MERCURY SECURITIES SDN. BHD.

Big Caring Group Berhad

A Full Dose of Scale

IPO Note – Non-Rated

Research Team Coverage / research@mersec.com.my

Thursday, November 5, 2026

MAIN Market

Consumer Sector

SUBSCRIBE

IPO Price:	**RM1.080**
Fair Value:	**RM1.250**

Valuation / Recommendation

We derive a fair value of RM1.250 per share for Big Caring Group Berhad (BCG), based on a 38.0x P/E applied to our FY28E EPS of 3.28 sen. This implies a capital upside of 16% to its IPO price of RM1.08, or a total return of 17% including a FY27E dividend yield of 1.5%. Our target multiple is benchmark against 5-year average historical P/E of selected pharmacy retail peers. We are positive on BCG for its (i) undisputed market leadership as Malaysia's largest retail pharmacy chain, with 668 outlets and a presence in every state and Federal Territory and (ii) vertically integrated business model spanning manufacturing, distribution and retail, allowing it to capture higher upstream margins.

Investment Highlights

Undisputed Market Leader with Best-in-Class Store Productivity. BCG is Malaysia's largest retail pharmacy chain, with 660 licensed pharmacies and 715 licensed pharmacists, more than double its nearest rivals. Its revenue per store of about RM6.2m is the highest among key players, and its 24.2% share of industry revenue in CY2025 gives it the scale to secure better supplier terms and spread fixed costs, an advantage smaller players will find hard to replicate.

Vertical Integration Gives BCG an Edge Rivals Cannot Easily Copy. BCG is the only pharmacy retailer in Malaysia that makes, imports, distributes and sells healthcare products within one group. Its upstream businesses are far more profitable, with Yanling and Medispec earning GP margins of 42.2% and 51.7% in FY26, compared with 28.4% for retail. With about 60% of Yanling's revenue still from outside customers and 280+ own-brand SKUs in the pipeline, there is ample room to bring more production in-house.

Proven Track Record in Network Expansion. BCG grew its network from 179 outlets in July 2022 to 668 as at the LPD, and is the only pharmacy chain present in every state and Federal Territory. New outlets typically break even within a year, with 190 of the 219 net new outlets opened during FY23–FY26 already EBITDA-positive. The Group plans to open 40 to 50 outlets a year.

Financial Highlights. Revenue grew at a 3-year CAGR of 53.6% from RM1,110.7m in FY23 to RM4,024.0m in FY26, driven by the multiple brands acquisition (particularly, Caring, Yanling and Medispec), higher customer traffic and new outlet openings. GP margin expanded from 20.9% to 30.1% over the same period on better supplier terms and higher-margin upstream contributions. We estimate core net profit to rise from RM191.6m in FY26 to RM269.1m in FY29E, a 3-year CAGR of 12.0%, driven by network expansion and lower finance costs following debt repayment.

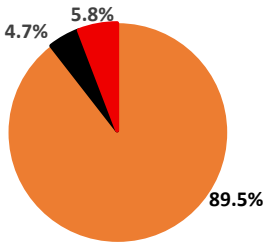
Risk Factors for Big Caring Group Berhad include: (i) dependence on two major suppliers, Zuellig Group and DKSH Group, which accounted for 57.3% of FY26 purchases, (ii) ability to attract and recruit licensed pharmacists to support new outlet openings, (iii) tenancy risk, with 654 of its 668 outlets on rented premises, (iv) acquisition and integration risk, and (v) high borrowings and debt covenants.

Business Overview

Big Caring Group Berhad ("BCG") is Malaysia's largest retail pharmacy chain, operating 668 retail outlets, of which 660 are licensed pharmacies, under the BIG Pharmacy, CARiNG Pharmacy, Georgetown Pharmacy, Wellings Pharmacy, Ting Pharmacy and iCare Pharmacy brands. Founded in 2006, the Group is the only vertically integrated organised pharmacy chain in Malaysia, with operations spanning manufacturing, distribution and wholesaling of healthcare products, as well as physiotherapy and tele-consultation services. BCG is seeking a listing on the Main Market of Bursa Malaysia.

Listing Details	
Listing date	19 November 2026
New Shares (m)	590.55
Offer for sale (m)	1,291.82
Fund to be raised (RM m)	637.79
Post Listing	
Ordinary shares (m)	7,381.8
Market cap (RM m)	7,972.4
Estimated free float (%)	35.3
P/E(x) (*Based on prospectus*)	41.5x
Top Shareholder (Direct)	**%**
Uptown Paradise Sdn Bhd (UPSB)	34.4
Iris Pallida Sdn Bhd (IPSB)	19.3

Utilization of Proceeds	**RM'm**
Repayment of Bank Borrowings	570.7
Establishment of New Distribution Centre	30.0
Estimated Listing Expenses	37.1



