-in-progress, labour and appropriate production overheads (based on normal operating capacity) are also included.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

- (k) Share capital
- (i) Classification

Ordinary shares are classified as equity.
- (ii) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.
- (iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.
- (iv) Basic earnings per share

Basic earnings per share is calculated by dividing:
 - the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
 - by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.
- (v) Diluted earnings per share

Diluted earnings per share adjust the figures in the determination of basic earnings per share to take into account:
 - the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
 - the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.
- (l) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.
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31 DECEMBER 2025
- 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)
- (m) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period when the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

The Group’s contributions to defined contribution plans are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plan

The defined benefit liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for actuarial gains/losses. The Group determines the present value of the defined benefit obligation with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting period.

The defined benefit obligation, calculated using the projected credit unit method, is determined by independent actuaries, by discounting the estimated future cash outflows using market yields at the reporting date on government securities which have currency and term to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in the profit or loss as employee benefit expense, except where included in the cost of an asset.

(iv) Option Plan

The Company operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share reserves within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:
 - including any market performance conditions (for example, an entity’s share price);
 - excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
 - including the impact of any non-vesting conditions (for example, the requirement for the employees to hold shares for a specific period of time).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Employee benefits (continued)

(iv) Option Plan (continued)

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

Total expenses are recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share reserves in equity.

In circumstances where employees provide services in advanced of the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share reserves is transferred to retained earnings.

(v) Deferred shares – Long Term Incentive Plan

The fair value of deferred shares granted to employees for nil consideration under the Long Term Incentive Plan is recognised as an expense over the relevant service period, being the year to which the bonus relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share reserves. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period with adjustments recognised in profit or loss and share reserves as appropriate.

When shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture.

In the separate financial statements of the Company, the shares granted by the Company over its equity instruments to the employees of subsidiaries in the Group are treated as a capital contribution to the subsidiaries. The fair value of shares granted to employees of the subsidiaries in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiaries, with a corresponding credit to equity of the Company.

(n) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised with reference to each distinct performance obligation in the contract with customers. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of returns, rebates, discounts and any penalties imposed by the customers in respect of the sales of goods in accordance to the performance criteria as agreed with the customers. Transaction price is allocated to each performance obligation on the basis of relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) Revenue recognition (continued)

(i) Sale of goods

The Group manufactures and sells a range of pharmaceutical products. Sales are recognised in the accounting period when control of the products has been transferred, being when the products are delivered to the customer net of any penalties charged by the customer in performing the obligations. Delivery occurs when the products have been shipped to the designated location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Contracts

The Group enters into contracts with customers to provide services such as system maintenance, upgrades, enhancements, hardware and software supply, and system implementation. Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from services rendered is measured at the fixed transaction price agreed under the contracts.

Revenue relating to contracts is recognised in the accounting period in which the services are rendered. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. This is determined based on actual contract costs incurred. Otherwise, for example, contracts that include the installation of hardware, revenue is recognised at a point in time when the customer obtains control of the asset.

(iii) Management fees

The Company provides management services such as human resources management, accounting and finance services, secretarial services, legal services, taxation services and information technologies services to its subsidiaries. Revenue from providing services is recognised over the period in which the services are rendered.

(iv) Dividend income

Dividend income is included in the profit or loss when the right to receive payment is established and no significant uncertainty exists as regards to its receipt. Interim dividends from subsidiaries are recognised when they are declared and final dividends when they are approved by shareholders in general meeting.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Current and deferred income taxes

The tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred income tax is recognised for all taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(p) Financial assets

Classification

The Group classifies its financial assets to be measured at amortised cost.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(p) Financial assets (continued)

Measurement of financial asset at amortised cost

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Subsequent to initial recognition, the financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is recognised using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss or statement of comprehensive income as applicable.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in the statement of profit or loss or statement of comprehensive income as applicable.

(q) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- significant increases in credit risk on other financial instruments of the same debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(q) Impairment of financial assets (continued)

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL approach can be classified into the categories below:

(i) Trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

For measurement of ECL, trade receivables arising from the Group’s principal activities have been grouped based on shared credit risk characteristics, for example type of customers, the days past due and geographical. Trade receivables which are in default or credit-impaired are assessed individually.

(ii) Other receivables and intercompany receivables

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Amounts due from subsidiaries in the Company’s separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on balances due from each individual subsidiary.

Cash and cash equivalents are also subject to the impairment requirements of MFRS 9. The identified impairment loss was immaterial.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off to profit or loss when there is no reasonable expectation of recovering the contractual cash flows.

(r) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group has not designated any financial liabilities at fair value through profit or loss.

Other financial liabilities are recognised initially at fair value, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

A financial liability is derecognised when the obligation under the liability is extinguished and the resulting gains or losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(s) Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(t) Contract assets and liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. In the case of system maintenance, upgrades, enhancements, hardware and software supply, and system implementation, contract asset is the excess of cumulative revenue earned over the billings to-date.

Where there is an objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset’s carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration in advance or has billed the customer. In the case of system maintenance, upgrades, enhancements, hardware and software supply, and system implementation, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Group has billed or has received consideration before the goods are delivered or services are to be rendered to the customers.

(u) Government grants

Grants from government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are recognised in the profit or loss over the period necessary to match the related costs for which the grants are intended to compensate. When the grants relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(v) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

2

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(w) Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- (i) Expected to be realised or intended to sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within 12 months after the reporting period; or
- (iv) Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within 12 months after reporting period; or
- (iv) There is unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

3

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment assessment of non-financial assets

The Group and the Company assess impairment of the non-financial assets (excluding goodwill and development costs work-in-progress), in particular impairment assessments on the property, plant and equipment, intangible assets with definite life and investment in subsidiaries, whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable (i.e. the carrying amount is more than the recoverable amount). The Group also tests annually whether goodwill or development costs work-in-progress has suffered any impairment.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Further detail of the impairment assessments of the property, plant and equipment, investment in subsidiaries and intangible assets are set out in Notes 11, 13 and 14 to the financial statements, respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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REVENUE

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue consists of:					
Revenue from contracts with customers:					
- Sale of goods		3,873,331	3,740,512	-	-
- Contracts revenue	30(b)	54,422	18,967	-	-
- Management fees	33(d)	-	-	46,850	35,466
		3,927,753	3,759,479	46,850	35,466
Dividend income	33(d)	-	-	58,000	48,000
		3,927,753	3,759,479	104,850	83,466

Disaggregation of revenue from contracts with customers:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Geographical markets</u>				
- Malaysia	2,803,964	2,572,301	46,850	35,466
- Indonesia	1,115,352	1,178,206	-	-
- Other countries	8,437	8,972	-	-
	3,927,753	3,759,479	46,850	35,466
<u>Timing of revenue recognition</u>				
- at a point in time	3,873,331	3,740,512	-	-
- over time	54,422	18,967	46,850	35,466
	3,927,753	3,759,479	46,850	35,466

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

5

COST OF SALES

	Note	Group	
		2025 RM'000	2024 RM'000
Employee benefit expenses	8	61,691	50,603
Depreciation of property, plant and equipment	11	13,308	13,895
Depreciation of right-of-use assets	12(a)	576	576
Amortisation of intangible assets	14	2,205	1,194
Changes in inventories of finished goods		3,186,693	2,929,854
Write-down/(Write-back) of slow-moving and obsolete inventories	7(a)	7,895	(876)
Raw materials and consumables used		123,696	128,081
Selling and distribution costs		75,422	68,833
Maintenance of Pharmacy Information System		46,337	17,940
Others		774	8,885
		3,518,597	3,218,985

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FINANCE COSTS

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest expenses on:					
- bankers' acceptances		40,804	45,897	8,330	8,611
- revolving credits		14,965	16,813	9,008	11,454
- bridging loan		3,320	5,612	-	-
- lease liabilities	12(b)	283	184	-	-
- hire purchase		63	85	-	-
- advance from a subsidiary company	33(d)	-	-	4,858	33,896
- advance from immediate holding company	33(a)	1,910	3,378	1,910	3,378
		61,345	71,969	24,106	57,339

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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PROFIT BEFORE ZAKAT AND TAXATION

(a) The following expenses (excluding finance costs) have been charged in arriving at profit before zakat and taxation:

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Auditors' remuneration					
(i) statutory audit fees:					
- Ernst & Young		646	628	182	170
- firms other than member firms of Ernst & Young		230	229	-	-
(ii) other non-audit fees					
- Ernst & Young		575	283	516	283
- firms other than member firms of Ernst & Young		103	61	-	-
Directors' fees:					
- Non-executive		1,411	1,284	1,156	1,016
Directors' salaries, other allowances and emoluments					
- Managing Director	8	1,500	1,314	1,480	1,289
- Non-executive		312	389	258	289
Employee benefit expenses	8	221,718	200,417	30,360	22,566
Expenses arising from leases of low-value assets		5,543	5,732	191	189
Warehousing and storage charges		6,535	5,275	8	16
Management fees paid/payable to immediate holding company	33(a)	256	306	256	306
Foreign exchange losses, net		3,589	3,041	-	-
Impairment loss on:					
- trade receivables	16	2,416	1,898	-	-
- other receivables	17	-	32	-	-
- amount due from subsidiaries	18(a)	-	-	-	550
Write-down/(Write-back) of slow-moving and obsolete inventoriess	5	7,895	(876)	-	-
Right-of-use assets:					
- depreciation	12(a)	10,576	10,784	-	-
Intangible assets:					
- amortisation	14	6,291	5,267	-	-
- written off	14	-	592	-	-
- impairment loss	14	820	-	-	-
Property, plant and equipment:					
- depreciation	11	22,428	25,327	-	-
- written off	11	25	728	-	-

During the financial year, the Group incurred a total of RM12,197,000 (2024: RM15,849,000) for research and development expenses, of which RM7,686,000 (2024: RM8,412,000) has been recognised as capitalised development cost of work-in-progress and capitalised development cost under Intangible Assets as disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

(b) Interest income

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest income from:					
- deposits with licensed banks		5,659	2,252	471	268
- advances to subsidiaries	33(d)	-	-	26,911	21,682
		5,659	2,252	27,382	21,950

(c) Other income

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Gain on disposal of property, plant and equipment		267	79	-	-
Utilisation of government grant	24	260	260	-	-
Penalty income		-	1,488	-	-
Others		251	1,144	9	34
		778	2,971	9	34

8

EMPLOYEE BENEFIT EXPENSES

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Salaries and bonuses		146,018	132,076	22,768	16,881
Defined contribution plan		17,533	16,309	2,862	2,418
Defined benefit plan	29	1,987	1,987	-	-
Other short-term employee benefits		56,180	50,045	4,730	3,267
		221,718	200,417	30,360	22,566
Managing Director's remuneration:					
- Salaries and bonuses		1,256	1,133	1,256	1,131
- Defined contribution plan		140	127	140	127
- Other short-term employee benefits		104	54	84	31
		1,500	1,314	1,480	1,289
Total		223,218	201,731	31,840	23,855

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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EMPLOYEE BENEFIT EXPENSES (CONTINUED)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Employee benefit expenses included in:					
- cost of sales	5	61,691	50,603	-	-
- administrative expenses		161,527	151,128	31,840	23,855
		223,218	201,731	31,840	23,855

The estimated monetary value of benefits provided to Directors of the Company during the financial year amounted to RM31,000 (2024: RM25,000).

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TAXATION

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current tax:					
- Malaysian income tax		18,790	32,804	-	-
- foreign income tax		3,772	3,381	-	-
- under provision in prior years		2,556	5,496	57	2,702
		25,118	41,681	57	2,702
Deferred tax:					
- origination and reversal of temporary differences	28	(2,065)	18,705	835	4,599
Tax expense		23,053	60,386	892	7,301

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation	73,737	194,180	64,856	12,351
Statutory income tax at rate of 24% (2024: 24%)	17,697	46,603	15,565	2,964
Different tax rates in other country	(252)	(196)	-	-
Tax effects of:				
Expenses not deductible for tax purpose	6,314	11,133	1,852	13,155
Expenses subject to double deduction	(3,113)	(2,380)	-	-
Income not subject to tax	(698)	(375)	(16,582)	(11,520)
Deductible temporary difference not recognised	549	105	-	-
Under provision of tax in prior years	2,556	5,496	57	2,702
Tax expense	23,053	60,386	892	7,301

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit attributable to ordinary equity holders of the Company for the financial year by the average number of ordinary shares in issue during the financial year.

	Group	
	2025	2024
Net profit attributable to owners of the Company (RM'000)	48,510	131,822
Weighted average number of ordinary shares in issue ('000)	3,613,691	1,441,229
Basic earnings per share (sen)	1.34	9.15

(b) Diluted earnings per share

For the diluted earnings per share calculation, the average number of ordinary shares in issue is adjusted to assume the full conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group are Option Plan and Long Term Incentive Plan ("LTIP").

For the shares granted under the Option Plan, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding shares under the Option Plan. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the shares under the Option Plan. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the 'bonus' element in the outstanding ordinary shares for the purpose of computing the dilution. No adjustment is made to profit for the financial year for the shares granted under the Option Plan calculation.

For the shares granted under the LTIP, the outstanding number of shares granted to eligible employees is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to profit for the financial year for the shares granted under the LTIP calculation.

	Group	
	2025	2024
Net profit attributable to owners of the Company (RM'000)	48,510	131,822
Weighted average number of ordinary shares in issue ('000)	3,613,691	1,441,229
Assumed shares issued under Long Term Incentive Plan ('000)	-	-
Weighted average number of ordinary shares in issue ('000)	3,613,691	1,441,229
Diluted earnings per share (sen)	1.34	9.15

The options granted under the Group's Option Plan are anti-dilutive as they are out-of-the-money and have not been considered in the calculation of diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM'000	Furniture, fittings, renovation and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
Group						
At 31 December 2025						
At cost	-	156,673	13,089	334,018	142,408	646,188
At valuation	394,935	-	-	-	-	394,935
Accumulated depreciation	(152,905)	(134,555)	(11,331)	(219,658)	-	(518,449)
Net book value	242,030	22,118	1,758	114,360	142,408	522,674

At 31 December 2024

At cost	-	155,244	13,786	334,170	125,814	629,014
At valuation	393,105	-	-	-	-	393,105
Accumulated depreciation	(147,878)	(131,165)	(11,808)	(210,399)	-	(501,250)
Net book value	245,227	24,079	1,978	123,771	125,814	520,869

At 1 January 2024

At cost	-	154,204	14,101	328,713	109,283	606,301
At valuation	394,009	-	-	-	-	394,009
Accumulated depreciation	(143,637)	(126,959)	(11,423)	(202,972)	-	(484,991)
Net book value	250,372	27,245	2,678	125,741	109,283	515,319

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

11

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Land and buildings RM'000	Furniture, fittings, renovation and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
<u>Movements in net book value</u>							
At 1 January 2025		245,227	24,079	1,978	123,771	125,814	520,869
Additions		175	2,787	603	4,300	18,029	25,894
Disposals		(15)	(6)	(1)	-	-	(22)
Written off	7(a)	-	-	-	(25)	-	(25)
Reclassification		2,924	312	-	(2,222)	(1,014)	-
Revaluation surplus		144	-	-	-	-	144
Depreciation charged	7(a)	(6,090)	(4,744)	(765)	(10,829)	-	(22,428)
Foreign exchange adjustments		(335)	(310)	(57)	(635)	(421)	(1,758)
At 31 December 2025		242,030	22,118	1,758	114,360	142,408	522,674
At 1 January 2024		250,372	27,245	2,678	125,741	109,283	515,319
Additions		898	3,123	143	9,750	19,942	33,856
Written off	7(a)	-	(728)	-	-	-	(728)
Reclassification		1,807	407	-	959	(3,173)	-
Revaluation surplus		335	-	-	-	-	335
Depreciation charged	7(a)	(6,882)	(5,918)	(823)	(11,704)	-	(25,327)
Foreign exchange adjustments		(1,303)	(50)	(20)	(975)	(238)	(2,586)
At 31 December 2024		245,227	24,079	1,978	123,771	125,814	520,869

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Analysis of land and buildings:

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
Group				
<u>At 31 December 2025</u>				
At valuation	105,032	127,538	162,365	394,935
Accumulated depreciation	-	(58,116)	(94,789)	(152,905)
Net book value at valuation	105,032	69,422	67,576	242,030
<u>At 31 December 2024</u>				
At valuation	105,032	125,658	162,415	393,105
Accumulated depreciation	-	(55,277)	(92,601)	(147,878)
Net book value at valuation	105,032	70,381	69,814	245,227
<u>At 1 January 2024</u>				
At valuation	105,032	125,790	163,187	394,009
Accumulated depreciation	-	(52,356)	(91,281)	(143,637)
Net book value at valuation	105,032	73,434	71,906	250,372
<u>Movements in net book value</u>				
At 1 January 2025	105,032	70,381	69,814	245,227
Additions	-	98	77	175
Written off	-	-	(15)	(15)
Reclassification	-	2,141	783	2,924
Revaluation surplus	-	-	144	144
Depreciation charged	-	(3,035)	(3,055)	(6,090)
Foreign exchange adjustments	-	(163)	(172)	(335)
At 31 December 2025	105,032	69,422	67,576	242,030

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PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Analysis of land and buildings (continued):

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
Movements in net book value (continued)				
At 1 January 2024	105,032	73,434	71,906	250,372
Additions	-	187	711	898
Reclassification	-	991	816	1,807
Revaluation surplus	-	-	87	87
Depreciation charged	-	(2,709)	(4,173)	(6,882)
Foreign exchange adjustments	-	(1,522)	467	(1,055)
At 31 December 2024	105,032	70,381	69,814	245,227

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
Group				
At 31 December 2025				
At cost	24,282	122,534	140,665	287,481
Accumulated depreciation	-	(53,801)	(83,540)	(137,341)
Net book value	24,282	68,733	57,125	150,140
At 31 December 2024				
At cost	24,282	120,753	141,092	286,127
Accumulated depreciation	-	(51,327)	(81,062)	(132,389)
Net book value	24,282	69,426	60,030	153,738

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PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Analysis of furniture, fittings, renovation and equipment:

	Furniture and fittings RM'000	Renovation RM'000	Equipment RM'000	Total RM'000
Group				
At 31 December 2025				
At cost	34,992	49,137	72,544	156,673
Accumulated depreciation	(28,140)	(43,821)	(62,594)	(134,555)
Net book value	6,852	5,316	9,950	22,118
At 31 December 2024				
At cost	35,298	48,765	71,181	155,244
Accumulated depreciation	(28,257)	(42,116)	(60,792)	(131,165)
Net book value	7,041	6,649	10,389	24,079
At 1 January 2024				
At cost	35,569	47,474	71,161	154,204
Accumulated depreciation	(27,969)	(39,777)	(59,213)	(126,959)
Net book value	7,600	7,697	11,948	27,245
Movements in net book value				
At 1 January 2025	7,041	6,649	10,389	24,079
Additions	-	554	2,233	2,787
Written off	-	(2)	(4)	(6)
Reclassification	-	-	312	312
Depreciation charged	(119)	(1,802)	(2,823)	(4,744)
Foreign exchange adjustments	(70)	(83)	(157)	(310)
At 31 December 2025	6,852	5,316	9,950	22,118
At 1 January 2024				
At cost	7,600	7,697	11,948	27,245
Additions	187	1,381	1,555	3,123
Written off	(403)	-	(325)	(728)
Reclassification	359	40	8	407
Depreciation charged	(727)	(2,447)	(2,744)	(5,918)
Foreign exchange adjustments	25	(22)	(53)	(50)
At 31 December 2024	7,041	6,649	10,389	24,079

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PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the financial year, depreciation of RM13,308,000 (2024: RM13,895,000) is included in ‘cost of sales’ and RM9,120,000 (2024: RM11,432,000) in ‘administrative expenses’ in profit or loss.

