

8. INDUSTRY OVERVIEW

16 May 2025

The Board of Directors
LAC Med Berhad
G-03A-3, Plaza Kelana Jaya
Jalan SS7/13A, 47301
Petaling Jaya, Selangor

Vital Factor Consulting Sdn Bhd
(Company No.: 199301012059 (266797-T))
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) 7931-3188
Website: www.vitalfactor.com

Dear Sirs and Madams

Independent Assessment of the Distribution of the Medical Device Industry in Malaysia

We are an independent business consulting and market research firm based in Malaysia, established in 1993. We offer consulting services, including business plans, opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market research. Since 1996, we have been involved in corporate exercises such as initial public offerings, reverse takeovers, chain listings, transfers to the Main Market, and business regularisations for publicly listed companies on Bursa Malaysia Securities Berhad (Bursa Securities). Our corporate exercise services encompass business overviews, independent industry assessments, management discussions and analyses, and business and industry risk assessments for prospectuses, shareholders' circulars and information memorandums.

We have been engaged to provide an independent assessment of the distribution of the medical device industry in Malaysia for inclusion in the prospectus of LAC Med Berhad for its initial public offering and listing of its shares on the Main Market of Bursa Securities. This report has been prepared independently and objectively, with all reasonable due care taken to ensure its accuracy and completeness.

We believe the report provides a true and fair assessment of the industry, considering the limitations of timely and available information, and analyses based on secondary and primary market research as of the report date. However, it should be noted that our assessment pertains to the industry as a whole and may not reflect the performance of any specific company. We accept no responsibility for the decisions or actions of the readers based on this document. This report should not be construed as a recommendation to buy, not buy, sell or not sell the securities of any company.

Please be aware that our report may include disclosures, assessments, opinions, and forward-looking statements that are subject to hitherto unknown or undisclosed information, uncertainties, and contingencies. These statements are based on secondary information and primary market research, and despite careful analysis, the industry is influenced by various known and unforeseen factors that could cause actual outcomes and future results to differ materially from these statements.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan holds a Bachelor of Science from the University of New South Wales and a Master of Business Administration from the University of Technology, Sydney. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders, Australia. With over 30 years of experience in business consulting and market research, he has also assisted companies in their initial public offerings and listings on Bursa Malaysia Securities Berhad.

8. INDUSTRY OVERVIEW (CONT'D)



Date of Report: 16 May 2025

INDEPENDENT ASSESSMENT OF THE DISTRIBUTION OF THE MEDICAL DEVICE INDUSTRY IN MALAYSIA

1. OVERVIEW OF LAC GROUP'S BUSINESS AND REPORT PARAMETERS

- LAC Med Berhad and its subsidiaries (LAC Group or Group) specialise in the supply of loose medical equipment, the supply and integration of fixed medical equipment, and the supply of related products and services. The Group is an authorised distributor of third-party brands of medical devices. LAC Group's primary revenue stream is from distributing ultrasound, radiographic (such as computed tomography (CT) scanners and fluoroscopy machines), and magnetic resonance imaging (MRI) medical equipment. LAC Group serves private and government healthcare facilities in Malaysia, which is the report's focus. Medical equipment is part of the medical device industry, and all information pertains to Malaysia and is based on the most recent publicly available information.

2. MEDICAL DEVICE INDUSTRY

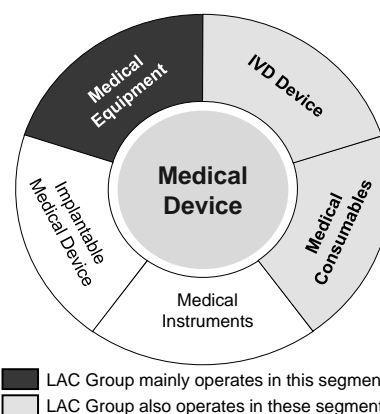
- Medical device means any equipment, instruments, apparatus, implements, machines, appliances, implants, in-vitro reagents or calibrators, software, or material used alone or in combination for medical purposes. It can typically be segmented into the following:

Medical equipment refers to durable, specialised devices and systems designed to diagnose, monitor, treat, and support patients with diseases or injuries and facilitate rehabilitation. Intended for long-term use in clinical or home settings, this equipment often requires regular maintenance, calibration, and a stable power supply to ensure accuracy, reliability, and safety. It ranges from large, technologically advanced, capital-intensive machines to compact, portable devices used for routine medical care.

In vitro diagnostics (IVD) devices refer to reagents, instruments, and systems used to obtain diagnostic information through the examination of specimens outside the body (in vitro, Latin for "in glass"). These specimens, derived from the human body, include tissues, blood, and urine. Common examples of IVD devices include diagnostic reagents and pregnancy self-testing kits.

Medical consumables are single-use or expendable items designed to support medical procedures and are intended for short-term application. Common examples include, among others, medical gloves, disposable syringes, and catheters. **Medical instruments** are handheld or small medical devices primarily used in surgical, diagnostic, and therapeutic procedures and point-of-care applications. They are reusable after sterilisation and include, among others, stethoscopes, thermometers, surgical scalpels, and scissors. **Implantable medical devices** are designed to be placed inside the human body, either permanently or temporarily, to support organ or tissue function, monitor physiological activity, or deliver medicines. Examples include pacemakers and defibrillators.

