

26th Annual General Meeting

21st May 2025
9:30 a.m.



Apex
Healthcare
Service • Quality • Integrity

Year in Review 2024

www.apexhealthcare.com.my



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Restoring Health Enhancing Life

ANNUAL REPORT 2024

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Achieving 24 Consecutive Years of Growth

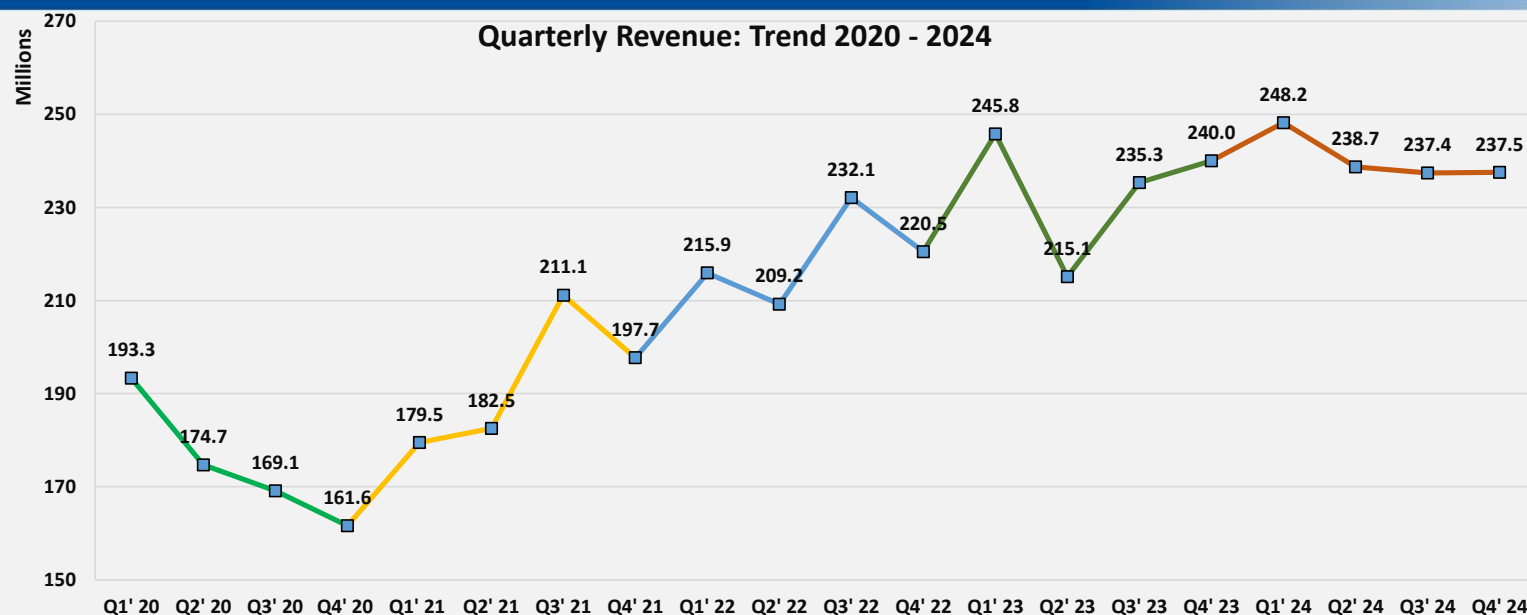


Revenue (RM million)	2024	2023	Variance
Quarter 1	248.2	245.8	▲ 1.0%
Quarter 2	238.7	215.1	▲ 11.0%
Quarter 3	237.4	235.3	▲ 0.9%
Quarter 4	237.5	240.0	▼ 1.0%
Total Revenue	961.8	936.2	▲ 2.7%

In 2024, we marked our 24th consecutive year of revenue growth since IPO, with Group Revenue reaching a new record high of RM 962m in 2024, a 2.7% increase from RM 936m in the previous year.