Included in the capital work-in-progress is interest capitalised of RM2,643,000 (2024: RM3,235,000).

Property, plant and equipment under hire purchase arrangements

Net book values of property, plant and equipment held under hire purchase arrangements are as follows:

	Group	
	2025 RM'000	2024 RM'000
Plant and machinery	503	610
Equipment	1,054	1,420
Motor vehicles	8	50
	1,565	2,080

The net cash outflows for the acquisition of property, plant and equipment during the financial year are as follows:

	Group	
	2025 RM'000	2024 RM'000
Acquisition of property, plant and equipment during the financial year	25,894	33,856
Less: Accrual of property, plant and equipment	(11,398)	(15,445)
Less: Acquired through hire purchase arrangements	(159)	(87)
Add: Payments for property, plant and equipment purchased in prior year	15,445	12,836
Net cash outflows for the acquisition of property, plant and equipment	29,782	31,160

Security

At 31 December 2025, freehold land with a carrying amount of RM44,400,000 (2024: RM44,400,000) is subject to a registered debenture to secure bank loans granted to the Group (see Note 25(d)).

NOTES TO THE FINANCIAL STATEMENTS

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PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fair value

The Group obtains independent valuations for its freehold land and buildings (“properties”) at least annually or at least every three year if there is no significant changes on the assumptions used in the valuations.

The fair value of the Group’s properties are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

At the end of each financial year ended, the Directors will update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property’s value within a range of reasonable fair value estimates.

Freehold land

Freehold land is valued using current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences using the comparable method that derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

The fair value of the Group’s lands are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

All resulting fair value estimates for freehold land are included in Level 3. The level 3 fair value of freehold land has been derived using the sales comparison approach. The key inputs under this approach are the price per square foot from current year sales of comparable lots of land in the area (location and size).

Buildings

The value of buildings is arrived by the Depreciated Replacement Cost Method. In this method, the building value is taken to be equal to the cost of replacing the building in its existing condition. This is determined by taking the current replacement cost of the buildings as new and allowing for depreciation for physical, functional and economic obsolescence.

The fair value of the Group’s buildings are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

The Level 3 inputs or unobservable inputs include discount rates, terminal yields and expected vacancy rates are estimated by independent valuer based on comparable transactions and industry data.

As at the dates of revaluation on 31 December 2025 and 31 December 2024, the freehold land and buildings’ fair values are based on valuations performed by an accredited independent valuer. A net gain from the revaluation of the freehold land and buildings of RM144,000 (2024: RM87,000) was recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

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11

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Nature and purpose of revaluation surplus

The land and buildings within property, plant and equipment and leasehold land within right-of-use assets revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy Note 2(e) for details.

Impairment assessment for property, plant and equipment

An impairment assessment was undertaken for the Pharmaniaga LifeScience Sdn. Bhd.'s ("PLS") property, plant and equipment, as it has not been utilised to its optimum production capacity as most of the products are still in the development stage.

The carrying values of property, plant and equipment occupied by PLS as at 31 December 2025 is RM267,433,000 (2024: RM262,758,000).

The recoverable amount was determined using the value-in-use ("VIU") calculations based on the discounted cash flow projections covering the useful life of the property, plant and equipment. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of property, plant and equipment:

- i.

Revenue

Management has taken into consideration the likelihood of securing sales from the tender and the expectations of the future revenue growth in determining the revenue projection.
- ii.

Budgeted gross margin

Budgeted gross margin is estimated based on the historical gross margin achieved by peer manufacturing companies within the Group and their fixed and variable cost structures.
- iii.

Discount rate

The discount rate reflects specific risks relating to the relevant CGU. The discount rate applied to cash flows is 11.9% (2024: 11.5%).

Based on management's assessment, no impairment charge is required on the carrying value of the property, plant and equipment for PLS in the current and previous financial years. Management believes that there is no reasonable possible change in any key assumption that would cause the carrying amounts of the property, plant and equipment to materially exceed the recoverable amount in the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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LEASES

(a)

Right-of-use assets

	Leasehold land RM'000	Buildings RM'000	Equipment RM'000	Total RM'000
Group				
<u>At 31 December 2025</u>				
At cost	-	47,992	1,729	49,721
At valuation	109,956	-	-	109,956
Accumulated depreciation	(40,724)	(37,119)	(1,729)	(79,572)
Net book value	69,232	10,873	-	80,105
<u>At 31 December 2024</u>				
At cost	-	44,354	1,729	46,083
At valuation	111,399	-	-	111,399
Accumulated depreciation	(38,218)	(29,049)	(1,729)	(68,996)
Net book value	73,181	15,305	-	88,486
<u>At 1 January 2024</u>				
At cost	-	35,042	1,729	36,771
At valuation	111,870	-	-	111,870
Accumulated depreciation	(35,564)	(21,247)	(1,401)	(58,212)
Net book value	76,306	13,795	328	90,429

NOTES TO THE FINANCIAL STATEMENTS

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12 LEASES (CONTINUED)

(a) Right-of-use assets (continued)

	Note	Leasehold land RM'000	Buildings RM'000	Equipment RM'000	Total RM'000
<u>Movements in net book value</u>					
At 1 January 2025					
- At cost		-	15,305	-	15,305
- At valuation		73,181	-	-	73,181
Additions		-	4,695	-	4,695
Revaluation surplus		282	-	-	282
Depreciation charged	7(a)	(2,506)	(8,070)	-	(10,576)
Foreign exchange adjustments		(1,725)	(1,057)	-	(2,782)
At 31 December 2025		69,232	10,873	-	80,105
At 1 January 2024					
- At cost		-	13,795	328	14,123
- At valuation		76,129	-	-	76,129
Additions		-	9,835	-	9,835
Revaluation surplus		177	-	-	177
Depreciation charged	7(a)	(2,654)	(7,802)	(328)	(10,784)
Foreign exchange adjustments		(471)	(523)	-	(994)
At 31 December 2024		73,181	15,305	-	88,486

If the leasehold land was stated on the historical cost basis, the amounts would be as follows:

	Group	
	2025 RM'000	2024 RM'000
At cost	41,765	43,500
Accumulated depreciation	(12,400)	(10,847)
Net book value	29,365	32,653

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

12 LEASES (CONTINUED)

(a) Right-of-use assets (continued)

During the financial year, depreciation of RM576,000 (2024: RM576,000) is included in ‘cost of sales’ and RM10,000,000 (2024: RM10,208,000) in ‘administrative expenses’ in profit or loss.

As at 31 December 2025, the Group leases the land for a period of 2 to 75 years. As at 31 December 2025, rental contracts for buildings are typically made for fixed periods ranging from 1 to 2 years, but may have extension or termination options of which the Group is not reasonably certain to exercise.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Fair value

The Group obtains independent valuations for its leasehold land at least annually or at least every three year if there is no significant changes on the assumptions used in the valuations.

At the end of each financial year ended, the Directors will update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property’s value within a range of reasonable fair value estimates.

Leasehold land

Leasehold land is valued using current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences using the comparable method that derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

The fair value of the Group’s lands is determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

All resulting fair value estimates for leasehold lands are included in Level 3. The level 3 fair value of leasehold land has been derived using the sales comparison approach. The key inputs under this approach are the price per square foot from current year sales of comparable lots of land in the area (location and size).

As at the dates of revaluation on 31 December 2025 and 31 December 2024, the leasehold land and buildings’ fair values are based on valuations performed by an accredited independent valuer. A net gain from the revaluation of the leasehold land and buildings of RM282,000 (2024: RM177,000) was recognised in other comprehensive income.

Security

At 31 December 2025, leasehold land with a carrying amount of RM9,139,000 (2024: RM10,229,000) is subject to a registered debenture to secure bank loans granted to the Group (see Note 25(d)).

NOTES TO THE FINANCIAL STATEMENTS

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12 LEASES (CONTINUED)

(b) Lease liabilities

	Group	
	2025 RM'000	2024 RM'000
Current	3,599	4,088
Non-current	238	2,686
	3,837	6,774

Reconciliation of lease liabilities

The following table illustrates the changes in lease liabilities, including both changes arising from cash flows and non-cash changes during the financial year:

	At 1 January 2025 RM'000	Net cash flow RM'000	Interest charges RM'000	Acquisition RM'000	Foreign exchange movement RM'000	At 31 December 2025 RM'000
Group						
Lease liabilities	6,774	(7,738)	283	4,695	(177)	3,837

	At 1 January 2024 RM'000	Net cash flow RM'000	Interest charges RM'000	Acquisition RM'000	Foreign exchange movement RM'000	At 31 December 2024 RM'000
Group						
Lease liabilities	4,284	(7,306)	184	9,835	(223)	6,774

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13 SUBSIDIARIES

	Company	
	2025 RM'000	2024 RM'000
Investment in subsidiaries:		
Unquoted shares, at cost	590,954	590,954
Less: Accumulated impairment losses	(47,065)	(47,042)
	543,889	543,912
Capital contribution to subsidiaries	462,300	462,300
	1,006,189	1,006,212

Capital contribution to subsidiaries

The capital contribution to subsidiaries represents the fair value of deferred shares granted to eligible employees of subsidiaries of the Company in respect of the Company’s Share Scheme and the amounts due from subsidiaries that were waived.

In the previous financial year, amounts due from subsidiaries of RM450,140,000 were waived and the waiver is accounted for as a capital contribution to the subsidiaries.

Details of the subsidiaries incorporated and principal place of business in Malaysia, unless otherwise stated, are as follows:

Name of Company	Principal activities	Paid-up capital	Effective equity interest (%)	
			2025	2024
Subsidiaries of the Company				
InspiraPharma Sdn. Bhd. (Idaman Pharma Manufacturing Sdn. Bhd.	Manufacture and sale of pharmaceutical products	RM25,000,000	100	100
Pharmaniaga Manufacturing Berhad	Manufacture and sale of pharmaceutical products	RM10,015,000	100	100
Pharmaniaga LifeScience Sdn. Bhd.	Manufacture and sale of pharmaceutical products	RM200,000,000	100	100
Pharmaniaga Logistics Sdn. Bhd.	Distribution of pharmaceutical and medical products	RM40,000,000	100	100
Pharmaniaga Marketing Sdn. Bhd.	Trading and marketing of pharmaceutical and medical products	RM3,000,000	100	100
Pharmaniaga Research Centre Sdn. Bhd.	Conduct research and development of pharmaceutical products	RM10,000,000	100	100
Pristine Pharma Sdn. Bhd.	Dormant	RM20,000,050	100	100

NOTES TO THE FINANCIAL STATEMENTS

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13 SUBSIDIARIES (CONTINUED)

Details of the subsidiaries incorporated and principal place of business in Malaysia, unless otherwise stated, are as follows (continued):

Name of Company	Principal activities	Paid-up capital	Effective equity interest (%)	
			2025	2024
Subsidiaries of the Company (continued)				
Bio-Collagen Technologies Sdn. Bhd. ^	Dormant	RM2,000,000	100	100
Pharmaniaga Biomedical Sdn. Bhd.	Dormant	RM8,000,000	100	100
Pharmaniaga International Corporation Sdn. Bhd.	Investment holding	RM103,000,000	100	100
Pharmaniaga Pegasus (Seychelles) Co. Ltd. @	Dormant	USD100,000	100	100
Subsidiary of Pristine Pharma Sdn. Bhd.				
Paradigm Industry Sdn. Bhd. ^	Dormant	RM100,000	100	100
Subsidiaries of Pharmaniaga International Corporation Sdn. Bhd.				
PT Millennium Pharmacon International Tbk *# ("PT MPI")	Distribution and trading of pharmaceutical products, food supplements and diagnostic products in Indonesia	IDR127,400,000,000	73	73
PT Errita Pharma *# ("PT Errita")	Manufacture and sale of pharmaceutical products in Indonesia	IDR95,832,000,000	96	96
Subsidiary of PT MPI				
PT Digital Pharma Andalan Indonesia *#	Developing Pharmacy Management System for ordering management system, point-of-sale transactions and inventory management	IDR247,500	73	73

* Audited by firms other than member firms of Ernst & Young
@ Incorporated in Republic of Seychelles
Incorporated in Indonesia
^ In the midst of liquidation

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

13 SUBSIDIARIES (CONTINUED)

Impairment assessment on investment in subsidiaries

During the financial year, the Company performed an impairment assessment of its investment in Pharmaniaga LifeScience Sdn. Bhd. ("PLS") of RM625,245,000 (2024: RM625,245,000) as PLS operates a plant which has not been utilised to its optimum production capacity. The recoverable amount for PLS was determined based on VIU calculations, as disclosed in Note 11 to the financial statements, adjusted for tax, terminal value, intercompany balance and other non-trade related items, reflecting the assessment of the investment's recoverability. Cash flow beyond the terminal period is extrapolated using the terminal growth rate of 2.0% (2024: 2.0%).

No impairment loss was required for the investment in PLS as at 31 December 2025 as the recoverable amount is in excess of its carrying amount.

There are no reasonably possible changes in any of the key assumptions used that would cause the carrying amount of the cost of investment to materially exceed the recoverable amount.

Summarised financial information of a subsidiary with material non-controlling interests

Set out below are the summarised financial information for the Group's subsidiary, PT Millennium Pharmacon International Tbk ("PT MPI") that has non-controlling interests that is material to the Group. The amounts disclosed below are before intercompany eliminations.

Summarised statement of financial position

	PT MPI	
	2025 RM'000	2024 RM'000
Current		
Assets	431,928	433,627
Liabilities	(370,862)	(371,076)
Total current net assets	61,066	62,551
Non-current		
Assets	54,988	53,006
Liabilities	(23,361)	(21,112)
Total non-current net assets	31,627	31,894
Net assets	92,693	94,445
Net assets attributable to non-controlling interests at the end of the financial year	24,656	25,122
Proportion of effective equity interests held by non-controlling interests (%)	27	27

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13 SUBSIDIARIES (CONTINUED)

Summarised financial information of a subsidiary with material non-controlling interests (continued)

Summarised statement of profit or loss and statement of comprehensive income

	PT MPI	
	2025 RM'000	2024 RM'000
Revenue	1,088,600	1,151,364
Profit before taxation	12,591	9,791
Taxation	(3,557)	(1,702)
Net profit for the financial year	9,034	8,089
Other comprehensive loss	(10,122)	(5,091)
Total comprehensive (loss)/income, net of tax for the financial year	(1,088)	2,998
Net profit for the financial year allocated to non-controlling interests	2,403	2,152
Total comprehensive (loss)/income allocated to non-controlling interests	(289)	797
Dividend paid to non-controlling interests	176	244

Summarised statement of cash flows

	PT MPI	
	2025 RM'000	2024 RM'000
Cash generated from/(used in) operations	49,882	(16,771)
Interest paid	(19,706)	(19,272)
Net tax paid	(6,344)	(3,884)
Net cash generated from/(used in) operating activities	23,832	(39,927)
Net cash used in investing activities	(9,833)	(4,037)
Net cash (used in)/generated from financing activities	(8,841)	38,720
Net changes in cash and cash equivalents	5,158	(5,244)
Cash and cash equivalents at beginning of financial year	11,666	16,990
Foreign exchange differences	(1,737)	(80)
Cash and cash equivalents at end of financial year	15,087	11,666

NOTES TO THE FINANCIAL STATEMENTS

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14 INTANGIBLE ASSETS

	Note	Goodwill RM'000	Software RM'000	Capitalised development cost of work- in-progress RM'000	Capitalised development cost RM'000	Rights to sell RM'000	Manufacturing licences RM'000	Trade name RM'000	Intellectual property RM'000	Total RM'000
Group										
<u>Cost</u>										
At 1 January 2025		142,980	20,096	45,762	12,566	9,795	16,170	3,698	3,071	254,138
Additions		-	852	7,630	56	-	-	-	-	8,538
Foreign exchange adjustments		(277)	(392)	(600)	-	-	(1,890)	(453)	-	(3,612)
At 31 December 2025		142,703	20,556	52,792	12,622	9,795	14,280	3,245	3,071	259,064
<u>Less: Accumulated amortisation</u>										
At 1 January 2025	7(a)	-	6,129	-	3,783	5,343	16,170	2,650	975	35,050
Amortisation charged		-	1,871	-	2,205	1,980	-	235	-	6,291
Foreign exchange adjustments		-	(316)	-	-	-	(1,890)	(315)	-	(2,521)
At 31 December 2025		-	7,684	-	5,988	7,323	14,280	2,570	975	38,820
<u>Less: Accumulated impairment</u>										
At 1 January 2025	7(a)	65,675	-	-	-	-	-	-	2,096	67,771
Impairment charged		-	-	820	-	-	-	-	-	820
At 31 December 2025		65,675	-	820	-	-	-	-	2,096	68,591
<u>Net book value</u>										
At 31 December 2025		77,028	12,872	51,972	6,634	2,472	-	675	-	151,653

NOTES TO THE FINANCIAL STATEMENTS

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INTANGIBLE ASSETS (CONTINUED)

	Note	Goodwill RM'000	Software RM'000	Capitalised development cost of work- in-progress RM'000	Capitalised development cost RM'000	Rights to sell RM'000	Manufacturing licences RM'000	Trade name RM'000	Intellectual property RM'000	Total RM'000
Group										
<u>Cost</u>										
At 1 January 2024		143,143	20,148	38,318	12,566	9,795	17,282	3,964	3,071	248,287
Additions		-	176	8,412	-	-	-	-	-	8,588
Written off	7(a)	-	-	(592)	-	-	-	-	-	(592)
Foreign exchange adjustments		(163)	(228)	(376)	-	-	(1,112)	(266)	-	(2,145)
At 31 December 2024		142,980	20,096	45,762	12,566	9,795	16,170	3,698	3,071	254,138
<u>Less: Accumulated amortisation</u>										
At 1 January 2024		-	4,307	-	2,589	3,363	17,282	2,442	975	30,958
Amortisation charged	7(a)	-	1,832	-	1,194	1,980	-	261	-	5,267
Foreign exchange adjustments		-	(10)	-	-	-	(1,112)	(53)	-	(1,175)
At 31 December 2024		-	6,129	-	3,783	5,343	16,170	2,650	975	35,050
<u>Less: Accumulated impairment</u>										
At 1 January 2024 /		65,675	-	-	-	-	-	-	2,096	67,771
31 December 2024		-	-	-	-	-	-	-	-	-
<u>Net book value</u>										
At 31 December 2024		77,305	13,967	45,762	8,783	4,452	-	1,048	-	151,317

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INTANGIBLE ASSETS (CONTINUED)

During the financial year, amortisation of RM2,205,000 (2024: RM1,194,000) is included in ‘cost of sales’ and RM4,086,000 (2024: RM4,073,000) in ‘administrative expenses’ in profit or loss.