- LAC Group mainly specialises in distributing medical equipment in Malaysia. In addition, LAC Group has recently commenced the distribution of IVD reagents and laboratory equipment.



2.1 Medical Equipment

- LAC Group primarily operates in the medical equipment industry, which can typically be segmented into the following based on the intended functions:

Diagnostic equipment serves the function of identifying and assessing possible diseases among patients through various imaging techniques. Common examples include:

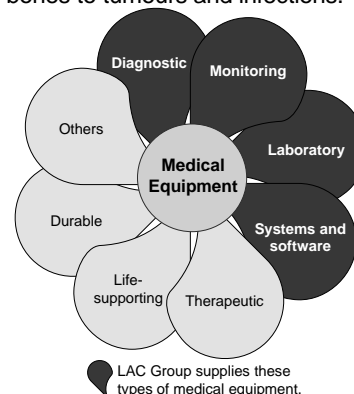
- Radiographic equipment** utilises electromagnetic radiation such as X-rays, gamma and other ionising rays to create images of the body's internal structures, primarily for diagnostic purposes. It

8. INDUSTRY OVERVIEW (CONT'D)



is crucial in diagnosing various medical conditions, from broken bones to tumours and infections.

- **Ultrasound machine** utilises high-frequency sound (ultrasound) waves to generate real-time visual images of internal organs, tissues, and blood flow. They are minimally invasive, safe, and widely used for examining various conditions, monitoring pregnancies, and guiding medical procedures.
- **MRI machine** employs non-invasive imaging techniques to create detailed images of the body's internal structures. Unlike radiographic equipment, MRI machines do not use ionising radiation. Instead, it relies on strong magnetic fields and radio waves to visualise organs, tissues, and abnormal tissue growth.
- **Others** include electroencephalogram (EEG) and electrocardiogram (ECG) machines.



Monitoring equipment tracks and monitors patients' health indices. Examples include patient monitors (vital signs monitors) and cardiac monitors. **Laboratory equipment** is widely used in disease research and diagnosis. Common examples include blood analysers, haematology analysers, and centrifuges. **Therapeutic equipment** is designed to assist in treating, rehabilitating, and recovering patients from medical conditions. Examples include, among others, robotic surgical systems, electrotherapy equipment, and laser therapy devices. **Life-supporting equipment** restores or maintains vital bodily functions critical to sustaining human life. Common examples include anaesthetic machines, ventilators, and cardiopulmonary bypass pumps. **Systems and software** regulate and optimise the functionality of medical equipment. Unlike general-purpose information technology (IT) systems, these specialised systems and software are often integrated into medical equipment, enabling precise monitoring, diagnostics, and control. **Durable medical equipment** refers to assistive products and medical furniture, such as prosthetics, crutches, hospital beds, and surgical tables, that provide patient support and mobility. **Others** include disinfectors and autoclaves.

- Some medical equipment falls into multiple categories, such as radiographic equipment used in invasive procedures to treat medical conditions may also function as therapeutic equipment.
- According to the Ministry of Health (MoH), medical equipment can also be classified as:
 - **Fixed medical equipment:** Medical equipment requiring extensive mechanical, electrical, or structural modifications to be installed and properly functioning within a healthcare facility. They are typically integrated into the building's infrastructure and may involve complex installation processes, such as dedicated power supply connections or ventilation systems. Examples include MRI machines and CT scanners.
 - **Loose medical equipment:** Portable or standalone medical equipment that does not require permanent installation and can be easily connected to standard electrical outlets or power sources. They are designed for flexibility and ease of use. Examples include ultrasound machines and patient monitors.
- LAC Group specialises in supplying loose diagnostic equipment, and integrating fixed diagnostic equipment to healthcare service providers in Malaysia, focusing on radiographic, ultrasound, and MRI machines.

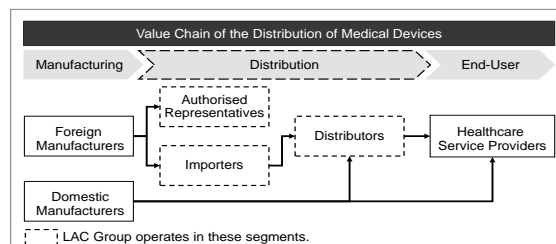
3. DISTRIBUTION OF MEDICAL DEVICE INDUSTRY IN MALAYSIA

- The medical device industry in Malaysia is shaped by 2 distinct perspectives: (i) the involvement of international stakeholders bringing in advanced technologies, and (ii) the development of a domestic value chain that emphasises domestic production mainly on consumables such as latex gloves, and distribution of medical devices. These 2 forces work in tandem to support the healthcare industry in Malaysia.

8. INDUSTRY OVERVIEW (CONT'D)



- The foreign-integrated value chain begins with foreign manufacturers undertaking the production of medical devices. These manufacturers will appoint one or more authorised representatives in Malaysia who act on their behalf to fulfil regulatory obligations, including the registration of medical devices in Malaysia. Sometimes, these authorised representatives may hold exclusive rights for specific medical devices within the country. Foreign manufacturers may appoint importers and distributors, or establish an entity in Malaysia to serve as their approved representative, importer, and distributor. An entity can take on one or more of these roles. Domestic manufacturers may distribute products themselves or appoint one or more distributors. LAC Group is an authorised representative, importer, and distributor for some foreign manufacturers in Malaysia.