- Manufacturing revenue rose 0.5%
- Distribution revenue increased 3.4%

Strong Rebound & Record Quarterly Revenue



Following the demand decline during the 2020 pandemic, recovery began in 2021 and culminated in a record-high quarterly revenue of RM 248.2m in Q1 2024. This strong performance was driven by:

- Solid growth in XEPA's generic pharmaceuticals across key therapeutic areas
- Increased exports and contract manufacturing
- Robust contributions from both existing and newly acquired distribution agencies

What is the Composition of our Revenue?



- Group Brands which we own (31%)
 - Pharmaceuticals: Xepa, Avo, Avex and Aeva
 - Consumer Health: Agnesia, Hennson, Remeco and Kaps
- Agency Brands which we distribute or contract manufacture for (52%)
 - Distribution: 45 companies in Malaysia, largest is Nestle Health Science
 - Distribution: 50 companies in Singapore, largest is Merck Serono
- General Brands which we wholesale (17%)
 - > 150 business partners: MSD, Sanofi, Pfizer, Novartis, AstraZeneca, J&J
 - > 4,700 SKUs offered

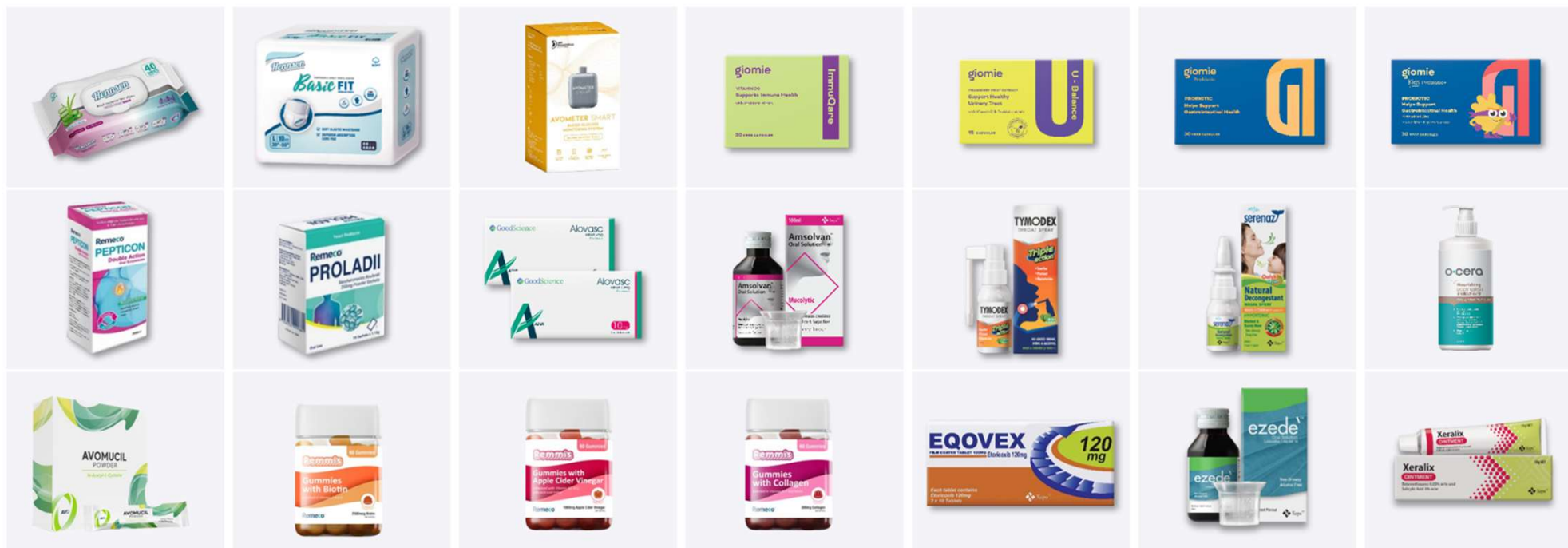


Performance by Brand Category

Revenue (RM '000)	2024	2023	Variance
Group Brands	297,349	304,924	▼ 2.5%
Agency Brands	501,731	464,950	▲ 7.9%
General Brands	162,700	166,296	▼ 2.2%
Total Revenue	961,780	936,170	▲ 2.7%

- Group Brands revenue declined 2.5%, from RM 304.9m to RM 297.3m, due to lower XEPA government sales impacted by the timing and mix of tenders secured.
- Agency Brands grew strongly by 7.9%, reaching RM 501.7m, supported by robust sales from both existing and newly acquired distribution agencies.
- General Brands fell 2.2% to RM 162.7m, mainly due to reduced demand from the shrinking number of independent pharmacies in Malaysia.