The net cash outflows for the acquisition of intangible assets during the financial year are as follows:

	Group	
	2025 RM'000	2024 RM'000
Additions during the financial year	8,538	8,588
Less: Accrual of intangible assets	(82)	(434)
Add: Payment for intangible assets acquired in prior year	434	258
Net cash outflows on the acquisition of intangible assets	8,890	8,412

Impairment assessment for goodwill

Goodwill is intangible assets with indefinite useful lives. These assets are not amortised as they are not confined to a predetermined service period and they are expected to contribute to net cash inflows indefinitely, but are tested for impairment annually, either individually or at the cash-generating unit (“CGU”) level. The carrying amounts of goodwill allocated to the Group’s CGUs are as follows:

	Group	
	2025 RM'000	2024 RM'000
<u>Malaysia</u>		
Trading and distribution	16,839	16,839
Manufacturing	58,205	58,205
<u>Indonesia</u>		
Trading and distribution	1,984	2,261
Total	77,028	77,305

Operations in Malaysia: Trading and distribution, and Manufacturing

The recoverable amount of the CGUs was determined using the VIU calculation based on the discounted cash flow projections cover a period of five (5) years with terminal values thereafter.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- i. Revenue growth rate
- Revenue growth rate is estimated based on average growth rate achieved in prior years and future outlook of the CGUs.
- ii. Budgeted gross margin
- Budgeted gross margin is estimated based on gross margin achieved in prior years and management’s expectation.

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INTANGIBLE ASSETS (CONTINUED)

Impairment assessment for goodwill (continued)

Operations in Malaysia: Trading and distribution, and Manufacturing (continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill: (continued)

- iii. Discount rate
- The discount rate reflects specific risks relating to the relevant CGUs. The discount rate applied to cash flows for Malaysia Trading and Distribution is 9.9% (2024: 10.2%) and Malaysia Manufacturing is 11.9% (2024: 11.1%).
- iv. Terminal growth rate
- Cash flow beyond the terminal period is extrapolated using the growth rate of 2.0% for Malaysia Manufacturing (2024: 2.0%) and no terminal growth rate has been applied for Malaysia Trading and Distribution in 2025 and 2024, with cash flows remaining unchanged beyond the fifth year.

The Group’s review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Directors concluded that no reasonable possible change in the assumptions would cause the carrying amounts of the CGUs to exceed their recoverable amounts.

Impairment assessment for capitalised development costs of work-in-progress within the manufacturing segment

Capitalised development costs of work-in-progress that are not ready to use, are not subject to amortisation and are tested annually for impairment.

The recoverable amount was determined using the VIU calculations based on the discounted cash flow projections covering a period of 5 to 15 years that reflects the industry, product lifecycle from development to commercialisation developed based on the five (5) years approved budget by the Directors.

The key assumptions used in the impairment testing are as follows:

- i. Revenue growth rate
- Revenue growth rate is estimated based on industry growth rate, anticipated market expansion and external market data where available.
- ii. Budgeted gross margin
- Budgeted gross margin is estimated based on profitability expectations, market data, and industry trends. These margins reflect anticipated variations in pricing, costs, and market conditions for different products in the portfolio.
- iii. Discount rate
- The discount rate reflects specific risks relating to the relevant CGU. The discount rate applied to cash flows is 11.8% (2024: 13.0% to 14.7%).

Based on management’s assessment, no impairment charge is required on the carrying value of the capitalised development costs of work-in-progress in the current and previous financial years.

Management believes that there is no reasonable possible change in any key assumption that would cause the carrying amounts of the CGUs to materially exceed the recoverable amounts in the current and previous financial years.

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INVENTORIES

	Group	
	2025 RM'000	2024 RM'000
Raw materials	39,502	39,183
Packaging materials	24,170	23,850
Work-in-progress	12,408	11,593
Finished goods	653,742	538,167
	729,822	612,793

The cost of inventories recognised as an expense during the financial year amounted to RM3,310,389,000 (2024: RM3,057,935,000).

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TRADE RECEIVABLES

	Group	
	2025 RM'000	2024 RM'000
Trade receivables	335,268	348,618
Less: Accumulated impairment losses	(10,722)	(10,992)
	324,546	337,626

The credit terms of trade receivables range from 30 days to 120 days (2024: 30 days to 120 days).

Movements of the accumulated impairment of trade receivables during the financial year are as follows:

	Group		
	Lifetime ECL (Collective assessment) RM'000	Lifetime ECL (Individual assessment) RM'000	Total RM'000
2025			
At 1 January 2025	2,449	8,543	10,992
Reclassification	(2,449)	2,449	-
Impairment during the financial year (Note 7(a))	-	2,416	2,416
Written off	-	(2,533)	(2,533)
Foreign exchange differences	-	(153)	(153)
At 31 December 2025	-	10,722	10,722

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TRADE RECEIVABLES (CONTINUED)

Movements of the accumulated impairment of trade receivables during the financial year are as follows: (continued)

	Group		
	Lifetime ECL (Collective assessment) RM'000	Lifetime ECL (Individual assessment) RM'000	Total RM'000
2024			
At 1 January 2024	2,287	8,071	10,358
Impairment during the financial year (Note 7(a))	162	1,736	1,898
Written off	-	(707)	(707)
Foreign exchange differences	-	(557)	(557)
At 31 December 2024	2,449	8,543	10,992

The creation and release of impaired receivables have been included in ‘administrative expenses’ in the profit or loss. Amounts charged are generally written off when there is no expectation of recovering additional cash.

Information about the impairment of trade receivables and the exposure to credit risk is disclosed in Note 34(b).

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OTHER RECEIVABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other receivables	20,713	6,158	72	46
Less: Accumulated impairment losses	(1,244)	(1,244)	-	-
	19,469	4,914	72	46
Prepayments	16,490	11,058	840	597
Deposits	37,295	3,636	1,306	1,306
Value Added Tax (“VAT”) recoverable	48,887	50,273	-	-
	122,141	69,881	2,218	1,949

Movement of the accumulated impairment of other receivables during the financial year is as follows:

	Group	
	2025 RM'000	2024 RM'000
At 1 January	1,244	1,212
Provision for impairment during the financial year (Note 7(a))	-	32
At 31 December	1,244	1,244

Information about the impairment of other receivables and the exposure to credit risk is disclosed in Note 34(b).

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AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) Amounts due from subsidiaries

	Company	
	2025 RM'000	2024 RM'000
Current		
Amounts due from subsidiaries	20,453	73,986
Less: Accumulated impairment losses	(499)	(499)
Amounts due from subsidiaries – net	19,954	73,487
Non-current		
Amounts due from subsidiaries	260,322	205,790
Less: Accumulated impairment losses	(69,141)	(69,141)
Amounts due from subsidiaries – net	191,181	136,649

The amounts due from subsidiaries are unsecured, bear interest at 4.86% to 5.39% (2024: 4.87% to 5.34%) and are repayable on demand.

During the current financial year, the Directors of the Company have assessed the carrying amount of the amount due from subsidiaries and concluded that no impairment was required. An impairment of RM550,000 was recognised during the previous financial year mainly due to adverse changes in the financial capability of the subsidiaries and failure to comply with the repayment plan with the Company.

Movement of the accumulated impairment of amount due from subsidiaries during the financial year are as follows:

	Company	
	2025 RM'000	2024 RM'000
Lifetime ECL (individual assessment)		
As at 1 January	69,640	79,999
Reclassification to capital contribution to subsidiaries	-	(5,686)
Impairment during the financial year (Note 7(a))	-	550
Written off (Note 33(i))	-	(5,223)
As at 31 December	69,640	69,640

(b) Amounts due to subsidiaries

The amounts due to subsidiaries is an advance granted to the Company by a subsidiary which is unsecured, bears interest at 4.25% to 4.69% (2024: 3.53% to 4.71%) per annum and is repayable on demand.

Dividend income from subsidiaries totalling RM58,000,000 (2024: RM48,000,000) during the financial year was set off against amounts due to subsidiaries.

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18 AMOUNTS DUE FROM/(TO) SUBSIDIARIES (CONTINUED)

(c) Reconciliation of amounts due to subsidiaries

The following table illustrates the changes in amounts due to subsidiaries, including both changes arising from cash flows and non-cash changes during the financial year:

	At 1 January 2025 RM'000	Net cash flow RM'000	Non-cash changes RM'000	At 31 December 2025 RM'000
Amounts due to subsidiaries	519,224	(259,495)	(259,729)	-

	At 1 January 2024 RM'000	Net cash flow RM'000	Non-cash changes RM'000	At 31 December 2024 RM'000
Amounts due to subsidiaries	304,000	178,571	36,653	519,224

19 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and bank balances	54,297	68,678	19,515	19,292
Deposits with licensed banks	204,276	83,525	-	-
Total deposits, cash and bank balances	258,573	152,203	19,515	19,292
Less: Deposits maturing more than three (3) months	(147,980)	(6,125)	-	-
Total cash and cash equivalents at end of financial year	110,593	146,078	19,515	19,292

Cash and bank balances are deposits held at call with banks and earn no interest except for bank balances amounting to RM1,889,000 (2024: RM3,273,000) that earn interest at 2.6% (2024: 2.8%) per annum.

The effective interest rates on deposits with licensed banks for the Group ranging from 0.7% to 3.6% (2024: 1.5% to 3.4%) per annum with original maturity dates ranging from 14 days to 184 days (2024: 3 days to 365 days).

Included in the deposits placed with licensed bank of the Group is RM18,349,000 (2024: RM19,823,000) pledged for bank facility.

20 AMOUNTS DUE FROM/(TO) RELATED COMPANIES

The amounts due from/(to) related companies are non-trade in nature, unsecured, interest free and are repayable on demand.

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21 TRADE PAYABLES

The credit terms of trade payables granted to the Group range from 30 days to 120 days (2024: 30 days to 120 days).

22 OTHER PAYABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Penalty claims (a)	37,506	23,605	-	-
Other payables	42,266	43,680	1,376	1,546
Obligations to repay to customers	1,681	40,141	-	-
Accruals	37,886	33,380	3,187	2,337
	119,339	140,806	4,563	3,883

(a) Penalty claims include penalties specified in the contract with its customer as a form of variable consideration for determining the transaction price of RM21,008,000 (2024: RM6,819,000), as well as any other penalties imposed by the Group's customer due to non-compliance with a certain contract of RM16,498,000 (2024: RM16,786,000).

23 AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company arose from management fees and payments made on behalf. This amount is unsecured, interest free and repayable on demand except for RM52,261,000 in the previous financial year, which was subject to interest of 6.5%.

24 GOVERNMENT GRANTS

	Group	
	2025 RM'000	2024 RM'000
At 1 January	14,771	3,357
Additions during the financial year	965	11,674
Recognition during the financial year (Note 7(c))	(260)	(260)
At 31 December	15,476	14,771
Analysed as:		
- Current	260	260
- Non-current	15,216	14,511
	15,476	14,771

Government grants relate to monies received from certain government agencies to fund the purchase of certain intangible assets and property, plant and equipment of the Group.

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25 BORROWINGS

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current					
Unsecured:					
- Bankers' acceptances	(a)(i),(b)	527,490	696,260	145,746	140,726
- Revolving credits	(a)(ii),(b)	153,918	265,517	107,250	190,249
- Bridging loan	(c)	-	75,000	-	-
		681,408	1,036,777	252,996	330,975
Secured:					
- Term loans	(a)(iii),(d)	8,628	17,892	7,250	16,500
- Hire purchase		390	390	-	-
		690,426	1,055,059	260,246	347,475
Non-current					
Unsecured:					
- Revolving credits	(a)(ii),(b),(e)	81,662	79,730	40,000	-
Secured:					
- Term loans	(a)(iii),(d)	43,739	49,836	30,546	37,796
- Hire purchase		127	497	-	-
		125,528	130,063	70,546	37,796
Total		815,954	1,185,122	330,792	385,271

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Bankers' acceptances	527,490	696,260	145,746	140,726
Revolving credits	235,580	345,247	147,250	190,249
Term loans	52,367	67,728	37,796	54,296
Hire purchase	517	887	-	-
Bridging loan	-	75,000	-	-
Total	815,954	1,185,122	330,792	385,271

NOTES TO THE FINANCIAL STATEMENTS

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25 BORROWINGS (CONTINUED)

(a) Financial covenants

In the previous financial year, the Group and the Company did not meet certain financial covenants for borrowings totalling RM175,217,000.

Details of the breaches of the financial covenants are as follows:

(i) Bankers' acceptances

The Group and the Company were not in compliance with the following financial covenant in accordance with the facilities agreements as at 31 December 2024:

- The consolidated net worth of the Group must not be less than RM336,000,000.

The total borrowings related to the breach in covenants for the Group and the Company was RM80,672,000. These borrowings were presented as current liabilities as at 31 December 2024.

On 11 November 2024, the Group and the Company were granted indulgence from one financial institution for non-compliance in the previous financial year with the financial covenant relating to net worth of the Group, with a borrowing balance of RM80,672,000, contingent upon the completion of the Proposed Regularisation Plan not later than 30 September 2025.

(ii) Revolving credits

The Group and the Company were not in compliance with the following financial covenant in accordance with the facilities agreements as at 31 December 2024:

- The consolidated tangible net worth of the Group must not be less than RM149,900,000.

The total borrowings related to the breach in covenants for the Group and the Company was RM40,249,000. These borrowings were presented as current liabilities as at 31 December 2024.

(iii) Term loans

The Group and the Company were not in compliance with the following financial covenants in accordance with the facilities agreements as at 31 December 2024:

- The consolidated net worth of the Group must not be less than RM336,000,000.

The total borrowings related to the breach in covenants for the Group and the Company was RM54,296,000.

On 11 November 2024, the Group and the Company were granted indulgence from one financial institution for non-compliance in the previous financial year with the financial covenant relating to net worth of the Group, with a borrowing balance of RM54,296,000, contingent upon the completion of the Proposed Regularisation Plan not later than 30 September 2025.

As the indulgence was granted before the reporting date and the lender does not have the rights to demand for immediate repayment as at the reporting date, the borrowings of RM37,796,000 remain as a non-current liability for the Group and the Company. The remaining RM16,500,000 was presented as current liability in accordance with the contractual repayment terms.

All of the Group's and Company's lenders, including the lenders mentioned above, had not requested early repayment of the borrowings and the Group and the Company did not default on any repayment obligations as of the date when these financial statements were approved by the Board of Directors in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

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25 BORROWINGS (CONTINUED)

(b) Facilities with cross-default clauses

In the previous financial year, other than the borrowings disclosed in Note 25(a) to the financial statements, certain facilities within the Group and the Company of RM475,081,000 and RM210,054,000, respectively contain cross-default clauses that may be breached due to the Group and the Company failing to meet certain financial covenants of other borrowings. These borrowings were presented as current liabilities as at 31 December 2024.

On 25 February 2025 and 4 March 2025, the financial institutions have confirmed that the breaches in the previous financial year did not trigger a cross-default, as indulgence was granted for the non-compliance with the financial covenant related to the bankers’ acceptances and no formal default notice was issued by the financial institutions involved for the revolving credits.

The financial institutions had not requested early repayment of these borrowings and the Group and the Company did not default on any repayment obligations as of the date when these financial statements were approved by the Board of Directors in the previous financial year.

(c) The Group’s bridging loan in the previous financial year was an Islamic term financing, unsecured and supported by way of corporate guarantee from the Company. The tenure of the loan was up to 24 months from the first disbursement date, which was in December 2023. The first principal payment shall commence 15 months from the first disbursement date with three months interval.

Notwithstanding the repayment schedule above, the Group shall immediately fully repay the outstanding amount within 30 days from the date of the listing of and quotation for the right shares under the Proposed Rights Issue and placement shares under the Proposed Private Placement of the Company. The bridging loan was therefore, classified as current liabilities in the statement of financial position.

(d) The Group’s term loans have maturity ranging from five to ten years and are secured over a freehold land and a leasehold land of the subsidiaries (see Note 11 and 12(a)).

(e) Revolving credit classified under non-current liabilities is not due in the next twelve months from the reporting date and is subject to contractual repayment plan until full settlement in 2029.