4. REGULATORY FRAMEWORK ON MEDICAL DEVICE INDUSTRY

- In Malaysia, the Medical Device Authority (MDA), a statutory body under the MoH, regulates the medical device industry. Its role is to ensure public health and safety concerning medical devices while facilitating trade and industry growth. According to the Medical Device Act 2012, no manufacturer, importer, distributor (excluding retailers), or an authorised representative appointed by a foreign manufacturer with its principal place of business outside Malaysia may import, export, or place a registered medical device on the Malaysian market without first being registered and holding an **establishment licence** issued by the MDA, which is valid for 3 years and may be renewed.
- In addition, the authorised representatives, importers and distributors of medical devices must obtain **Good Distribution Practices for Medical Devices** (GDPMD) certification before applying for establishment licences. The GDPMD certification, issued by a conformity assessment body (CAB), is compulsory to ensure that medical devices distributed in Malaysia meet quality standards and are safe and effective for use. It minimises risks to patients and end-users by regulating processes involved in the distribution chain. GDPMD certifications are valid for 3 years and may be renewed. LAC Group holds GDPMD and establishment licences from the MDA.
- Before applying for registration of medical devices, approved representatives and domestic manufacturers must classify and group the medical devices, and appoint a CAB to conduct a **conformity assessment** to ensure they comply with all the essential principles of safety and performance for medical devices. Conformity assessment certifications are valid for 5 years, may be renewed, and are required for registration and re-registration of medical devices. Furthermore, operators distributing irradiating medical devices in Malaysia must obtain a licence from the **Atomic Energy Licensing Board** (AELB). LAC Group holds licence from AELB to distribute radiographic equipment, including X-ray machines and CT scanners.

5. SUPPLY AND DEMAND CONDITIONS

- Medical equipment typically comprises numerous complex components and incorporates advanced technology. Malaysia's medical device industry primarily focuses on the manufacture of medical instruments and supplies, including medical gloves and catheters. (Source: *Ministry of Investment, Trade, and Industry (MITI)*). Consequently, Malaysia relies on imported medical equipment to meet domestic demand.
- LAC Group specialises in distributing diagnostic medical equipment, focusing on radiographic, ultrasound, and MRI machines. This section will analyse the import and export value of these types of medical equipment to indicate the industry's performance in Malaysia, as LAC Group imports and distributes medical equipment in Malaysia. In addition, LAC Medical Group has also commenced the distribution of reagents, and hence, the import and export value of reagents in Malaysia will also be provided.

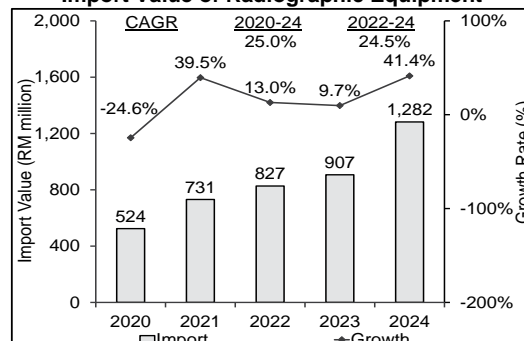
8. INDUSTRY OVERVIEW (CONT'D)



5.1 Radiographic Equipment

- Between 2022 and 2024, the import and export value of radiographic equipment in Malaysia grew at a compound annual growth rate (CAGR) of 24.5% and 7.1% respectively. In 2024, Malaysia was a net exporter of radiographic equipment. The United States (US) was both the top import and export country for radiographic equipment in 2024, with import value contributing 22.0% and export value contributing 16.2% of their total values respectively. In the first quarter (Q1) of 2025, the import and export value both declined by 37.8% and 14.6% respectively compared to Q1 2024. (Source: DoSM)

Import Value of Radiographic Equipment*

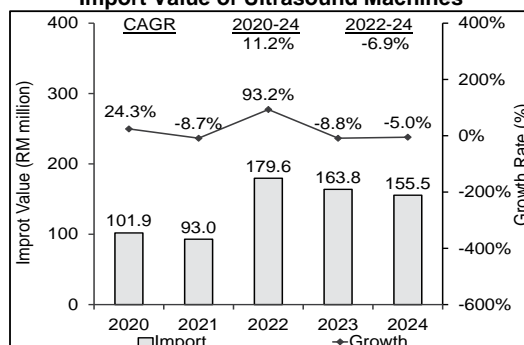


* Includes non-medical purpose radiographic equipment, apparatus, parts, and accessories.
(Source: Department of Statistics Malaysia (DoSM))

5.2 Ultrasound Machines

- Between 2022 and 2024, the export value of ultrasound machines grew at a CAGR of 0.7%, while the import value of ultrasound machines declined at an average annual rate of 6.9%. China was Malaysia's largest supplier of ultrasound machines in 2024, accounting for RM61.5 million. Meanwhile, Slovakia was the top export destination for ultrasound machines from Malaysia, with exports totalling RM110.7 million. In Q1 2025, the import value grew by 14.4%, while the export value declined by 16.5% compared to Q1 2024. (Source: DoSM)