Innovation & Portfolio Expansion Milestones



- In 2024, we launched a record 22 new Group-branded products, spanning pharmaceuticals, consumer healthcare, and medical devices.
- Our core portfolio now includes over 250 products across more than 680 variations, reaching global markets.
- Currently, over 70 new products are actively under development in our R&D pipeline.

Record Export Performance

Export Revenue (RM million)	2024	2023	Variance
Group Brands	73.5	70.3	▲ 4.5%
Others	13.4	8.0	▲ 67.5%
Total Export Revenue	86.9	78.3	▲ 11.0%
% of Exports over Group Revenue	9.0%	8.4%	

- Exports grew 11.0% in 2024 to a record RM 86.9m, contributing 9.0% to Group Revenue, up from 8.4% in the previous year.
- Group Brand exports increased 4.5% to RM 73.5m, driven by stronger demand in key Asia-Pacific markets.
- We now export to 22 countries with a combined population of 700 million.

Public Sector Performance

Public Sector Revenue (RM million)	2024	2023	Variance
Malaysia	79.6	86.0	▼ 7.4%
Singapore & Others (International)	44.3	38.8	▲ 14.2%
Total Public Sector Revenue	123.9	124.8	▼ 0.7%
% Public Sector over Group Revenue	12.9%	13.3%	

- Public sector revenue saw a marginal decline of 0.7% year-on-year, contributing 12.9% to Group Revenue in 2024, down from 13.3% in 2023.
 - In Malaysia, public sector sales declined 7.4%, due to lower XEPA tender sales
 - In Singapore, public sector revenue grew 14.2%, offsetting decline in Malaysia
- Outlook: Malaysian public sector sales for XEPA are expected to rebound and return to growth in 2025.

Performance of 40% Associate, SAG

Share of Earnings of SAG (RM million)	2024	2023	Variance
Business Operations	5.1	17.1	▼ 70.2%
Related to Straits Divestment	(14.9)	319.3	▼ >100%
Total Share of Earnings from SAG	(9.8)	336.4	▼ >100%

- Business Operations contributed RM 5.1m, a decrease of 70.2% from RM 17.1m in 2023, due to:
 - Reduced effective equity from 40% to 16% in Straits Apex Sdn Bhd ('SA') from May 2023
 - Lower revenue as customers scaled back purchases in the post-pandemic period
 - Higher expenses associated with the establishment of a sales team in the United States
- Expenses related to Straits Divestment amounted to RM 14.9m in 2024, compared to a profit of RM 319.3m in 2023, due to:
 - Amortization Expense for intangible assets identified with the Purchase Price Allocation exercise
 - Financing costs
 - Writing off of Put Option and other divestment related expenses
- Total share of earnings in 2024 from associate SAG is a net loss of RM 9.8 m

EBITDA & Profit Before Tax

RM million	2024	2023	Variance
Group EBITDA	126.3	113.2*	▲ 11.6%
Operating Profit	112.4	87.5	▲ 28.5%
Interest Expense	(1.4)	(0.6)	▲ >100%
Share of Earnings of Associates	(9.8)	336.4	▼ >100%
Group Profit before Tax	101.2	423.3	▼ 76.1%

*EBITDA was adjusted to exclude the impact of Straits Divestment

- Group EBITDA (excluding impact of Straits Divestment) grew 11.6% to a record RM 126.3m in 2024, reflecting the strong performance of our core pharmaceutical operations.
- Interest expense increased due to a new term loan secured to partially finance the Cheng 2 acquisition.
- Associate SAG posted a net loss of RM 9.8m.
- Group Profit Before Tax declined 76.1% to RM 101.2m from RM 423m in 2023, which was boosted by a non-recurring gain from the Straits Divestment.