NOTES TO THE FINANCIAL STATEMENTS

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25 BORROWINGS (CONTINUED)

(f) Interest rate

The average effective interest rates per annum for the Group and the Company is as follows:

	2025		2024	
	Floating interest rate %	Fixed interest rate %	Floating interest rate %	Fixed interest rate %
Group				
Bankers’ acceptances	4.10 - 10.50	-	4.32 - 10.50	-
Revolving credits	4.36 - 5.14	-	4.48 - 5.40	-
Term loans	5.10 - 8.25	-	5.32 - 8.25	-
Hire purchase	-	1.88 - 9.52	-	1.88 - 6.98
Bridging loan	-	-	7.76	-

	2025		2024	
	Floating interest rate %	Fixed interest rate %	Floating interest rate %	Fixed interest rate %
Company				
Bankers’ acceptances	4.10 - 4.18	-	4.50 - 4.91	-
Revolving credits	5.06 - 5.14	-	5.21 - 5.40	-
Term loans	5.10	-	5.32	-

(g) Hire purchase liabilities

	Group	
	2025 RM'000	2024 RM'000
Minimum lease payments:		
- Payable within 1 year	422	455
- Payable between 1 and 5 years	155	552
	577	1,007
Less: Future finance charges	(60)	(120)
Present value of liabilities	517	887

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25 BORROWINGS (CONTINUED)

(h) Borrowings’ maturity and interest rate analysis

The net exposure of borrowings of the Group to interest rate changes and the periods in which the borrowings mature are as follows:

	Effective interest rate at year end % per annum	Repayment terms					Total carrying amount RM'000
		On demand RM'000	Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	More than 5 years RM'000	
Group							
At 31 December 2025							
Bankers' acceptances	5.62	-	527,490	-	-	-	527,490
Revolving credits	4.87	-	153,918	36,668	44,994	-	235,580
Term loans	5.88	-	8,628	16,446	21,316	5,977	52,367
Hire purchase	4.54	-	390	127	-	-	517
		-	690,426	53,241	66,310	5,977	815,954
At 31 December 2024							
Bankers' acceptances	5.98	-	696,260	-	-	-	696,260
Revolving credits	5.04	40,249	225,268	33,868	45,862	-	345,247
Term loans	5.90	-	17,892	17,993	25,773	6,070	67,728
Hire purchase	4.54	-	390	460	37	-	887
Bridging loan	7.76	-	75,000	-	-	-	75,000
		40,249	1,014,810	52,321	71,672	6,070	1,185,122

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25 BORROWINGS (CONTINUED)

(h) Borrowings’ maturity and interest rate analysis (continued)

The net exposure of borrowings of the Company to interest rate changes and the periods in which the borrowings mature are as follows:

	Effective interest rate at year end % per annum	Repayment terms					Total carrying amount RM'000
		On demand RM'000	Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	More than 5 years RM'000	
<u>Company</u>							
<u>At 31 December 2025</u>							
Bankers' acceptances	4.13	-	145,746	-	-	-	145,746
Revolving credits	5.13	-	107,250	20,000	20,000	-	147,250
Term loans	5.10	-	7,250	14,500	16,046	-	37,796
		-	260,246	34,500	36,046	-	330,792
<u>At 31 December 2024</u>							
Bankers' acceptances	4.74	-	140,726	-	-	-	140,726
Revolving credits	5.36	40,249	150,000	-	-	-	190,249
Term loans	5.32	-	16,500	16,500	21,296	-	54,296
		40,249	307,226	16,500	21,296	-	385,271

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25 BORROWINGS (CONTINUED)

- (i) Reconciliation of liabilities arising from financing activities

The following table illustrates the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year:

	At 1 January RM'000	Net cash flows RM'000	Acquisition of PPE RM'000	Foreign exchange movements RM'000	At 31 December RM'000
Group					
<u>2025</u>					
Borrowings	1,184,235	(341,220)	-	(27,578)	815,437
Hire purchase liabilities	887	(590)	159	61	517
Total	1,185,122	(341,810)	159	(27,517)	815,954
<u>2024</u>					
Borrowings	1,185,672	18,667	-	(20,104)	1,184,235
Hire purchase liabilities	1,427	(688)	87	61	887
Total	1,187,099	17,979	87	(20,043)	1,185,122
Company					
<u>2025</u>					
Borrowings	385,271	(54,479)	-	-	330,792
<u>2024</u>					
Borrowings	437,376	(52,105)	-	-	385,271

Fair value

The fair values of current and non-current borrowings approximate their carrying amounts, as the impact of discounting is not significant.

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25 BORROWINGS (CONTINUED)

- (j) Currency profile

The carrying amounts of the Group's and of the Company's borrowings are denominated in the functional currencies of the relevant group entity:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Ringgit Malaysia	610,399	940,011	330,792	385,271
Indonesian Rupiah	205,555	245,111	-	-
	815,954	1,185,122	330,792	385,271

- (k) Undrawn borrowings facilities

The Group and the Company have the following undrawn borrowings facilities:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Bankers' acceptances	327,350	177,950	24,254	29,274
Revolving credits	30,000	-	-	-
Term loans	-	6,247	-	-
Bank overdraft	8,540	9,730	-	-
	365,890	193,927	24,254	29,274

26 SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2025 '000	2024 '000	2025 RM'000	2024 RM'000
Issued and fully paid-up ordinary shares with no par value:				
At 1 January	1,441,229	1,441,229	200,046	200,046
Issuance during the financial year arising from:				
Rights Issue	3,458,951	-	345,895	-
Private Placement	1,656,845	-	223,674	-
Capital Reduction	-	-	(520,000)	-
	6,557,025	1,441,229	249,615	200,046
New shares issuance expenses	-	-	(6,189)	-
At 31 December	6,557,025	1,441,229	243,426	200,046

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SHARE CAPITAL (CONTINUED)

On 29 July 2025, the Company increased its issued and paid-up share capital by way of issuance of 3,458,950,862 new ordinary shares at RM0.10 per share ("Rights Issue") and 1,656,845,000 new ordinary shares at RM0.135 per share ("Private Placement").

On 5 August 2025, the Company undertook a capital reduction exercise which involved the reduction of its issued and paid-up share capital by RM520,000,000 pursuant to Section 117 of the Companies Act 2016 ("Capital Reduction"). The reduction in share capital was made against the accumulated losses.

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

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SHARE RESERVES

(a)

Option Plan

	Group and Company	
	2025 RM'000	2024 RM'000
Option Plan	3,624	3,624

An Option Plan was implemented on 13 May 2016 for the benefit of Directors and selected Senior Management Officers ("Eligible Employees") of the Group. The Option Plan shall be in force for a period of 5 years. The fair value of each share option on the grant date was RM0.71. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives.

The exercise price of the share options granted under the Option Plan is RM5.04 each. The options granted are divided into 5 equal tranches which vest on 16 May 2016, 16 May 2017, 16 May 2018, 16 May 2019 and 16 May 2020. The vesting condition is that the offeree must be an employee or Director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates. The options expired on 12 May 2021.

Subsequently, the Option Plan has been extended for a further period of 5 years from 13 May 2021 to 12 May 2026. The definition of eligible persons has been amended to include all employees of the Group (excluding foreign subsidiaries, dormant subsidiaries and Directors).

The extended Option Plan is to be granted to eligible persons over a period of 3 years. The First Tranche of the Option Plan was granted on 20 August 2021 and is to be exercised after 19 August 2022. The fair value and exercise price of each share option of the First Tranche are RM0.0988 and RM0.8433 respectively. The vesting condition is that the offeree must be an employee, as the case may be, of the Company or its subsidiaries on the vesting and exercise date. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives.

NOTES TO THE FINANCIAL STATEMENTS

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SHARE RESERVES (CONTINUED)

(a)

Option Plan (continued)

Movements of share options during the financial year

The following table illustrates the number of, and movements in, share options of the Company during the financial year:

	Number of share options	
	2025 '000	2024 '000
At 1 January	26,080	31,752
Adjusted	17,419	-
Forfeited	(2,344)	(5,672)
At 31 December	41,155	26,080
Exercisable at 31 December	-	-

The fair value of the options granted in the previous financial years were accounted for in accordance with MFRS 2 "Share-based Payment" using the Black-Scholes and Binomial valuation model respectively. The significant inputs in the model are as follows:

	Options granted on 20 August 2021
Fair value per option	RM0.10
Exercise price	RM0.84
Option life	5 years
Weighted average share price at grant date	RM0.96
Expected dividend yield	5.38%
Risk free rate	3.25%
Expected volatility	14.31%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of share prices over the last 5 years (2024: 5 years).

There are no share-based expenses arising from the Option Plan granted to Directors and Eligible Employees recognised in the current and previous financial year.

(b)

Long Term Incentive Plan

A Long Term Incentive Plan ("LTIP") was implemented on 13 May 2016 for the benefit of the Executive Director and Eligible Employees of the Group. The value of the allocation per year to the Executive Director and Eligible Employees under the LTIP shall not exceed 6% of the audited profit after tax of the Group for the preceding financial year.

Under the LTIP, the Executive Director and Eligible Employees are awarded with new ordinary shares in the Company for nil consideration and the shares granted are vested to the Executive Director and Eligible Employees in tranches over a period of up to 3 years. There are no cash settlement alternatives.

As at 31 December 2025, no shares were granted under the LTIP (2024: Nil).

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28 DEFERRED TAXATION

	Note	Group	
		2025 RM'000	2024 RM'000
At 1 January		218	19,236
Credited/(Charged) to profit or loss:			
- property, plant and equipment		18,959	7,831
- provisions		6,238	(11,602)
- provisions for slow-moving and obsolete inventories		(7,241)	(3,946)
- unutilised tax losses		(16,575)	(5,383)
- intangible assets		684	(5,605)
	9	2,065	(18,705)
Charged to other comprehensive income			
- revaluation reserves	*	-	(71)
		-	(71)
Foreign exchange adjustments		823	(242)
At 31 December		3,106	218
<u>Subject to income tax</u>			
Deferred tax assets (before offsetting):			
- property, plant and equipment		1,293	3,433
- provisions		26,460	19,399
- provisions for slow-moving and obsolete inventories		8,392	15,633
- unutilised tax losses		11,846	28,421
		47,991	66,886
Offsetting		(19,837)	(39,543)
Deferred tax assets (after offsetting)		28,154	27,343
<u>Deferred tax liabilities (before offsetting):</u>			
- property, plant and equipment		(36,186)	(57,285)
- intangible assets		(8,699)	(9,383)
		(44,885)	(66,668)
Offsetting		19,837	39,543
Deferred tax liabilities (after offsetting)		(25,048)	(27,125)

* where the land and buildings are carried at their fair value, the amount of the deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

28 DEFERRED TAXATION (CONTINUED)

	Note	Company	
		2025 RM'000	2024 RM'000
At 1 January		8,033	12,632
(Charged)/Credited to profit or loss:			
- unutilised tax losses		(1,123)	(4,841)
- provision		288	242
	9	(835)	(4,599)
At 31 December		7,198	8,033
<u>Subject to income tax</u>			
Deferred tax assets:			
- unutilised tax losses		6,668	7,791
- provision		530	242
		7,198	8,033

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The deductible temporary differences are available indefinitely for offset against future taxable profits of the Group and of the Company, subject to agreement with the Inland Revenue Board. These tax benefits will only be obtained if the Group and the Company derive future assessable income of a nature and amount sufficient for the tax benefits to be utilised.

Estimating the future taxable profits involve significant assumptions, especially in respect of sales growth rate and product margins. These assumptions used are consistent with those prepared and used for impairment testing purposes. All available convincing evidences were considered, including approved budgets, business plan and analysis of historical operating results. Based on the available convincing evidences, management believes that the temporary differences, which include unutilised tax losses with time limit of utilisation, will be utilised and has recognised the deferred tax assets as at the end of the reporting date.

The amount of deductible temporary differences for which no deferred tax asset is recognised in the financial statements of the Group is as follows:

	Group	
	2025 RM'000	2024 RM'000
Unutilised tax losses	582,240	575,440
Unabsorbed capital allowances	159	512
Other deductible temporary differences	-	3,358
	582,399	579,310
Deferred tax assets not recognised at 24% (2024: 24%)	139,776	139,034

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

28 DEFERRED TAXATION (CONTINUED)

Under the Malaysian Finance Act 2018 which was gazetted on 27 December 2018, unutilised tax losses are imposed with a time limit of utilisation of 7 years. This time limit of utilisation was further extended to 10 years following the release of Public Ruling No. 1/2022 dated 30 June 2022. As at 31 December, the amount of unutilised tax losses based on time limit is as follows (stated at gross):

	Expired by year								Total RM'000
	2028 RM'000	2029 RM'000	2030 RM'000	2031 RM'000	2032 RM'000	2033 RM'000	2034 RM'000	2035 RM'000	
Group									
At 31 December 2025									
Deferred tax assets are recognised	14,035	-	-	-	16,328	2,672	3,655	12,668	49,358
No deferred tax assets are recognised	15,629	-	-	-	3,237	704	562,670	-	582,240
At 31 December 2024									
Deferred tax assets are recognised	20,504	-	-	-	42,834	43,173	11,910	-	118,421
No deferred tax assets are recognised	15,629	-	-	-	6,671	-	553,140	-	575,440

29 PROVISION FOR DEFINED BENEFIT PLAN

The subsidiaries in Indonesia operate an unfunded defined benefit scheme for its employees based on the provisions of Labour Law No. 13/2003. The latest actuarial valuations of the plans for 31 December 2025 were signed on 30 December 2025 and 31 December 2025 (2024: 13 December 2024 and 4 January 2025).

The amounts of unfunded defined benefit recognised in the statements of financial position of the Group are determined as follows:

	Group	
	2025 RM'000	2024 RM'000
Present value of unfunded defined benefit obligations	10,555	10,792
Actuarial (losses)/gains recognised in the statements of comprehensive income	(34)	238
Cumulative actuarial losses recognised	(319)	(285)

NOTES TO THE FINANCIAL STATEMENTS

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29 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The movements during the financial year in the amounts recognised in the statements of financial position of the Group are as follows:

	Group	
	2025 RM'000	2024 RM'000
At 1 January	10,792	10,841
Charged to profit or loss (Note 8)	1,987	1,987
Contributions paid during the financial year	(783)	(1,361)
Recognition of actuarial gains	34	(238)
Foreign exchange adjustments	(1,475)	(437)
At 31 December	10,555	10,792
The amounts recognised in the profit or loss are as follows:		
Current service cost	1,360	1,340
Interest cost	655	706
Gain on settlement for past service cost	(28)	(59)
Total included in employee benefit expenses (Note 8)	1,987	1,987

The principal actuarial assumptions used in respect of the Group’s unfunded defined benefit plan are as follows:

	Group	
	2025 %	2024 %
Discount rate	6.7	6.9
Expected rate of salary increase	6.0	6.5

The weighted average duration of the defined benefit obligation is 18 years (2024: 18 years).

NOTES TO THE FINANCIAL STATEMENTS

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29 PROVISION FOR DEFINED BENEFIT PLAN (CONTINUED)

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions are as follows:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
<u>2025</u>			
Discount rate	1.0%	Decrease by 8.3%	Increase by 9.6%
Expected rate of salary increase	1.0%	Increase by 9.6%	Decrease by 8.4%
<u>2024</u>			
Discount rate	1.0%	Decrease by 7.3%	Increase by 8.6%
Expected rate of salary increase	1.0%	Increase by 7.9%	Decrease by 7.1%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous financial year.

30 CONTRACT LIABILITIES

	Note	Group	
		2025 RM'000	2024 RM'000
(a) Contract with customers for supply of medicines			
At 1 January		6,649	6,670
Refund to customer		(6,012)	-
Recognition of income during the year		(637)	(21)
At 31 December		-	6,649
(b) Contract with a customer for provision of services such as system maintenance, upgrades, enhancements, hardware and software supply, and system implementation			
At 1 January		22,847	2,229
Additions during the year		43,007	39,585
Recognition of contract revenue during the year	4	(54,422)	(18,967)
At 31 December		11,432	22,847
Total		11,432	29,496

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

30 CONTRACT LIABILITIES (CONTINUED)

The Group entered into contracts with customers for the supply of medicines and the provision of services such as system maintenance, upgrades, enhancements, hardware and software supply, and system implementation. Advance payments were received from customers; however, revenue will only be recognised upon satisfaction of performance obligations through delivery of medicines and provision of services such as system maintenance, upgrades, enhancements, hardware and software supply, and system implementation to customers.

31 SEGMENTAL REPORTING

The Board of Directors is the Group’s chief operating decision maker. Performance is measured based on identified reportable segments’ earnings before interest, taxation, depreciation and amortisation (“EBITDA”), as management believes that such information is most relevant in evaluating the results of the segments.

For management purposes, the Group’s business is organised into the following four reportable segments according to the internal reporting structure:

- (a) Manufacturing – Manufacturing of pharmaceutical products in Malaysia.
- (b) Logistics and distribution – Distribution, trading and wholesaling of pharmaceutical and medical products as well as supply and installation of medical and hospital equipment in Malaysia.
- (c) Indonesia – Manufacturing and distribution of pharmaceutical and medical products in Indonesia have been aggregated into one reportable segment as it is reflective of the Group’s business synergy in Indonesia, it is closely monitored as a potential growth region and is expected to materially contribute to the Group’s revenue in the future.
- (d) Others

Inter-segment revenues are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS

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SEGMENTAL REPORTING (CONTINUED)

(a) Analysis by business segments

	Malaysia		Indonesia	Others RM'000	Elimination RM'000	Total RM'000
	Manufacturing RM'000	Logistics and distribution RM'000	Manufacturing and distribution RM'000			
Group						
<u>2025</u>						
<u>Revenue</u>						
External sales	819	2,811,582	1,115,352	-	-	3,927,753
Inter-segment sales	342,074	-	-	-	(342,074)	-
Total revenue	342,893	2,811,582	1,115,352	-	(342,074)	3,927,753
<u>Results</u>						
Earnings/(Loss) before interest, taxation, depreciation and amortisation	87,960	48,121	34,177	(540)	-	169,718
Depreciation and amortisation	(17,168)	(13,117)	(9,010)	-	-	(39,295)
Finance costs	(10,099)	(64,249)	(19,815)	(199)	33,017	(61,345)
Interest income	744	37,626	77	229	(33,017)	5,659
Profit/(Loss) before zakat and taxation	61,437	8,381	5,429	(510)	-	74,737
Zakat	(300)	(700)	-	-	-	(1,000)
Taxation	(17,444)	(3,213)	(3,196)	800	-	(23,053)
Net profit for the financial year	43,693	4,468	2,233	290	-	50,684

NOTES TO THE FINANCIAL STATEMENTS

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SEGMENTAL REPORTING (CONTINUED)

(a) Analysis by business segments (continued)

	Malaysia		Indonesia	Others RM'000	Elimination RM'000	Total RM'000
	Manufacturing RM'000	Logistics and distribution RM'000	Manufacturing and distribution RM'000			
Group						
<u>2025</u>						
<u>Other information</u>						
Segment assets	761,270	2,329,557	517,664	64,291	(1,425,955)	2,246,827
Segment liabilities	415,520	1,392,507	436,423	30,897	(487,675)	1,787,672
<u>Results</u>						
Capital expenditure on property, plant and equipment, right-of-use assets and intangible assets	20,778	5,966	12,383	-	-	39,127
Write-down of slow-moving and obsolete inventories	271	6,719	905	-	-	7,895
Write-off of property, plant and equipment	25	-	-	-	-	25
Non-cash (income)/ expenses	(339)	1,066	6,115	463	-	7,305

NOTES TO THE FINANCIAL STATEMENTS

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SEGMENTAL REPORTING (CONTINUED)

(a) Analysis by business segments (continued)

	Malaysia		Indonesia	Others RM'000	Elimination RM'000	Total RM'000
	Manufacturing RM'000	Logistics and distribution RM'000	Manufacturing and distribution RM'000			
Group						
2024						
Revenue						
External sales	2,945	2,578,328	1,178,206	-	-	3,759,479
Inter-segment sales	307,140	-	-	-	(307,140)	-
Total revenue	310,085	2,578,328	1,178,206	-	(307,140)	3,759,479
Results						
Earnings/(Loss) before interest, taxation, depreciation and amortisation	53,362	216,635	35,834	(556)	-	305,275
Depreciation and amortisation	(17,889)	(14,221)	(9,268)	-	-	(41,378)
Finance costs	(3,273)	(102,168)	(22,238)	(683)	56,393	(71,969)
Interest income	210	58,359	19	57	(56,393)	2,252
Profit/(Loss) before zakat and taxation	32,410	158,605	4,347	(1,182)	-	194,180
Taxation	809	(59,894)	(1,301)	-	-	(60,386)
Net profit/(loss) for the financial year	33,219	98,711	3,046	(1,182)	-	133,794

NOTES TO THE FINANCIAL STATEMENTS

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SEGMENTAL REPORTING (CONTINUED)

(a) Analysis by business segments (continued)

	Malaysia		Indonesia	Others RM'000	Elimination RM'000	Total RM'000
	Manufacturing RM'000	Logistics and distribution RM'000	Manufacturing and distribution RM'000			
Group						
2024						
Other information						
Segment assets	789,714	2,609,173	527,770	64,197	(1,998,548)	1,992,306
Segment liabilities	387,157	2,334,960	438,552	31,579	(1,053,998)	2,138,250
Results						
Capital expenditure on property, plant and equipment, right-of-use assets and intangible assets	36,747	8,946	6,586	-	-	52,279
Write-down/ (Write-back) of slow-moving and obsolete inventories	6,872	(8,826)	1,078	-	-	(876)
Write-off of intangible assets	592	-	-	-	-	592
Write-off of property, plant and equipment	251	57	420	-	-	728
Non-cash expenses/ (income)	1,668	(35)	4,204	455	-	6,292

NOTES TO THE FINANCIAL STATEMENTS

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SEGMENTAL REPORTING (CONTINUED)

(b) Geographical information

	Revenue from external customers RM'000	Total non-current assets excluding deferred tax assets RM'000
Geographical markets		
2025		
Malaysia	2,803,964	694,581
Indonesia	1,115,352	59,851
Other countries	8,437	-
	3,927,753	754,432
2024		
Malaysia	2,572,301	697,007
Indonesia	1,178,206	63,665
Other countries	8,972	-
	3,759,479	760,672

Revenue is based on the country in which the customer is located.