Import Value of Ultrasound Machines

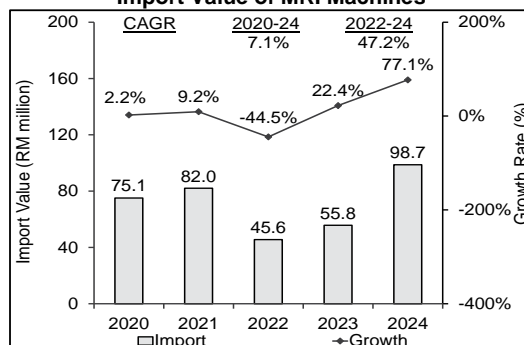


(Source: DoSM)

5.3 MRI Machines

- Between 2022 and 2024, MRI machines' import and export value in Malaysia grew at a CAGR of 47.2% and 42.1% respectively. Throughout this period, Malaysia remained a net importer of MRI machines, recording a trade deficit of RM85.2 million in 2024. China was Malaysia's largest supplier of MRI machines in 2024, accounting for RM71.9 million (72.8% of total imports). On the export side, Singapore was the largest destination, with MRI machine exports amounting to RM4.8 million (35.5% of total exports) in 2024. In Q1 2025, the import value of MRI machines declined by 30.9%, while the export value grew by 8.1% compared to Q1 2024. (Source: DoSM)

Import Value of MRI Machines

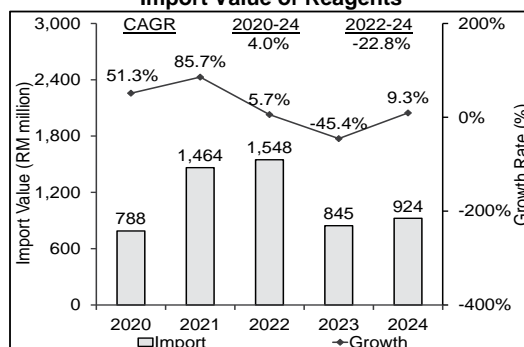


(Source: DoSM)

5.4 Reagents

- Between 2022 and 2024, the import and export value of reagents declined at an average annual rate of 22.8% and 6.0% respectively. Malaysia was a net importer of reagents in 2024, indicating the country's reliance on imported reagents to meet the domestic demand, especially reagents from the US and Singapore. In Q1 2025, the

Import Value of Reagents



(Source: DoSM)

8. INDUSTRY OVERVIEW (CONT'D)



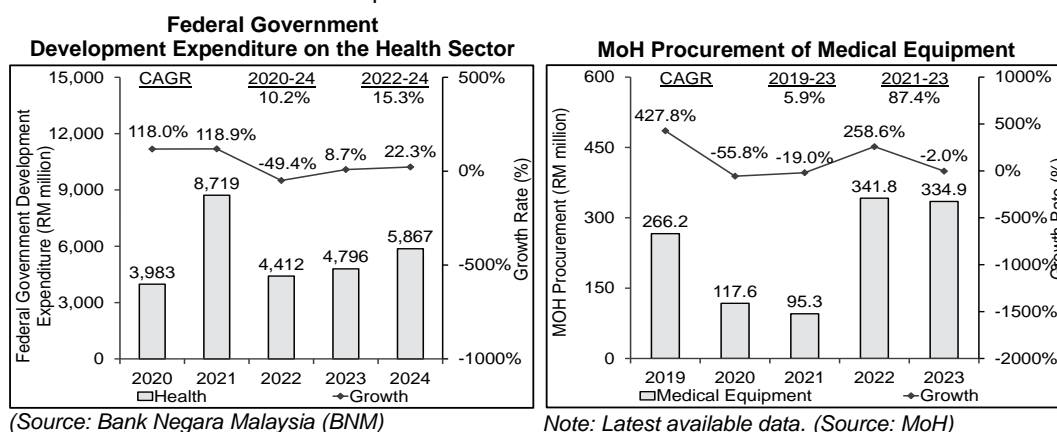
import and export value of reagents declined by 7.1% and 17.1% respectively compared to Q1 2024. (Source: DoSM)

6. FACTORS CONTRIBUTING TO THE DEMAND FOR MEDICAL DEVICES IN MALAYSIA

- LAC Group primarily serves healthcare service providers, including public and private hospitals and clinics in Malaysia. The performance of the healthcare services industry significantly impacts the need for comprehensive medical devices, which may affect the performance of industry operators.

6.1 Roles of Government in the Healthcare System

- The Federal Government plays a pivotal role in distributing resources across sectors to foster economic growth, develop infrastructure, and improve the overall well-being of its citizens and the country. As such, the Federal Government's development expenditure on the health sector will impact the demand for medical devices in public healthcare facilities.