Profit After Tax & Taxation

RM million	2024	2023	Variance
Profit before Tax	101.2	423.3	▼ 76.1%
Tax	(24.7)	(25.3)	▼ 2.4%
Profit after Tax	76.5	398.0	▼ 80.8%
Tax Rate	24.4%	6.0%	
Effective Tax Rate (excl Assoc)	22.4%	29.1%	

- Profit After Tax declined 80.8% to RM 76.5m in 2024, primarily due to the absence of the one-off gain from the Straits Divestment in 2023.
- The Effective Tax Rate (excluding share of results from associates) decreased to 22.4%, driven by:
 - Utilisation of reinvestment allowances
 - Tax deductibility on the reversal of previously non-tax-deductible provisions

Dividends

Financial Year	Interim Sen per share	Final Sen per share	Special Sen per share	Dividend Payout (RM'000)	Total net amount paid in respect of FY (RM'000)	Attributable Net Profit (RM'000)	Dividend Payout ratio (%)
2022	3.00	3.50	2.00	14,326	40,654	100,975	40%
				16,754			
				9,574			
2023	2.50	2.50	20.0	17,953	179,874	397,989	45%
				17,991			
				143,930			
2024	3.00	3.00		21,602	64,816	76,545	85%
	3.00			21,607			
				21,607			

- Proposed Final Dividend of 3.0 sen per share
- Total payout amounts to RM 64.8m, with a Dividend Payout Ratio of 85%
- Entitlement date: 3rd June 2025, Payment date: 16th June 2025

Our Business Segments - 2024 Operational Highlights



MANUFACTURING



We develop, manufacture and market XEPA branded off-patent generic pharmaceuticals and medical devices. We also conduct contract manufacturing for major pharmaceutical companies.



DISTRIBUTION



We provide specialist market access services for pharmaceutical companies through provision of regulatory, redressing, sales, marketing and logistics services via a network of 8 distribution facilities in Malaysia and Singapore.



We develop and manage a 2nd portfolio of Group branded pharmaceuticals, consumer healthcare products and medical devices focused on primary care.



CORPORATE



Through 40% associate company Straits Apex Group Sdn Bhd, we contract manufacture orthopaedic devices and surgical instruments for global multinational companies.



Through 40% associate company Zynexis Healthcare Private Ltd, we commercialize pharmaceuticals, consumer healthcare products and medical devices under the brand of Zynexis in selected ASEAN countries and other international markets.

Manufacturing



Manufacturing Group - Key Highlights 2024



Operational Highlights

- Certification:
 - Achieved dual ISO 45001:2018 certification for Occupational Health & Safety Management Systems from both Department of Standards Malaysia and United Kingdom Accreditation Service (UKAS)
- Awards:
 - Fastest Growing Export Revenue (2019–2023) – MOPI Pharma Industry Awards 2024
 - Runner-up, Most Productive Company 2023 (Revenue per Employee) – MOPI Pharma Industry Awards 2024
- Production Milestones:
 - Solid dosage output rose 5%, with a record 1.176 billion tablets produced
 - Liquid output reached the second highest level on record, as demand for cough and cold formulations normalize
- Research & Development Investment:
 - R&D spend (including capitalized costs) reached 3.1% of manufacturing revenue
 - Filed our first EU regulatory submission for a generic anticoagulant drug in December 2024