Non-current assets information presented above consist of non-current assets other than financial instruments and deferred tax assets as presented in the consolidated statement of financial position.

Revenues of approximately RM2,688,960,000 (2024: RM2,332,193,000) are mainly derived from a single external customer. These revenues are attributable to both the Logistics and Distribution as well as the Manufacturing segments. The single external customer with revenue equal or more than 10% of the Group's total revenue is disclosed in Note 33(g).

NOTES TO THE FINANCIAL STATEMENTS

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CAPITAL COMMITMENTS

Capital expenditure in respect of the following has not been provided for in the financial statements:

	Group	
	2025 RM'000	2024 RM'000
Authorised and contracted for:		
- acquisition of property, plant and equipment	124,254	1,945
Authorised but not contracted for:		
- acquisition of property, plant and equipment	159,785	198,244

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SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making any financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other related party transactions and balances:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(a) Immediate holding company				
Expenses				
• Management fees	(256)	(306)	(256)	(306)
• Corporate and administrative support services	(553)	(716)	(440)	(398)
• Interest expense on advance	(1,910)	(3,378)	(1,910)	(3,378)
(b) Subsidiaries of the immediate holding company				
Expenses				
• Travelling and accommodation	(2,095)	(803)	(947)	(317)
• Provision of insurance	(2,467)	(2,715)	-	-
• Freight forwarding and transportation services	(15,760)	(14,940)	-	-
(c) Associate of the ultimate holding company				
Expenses				
• Interest expense on borrowings	(9,489)	(10,853)	(9,489)	(10,853)

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SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

		Company	
		2025 RM'000	2024 RM'000
(d)	Subsidiaries		
	<u>Income</u>		
	• Interest income on advances to subsidiaries	26,911	21,682
	• Management fees charged to subsidiaries	46,850	35,466
	• Dividend income from subsidiaries	58,000	48,000
	<u>Expenses</u>		
	• Interest expense on advance from a subsidiary	(4,858)	(33,896)
(e)	Payment of expenses made on behalf:		
	• by subsidiaries	17,039	9,459
	• for subsidiaries	(18,323)	(22,959)

(f)

Remuneration of key management personnel

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Salaries, bonuses and allowances	8,022	7,068	7,305	6,140
Social contribution costs	5	4	5	4
Defined contribution plan	798	686	752	640
Estimated monetary value of benefits by way of usage of Group's assets	91	226	91	226
Fees	1,411	1,284	1,156	1,016
	10,327	9,268	9,309	8,026

Key management personnel comprise the Board of Directors and Senior Management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

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SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(g)

Government-related entities

The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group by virtue of Lembaga Tabung Angkatan Tentera ("LTAT") being a body controlled by the Government of Malaysia.

On 16 March 2011, Pharmaniaga Logistics Sdn. Bhd. ("PLSB"), a wholly-owned subsidiary entered into a Concession Agreement ("CA") with the Government of Malaysia represented by the Ministry of Health, Malaysia ("MOH") for a period of ten (10) years expiring on 30 November 2019, for the right and authority to purchase, store, supply and distribute the Approved Products (i.e. drugs and non-drugs approved by MOH) to the Public Sector Customers (i.e. government hospital, health office, health clinic, dental clinic, or any health institution or other similar facility within Malaysia which is operated and controlled by the MOH and as determined by the MOH from time to time) and also for the development of Pharmacy Information System and Clinic Pharmacy Systems in government hospitals and clinics.

In November 2019, the Group received a letter from MOH extending its services for the provision of medicine and medical supplies to MOH facilities for an interim period of twenty-five (25) months, commencing from 1 December 2019 to 31 December 2022 ("Interim Period"). In addition, the Group also secured a contract to continue providing logistics and distribution services for MOH for a period of five (5) years ending 30 November 2024.

On 28 December 2021, MOH issued an extension letter to PLSB to further extend the Interim Period by one year up to 31 December 2023. The other terms and conditions, including the 5-year extension in respect of logistics and distribution services, remained in place with no further changes.

On 6 January 2022, MOH issued another letter stating its agreement in principle to enter into a 10-year concession agreement with PLSB for the procurement of drugs and medical supplies as well as logistics and distribution of Approved Products. This 10-year concession agreement will supersede existing concessions arrangements upon its execution, including the Interim Period for the procurement of drugs and medical supplies which ended 31 December 2023 and the logistics and distribution services which will continue until 30 November 2024.

On 29 December 2022, PLSB had received a letter from MOH informing that *Jawatankuasa Kerjasama Awam Swasta* ("JKAS") had agreed to extend the Interim Period for the provision of medicines and medical supplies to MOH facilities for an additional period of 6 months up to 30 June 2023, pending the finalisation of the new concession agreement.

On 12 July 2023, MOH issued a letter including the agreed salient terms to PLSB for a new medical supply logistics service for a period of seven (7) years, commencing from 1 July 2023 to 30 June 2030. Following the issuance of the letter, the interim period which commenced on 1 December 2019 to provide the services for the provision of medicines and medical supplies ended on 30 June 2023.

The new CA was subsequently signed on 3 January 2024. It took effect retrospectively from 1 July 2023 and will remain in force for a period of seven (7) years until 30 June 2030.

	Group	
	2025 RM'000	2024 RM'000
Sale of goods to government-related entities	2,688,960	2,332,193
Amounts due from government-related entities	59,338	57,474

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SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(h) Significant outstanding balances

Significant outstanding balances arising from the above transactions are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Amounts due from				
- Subsidiaries	-	-	211,135	210,136
- Related companies*	-	6	-	-
Amounts due to				
- Immediate holding company	402	52,740	120	52,381
- Subsidiaries	-	-	-	519,224
- Related companies*	2,180	10,070	-	30

* The related companies are subsidiaries of the immediate holding company and are included in Note 20.

(i) Intercompany loan waivers

On 29 December 2023, the Company issued a memorandum to Pharmaniaga Biomedical Sdn. Bhd., Pristine Pharma Sdn. Bhd. and Paradigm Industry Sdn. Bhd. to waive the amounts due from these subsidiaries. The total of amounts waived by the Company in the previous financial year amounting to RM5,223,000. Consequently, these amounts were written off by the Company as at 31 December 2024.

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FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

The Group’s financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group’s businesses whilst managing its risks. The Group has a written risk management framework which sets out its overall business strategies, its tolerance to risk and established processes to monitor and control the risks. Such framework is approved by the Board of Directors and quarterly reviews are undertaken as required.

Financial risk factors

(a) Market risk

(i) Foreign currency exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the Euro Dollars (“EURO”), United States Dollar (“USD”), Chinese Renminbi (“RMB”) and Indonesian Rupiah (“IDR”). Foreign currency exchange risk arises from current commercial transactions, recognised assets and liabilities.

To manage the foreign currency exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group enters into contracts in Ringgit Malaysia denomination, where possible. Foreign currency exchange risk arises when current commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity’s functional currency.

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31 DECEMBER 2025

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FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign currency exchange risk (continued)

As at 31 December 2025, if the functional currency had weakened/strengthened by 5% (2024: 5%) against EURO with all other variables held constant, post tax profit and equity for the financial year would have been lower/higher by RM13,000 (2024: RM27,000) mainly as a result of foreign exchange losses/gains on translation of EURO denominated trade payables and other payables.

As at 31 December 2025, if the functional currency had weakened/strengthened by 5% (2024: 5%) against USD with all other variables held constant, post tax profit and equity for the financial year would have been lower/higher by RM136,000 (2024: RM271,000) mainly as a result of foreign exchange losses/gains on translation of USD denominated trade payables, other payables, trade receivables as well as deposits, cash and bank balances.

As at 31 December 2025, if the functional currency had weakened/strengthened by 5% (2024: 5%) against RMB with all other variables held constant, post tax profit and equity for the financial year would have been higher/lower by RM264,000 (2024: RM284,000) mainly as a result of foreign exchange gains/losses on translation of RMB denominated trade receivables as well as deposits, cash and bank balances.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. As at 31 December 2025, if the functional currency had weakened/strengthened by 5% (2024: 5%) against the IDR with all other variables held constant, the impact on equity would have been approximately higher/lower by RM3,014,000 (2024: RM3,412,000) on translation upon consolidation. There is no significant impact to profit or loss as the financial assets and liabilities denominated in IDR are mainly relate to foreign subsidiaries where trade is conducted in the entity’s functional currency.

The financial assets and financial liabilities of the Group that are not denominated in its functional currency are set out below:

	2025		
	RMB RM'000	USD RM'000	Euro RM'000
Trade receivables	-	682	-
Deposits, cash and bank balances	6,954	333	-
Trade payables	-	(3,829)	(195)
Other payables	-	(765)	(147)
	6,954	(3,579)	(342)

	2024		
	RMB RM'000	USD RM'000	Euro RM'000
Trade receivables	273	1,095	-
Deposits, cash and bank balances	7,213	1,016	-
Trade payables	-	(8,743)	(617)
Other payables	-	(509)	(86)
	7,486	(7,141)	(703)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group’s interest-bearing assets are primarily short term bank deposits with financial institutions. The interest rates on these deposits are monitored closely to ensure they are maintained at favourable rates. The Group considers the risk of significant changes to interest rates on deposits to be unlikely.

Interest rate exposure arises from the Group’s borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

As at 31 December 2025, if interest rates on Ringgit Malaysia denominated borrowings of the Group and of the Company had been 50 (2024: 50) basis points lower/higher with all other variables held constant, post tax profit for the financial year of the Group would have been higher/lower by RM3,067,000 (2024: RM3,422,000) and the post tax profit for the financial year of the Company would have been higher/lower by RM1,406,000 (2024: RM1,487,000) respectively, mainly as a result of lower/higher interest expense.

As at 31 December 2025, if interest rates on IDR denominated borrowings of the Group had been 50 (2024: 50) basis points lower/higher with all other variables held constant, post tax profit for the financial year of the Group would have been higher/lower by RM898,000 (2024: RM990,000) respectively, mainly as a result of lower/higher interest expense.

(b) Credit risk

(i) Risk management

Each entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from credit exposures to customers, including outstanding receivables, as well as deposits, cash and bank balances.

For trade and other receivables, individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. There are no significant concentrations of credit risk whether through exposure to individual customers and/or regions other than disclosed below.

(ii) Exposure to credit risk

Under MFRS 9, deposits, cash and bank balances are also subject to the impairment. However, the identified impairment loss was immaterial as the counterparties are reputable financial institutions with high credit ratings and no history of default.

As at the end of the reporting period, the maximum exposure to credit risk arising from financial assets carried at amortised cost are represented by the carrying amounts in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets

Trade receivables

The Group applies the MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared similar credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

On that basis, during the financial year ended 31 December 2025, the Group recognised loss allowance of RM2,416,000 (2024: RM1,898,000) for receivables that are past due by 3 months and above.

There is a significant concentration of credit risk with respect to government-related entities of the Group. However, the Group is of the view that the expected credit loss rate on the amounts outstanding from government-related entities are considered low as government-related entities have low risk of default, strong capacity to meet their contractual cash flow obligations in the near term.

The aging analysis of the Group’s gross and net trade receivables are as follows:

	Collective assessment				Individual assessment RM’000	Total RM’000
	Current and less than three months RM’000	Between three and six months RM’000	Between six months and one year RM’000	Greater than one year RM’000		
At 31 December 2025						
Gross carrying amount	239,871	12,294	14,193	58,188	10,722	335,268
Expected loss rate	0.0%	0.0%	0.0%	0.0%	100.0%	3.2%
Loss allowance	-	-	-	-	(10,722)	(10,722)
Carrying amount (net of loss allowance)	239,871	12,294	14,193	58,188	-	324,546
At 31 December 2024						
Gross carrying amount	301,895	11,406	8,775	17,999	8,543	348,618
Expected loss rate	0.0%	0.0%	1.8%	12.7%	100.0%	3.2%
Loss allowance	-	-	(157)	(2,292)	(8,543)	(10,992)
Carrying amount (net of loss allowance)	301,895	11,406	8,618	15,707	-	337,626

The reconciliation of loss allowance for trade receivables is disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets (continued)

Other receivables and amounts due from subsidiaries

With the exception of specific debtors identified as credit impaired and assessed individually, the balances are deemed recoverable, considered to be performing, and have a low risk of default and a capacity to meet contractual cash flows.

The reconciliation of loss allowance for other receivables and amounts due from subsidiaries are disclosed in Notes 17 and 18 respectively.

(c) Liquidity risk

Cash flow forecasting is performed for the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's and of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration the Group's and the Company's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable, external regulatory or legal requirements.

As at 31 December 2025, the Group's and the Company's current liabilities exceeded the current assets by RM146,846,000 and RM220,765,000 (2024: RM748,782,000 and RM827,185,000), respectively.

Notwithstanding the above, the Directors are of the view that the Group and the Company will have sufficient cash flows for the next 12 months from the reporting date to meet their cash flows requirements based on the undrawn committed borrowing facilities available to the Group and the Company, as disclosed in Note 25. In addition, should the need arise, the profitable subsidiaries can distribute dividends to the Company to enable the Company to meet its immediate commitments as and when they fall due.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) and will not reconcile to the amounts disclosed on the statements of financial position.

	On demand RM'000	Less than 3 months RM'000	Between 3 months and 1 year RM'000	Between 1 and 2 years RM'000	More than 2 years RM'000
Group					
<u>At 31 December 2025</u>					
Borrowings	-	626,793	72,799	57,450	77,142
Lease liabilities	-	1,277	2,408	254	-
Trade payables	-	776,476	-	-	-
Other payables	-	119,339	-	-	-
Amount due to immediate holding company	-	402	-	-	-
Amounts due to related companies	-	2,180	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(c) Liquidity risk (continued)

	On demand RM'000	Less than 3 months RM'000	Between 3 months and 1 year RM'000	Between 1 and 2 years RM'000	More than 2 years RM'000
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Group (continued)

At 31 December 2024

Borrowings	40,249	683,341	350,846	57,471	84,913
Lease liabilities	-	1,220	3,188	2,769	-
Trade payables	-	650,095	-	-	-
Other payables (net of penalty claims)	-	140,806	-	-	-
Amount due to immediate holding company	-	52,740	-	-	-
Amounts due to related companies	-	10,070	-	-	-

Company

At 31 December 2025

Borrowings	-	215,790	47,612	36,208	36,824
Other payables	-	4,563	-	-	-
Amount due to immediate holding company	-	120	-	-	-

At 31 December 2024

Borrowings	40,249	138,924	174,011	18,286	22,716
Other payables	-	3,883	-	-	-
Amount due to immediate holding company	-	52,381	-	-	-
Amounts due to subsidiaries	-	519,224	-	-	-
Amounts due to related companies	-	30	-	-	-

As at 31 December 2025, the Company's maximum potential liabilities under guarantee contracts amounted to Nil (2024: RM75,000,000). Financial guarantee contracts are assumed to be immediately payable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(d) Financial instruments by category

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial assets at amortised cost				
Trade receivables	324,546	337,626	-	-
Other receivables (net of VAT recoverable and prepayments)	56,764	8,550	1,378	1,352
Deposits, cash and bank balances	258,573	152,203	19,515	19,292
Amounts due from subsidiaries	-	-	211,135	210,136
Amounts due from related companies	-	6	-	-
Financial liabilities at amortised cost				
Borrowings	815,954	1,185,122	330,792	385,271
Lease liabilities	3,837	6,774	-	-
Trade payables	776,476	650,095	-	-
Other payables	119,339	140,806	4,563	3,883
Amount due to immediate holding company	402	52,740	120	52,381
Amounts due to related companies	2,180	10,070	-	30
Amounts due to subsidiaries	-	-	-	519,224

Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to maintain an optimal capital structure to reduce the cost of capital.

The Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital.