- Between 2022 and 2024, the Federal Government's development expenditure on the health sector grew at a CAGR of 15.3%. The decline in 2022 can be mainly attributed to the high base effect from 2021, when there was a spike amidst the COVID-19 pandemic. In 2024, the Federal Government's development expenditure on the health sector grew by 22.3%. The increased spending was predominantly for the construction, renovation and maintenance of healthcare facilities nationwide, including hospitals, rural clinics and medical research facilities (Source: Ministry of Finance (MoF)). Overall, the Federal Government's development expenditure on the health sector contributed 7.0% of the total development expenditure in 2024. (Source: BNM)
- The healthcare services industry in Malaysia is a two-tiered healthcare system in which the government-run healthcare sector (including those under the MoH and the Ministry of Defence - MINDEF) co-exists with the private healthcare system. Between 2021 and 2023, MoH procurement of medical equipment grew at a CAGR of 87.4%. The growth can be partially attributed to the construction and expansion of hospitals, the replacement of obsolete medical equipment, and the procurement and maintenance of medical equipment across all government clinics under the Medical Equipment Enhancement Tenure (Source: MoF). In 2023, MoH's procurement of medical equipment declined to RM334.9 million, represented 13.2% of the total procurement (Source: MoH).
- A growing Federal Government development expenditure and procurement of medical equipment by MoH may benefit companies operating within the medical equipment distribution industry.

6.2 Performance of the Health Services Industry

- Between 2022 and 2024, the GDP of the health services industry grew at a CAGR of 9.1%. In 2024, the Government and private health services contributed RM24.2 billion and RM16.3 billion respectively. The government's contribution towards the entire health services industry amounted to

8. INDUSTRY OVERVIEW (CONT'D)

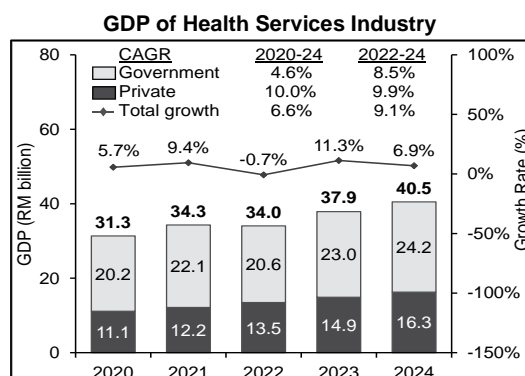


59.8%, while the private sector accounted for the remaining 40.2%. In Q1 2025, the private health services sector grew by 8.4% to RM4.3 billion compared to the corresponding period in 2024. (Source: DoSM)

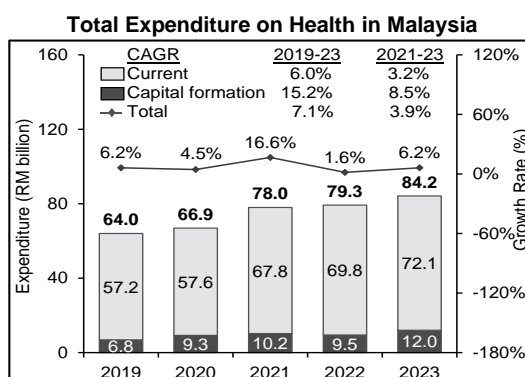
- The size of the health services industry in Malaysia serves as a strong demand base for the distribution of the medical device industry, as medical devices are an integral component of the country's overall healthcare system.

6.3 Total Expenditure on Health (TEH)

- TEH offers a comprehensive view of a country's financial commitment to healthcare. It comprises current health expenditure (CHE) and gross capital formation within the healthcare system. CHE represents the recurring costs of providing healthcare services to the population, such as operational expenses and service delivery. Gross capital formation (or capital expenditure) reflects the capital investments in healthcare infrastructure, equipment and other fixed assets made by healthcare service providers.
- Between 2021 and 2023, TEH in Malaysia grew at a CAGR of 3.9%, with CHE and gross capital formation increased at a CAGR of 3.2% and 8.5% respectively. In 2023, CHE and gross capital formation in the healthcare sector amounted to RM72.1 billion and RM12.0 billion respectively, accounting for 4.6% of Malaysia's GDP. Out of the total TEH of RM84.2 billion, RM51.3 billion (60.9%) was spent on curative care, which includes healthcare services and interventions focused on treating and curing diseases, injuries, or health conditions (Source: MoH). The demand for curative care suggests a corresponding need for diagnostic medical equipment, benefiting distributors like LAC Group that specialise in these technologies.

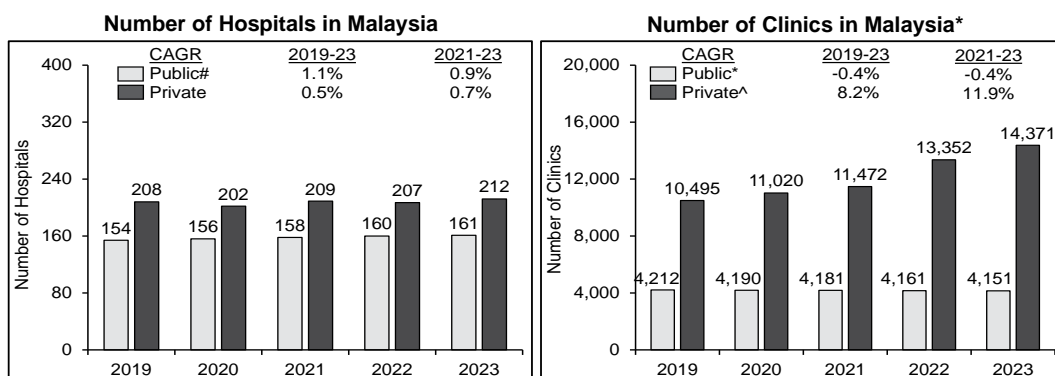


(Source: DoSM)