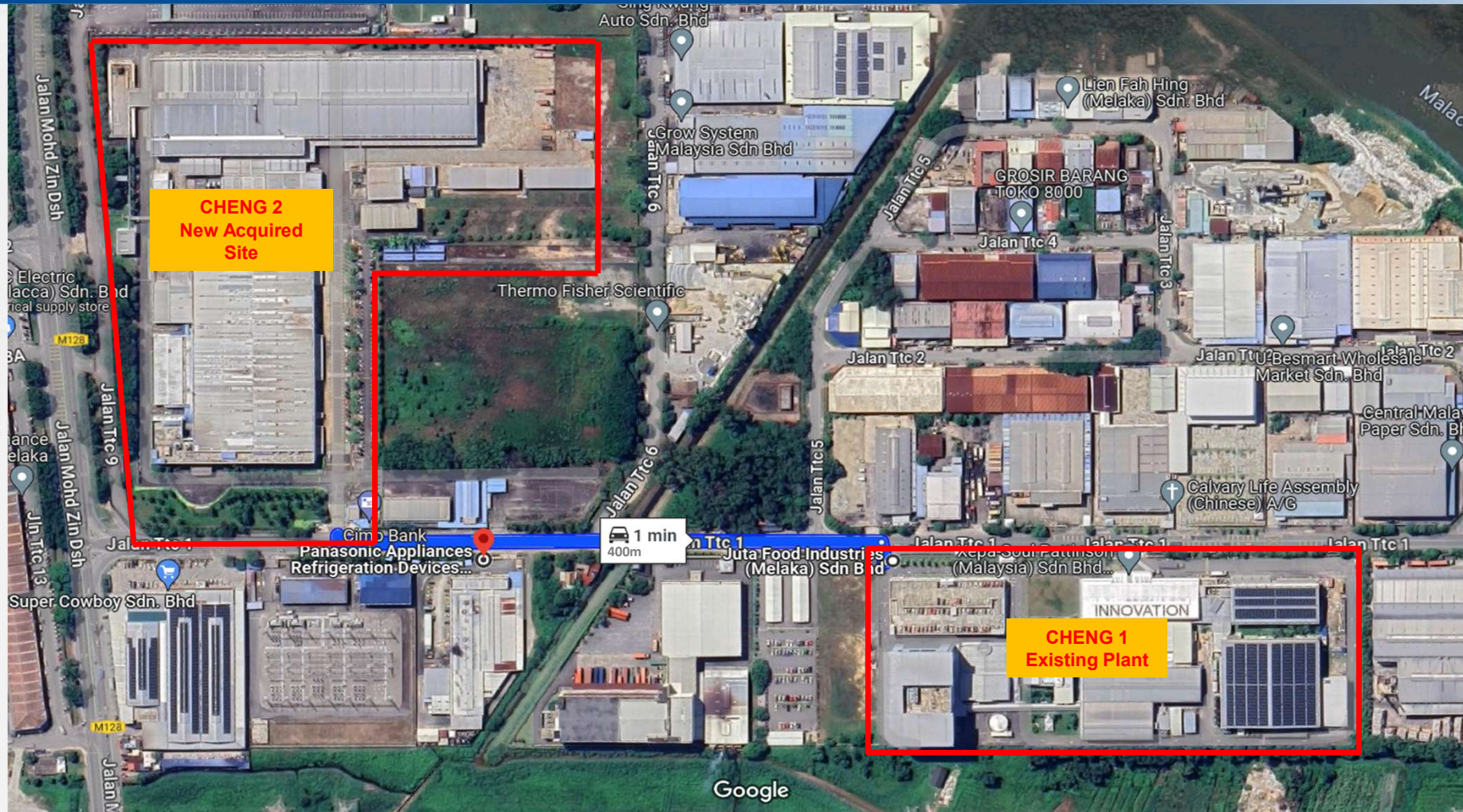
Manufacturing Group - Key Highlights 2024



Acquisition of Industrial Land with Buildings for future expansion

- XEPA signed a Sale and Purchase Agreement in December 2023 to acquire 20.7 acres of industrial land with 377,888 sq ft of built-up space in two factory buildings ('Cheng 2') for a purchase consideration of RM 66.5 million, completing the acquisition in July 2024.
- Only 400 metres from the current XEPA site, this acquisition secures land to support XEPA's growth for at least the next 10 years. The site at Pegoh, Alor Gajah will be sold.
- Retrofitting works to build a pharmaceutical warehouse within Cheng 2 are completed and operations commenced on 25th March 2025.
- Planning is ongoing to relocate non-production departments to Cheng 2 in order to release space to accommodate more production-related activities at the current Cheng site.