The gearing ratios are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Total borrowings (Note 25)	815,954	1,185,122	330,792	385,271
Total equity attributable to equity holders of the Company	434,466	(171,275)	913,257	285,913
Gearing ratio (times)	1.9	(6.9)	0.4	1.3

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management (continued)

Under the terms of certain borrowing facilities undertaken by the Group and the Company during the financial year are subjected to covenant clauses, whereby the Group and the Company are required to comply with the following financial covenants:

- The consolidated net worth of the Group must not be less than RM336,000,000;
- The consolidated Finance Service Cover Ratio, calculated as ratio of cumulative available cash flows to interest expense and current portion of long-term borrowings, must not be less than 1.25 times;
- The consolidated Debt Service Coverage Ratio ("DSCR"), calculated as ratio of EBITDA to interest expense, must not be less than 1.5 times;
- The consolidated tangible net worth of the Group must not be less than RM149,900,000;
- The DSCR of subsidiary Pharmaniaga Manufacturing Berhad must not be less than 1.5 times;
- The leverage of subsidiary Pharmaniaga Manufacturing Berhad must not be more than 0.5 times;
- The tangible net worth of subsidiary Pharmaniaga Manufacturing Berhad must not be less than RM139,000,000;
- The consolidated ratio of EBITDA to finance expenses shall not be less than 4 times;
- The consolidated ratio of Net Debt to EBITDA shall not be more than 3.5 times;
- The current ratio, calculated as ratio of current assets to current liabilities, of subsidiary PT Millennium Pharmacon International Tbk ("PT MPI") must not be less than 1.1 times;
- The interest-bearing debt over equity ratio of Indonesian subsidiaries must not be more than 3 times; and
- The DSCR of PT MPI must not be less than 1.25 times.

The Group and the Company complied with all financial covenants for borrowings during the financial year.

Fair value estimation

The carrying values of financial assets and financial liabilities of the Group and of the Company at the reporting date approximated their fair values.

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS

(a) Practice Note 17 ("PN17") status and the Company's regularisation plans

On 27 February 2023, the Company announced that it had triggered the criteria under Paragraph 2.1(a) of Practice Note 17 ("PN17") of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") due to its shareholders' equity being less than RM40.0 million and less than 25% of its issued and paid-up capital as at 31 December 2022. As a result, the Company is required to submit a regularisation plan within twelve months. On 28 March 2023, MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Bhd) ("MBSB Investment") was appointed as the Principal Adviser for the proposed regularisation plan to regularise the Group's financial condition and level of operations pursuant to Paragraph 8.04(3) of the MMLR of Bursa Malaysia.

On 29 November 2023, the Company announced its initial plan to regularise its financial condition in accordance with Paragraph 8.04(3) of the MMLR of Bursa Malaysia. The plan, collectively referred to as the Initial Proposed Regularisation Plan, includes:

- (i) proposed capital reduction of the issued share capital of the Company by the cancellation of RM180.0 million issued share capital which is lost and/or unrepresented by available assets pursuant to Section 116 of the Companies Act 2016 ("Act") ("Proposed Capital Reduction");
- (ii) proposed renounceable rights issue of up to 1,182,038,540 new ordinary shares in the Company's shares ("Rights Shares") on the basis of 4 Rights Shares for every 5 existing the Company's shares held, together with up to 1,182,038,540 free detachable warrants ("Warrants") on the basis of 1 Warrant for every 1 Rights Share subscribed for, on an entitlement date to be determined and announced by the Board at a later date ("Entitlement Date") ("Proposed Rights Issue with Warrants"); and

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS (CONTINUED)

- (a) Practice Note 17 (“PN17”) status and the Company’s regularisation plans (continued)
- (iii)

proposed private placement of up to 714,285,715 new Pharmaniaga Shares (“Placement Shares”) representing up to approximately 26.9% of the enlarged issued share capital of the Company after the Proposed Rights Issue with Warrants to third party investor(s) to be identified later at an issue price to be determined later (“Proposed Private Placement”).

On 19 February 2024, MBSB Investment on behalf of the Board, announced that the Company proposes to undertake revisions to the Proposed Rights Issue with Warrants and the Proposed Private Placement in the Initial Proposed Regularisation Plan. The revisions to the Initial Proposed Regularisation Plan includes:

- (i)

proposed renounceable rights issue of Rights Shares to raise gross proceeds of up to RM354.6 million, together with free detachable Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, on the Entitlement Date; and
- (ii)

proposed private placement of Placement Shares to third party investor(s) to be identified later to raise gross proceeds of up to RM300.0 million.

The Proposed Capital Reduction as disclosed in the Initial Proposed Regularisation Plan shall remain unchanged. The revised Proposed Rights Issue with Warrants and revised Proposed Private Placement along with the Proposed Capital Reduction shall be referred to as the “Proposed Regularisation Plan”.

On 19 February 2024, Boustead Holdings Berhad (“Boustead”), the immediate holding company of the Company, provided an irrevocable letter of undertaking to subscribe in full for its entitlements as at the Entitlement Date under the Proposed Rights Issue with Warrants based on its shareholdings. Boustead’s undertaking for its entitlement is subject to cash consideration to be capped at RM163.0 million in value of Rights Shares.

The Company will procure an irrevocable undertaking from LTAT, the ultimate holding corporation of the Company, to subscribe in full for its entitlements as at the Entitlement Date under the Proposed Rights Issue with Warrants based on its shareholding. LTAT’s undertaking for its entitlement is subject to cash consideration capped at RM27.1 million in value of Rights Shares. In the event that LTAT does not subscribe in full for its entitlement, LTAT may assign the unsubscribed portion to Boustead to ensure that the entitlement for LTAT and Boustead are fully subscribed.

LTAT and Boustead shall also ensure that their combined percentage of shareholdings after the Proposed Rights Issue with Warrants but prior to the issuance of new Pharmaniaga Shares pursuant to the Proposed Private Placement is maintained at the combined percentage of shareholdings as at 19 February 2024, being the date of Boustead’s letter of undertaking.

On 23 February 2024, the Company submitted its regularisation plan to Bursa Malaysia. The plan remained unchanged as per the announcement made by the Company on 19 February 2024.

On 6 November 2024, the Company announced further revision to the Proposed Regularisation Plan. The changes are mainly on the amount of share capital reduction, the sequence of implementation of the proposals and the removal of warrants from the Proposed Rights Issue with Warrants, as set out below:

Original submission	Revision to the Proposed Regularisation Plan
i. Proposed capital reduction of RM180.0 million; ii. Proposed rights issue with warrants of up to RM354.6 million; and iii. Proposed private placement of up to RM300.0 million.	i. Proposed rights issue of up to RM353.5 million; ii. Proposed private placement of up to RM300.0 million; and iii. Proposed capital reduction of RM520.0 million.

On 29 November 2024, Bursa Malaysia approved the Proposed Regularisation Plan and the listing of and quotation for the Rights Shares and Placement Shares on the Main Market of Bursa Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2025

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SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS (CONTINUED)

- (a) Practice Note 17 (“PN17”) status and the Company’s regularisation plans (continued)

On 4 February 2025, the Company announced further revision (“Proposed Variation”) to the Proposed Regularisation Plan. The details of the Proposed Variation are as follows:

Change in the amount to be raised from the Proposed Private Placement

The Proposed Private Placement is to be revised such that the amount of proceeds to be raised is up to RM300.0 million, with a minimum of RM215.0 million. For clarity, the Proposed Private Placement remains to be undertaken in a single tranche and will be completed upon the minimum proceeds of at least RM215.0 million is achieved.

Change in the number of Rights Shares and Placement Shares to be issued

The scheme of the Proposed Regularisation Plan is to be revised such that the number of Rights Shares and Placement Shares to be issued are to be increased up to 3,535,156,382 and 2,142,857,143, respectively due to the change in the basis of issue price for Right Shares and Placement Shares. For clarity, the amount of maximum proceeds to be raised from the Proposed Rights Issue shall remain up to RM353.5 million and the Proposed Private Placement shall remain up to RM300.0 million, with a minimum of RM215.0 million.

On 17 February 2025, Bursa Malaysia had approved the Proposed Variation to the Proposed Regularisation Plan. On 20 March 2025, the Proposed Regularisation Plan was approved by the shareholders of the Company at the Extraordinary General Meeting.

On 22 May 2025, Bursa Malaysia granted the Company an extension of time of 3 months up to 29 August 2025 to implement the Regularisation Plan.

On 17 June 2025, the issue price for the Rights Issue and Private Placement was fixed at RM0.10 per Rights Share and RM0.135 per Placement Share. On the same day, the Company entered into an underwriting agreement with MBSB Investment and Maybank Investment Bank Berhad (collectively, the “Joint Underwriters”), to underwrite up to 1,557,985,994 Rights Shares.

On 1 July 2025, the Abridged Prospectus in relation to the Rights Issue was registered by the Securities Commission Malaysia. Further, the Abridged Prospectus together with the notice of provisional allotment and rights subscription form were lodged with the Registrar of Companies.

As at the Closing Date for the acceptance and payment of Rights Share on 17 July 2025, the Company received valid acceptances and excess applications for a total of 4,363,033,957 Rights Shares, representing a subscription rate of 126.14% of the total number of 3,458,950,862 Rights Shares available for subscription, resulting in an over-subscription rate of 26.14%.

On 29 July 2025, the Company increased its issued share capital by way of issuance of 3,458,950,862 new ordinary shares at RM0.10 per share ("Rights Issue") and 1,656,845,000 new ordinary shares at RM0.135 per share ("Private Placement"). On 31 July 2025, the Rights Issue and Private Placement exercises were completed, following the listing and quotation of Rights Shares and Placement Shares on the Main Market of Bursa Malaysia.

Subsequently, the Capital Reduction exercise was completed after receiving the Registrar of Companies’ notice dated 5 August 2025, confirming that all requirements with respect of the Capital Reduction as stated in the Special Resolution dated 20 March 2025 had been complied with. The Capital Reduction exercise involved the reduction and cancellation of RM520,000,000 of the issued share capital of the Company pursuant to Section 117 of the Companies Act 2016. The reduction in share capital was made against the accumulated losses.

On 6 August 2025, the Company announced that the Regularisation Plan has been completed following the completion of Rights Issue, Private Placement and Capital Reduction.

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31 DECEMBER 2025

35 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS (CONTINUED)

(b) Acquisition of properties

Pharmaniaga Logistics Sdn. Bhd. ("PLSB"), a wholly-owned subsidiary of the Company, entered into a separate Sale and Purchase Agreements ("SPAs") for the acquisition of four new warehouses as part of the Group's business expansion plan:

Acquisition of property in Seberang Perai, Pulau Pinang

On 12 September 2025, PLSB ("Purchaser") entered into a SPA with N.H. Development Sdn. Bhd. ("Vendor") for the acquisition of a single storey detached factory with a double storey office building industrial erected on a portion of a piece of freehold land held under Title No. 40424, Lot No. 383, Mukim 12, Daerah Seberang Perai Selatan, State of Pulau Pinang, measuring approximately 10,919 square meters in area, for a total purchase price of RM30,000,000.

Acquisition of property in Bintulu, Sarawak

On 30 October 2025, PLSB ("Purchaser") entered into a SPA with Hyper Shipping Sdn. Bhd. ("Vendor") for the acquisition of a single storey industrial building erected on a piece of land described as Lot 2718 Block 20 Kemena Land District, situated at Kidurong Gateway, Kidurong Industrial Area (Kinda), Jalan Kidurong, Bintulu measuring approximately 3,731 square meters in area, for a total purchase price of RM11,000,000.

Acquisition of property in Kuala Nerus, Terengganu

On 30 October 2025, PLSB ("Purchaser") entered into a SPA with Sinoria Sdn. Bhd. ("Vendor") for the acquisition of a single storey detached building (individual design) erected on a piece of leasehold land held under Title No. PM 4815 (formerly known as PM 5526), Lot No. 34529, Tempat Kawasan Perindustrian Gong Badak, in the Mukim of Kuala Nerus, District of Kuala Nerus and in the State of Terengganu measuring approximately 11,549 square meters in area, for a total purchase price of RM19,500,000.

Acquisition of property in Kota Kinabalu, Sabah

On 4 December 2025, PLSB ("Purchaser") entered into a SPA with Yang Guang Furniture (Sarawak) Sdn. Bhd. ("Vendor") for the acquisition of a single storey factory with two storey office erected or to be erected on a piece of land known as Lot No. 22, Industrial Zone 12 (IZ 12), Kota Kinabalu Industrial Park (KKIP) measuring approximately 2.00 acres (8,093.71 square metres) and held under Master Title Country Lease No. 045339320 in the District of Tuaran, Sabah, Malaysia, for a total purchase price of RM26,000,000.

36 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 6 March 2026.

DISCLOSURE OF FINANCIAL DATA
FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the MMLR, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Total Income and Total Assets

	Group	
	2025 RM'000	2024 RM'000
Revenue	3,927,753	3,759,479
Other income	778	2,971
Interest income	5,659	2,252
Total income	3,934,190	3,764,702
Total assets	2,246,827	1,992,306

(b) Business Activities

	Group	
	2025 RM'000	2024 RM'000
<u>Shariah non-compliant activities</u>		
Interest income	333	193
Other income	-	1,488
Total	333	1,681

(c) Component of Financial Position

(i) Cash Component

	Group	
	2025 RM'000	2024 RM'000
<u>Islamic accounts</u>		
Cash at banks	32,857	49,624
Cash in hand	31	34
Deposits with licensed banks	198,347	77,400
Total	231,235	127,058
<u>Conventional accounts</u>		
Cash at banks	21,409	19,020
Deposits with bank in foreign jurisdiction:		
- interest-bearing	5,929	6,125
Total	27,338	25,145

DISCLOSURE OF FINANCIAL DATA
FOR SHARIAH SCREENING

(c) Component of Financial Position (continued)

(ii) Debt Component

	Group	
	2025 RM'000	2024 RM'000
<u>Islamic financing</u>		
Current:		
Bankers' acceptances	336,684	464,733
Revolving credits	153,918	265,517
Term loans	7,250	16,500
Bridging loan	-	75,000
Hire purchase	46	215
	497,898	821,965
Non-current:		
Revolving credits	81,662	79,730
Term loans	30,546	37,796
Hire purchase	47	94
	112,255	117,620
Total	610,153	939,585
<u>Conventional borrowings</u>		
Current:		
Bankers' acceptances	190,806	231,527
Term loans	1,378	1,392
Hire purchase	344	175
Advances from immediate holding company	-	52,261
	192,528	285,355
Non-current:		
Term loans	13,193	12,040
Hire purchase	80	403
	13,273	12,443
Total	205,801	297,798

SHAREHOLDINGS STATISTICS
AS AT 31 MARCH 2026

SIZE OF SHAREHOLDINGS	NO OF HOLDERS	%	NO OF SHARES	%
LESS THAN 100	828	3.553	17,567	0.000
100 TO 1,000	3,392	14.553	1,718,166	0.026
1,001 TO 10,000	8,791	37.718	47,244,608	0.721
10,001 TO 100,000	7,887	33.840	286,042,634	4.362
100,001 TO LESS THAN 5% OF ISSUED SHARES	2,406	10.323	2,275,078,549	34.697
5% AND ABOVE OF ISSUED SHARES	3	0.013	3,946,923,864	60.194
TOTAL	23,307	100.000	6,557,025,388	100.000

30 LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS		NO OF SHARES	%
1.	BOUSTEAD HOLDINGS BERHAD ACCOUNT NON-TRADING	2,309,117,055	35.216
2.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAKEL MEDICAL SDN BHD	937,145,000	14.292
3.	LEMBAGA TABUNG ANGKATAN TENTERA	700,661,809	10.686
4.	HALIM MAZMIN HOLDINGS SDN. BHD.	185,000,000	2.821
5.	HALIM BIN MOHAMMAD	128,667,800	1.962
6.	MINAT MEGAH SDN BHD	79,492,000	1.212
7.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD (TSTAC/CLNT)	60,221,000	0.918
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PARMJIT SINGH A/L MEVA SINGH (PB)	55,854,000	0.852
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR TAN BOON WY (PW-M00278) (730819)	52,717,305	0.804
10.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BINA PRAGMATIK SDN BHD	37,000,000	0.564
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR EAST NAVIGATORS CAPITAL LTD (PB)	36,200,000	0.552
12.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHE LODIN BIN WOK KAMARUDDIN (PB)	30,100,000	0.459
13.	MOHD ARIFFIN BIN MOHD YUSUF	29,600,000	0.451
14.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	25,215,950	0.385
15.	AIMAN BIN DAZUKI	25,000,000	0.381
16.	LEE WEI MING	24,100,000	0.368
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LEE WEI MING (PB)	22,168,000	0.338
18.	HAMINNUDDIN BIN ABD HAMID	19,500,000	0.297
19.	TYE LIM HUAT	17,543,100	0.268
20.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DANA FOKUS	17,000,000	0.259

SHAREHOLDINGS STATISTICS

AS AT 31 MARCH 2026

NAME OF SHAREHOLDERS		NO OF SHARES	%
21.	ARIA PUTERA BIN ISMAIL	14,800,000	0.226
22.	TASEC NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)</i>	12,230,000	0.187
23.	HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)</i>	12,091,776	0.184
24.	FEROZ BIN A S MOIDUNNY	12,000,000	0.183
25.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD <i>TA ISLAMIC FUND</i>	11,096,100	0.169
26.	BINA PRAGMATIK SDN BHD	10,300,000	0.157
27.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CELESTE RESOURCES SDN BHD (M)</i>	10,204,760	0.156
28.	AU YONG MUN YUE	10,000,000	0.153
29.	CHIN YAT YIN	10,000,000	0.153
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK PRIVATE WEALTH MANAGEMENT FOR FEROUZ BIN A S MOIDUNNY (PW-M00196) (106376)</i>	10,000,000	0.153
TOTAL		4,905,025,655	74.806

INFORMATION ON SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHARES DIRECT	%
BOUSTEAD HOLDINGS BERHAD <i>ACCOUNT NON-TRADING</i>	2,309,117,055	35.216
ABB NOMINEE (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR JAKEL MEDICAL SDN BHD</i>	937,145,000	14.292
LEMBAGA TABUNG ANGKATAN TENTERA	700,661,809	10.686

INFORMATION ON DIRECTORS' SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHARES HELD IN PHARMANIAGA BERHAD	
	NO. OF SHARES DIRECT	%
DATO' SERI ABDUL RAZAK JAAFAR	–	–
DR. ABDUL RAZAK AHMAD	–	–
DATO' ZULKIFLI JAFAR	400,000	0.006
SARAH AZREEN ABDUL SAMAT	–	–
MOHAMMAD ASHRAF MD. RADZI	–	–
DATO' MOHD ZAHIR ZAHUR HUSSAIN	–	–
DATO' DR. FARIDAH ARYANI MD. YUSOF	–	–
DATO' SERI DR. HJ. AWALUDIN SAID	300,000	0.004
PROFESSOR EMERITA DR. MARY JANE CARDOSA	–	–
DATUK MOHD ADZAHAR ABDUL WAHID	–	–
MOHD FIRDAUS ZULKIFLI (Alternate Director to Mohammad Ashraf Md. Radzi)	–	–

GROUP PROPERTY LIST

AS AT 31 DECEMBER 2025

Location and address of property	Brief description and existing use	Area Building/ Land (sq meters)	Tenure and Year of Expiry	Age of Building / Land (Years)	Net Book Value as at 31/12/2025 (RM'000)	Date of Revaluation/ Acquisition
GRN 122905, Lot 54366 Mukim of Kapar, Klang, Selangor Darul Ehsan.	A parcel of industrial land with a detached industrial building comprising a 3-storey office annexed at the front, a single storey office building, automated storage retrieval system (ASRS) warehouse, a surau, a guard house and an inflammable store	23,595	Freehold	31	50,688	31 December 2025
Industrial Premises: No. 7, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.						
GRN 122905, Lot 54366 Mukim of Kapar, Klang, Selangor Darul Ehsan.	A parcel of industrial land with a single storey laboratory building, chiller and a guard house	17,414	Freehold	28	30,396	31 December 2025
Industrial Premises: No. 7, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.						
HSD 145264, Lot No. PT 70920, Mukim of Kapar, Klang, Selangor Darul Ehsan.	3-storey shophot	277	Freehold	11	3,343	31 December 2025
Shophot: No. 25, Jalan Keluli 7/109, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.						
HSD 145263, Lot No. PT 70919, Mukim of Kapar, Klang, Selangor Darul Ehsan.	3-storey shophot	183	Freehold	11	2,229	31 December 2025
Shophot: No. 23, Jalan Keluli 7/109, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.						