Note: Latest available data. (Source: MoH and Vital Factor analysis)

6.4 Healthcare Facilities in Malaysia



Note: Latest available data. # Include MoH, army, and university hospitals. * Include health clinics, standalone, school, mobile, and community dental clinic in Urban Transformation Centre (UTC) and Rural Transformation Centre (RTC). ^ Include medical and dental clinics. (Source: MoH)

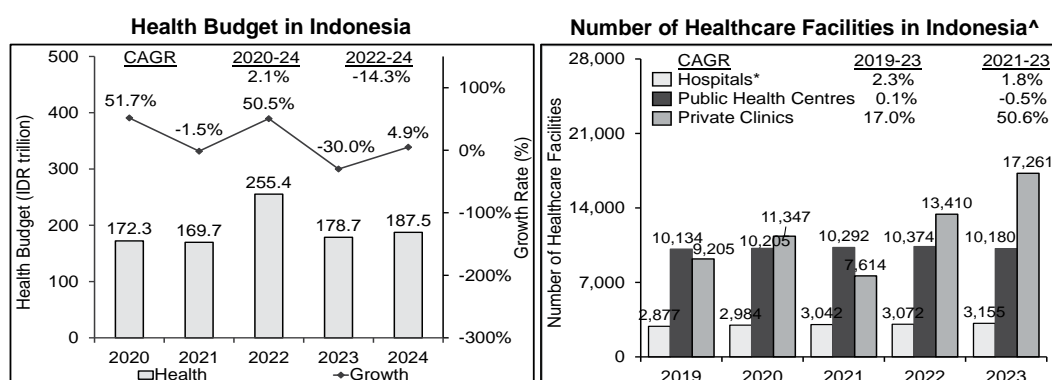
- The number of healthcare facilities in Malaysia forms the base addressable market for medical device distribution, as these facilities are the primary end-users. In 2023, Malaysia had 149 hospitals and special medical institutions under MoH, along with 3,114 health clinics, and 1,037 dental clinics.

8. INDUSTRY OVERVIEW (CONT'D)



Among these, 1,085 institutions or departments within public hospitals and clinics possessed irradiating medical equipment. For private healthcare institutions, there were 212 private hospitals, 10,495 medical clinics, and 3,876 dental clinics in Malaysia in 2023. Among them, 280 institutions or departments within private hospitals, 1,782 medical or specialist clinics, and 2,899 dental clinics were registered with AELB as authorised licensees to possess irradiating medical equipment (*Source: MoH*). Growth in public and private healthcare facilities drives the demand for medical devices in Malaysia. The increasing number of private medical clinics and hospitals, along with the expanding use of advanced medical technologies, highlights the ongoing need to distribute and supply specialised medical devices.

7. DEMAND AND DEMAND DEPENDENCIES IN INDONESIA



IDR = Indonesian Rupiah. ^ Note: Latest available data. * Include both public and private general and specialised hospitals. (Source: Ministry of Finance, Indonesia and Ministry of Health, Indonesia)

- As part of LAC Group's strategy to expand into Indonesia, this section provides insights into the country's healthcare industry. Between 2022 and 2024, the Indonesian Government's allocation to the health sector declined at an average annual rate of 14.3%. This decline was primarily due to a surge in funding for the COVID-19 pandemic in 2022, which subsequently moderated. Nevertheless, in 2024, the allocation increased by 4.9% to IDR187.5 trillion (RM54.1 billion at IDR100=RM0.0289) compared to 2023, reflecting the government's commitment to public well-being. Under the 2025 State Budget Bill, the Indonesian Government has allocated IDR218.5 trillion (RM63.1 billion at IDR100=RM0.0289) to the health sector. (Source: Ministry of Finance, Indonesia)
- Additionally, the number of healthcare facilities in Indonesia presents a significant demand base for medical device distribution. In 2023, the country had 2,636 general hospitals, 519 specialised hospitals, 10,180 public health centres, and 17,261 private clinics, including 14,564 primary clinics and 2,697 principal clinics. (Source: Ministry of Health, Indonesia)
- Between 2022 and 2024, Indonesia's GDP of human health and social work activities grew at a CAGR of 8.5%, reaching IDR278.2 trillion (RM80.3 billion at IDR100=RM0.0289). Additionally, in 2024, the population aged 65 and above accounted for 7.3% of the total. Economic growth and an ageing population drive the demand for healthcare services, which may boost the need for medical devices.

GDP of Human Health and Social Work Activities

Nominal GDP	IDR trillion	Growth Rate
2020	201.5	15.3%
2021	227.2	12.8%
2022	236.2	4.0%
2023	252.0	6.7%
2024	278.2	10.4%
2020-24 CAGR	8.4%	n.a.
2022-24 CAGR	8.5%	n.a.

n.a. = not applicable. Source: (Central Bureau of Statistics, Indonesia)

Population by Age Group – 2024

Age Group	Population (in million)	Percentage
0 - 19	88.8	31.5%
20 - 39	88.5	31.4%
40 - 64	83.8	29.8%
65+	20.5	7.3%
Total	281.6	100.0%

8. INDUSTRY OVERVIEW (CONT'D)



8. COMPETITIVE LANDSCAPE

- The distribution of the medical device industry in Malaysia is fragmented. There are no published data on the number of companies registered with MDA. The following companies are involved in distributing medical equipment and exclude brand principals. This list is sorted in decreasing order of total revenue and is not exhaustive:

Company	R	U	MRI	FYE ⁽¹⁾	Rev ⁽²⁾ (RM mil)	GP ⁽²⁾ (RM mil)	GP ⁽²⁾ margin	NP/NL ⁽²⁾ (RM mil)	NP/NL ⁽²⁾ margin
LAC Group	√	√	√	Dec-24	183.2	45.5	24.8%	20.4	11.1%
Abex Medical Systems S/B	√			Mar-24	163.6	59.1	36.1%	17.4	10.6%
Schmidt Biomedtech S/B	√	√		Jun-24	136.2	50.1	36.8%	9.4	6.9%
IDS Medical Systems (M) S/B	√	√	√	Mar-24	127.9	37.8	29.6%	0.1	0.1%
Transmedic Healthcare S/B ⁽³⁾	√	√		Jun-24	80.6	29.7	36.9%	9.1	11.3%
Medi-Life (M) S/B	√	√		Dec-23	68.9	29.5	42.9%	8.7	12.6%
U Medic Group Berhad ⁽⁴⁾		√		Jul-24	54.6	22.7	41.5%	9.3	17.0%
Magna Meditech S/B		√		Jun-23	36.7	14.6	39.8%	1.8	5.0%
Advance Altimas S/B	√	√	√	Jun-24	31.7	1.6	4.9%	0.1	0.2%
Medi Trump S/B	√			Apr-24	23.5	11.5	48.8%	4.5	19.2%
Edaptechnomed (M) S/B		√		Dec-24	23.0	8.3	36.2%	4.0	17.4%
Avant-Med S/B	√			Dec-23	22.7	7.9	34.9%	4.6	20.3%
Best Contact (M) S/B ⁽⁵⁾	√		√	Dec-23	21.6	8.1	37.4%	1.3	6.2%
Medic Pro Healthcare S/B		√		May-24	21.0	10.3	49.1%	2.2	10.5%
H&A Medical Supply S/B	√			Dec-23	20.5	6.1	29.9%	0.6	2.9%
Malaysian Diagnostic ⁽⁶⁾		√		Dec-23	20.1	n.a.	n.a.	(3.4)	(17.1%)

R = Radiographic equipment; U = Ultrasound machines; MRI = Magnetic resonance imaging machines; FYE= Financial Year Ended; Rev= Revenue; GP= Gross Profit; NP= Net Profit; NL= Net Loss; mil= million; S/B= Sendirian Berhad; n.a.= not available.

(1) Latest audited financial data from the Companies Commission of Malaysia, annual report and LAC Group.

(2) It may include other business activities, products, or services at the group or company level.

(3) A subsidiary of EBOS Group Limited, a listed entity on ASX Limited.

(4) A listed entity on the Main Market of Bursa Securities.

(5) A subsidiary of BCM Alliance Berhad, a listed entity on the ACE Market of Bursa Securities.

(6) Malaysian Diagnostics Corporation S/B.

- The criteria for the selection of the above are: **(1)** registered as a distributor with MDA; **(2)** involved in the distribution of radiographic equipment, and/or ultrasound machines, and/or MRI machines; **(3)** have operation in Malaysia; and **(4)** availability of recent financial information.
- Some of the operators are foreign-listed multinational corporations with entities in Malaysia that serve as the principals of medical equipment. These principals include:
 - Canon Medical Systems Malaysia Sdn Bhd
 - Fujifilm (Malaysia) Sdn Bhd
 - GE Healthcare Sdn Bhd
 - Mindray Medical (M) Sdn Bhd
 - Philips Malaysia Sdn Bhd
 - Samsung Malaysia Electronics (SME) Sdn Bhd
 - Siemens Healthcare Sdn Bhd
 - United Imaging Healthcare (Malaysia) Sdn Bhd

9. BARRIERS TO ENTRY

- The barriers to entry in the distribution of medical devices vary as follows:

Capital-intensive medical equipment or fixed medical equipment, such as MRI machines, CT scanners, and fluoroscopy equipment:

- Barriers to entry are **high**. This is mainly predicted by the technical complexity and specialised requirements of such equipment. Distributors need in-house biomedical engineers to offer full support, including pre-sales assistance, bid submissions, engineering design, procurement,

8. INDUSTRY OVERVIEW (CONT'D)



installation, testing, commissioning, and after-sales service. These systems often require coordination with facility infrastructure, such as dedicated shielding and a reliable, backed-up power supply. Healthcare providers, especially hospitals, have a strong preference for certain brands based on familiarity and system compatibility. Consequently, securing distribution agreements with established brands is a significant challenge, as these brands typically select only one or a few distributors per territory.

Less capital-intensive or loose medical equipment, such as ultrasound machines and general radiographic equipment:

- Barriers to entry in this market are **low to moderate**, mainly due to minimal or no required modifications to existing infrastructure. The equipment is also used by a wide range of healthcare facilities, from large hospitals to small clinics. The technical expertise needed is generally lower compared to more complex, capital-intensive or fixed medical equipment, as most of these products are plug-and-play. This lower barrier allows for more active market participants and the ability to service a larger market compared to the more specialised, expensive medical equipment.
- Some other barriers to entry include, among others, regulatory compliance, such as the need for establishment licences and the conformity assessment for new medical device registration, a proven business track record, financial strengths, and established customer networks, as these are common considerations when brand principals select their distributors.