Manufacturing Group - Key Highlights 2024





Distribution

Distribution Group - Key Highlights 2024



Operational Highlights

- Growing Distribution Volumes:
 - Over 16,900 customer accounts across Malaysia and Singapore
 - More than 2,200 sales orders processed daily in 2024
 - Over 623,000 invoices generated for 2024
- Increased B2B Platform Usage:
 - Growing adoption of the Group's B2B platforms by clinics and medical centres
 - 57% of Singapore wholesale revenue transacted online in 2024
- New Agencies & Product Expansions:
 - Apex Singapore: Launched LactoFit, Korea's leading probiotics brand from Chong Kun Dang Healthcare.
 - Apex Malaysia: Expanded product range as distributor for Nestlé Health Science, launching two new variants in the Nutren range for diabetes and gut health. Supported the launch of Ulthera Prime, an FDA-cleared non-invasive medical device for aesthetic medicine, to practitioners in Malaysia.

Corporate



Corporate Group - Key Highlights 2024



40% Associate Straits Apex Group Sdn Bhd ('SAG')

- Impact of Straits Divestment (2023):
 - Following the Straits divestment in 2023, the share of earnings from business operations will be lower because of reduced effective equity at 16%
 - Recurring divestment related costs, such as amortization of intangible assets and financing expense, will continue to impact earnings from business operations
- SAG's Business Operations:
 - SAG's associates manufacture and export orthopaedic devices primarily to the US.
 - While SAG does not foresee immediate near-term impacts, active discussions with key US customers are ongoing to outline longer-term plans.
- New Income from Leasing Industrial Land and Buildings (2025):
 - Long-Term Lease of industrial land and integrated manufacturing facilities at Batu Kawan Industrial Park, Penang, to operating associates of SAG.
 - Certificate of Completion and Compliance (CCC) obtained in Q3 2024. Fit-out works and relocation of operations are ongoing, with completion targeted for Q2 2025.
- Value Creation Plans:
 - Collaborating with Quadria Capital on value creation, with a targeted full exit in 3-5 years.

Corporate Group - Key Highlights 2024



40% associate Zynexis Healthcare Private Ltd

- 40% Joint Venture with Shanghai Pharmaceuticals Holding Co Ltd ('SPH'):
 - Leveraging SPH's strong network with leading Chinese pharmaceutical companies.
 - In-licensing products under the Zynexis brand for agreed ASEAN markets.
- Regulatory Approvals & Product Pipeline:
 - In 2024, regulatory approval submissions were filed in Malaysia and Singapore for 9 core products in various dosage forms.
 - These products are indicated for diabetes, neuropathic pain, and blood clotting disorders.
- Commercial Launch Timeline:
 - Commercial activities are expected to begin following regulatory approval, projected for late 2026 or early 2027.

Corporate Group - Key Highlights 2024



Sustainability (1)

- Enhanced Reporting Framework:
 - The 2024 Sustainability Statement has been significantly strengthened, referencing Bursa Malaysia requirements, Global Reporting Initiative (GRI) Standards, and International Sustainability Standards Board (ISSB) IFRS S1 and S2 Sustainability Disclosure Standards.
- Climate Reporting Journey:
 - In 2024, we began our climate reporting journey with a comprehensive assessment of climate-related risks and opportunities, aligning with the ISSB IFRS S2 standard.
 - The findings have been integrated into business decisions, further advancing our sustainability reporting efforts.
- Material Sustainability Matters Disclosures:
 - Disclosures were made for 9 material sustainability matters, subdivided into 16 sub-matters with 53 indicators.
 - We expanded the number of quantitative targets in the 2024 Sustainability Statement to 20, a significant increase from 3 in the previous year.