GROUP PROPERTY LIST

Location and address of property	Brief description and existing use	Area Building/ Land (sq meters)	Tenure and Year of Expiry	Age of Building / Land (Years)	Net Book Value as at 31/12/2025 (RM'000)	Date of Revaluation/ Acquisition
HSD 22385, Lot No. PT 49, Seksyen 15 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan. Industrial Premises: No. 11, Jalan Ragum 15/17, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.	A parcel of Industrial land presently built upon with a single storey warehouse with 2 storey office annexed and a guard house	11,762	Leasehold of 99 years, expiring on 12 January 2086	10	26,488	31 December 2025
Geran 44309, Lot 7, Mukim Pekan Puchong Perdana, Daerah Petaling, Selangor Darul Ehsan. Factory: No 7, Jalan PPU 3, Taman Perindustrian Puchong Utama, 47100 Puchong, Selangor Darul Ehsan.	An industrial land with a main 2-storey detached factory industrial building with a 3-storey office/laboratory section at the back and a single storey warehouse section at the front, a cafeteria/surau building, a fire pump room/cold water pump room, an inflammable store/ refuse chamber, chiller, boiler house, waste water treatment and a guard house	28,041	Freehold	25	80,350	31 December 2025
HSM 9726, Lot PT No. 11557 Seksyen 4, Bandar Baru Bangi, Mukim of Kajang, Hulu Langat, Selangor Darul Ehsan. Factory: No. 11A, Jalan P/1, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	A parcel of industrial land with 3 industrial buildings, an office/ workshop, a canteen, chiller, boiler house, waste water treatment, a TNB sub-station and a guard house	12,141	Leasehold of 99 years, expiring on 29 September 2086	40	32,753	31 December 2025
Lot No. 1024, Block 7, Muara Tebas Land, Kuching, Sarawak. Industrial Premises: Lot 1024, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, 93050 Kuching, Sarawak.	A parcel of industrial land with a 2-storey office, a warehouse and a guard house	6,560	Leasehold of 60 years, expiring on 14 August 2056	29	4,991	31 December 2025

GROUP PROPERTY LIST

Location and address of property	Brief description and existing use	Area Building/ Land (sq meters)	Tenure and Year of Expiry	Age of Building / Land (Years)	Net Book Value as at 31/12/2025 (RM'000)	Date of Revaluation/ Acquisition
Country Lease 015377554, Kota Kinabalu, Sabah. Industrial Premises: Lorong Kurma, Kolombong Industrial Centre, KM 9, Off Jalan Tuaran 88450 Kolombong Kota Kinabalu, Sabah.	A parcel of industrial land with a 2-storey office, warehouse and a guard house	7,851	Leasehold of 60 years, expiring on 31 December 2033	23	2,484	31 December 2025
GM 1288,1289 & 1290, Lot No. 3806, 3807 & 3808, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang. Industrial Premises: No. 1,3 & 5, Lorong IKS Juru 8, Taman Perindustrian Ringan Juru, 14100 Simpang Ampat, Seberang Perai, Pulau Pinang.	3 contiguous 1 1/2 semi-detached warehouses with office	2,175	Freehold	28	5,159	31 December 2025
PN 9467/M1/4/41, PN 9467/M1/4/42, PN 9467/M1/4/46, PN 9467/M1/4/47 & PN 9467/M1/4/48, Lot No. 37942, Bandar Baru Bangi, Hulu Langat, Selangor Darul Ehsan. Flats: Unit No. 401, 402, 403, 404 & 405, 3rd Floor, Block 5, Jalan 1/9, Section 1, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	5 units of 2–bedroom flat for staff lodging	285	Leasehold of 99 years, expiring on 31 March 2095	32	558	31 December 2025

GROUP PROPERTY LIST

Location and address of property	Brief description and existing use	Area Building/ Land (sq meters)	Tenure and Year of Expiry	Age of Building / Land (Years)	Net Book Value as at 31/12/2025 (RM'000)	Date of Revaluation/ Acquisition
PN 9447/M1/5/33, PN 9447/M1/5/34, PN 9447/M1/5/35 & PN 9447/M1/5/36, Lot No. 37962, Bandar Baru Bangi, Hulu Langat, Selangor Darul Ehsan.	4 units of 2-bedroom flat for staff lodging	248	Leasehold of 99 years, expiring on 31 March 2095	32	431	31 December 2025
Flats: Unit No. 501, 503, 505 & 507, 4th Floor, Block 10, Jalan 6C/11, Section 16, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.						
HSM 24839, Lot No. PT 10908, Seksyen 4, Bandar Baru Bangi, Mukim of Kajang, Hulu Langat, Selangor Darul Ehsan.	2-storey intermediate house for staff lodging	151	Leasehold of 99 years, expiring on 3 September 2086	39	328	31 December 2025
House: No. 5, Jalan 4/4E, Section 4 43650 Bandar Baru Bangi, Selangor Darul Ehsan.						
HSM 24838, Lot No. PT 10911, Seksyen 4, Bandar Baru Bangi, Mukim of Kajang, Hulu Langat, Selangor Darul Ehsan.	2-storey intermediate house for staff lodging	152	Leasehold of 99 years, expiring on 3 September 2086	39	328	31 December 2025
House: No 11, Jalan 4/4E, Section 4, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.						
HSM144/1977 Lot No. PT, HSM 237/1984 Lot No. PT 25, Mukim Sungai Pasir, District of Kuala Muda, Kedah.	A parcel of industrial land with a 2-storey office, guard house, manufacturing block, warehouse block, flammable store, chiller, boiler house, purified water system, waste water treatment and solar system	40,469	Leasehold of 99 years, expiring on 1 January 2083	48	15,039	31 December 2025
Factory: Lot 24 & 25, Jalan Perusahaan 8, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah Darul Aman.						

GROUP PROPERTY LIST

Location and address of property	Brief description and existing use	Area Building/ Land (sq meters)	Tenure and Year of Expiry	Age of Building / Land (Years)	Net Book Value as at 31/12/2025 (RM'000)	Date of Revaluation/ Acquisition
PN 169247, PN 169248 & PN 169249, Lot No. 276, 277 & 278, Bandar Seri Iskandar, District of Perak Tengah, Perak.	A parcel of building land built upon a defected industrial building with a 2–storey office building, prayer room, canteen, warehouse, penicillin and non penicillin production plant	60,737	Leasehold of 99 years, expiring on 13 March 2100	29	30,099	31 December 2025
Factory: Lot 120, Taman Farmaseutikal, 32610 Bandar Seri Iskandar, Perak Darul Ridzuan.	buildings, laboratory building, chiller, boiler house, TNB sub-station, waste water treatment and a guard house					
Blok D, 20 & 21, Ruko Grand Mal, Bekasi, Jakarta, Indonesia.	Shop lots	453	Leasehold of 23 years to 2 June 2036	23	730	10 January 2024
Blok D 19, Ruko Grand Mal, Bekasi, Jakarta, Indonesia.	Shop lots	204	Leasehold of 20 years to 24 September 2033	8	301	10 January 2024
Bintara, Jalan Raya Kp. Setu No.28 A-B Bekasi.	Office and warehouse	9,436	Leasehold of 20 years to 8 April 2033	3	9,014	20 December 2023
Jalan Kalibokor Selatan, 152 Surabaya, Indonesia.	Office and warehouse	1,133	Leasehold of 5 years to 24 July 2026	44	294	31 December 2022
Jalan Hayam Wuruk I No.45, Bandar Lampung, Indonesia.	Office and warehouse	1,072	Leasehold of 20 years to 17 November 2036	9	736	5 May 2023
Apartment Serpong Greenview Tower Cottonwood.	Apartment	16	Leasehold of 20 years to 10 February 2041	5	47	30 January 2021
Jalan Peundeuy, RT/RW 04/07, Desa Bojongsalam Kecamatan Rancaekek, Kabupaten Bandung, Indonesia.	An industrial land with office, warehouse, guard house and electricity sub-station	16,492	Leasehold of 30 years to 1 October 2043	41	9,126	31 December 2025

GROUP CORPORATE DIRECTORY

LIST OF COMPANIES	
Pharmaniaga Berhad	Pristine Pharma Sdn. Bhd.
Pharmaniaga Logistics Sdn. Bhd.	Pharmaniaga Biomedical Sdn. Bhd.
Pharmaniaga Marketing Sdn. Bhd.	Pharmaniaga International Corporation Sdn. Bhd.
Pharmaniaga Research Centre Sdn. Bhd.	Pharmaniaga Pegasus (Seychelles) Co. Ltd.
Paradigm Industry Sdn. Bhd.	Bio-Collagen Technologies Sdn. Bhd.
Address No. 7, Lorong Keluli 1B, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan Tel : +603 3342 9999 Fax : +603 3341 7777	Mailing Address P.O. Box 2030 Pusat Bisnes Bukit Raja, 40800 Shah Alam, Selangor Darul Ehsan

Pharmaniaga Manufacturing Berhad
No. 11A, Jalan P/1
Kawasan Perusahaan Bangi
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Tel : +603 8925 7880
Fax : +603 8925 6177

InspiraPharma Sdn. Bhd.
(Formerly known as Idaman Pharma Manufacturing Sdn. Bhd.)
(Sungai Petani Branch)
Lot No. 24 & 25, Jalan Perusahaan 8 Bakar Arang Industrial Estate
08000 Sungai Petani
Kedah Darul Aman
Tel : +604 4213 011
Fax : +604 4215 731

InspiraPharma Sdn. Bhd.
(Formerly known as Idaman Pharma Manufacturing Sdn. Bhd.)
(Seri Iskandar Branch)
Lot 120, Taman Farmaseutikal
32610 Bandar Seri Iskandar
Perak Darul Ridzuan
Tel : +605 371 2020
Fax : +605 371 1940/1950

Pharmaniaga LifeScience Sdn. Bhd.
Lot 7, Jalan PPU 3
Taman Perindustrian Puchong Utama
47100 Puchong
Selangor Darul Ehsan
Tel : +603 8061 2006
Fax : +603 8061 2875

Pharmaniaga Logistics Sdn. Bhd.
(Seksyen 15, Shah Alam Branch)
Lot 49, No. 11, Jalan Ragum 15/17
Seksyen 15, 40200 Shah Alam
Selangor Darul Ehsan
Tel : +603 5512 0161
Fax : +603 5512 0281

Pharmaniaga Logistics Sdn. Bhd.
(Juru Branch)
1, 3 & 5, Lorong IKS Juru 8
Taman Perindustrian Ringan Juru
14100 Simpang Ampat
Seberang Perai, Pulau Pinang
Tel : +604 686 1022
Fax : +604 508 3111

Pharmaniaga Logistics Sdn. Bhd.
(Kuching Branch)
Lot 1024, Block 7
Muara Tebas Land District
Demak Laut Industrial Park
93050 Kuching, Sarawak
Tel : +6082 432 800
Fax : +6082 432 806

Pharmaniaga Logistics Sdn. Bhd.
(Kota Kinabalu Branch)
Lorong Kurma Kolombong
Industrial Centre
KM 9 Off Jalan Tuaran
88450 Kota Kinabalu, Sabah
Tel : +6088 439 188
Fax : +6088 437 288

PT Millennium Pharmacon International Tbk (HQ)
Crown Bungur Arteri 2-4th Floors
Jl. Sultan Iskandar Muda No. 18
Jakarta, 12240 Indonesia
Tel : +62-21 2708 5961
Fax : +62-21 2708 5958

PT Digital Pharma Andalan Indonesia
Crown Bungur Arteri 2-4th Floors
Jl. Sultan Iskandar Muda No. 18
Jakarta, 12240 Indonesia
Tel : +62-21 2708 5961
Fax : +62-21 2708 5958

PT Errita Pharma
(Bandung)
Jalan Peundeuy, RT/RW 04/07
Desa Bojongsalam
Kecamatan Rancaekek
Kabupaten Bandung, Indonesia
Tel : +62-22 7949 062/4
Fax : +62-22 7949 063

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eight (28th) Annual General Meeting (AGM) of Pharmaniaga Berhad will be held on Tuesday, 19 May 2026 at 10.00 a.m. or any adjournment thereof at the Royale Ballroom, Level 2, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan for the purpose of transacting the following business:

AS ORDINARY BUSINESS

To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors. (Please refer to Explanatory Note 1)

1.

To re-elect the following Directors who retire by rotation in accordance with Article 117 of the Company’s Constitution and being eligible, offer themselves for re-election:

i.

Dato’ Mohd Zahir Zahur Hussain

ii.

Dato’ Dr. Faridah Aryani Md. Yusof

iii.

Dato’ Zulkifli Jafar

Resolution 1
Resolution 2
Resolution 3
2.

To re-elect Datuk Mohd Adzahar Abdul Wahid, who retires in accordance with Article 123 of the Company’s Constitution.

Resolution 4
3.

To approve payment of Directors’ fees and meeting allowances for Pharmaniaga Berhad from 20 May 2026 until the conclusion of the next AGM of the Company.

Resolution 5
4.

To approve payment of meeting allowances to Directors for directorship in Pharmaniaga Berhad subsidiaries in Malaysia from 20 May 2026 until the conclusion of the next AGM of the Company.

Resolution 6
5.

To approve payment of Directors’ fees and meeting allowances to Directors for directorship in Pharmaniaga Berhad subsidiaries in Indonesia from 20 May 2026 until the conclusion of the next AGM of the Company, at a remuneration to be determined by Pharmaniaga Berhad subsidiaries in Indonesia.

Resolution 7
6.

To approve the payment of benefits in kind payable to the Chairman and Directors from 20 May 2026 until the conclusion of the next AGM of the Company:

Resolution 8

Description	Directors
Benefits in kind	Unlimited coverage of medical benefits and mileage

7.

To re-appoint Messrs. Ernst & Young PLT as auditors of the Company and to hold office until the conclusion of the next AGM, at a remuneration to be determined by the Directors.

Resolution 9

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

8.

ORDINARY RESOLUTION
AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

Resolution 10

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

AND THAT pursuant to Section 85 of the Companies Act 2016, approval is hereby given to waive the statutory pre-emptive rights of shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016.

9.

ORDINARY RESOLUTION
PROPOSED AUTHORITY TO PURCHASE ITS OWN SHARES BY THE COMPANY (“Proposed Share Buy-Back)

Resolution 11

“**THAT** subject always to the Companies Act, 2016, the Company’s Constitution, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and any other relevant regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares through Bursa Malaysia and to do all acts and to take all such steps as they may deem necessary, to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time, subject further to the following:

- (i)

the aggregate number of shares to be purchased shall not exceed ten per cent (10%) of the issued share capital of the Company, provided that the Company continues to maintain a shareholding spread that complies with the requirements of the listing requirements after the share purchase;
- (ii)

the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the retained profits of the Company for the time being;
- (iii)

the Directors of the Company may decide in their discretion to retain the shares purchased as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends; and
- (iv)

the authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next AGM of the Company following the passing of this Ordinary Resolution unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.”
- Overview of Pharmaniaga

● Key Messages

● Value Creation

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- NOTICE OF ANNUAL GENERAL MEETING
10.

ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

Resolution 12
- “**THAT**, subject always to the Companies Act 2016 (“Act”), the Company’s Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the mandate granted by the shareholders of the Company on 18 June 2025, authorising the Company and/or its subsidiaries to enter into recurrent transactions of a revenue or trading nature with the Related Parties as specified in Section 2.2 of the Circular to shareholders dated 17 April 2026, provided that the transactions are:
- i.

necessary for the day-to-day operations;

ii.

carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

iii.

are not to the detriment of the minority shareholders.
- AND THAT** such approval shall continue to be in force until:
- i.

the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

ii.

the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

iii.

revoked or varied by a resolution passed by the shareholders in a General Meeting;
- whichever is the earlier.
- AND FURTHER THAT**, the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Shareholders’ Mandate.”
11.

To transact any other business of the Company of which due notice shall have been received.
- By Order of the Board
- WAN INTAN IDURA WAN ISMAIL** (LS0010668)
SSM PC No. 202408000726
SYARUZAIMI YUSOF (LS0010665)
SSM PC No. 202408000727
- Secretaries
- Selangor Darul Ehsan
- 17 April 2026

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

1. Audited Financial Statements

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for discussion only. It does not require shareholders’ approval, and therefore, shall not be put forward for voting.

2. Ordinary Resolutions 1 to 4 – Proposed Re-election of Directors in accordance with Article 117 and Article 123 of the Company’s Constitution

Article 117 of the Company’s Constitution provides amongst others that at least one-third of the Directors who are subject to the retirement by rotation or, if their number is not three (3) or multiple of three (3), the number nearest to one-third shall retire from office provided always that all Directors shall retire from office once at least every three (3) years and shall be eligible for re-election.

Directors who are standing for re-election pursuant to Article 117 of the Company’s Constitution are as follows:

- i. Dato’ Mohd Zahir Zahur Hussain
- ii. Dato’ Dr. Faridah Aryani Md. Yusof
- iii. Dato’ Zulkifli Jafar

The Nominating and Remuneration Committee (“NRC”) of the Company has assessed the criteria and contribution of Dato’ Mohd Zahir Zahur Hussain, Dato’ Dr. Faridah Aryani Md. Yusof and Dato’ Zulkifli Jafar and recommended their re-election. The Board endorsed the NRC’s recommendation that Dato’ Mohd Zahir Zahur Hussain, Dato’ Dr. Faridah Aryani Md. Yusof and Dato’ Zulkifli Jafar be re-elected as Directors of the Company.