10. INDUSTRY SIZE AND SHARE

- Some industry and LAC Group's statistics are as follows:

2024 – Malaysia	Import Size ^{(a) (1)} (RM million)	LAC Group	
		Revenue ^{(b) (2)} (RM million)	Market share ^{(c) (3)} (%)
Ultrasound machine	156	71	46
MRI machine	99	11	11
Radiographic equipment	1,282	73	6

Source: (a) DoSM; (b) LAC Group; (c) Vital Factor analysis.

(1) Based on the import value for each type of medical equipment.

(2) Revenue from equipment sales in Malaysia for the financial year ended 31 December 2024.

(3) ((2) divided by (1)) x 100% in each respective category.

2023 – Malaysia	Total ^{(a) (1)} (number)	LAC Group	
		Total healthcare facilities served ^{(b) (2)} (number)	Healthcare facilities coverage ^{(c) (3)} (%)
Hospitals	373	217	58
Clinics	18,522	832	4

Source: (a) MoH; (b) LAC Group; (c) Vital Factor analysis.

(1) The number of hospitals and clinics in Malaysia (latest available data).

(2) The number of hospitals and clinics which LAC Group has served since its business commencement up to 31 December 2023. Products sold include medical equipment.

(3) ((2) divided by (1)) x 100% in each respective category.

2023 – Malaysia Licensed radiographic equipment	Total ^{(a) (1)} (number)	LAC Group	
		Installed base under warranty ^{(b) (2)} (number)	Installed base under warranty coverage ^{(c) (2)} (%)
Angiography	176	10	6
General/Mobile X-Ray/Veterinary	3,971	28	1
CT scanner	295	2	1

Source: (a) MoH; (b) LAC Group; (c) Vital Factor analysis.

(1) The total licensed radiographic equipment in public and private healthcare facilities (latest available data).

(2) ((b) divided by (a)) x 100% in each respective category.

8. INDUSTRY OVERVIEW (CONT'D)



11. INDUSTRY OUTLOOK AND PROSPECTS

Some consideration factors that impact the outlook and prospects of the industry are as follows:

- The demand for medical devices, including medical equipment, in Malaysia is highly dependent on the healthcare services industry. As such, healthcare industry performance, government initiatives and contributing factors such as the socio-economic condition towards the healthcare industry directly influence the growth and outlook of the distribution of the medical device industry.
- In 2024, the private healthcare and health tourism industry is expected to generate a revenue of RM2.3 billion, contributing to economic spillover (*Source: Malaysian Investment Development Authority (MIDA)*). The growth of the private healthcare sector is projected to continue in 2025, with estimated revenue reaching RM2.9 billion for the year (*Source: MoF*).
- The performance of Malaysia's public healthcare system heavily depends on federal funding for continuous development. Under Budget 2025, the Government has introduced several key initiatives to enhance healthcare infrastructure and services. RM6.9 billion has been allocated to the health sector, representing 22.9% of the country's total social service development expenditure, focusing on building new and upgrading healthcare facilities. Additionally, RM45.3 billion has been designated for MoH, RM1 billion for new healthcare facilities in selected states, RM520.3 million for acquiring advanced medical equipment, and RM5 million for upgrading physiotherapy equipment in MoH clinics. The Government also plans to establish a Cancer Specialist Hospital in Kuching and a Heart Specialist Hospital in Kota Kinabalu. (*Source: MoF*)
- As part of the Mid-Term Review of the Twelfth Malaysia Plan, efforts are underway to strengthen the healthcare system by upgrading facilities, integrating information systems, and equipping hospitals with advanced medical technology. The Government also aims to enhance cardiology services by establishing invasive cardiac laboratories in public hospitals. To address the rising medical equipment costs due to rapid technological advancements, leasing is being considered to provide healthcare facilities with greater financial flexibility and potentially increase demand for medical equipment in the public sector. (*Source: Ministry of Economy (MoE)*)
- Between 2022 and 2024, Malaysia's population aged 65 and above grew at a CAGR of 5.3% (*Source: DoSM*). Malaysia officially became an ageing nation in 2021 and is projected to transition into an aged nation by 2044 (*Source: MoE*). As the ageing population increases, demand for healthcare services is expected to surge due to the need for frequent medical care and long-term disease management.
- Noncommunicable diseases (NCDs), including diabetes, hypertension, high cholesterol and obesity, are the leading causes of premature death in Malaysia, with cardiovascular disease being the primary contributor to mortality. In 2023, approximately half a million Malaysian adults were living with 4 NCDs, while around 2.3 million had 3. These conditions are major risk factors for heart disease and stroke. Additionally, an estimated 8.5 million adults in Malaysia have metabolic syndrome, a cluster of interrelated conditions that significantly increase the risk of developing NCDs. (*Source: MoH*)
- The convergence of an ageing population and the rising prevalence of NCDs suggests an increased demand for medical devices, such as advanced medical equipment for disease management and early detection.
- The medical device industry is highly regulated due to its direct impact on human health and safety. As a result, strict regulatory compliance is essential. Any significant changes to the existing regulatory framework could substantially affect operators in the industry.