Corporate Group - Key Highlights 2024



Sustainability (2)

- ISO 45001:2018 Certification:
 - Achieved ISO 45001:2018 certification for Occupational Health and Safety Management Systems by Xepa.
- Solar Projects:
 - Successfully completed the operationalization of solar projects at all major facilities: Xepa Melaka, Apex Singapore, and Apex Malaysia.
- Continuous Improvement Commitment:
 - Committed to continually enhancing management practices, introducing impactful initiatives, and refining reporting mechanisms in alignment with ISSB's IFRS Sustainability Disclosure Standards.

Navigating Global Headwinds: Impact of Tariffs

- Impact of US Tariffs on Malaysia's Economy:
 - The recent imposition of tariffs by the United States presents a significant challenge to Malaysia's economic landscape.
 - Major shifts in the global trading order are expected to impact GDP growth, heightening recession fears and dampening consumer confidence.
- Impact on the Group's Business:
 - The Group does not export to the United States, and therefore, tariffs are not expected to have a significant direct impact on our core pharmaceutical business.
 - However, 40% associate, Straits Apex Group Sdn Bhd (SAG) has associates engaged in the manufacturing and export of orthopaedic devices primarily to the US.
 - While SAG does not foresee immediate impacts, it is actively engaged in discussions with key US customers regarding longer-term plans.

Navigating Global Headwinds: Impact on Business Outlook

- Healthcare Spending To Remain Resilient in 2025:
 - During an economic downturn, generic pharmaceutical companies stand to benefit as cost-conscious consumers and healthcare providers prioritize affordability without compromising quality.
 - With reduced disposable income, patients increasingly opt for generic alternatives, which offer the same efficacy as branded drugs at lower prices.
 - Governments and insurers also favor generics as a means to curb healthcare costs, driving stronger demand and expanding the market share of generic manufacturers.
- Overall Outlook for 2025:
 - Supported by a robust balance sheet and a strong net cash position, the Group is well positioned to navigate evolving market conditions and leverage emerging prospects to deliver continued growth.

Key Priorities for 2025 (1)



Seven Priorities to Drive Improvement & Growth

1. Intensify Research & Development
 - Focus on the swift launch of new pharmaceutical and consumer healthcare products.
 - Our new product pipeline includes generics of several globally leading patented drugs in therapeutic areas with high disease burden.
2. Enhance Sales and Marketing Efforts
 - Deepen sales and marketing expertise to improve sales force effectiveness to grow market share.
3. Expand into New International Markets
 - Invest in exploring new international markets for broader market access.
4. Secure New Product & Distribution Partnerships
 - Focus on securing new products and distribution agency partnerships to meet the evolving market demands, particularly in oncology, biosimilars, and consumer healthcare.

Key Priorities for 2025 (2)



Seven Priorities to Drive Improvement & Growth

5. Achieve Strategic Manufacturing & Distribution Certifications
 - Acquire and renew globally recognized manufacturing and distribution certifications that are strategically important and commercially relevant.
6. Accelerate Industry 4.0 & Digital Transformation
 - Embrace Industry 4.0 technologies and digital transformation to drive integration, innovation, and productivity to new levels.
7. Strengthen Sustainability Commitment
 - Reinforce our sustainability practices, introduce impactful initiatives, and refine reporting mechanisms in line with ISSB's IFRS Sustainability Disclosure Standards.

Our Core Tenets & Mission

As we move into 2025, we remain dedicated to our three core tenets: Quality, Service, and Integrity, and always guided by our mission to 'Restoring Health, Enhancing Life'.

Corporate Awards



The Edge Billion Ringgit Club ('BRC') Corporate Awards 2024

- In 2024, Apex Healthcare Berhad won The Edge BRC Corporate Awards 2024 for the 'Highest Return On Equity Over Three Years' in the Healthcare Sector.
- This award marks our second recognition for outstanding performance by The Edge.
- We were also ranked 2nd for two other awards in the Healthcare Sector, namely the:
 - a) 'Highest Growth In Profit After Tax Over Three Years'; and
 - b) 'Highest Returns To Shareholders Over Three Years'.
- This is a testament to our unwavering commitment to excellence and sustainable growth in the healthcare sector.



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