Article 123 of the Company’s Constitution provides amongst others that the Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with the Company’s Constitution. Any Director so appointed shall hold office only until the conclusion of the next following AGM of the Company and shall then be eligible for re-election.

Director who is standing for re-election pursuant to Article 123 of the Company’s Constitution is as follows:

- i. Datuk Mohd Adzahar Abdul Wahid

The profiles of the Directors who are standing for re-election are set out on pages 97, 101, 102 and 105 of the Integrated Report 2025 and published on the Company’s website, www.pharmaniaga.com. Details of their interests in securities are set out on page 264 of the Integrated Report 2025.

3. Ordinary Resolutions 5, 6 and 7 – Non-Executive Directors’ Remuneration

Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In respect of this, the Board wishes to seek shareholders’ approval for the payment of Directors’ fees and meeting allowances payable to Non-Executive Directors of Pharmaniaga Berhad from 20 May 2026 until the conclusion of the next AGM of the Company in three (3) separate resolutions as set out below:

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolution 5 seeks approval for payment of Directors’ fees and meeting allowances for Pharmaniaga Berhad.

Pharmaniaga Berhad

		Directors’ Fees (annual) (RM)	Meeting Allowance (per meeting) (RM)
Board	Chairman	170,000	1,500
	Senior Independent Non-Executive Director	120,000	1,000
	Independent Non-Executive Director	90,000	1,000
	Non-Independent Non-Executive Director	90,000	1,000
Audit Committee	Chairman	30,000	1,500
	Member	20,000	1,000
Other Board Committees	Chairman	5,000	1,500
	Member	3,000	1,000

Ordinary Resolution 6 seeks approval for payment of meeting allowances to Directors for directorship in Pharmaniaga Berhad subsidiaries in Malaysia.

Subsidiaries of Pharmaniaga Berhad in Malaysia

	Meeting Allowance (per meeting) (RM)
Chairman	1,500
Member	1,000

Ordinary Resolution 7 seeks approval for payment of Directors’ fees and meeting allowances to Directors for directorship in Pharmaniaga Berhad subsidiaries in Indonesia, at a remuneration to be determined by Pharmaniaga Berhad subsidiaries in Indonesia.

4. Ordinary Resolution 8 – Director’s Remuneration Framework

Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at the general meeting.

Ordinary Resolution 8 seeks approval for payment of benefits in kind payable to the Chairman and Directors of Pharmaniaga Berhad from 20 May 2026 until the conclusion of the next AGM of the Company, comprising the following, with or without modifications:

Description	Directors
Benefits in kind	Unlimited coverage of medical benefits and mileage

NOTICE OF ANNUAL GENERAL MEETING

5. Ordinary Resolution 9 – Re-appointment of Auditors

The Board and Audit Committee of the Company are satisfied with the quality of service, adequacy of resources provided, communication, interaction skills and independence, objectivity and professionalism demonstrated by the External Auditors, Messrs. Ernst & Young PLT in carrying out their functions. Being satisfied with the External Auditors’ performance, the Board recommends the re-appointment of the External Auditors’ for shareholders’ approval at the Twenty-Eight (28th) AGM.

6. Explanatory Notes to Special Business

(a) Ordinary Resolution 10 – Authority for Directors to Allot and Issue Shares

Ordinary Resolution 10, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company.

This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM.

The authority will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

This is the renewal of the mandate obtained from the shareholders at the last AGM held on 18 June 2025 (“Previous Mandate”).

The waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 10 of the Constitution will allow Directors of the Company to issue new shares of the Company which rank equally to existing shareholders of the Company prior to the issuance of new shares in the Company under general mandate.

(b) Ordinary Resolution 11 – Proposed Share Buy-Back

Ordinary Resolution 11, if passed, will empower the Directors of the Company from the date of this AGM, the authority to purchase up to ten per cent (10%) of the total issued share capital of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 17 April 2026 for further details.

(c) Ordinary Resolution 12 – Recurrent Related Party Transactions

Ordinary Resolution 12, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group’s day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company (“Mandate”). Further information on the Mandate is set out in the Circular to Shareholders dated 17 April 2026.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 8 May 2026. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the AGM or appoint a proxy to attend, speak and vote on his/her/its Behalf.
2. Every Member including authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), and Exempt Authorised Nominees who hold ordinary shares in the Company for multiple owners in one securities account (Omnibus Account), is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the AGM, and that such proxy need not be a Member.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing, or if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.
5. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company’s Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By electronic form

The Proxy Form can be electronically lodged with the Company’s Share Registrar via Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com>. Please follow the procedures set out in the Administrative Notes for the AGM.
6. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the AGM will be put to vote on a poll.

ADMINISTRATIVE NOTES

FOR THE 28TH ANNUAL GENERAL MEETING OF PHARMANIAGA BERHAD

Date : Tuesday, 19 May 2026	Time : 10.00 a.m.
Meeting Venue: Royale Ballroom, Level 2, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	

REGISTRATION

- Registration will start at 8.00 a.m. and end at a time as directed by the Chairman of the Meeting. Shareholders are encouraged to come early.
- To register for the meeting, you are required to queue at the designated meeting room according to the signage displayed on that day.
- Please present your ORIGINAL MyKad and not a photocopy or photograph, during registration for verification purposes. Please note that no person will be allowed to register on behalf of another even with the original MyKad of the said person. Upon verification and registration:
 - (i) Please sign on the Attendance List; and
 - (ii) You will also be given an identification wristband with passcode (for poll voting purpose). If you are attending the Meeting as a shareholder and a proxy, you will be registered once and will only be given one identification wristband to enter the Meeting Hall. No person will be allowed to enter the Meeting Hall without wearing the identification wristband. There will be no replacement in the event that you lose/misplace the identification wristband.
- The Company will not be responsible for any loss of MyKad.
- The registration counter will only handle verification of identity and registration of attendance.
- A Help Desk will be available for any other enquiries/assistance/revocation of proxy’s appointment.

PROXY

- A member of the Company is entitled to appoint more than one proxy, to attend and vote at the same meeting in his/her/their stead, provided that the member specifies the proportion of his shareholdings to be represented by each proxy.
- A shareholder and his/her appointed proxy cannot attend the Meeting at the same time. The shareholder must revoke the appointment of the proxy if he/she wishes to attend the Meeting himself/herself.
- If you wish to attend the Meeting yourself, please do not submit any Proxy Form.
- If you have submitted your Proxy Form prior to the Meeting and subsequently decided to attend the Meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
- Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the AGM will be put to vote on a poll.
- The instrument appointing a proxy shall be in writing under the hand of the Member or of his attorney duly authorised in writing, or if the Member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or its attorney duly authorised in writing.
- The instrument appointing a proxy and the power of attorney or other authority (if any) whether in hard copy form or electronic means shall be deposited or submitted in the following manner not later than Sunday, 17 May 2026 at 10.00 a.m.

ADMINISTRATIVE NOTES

- (i) In hard copy form

By hand or post to the office of the Company’s Share Registrar, **Tricor Investor & Issuing House Services Sdn. Bhd.**, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

- (ii) By electronic form

You may also submit your proxy appointment electronically via the Vistra Share Registry and IPO (MY) portal at **<https://srmy.vistra.com>** ("the Portal"). Please do read and follow the procedures below to submit the proxy form electronically.

ELECTRONIC LODGEMENT OF PROXY FORM

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with Vistra Share Registry and IPO (MY)	1. Visit the Portal at https://srmy.vistra.com. 2. Click "Register" and select “Individual Holder” and complete the New User Registration Form. 3. For guidance, you may refer to the tutorial guide available on the homepage. 4. Once registration is completed, you will receive an email notification to verify your registered email address. 5. After verification, your registration will be reviewed and approved within one (1) working day. A confirmation email will be sent once approved. 6. Once you receive the confirmation, activate your account by creating your password. If you are an existing user with the Portal or our TIIH Online portal previously, you are not required to register again.
Proceed with submission of form of proxy	1. After the release of the Notice of Meeting by the Company, login with your email address and password. 2. Select the corporate event: PHARMANIAGA BERHAD 28TH AGM. 3. Navigate to the 3 dots at the end of the corporate event and choose SUBMISSION OF PROXY FORM. 4. Read and agree to the Terms and Conditions and confirm the Declaration. 5. Indicate the total number of shares assigned to your proxy(s) to vote on your behalf. 6. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. 7. Indicate your voting instructions FOR or AGAINST or ABSTAIN. 8. Print the proxy form for your record.
ii. Steps for Corporate or Institutional shareholders	
Register as a User with Vistra Share Registry and IPO (MY)	1. Visit the portal at https://srmy.vistra.com. 2. Click "Register" and select “Representative of Corporate Holder” and complete the New User Registration Form. 3. Complete the registration form with your personal details. 4. Once registration is completed, you will receive an email notification to verify your registered email address. 5. After verification, your registration will be reviewed and approved within two (2) working days. A confirmation email will be sent once approved. 6. Once you receive the confirmation, activate your account by creating your password. (Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor if you need clarifications on the user registration.)
Proceed with submission of form of proxy	1. Login to https://srmy.vistra.com with your email address and password. 2. Select the corporate event: PHARMANIAGA BERHAD 28TH AGM. 3. Navigate to the icon “>” at the end of the corporate event. 4. Read and agree to the Terms and Conditions and confirm the Declaration. 5. Select the corporate holder’s name. 6. Proceed to download the submission file. 7. Prepare the file for the appointment of proxy(ies) by inserting the required data. 8. Proceed to upload the duly completed proxy appointment file. 9. Select “Confirm” to complete your submission. 10. Print the confirmation report of your submission for your record.

ADMINISTRATIVE NOTES

VOTING PROCEDURE

- The voting at the Meeting will be conducted by poll voting in accordance with the Provision of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting (e-voting) and an independent scrutineer will be appointed to verify the poll results.
- E-voting for each of the resolutions as set out in the Notice of Meeting will take place only upon the conclusion of the deliberations of all the businesses transacted at the Meeting. At this juncture, the registration for attendance will be closed to facilitate the commencement of Poll Voting.
- The attendees at the Meeting will be briefed and guided by the Poll Administrator before the commencement of the voting process.
- E-voting facilities/devices will be made available at the polling stations. However, shareholders may opt to vote on their smartphones or tablets if it is more convenient.
- The voting at the AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Company has appointed Tricor to conduct the poll voting electronically (“e-voting”).

VOTING USING YOUR OWN SMARTPHONE DEVICE

- A QR code will be displayed on the screen when the voting session opens.
- Shareholders are required to scan the QR code to access the Voting Portal.
- Upon accessing the Voting Portal, shareholders will select the camera function on their device and scan the QR code on their wristband to authenticate and commence voting.
- A poll procedure video will be played during the voting session to guide shareholders through the process.

RESULTS OF THE VOTING

- The resolutions proposed at the AGM and the results of the voting will be announced at the AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

REFRESHMENT

- Refreshments will be served before the commencement of the 28th AGM. Please redeem the refreshment at the designated area during registration.
 - (a) One (1) meal for a shareholder present in person.
 - (b) For a shareholder who appoints more than one (1) proxy, meal will only be provided to the first two (2) proxies stated in the proxy form.
 - (c) If you are a proxy representing more than one shareholder, you are entitled to one (1) meal only.
 - (d) If you are a shareholder and also appointed as proxy by another shareholder, you are entitled to one (1) meal only.
 - (e) If the proxy/proxies has/have obtained his/her meal earlier, shareholder(s) who decided to attend and request to revoke the proxy appointment will not be given any meal.

RECORD OF DEPOSITORS

- For the purpose of determining who shall be entitled to participate in the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors of the Company as at 8 May 2026. Only members registered in this Record of Depositors of the Company shall be entitled to participate in the AGM.

ENQUIRY

- If you have any enquiry on the above, please contact the following during office hours on Monday to Friday from 8.30 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.
General Line : +603-2783 9299
Email : is.enquiry@vistra.com



Registration No. 199801011581 (467709-M)
(Incorporated in Malaysia)

REQUISITION FORM

Dear Shareholders,

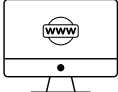
This year, we extend our sustainability efforts by embracing electronic communication. Please join us in our commitment to long-term sustainability by viewing and downloading the following from our website at www.pharmaniaga.com. The same are also available on Bursa Malaysia Securities Berhad’s website at www.bursamalaysia.com under Company Announcements.

1. Integrated Report 2025 (IR2025);
2. Sustainability Report 2025; and
3. Notice of AGM, Proxy Form, Recurrent Related Party Transactions (RRPT) Circular and Administrative Notes for the AGM.

As part of the Group’s efforts to reduce its environmental impact, we do not encourage circulation of hardcopy of the Integrated Report 2025 to the shareholders. However, should you require a printed copy of the Integrated Report 2025, please submit your request at <https://srmy.vistra.com> by selecting “**Request for AnnualReport/Circular**” under “**Investor Services**”. Alternatively, you may forward your request to our **Share Registrar** by completing this **Requisition Form**. The Integrated Report 2025 will be sent to you by post as soon as reasonably practicable upon receipt of the Requisition Form. Kindly contact **Tricor** at **03-2783 9299** or is.enquiry@vistra.com for any further assistance.



Scan to view or download the report and documents online



Find more information online at www.pharmaniaga.com

Forward this Requisition Form to Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, please scan or snap a photo of this form and email it to is.enquiry@vistra.com

Name

:

Address

:

NRIC No.

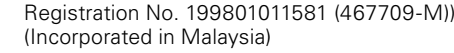
:

CDS Account No.

:

Contact No.

:



Registration No. 199801011581 (467709-M))
(Incorporated in Malaysia)

No. of Shares held	CDS Account No.

I/We _____
(Full Name in Block Letters and NRIC No./Passport No./Company No.)

of _____ and _____
(Address) (Tel. No./Email Address)

being a member/members of Pharmaniaga Berhad (the "**Company**"), hereby appoint

Full Name and Address (in Block Letters)	NRIC No./Passport No.	No. of Shares	% of shareholding

*and

Full Name and Address (in Block Letters)	NRIC No./Passport No.	No. of Shares	% of shareholding

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company, to be held on Tuesday, 19 May 2026 at 10.00 a.m. or at any adjournment thereof at the Royale Ballroom, Level 2, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on the following resolutions referred to in the Notice of the Annual General Meeting.

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No	Resolution	Ordinary	For	Against
1	Re-election of Dato' Mohd Zahir Zahur Hussain	Resolution 1		
2	Re-election of Dato' Dr. Faridah Aryani Md Yusof	Resolution 2		
3	Re-election of Dato' Zulkifli Jafar	Resolution 3		
4	Re-election of Datuk Mohd Adzahar Abdul Wahid	Resolution 4		
5	Approval of Directors' fees and meeting allowances for Pharmaniaga Berhad from 20 May 2026	Resolution 5		
6	Approval of meeting allowances to Directors for directorship in Pharmaniaga Berhad subsidiaries in Malaysia from 20 May 2026	Resolution 6		
7	Approval of Directors' fees and meeting allowances to Directors for directorship in Pharmaniaga Berhad subsidiaries in Indonesia from 20 May 2026	Resolution 7		
8	Approval of payment of Chairman and Directors' benefit in kind from 20 May 2026	Resolution 8		
9	Re-appointment of Messrs. Ernst & Young PLT as External Auditors	Resolution 9		
10	Approval for Directors to allot and issue shares	Resolution 10		
11	Authority to purchase its own shares by the Company	Resolution 11		
12	Renewal of shareholders' Mandate for Recurrent Related Party Transactions	Resolution 12		

Signed this _____ day of _____ 2026.

Signature of Shareholder(s)/ Common Seal
* Strike out whichever is not desired.

No. of ordinary shares held:	
CDS account no.of authorised nominee:	
Proportion of shareholdings to be represented by proxies	First Proxy: _____ %
	Second Proxy: _____ %
Total	

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AFFIX
STAMP

The Share Registrar
PHARMANIAGA BERHAD
 (Registration No: 199801011581 (467709-M))
C/O TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.

Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

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Notes

1.

If shareholders wish to appoint as a proxy some person other than the Chairman of the Meeting, please insert in block letters the full name and address of the person of your choice and initial the insertion at the same time deleting the words “the Chairman of the Meeting”. A proxy need not be a member of the Company but must attend the Meeting in person to vote. Please indicate with an “X” in the appropriate box how you wish your vote to be cast in respect of each resolution.

2.

For the purpose of determining who shall be entitled to participate in the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors of the Company as at 8 May 2026. Only members registered in this Record of Depositors of the Company shall be entitled to participate in the AGM.

3.

A member of the Company entitled to participate in the AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4.

A member of the Company entitled to attend and vote at a general meeting of the Company may appoint not more than two proxies to participate at the AGM. Where a member appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

5.

Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“**Central Depositories Act**”), it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6.

Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, should be deposited at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, no later than Sunday, 17 May 2026, at 10.00 a.m. Alternatively, you may submit the electronic proxy form via <https://srmy.vistra.com>. Please refer to the Administrative Notes on the procedures for electronic lodgement of proxy.

8.

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the AGM of the Company shall be put to vote by way of a poll.
- Personal Data Privacy

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM of the Company or any adjournment thereof.

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The Share Registrar

PHARMANIAGA BERHAD

(Registration No: 199801011581 (467709-M))

C/O TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.

Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

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AFFIX
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MINIMISING THE ENVIRONMENTAL IMPACT OF THIS REPORT

Let’s save our forests. Download the digital copy
of Pharmaniaga Berhad Integrated Report 2025
at www.pharmaniaga.com

We have made conscious efforts to manage and minimise the environmental impact of our Integrated Report and related processes. By choosing digital, you too can make a difference.



Paper sourced from responsibly managed forests. Cover: Printed on FSC® Certified Mix Credit Art Card 2s 300gsm. Inner: Printed on FSC® Certified Mix Credit Matt Art Paper 128gsm and FSC® Certified Mix Credit Simili 100gsm.



Paper and printing waste are responsibly managed through recycling to reduce the burden on landfills.



Printed with carbon-neutral press machines and eco-friendly materials, managed and certified under ISO 14001:2015 Environmental Management System to minimise environmental impact.



Printed with eco ink made from a high percentage of vegetable oil to reduce the emission of volatile organic compounds (VOCs). The ink contains low level of chemicals, resulting in less pollution throughout the printing process.



The total carbon footprint for one (1) copy of the Pharmaniaga Berhad Integrated Report 2025 is 7.9 kgCO₂e. We remain committed to reducing the environmental impact of our report and will continue working to lower greenhouse gas (GHG) emissions throughout the design and printing process.



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