FYE Mar (RM'm)	**FY26A**	**FY27E**	**FY28E**	**FY29E**
Revenue	**4,024.0**	**4,529.5**	**4,902.8**	**5,259.5**
EBITDA	552.4	593.7	579.8	614.8
EBIT	435.0	466.8	456.9	494.0
PBT	352.2	406.6	425.1	471.8
Core Net Profit	191.6	231.9	242.5	269.1
Core EPS (sen)*	**2.60**	**3.14**	**3.28**	**3.65**
Core EPS Growth (%)	*56.7%*	*21.0%*	*4.6%*	*11.0%*
Net DPS (sen)*	0.34	1.57	1.64	1.82
Net Div. Yield (%)*	0.3%	1.5%	1.5%	1.7%
BVPS (sen)*	7.6	17.8	19.4	21.3
PER (*Using IPO price*)	41.6	34.4	32.9	29.6
PBV (x) (*Using IPO price*)	14.3	6.1	5.6	5.1
Net Gearing	1.8	0.1	(0.1)	(0.4)

**Based on enlarged issued share capital.*

Company Overview

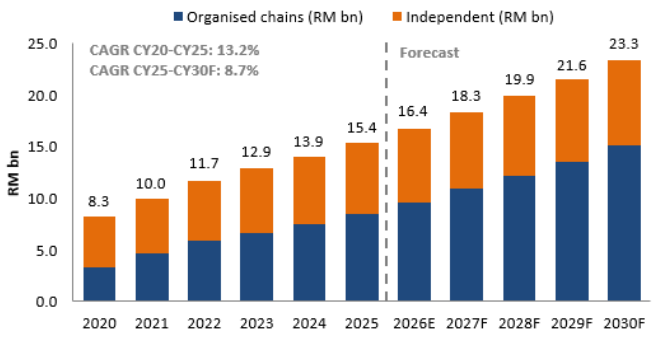
Big Caring Group Berhad ("BCG" or "the Group" or "the Company") is Malaysia's largest retail pharmacy chain, ranked highest by revenue, number of licensed pharmacies and number of licensed pharmacists, and the only pharmacy retailer with a presence in all 13 states and three Federal Territories. Founded in 2006 by Lee Meng Chuan and Lim Sin Yin with a single outlet in Damansara Uptown, Petaling Jaya, the Group has grown through a combination of organic expansion and acquisitions, including RedCap Pharmacy, MY Pharmacy Group, Mercury Wellness and the formerly Main Market-listed Caring Pharmacy (delisted in 2020) in December 2023. As at the LPD, it operates 668 retail outlets, of which 660 are licensed pharmacies, under the "BIG Pharmacy", "CARiNG Pharmacy", "Georgetown Pharmacy", "Wellings Pharmacy", "Ting Pharmacy" and "iCare Pharmacy" brands. The Group operates through two business segments: **(i) Retail** and **(ii) Others**, which contributed 92.9% and 7.1% of revenue respectively in FY26.

The Retail segment sells pharmaceutical, healthcare, beauty, general merchandise and other products through the Group's retail outlets, its own e-stores and online marketplaces, and corporate sales channels, which serve corporate employers, third-party healthcare administrators and insurers. Pharmaceutical and healthcare products made up 79.2% of revenue in FY26. The Group carries about 25,800 SKUs, including over 1,000 own-brand and over 3,000 exclusive product SKUs, and has about 7.9 million registered members. The Others segment makes BCG the only vertically integrated player among organised chains, according to the IMR. It covers the manufacturing of pharmaceutical products, health supplements and traditional medicines through Yanling; the importing, marketing, distribution and wholesaling of pharmaceutical, nutraceutical, medical device and rehabilitation products to hospitals, clinics and pharmacies, mainly through Medispec; physiotherapy services through 27 centres, mainly under Your Physio; and tele-consultation and e-prescription services through its digital health platform, MyHA.

Industry Overview

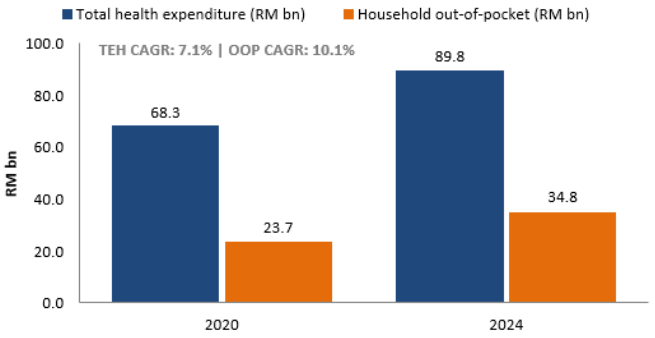
Retail Pharmacy Market on a Structural Uptrend. According to Frost & Sullivan, Malaysia's retail pharmacy industry grew from RM8.3bn in 2020 to RM15.4bn in 2025, a CAGR of 13.2%, and is forecast to reach RM23.3bn by 2030F, a CAGR of 8.7% (*refer to Figure 1 below*). Retail pharmacy has also been taking a bigger slice of the wider health and beauty segment, with its share rising from 46.5% in 2020 to 49.4% in 2025. This growth is underpinned by rising healthcare spending. Malaysia's total health expenditure (TEH) rose from RM68.3bn in 2020 to RM89.8bn in 2024, a CAGR of 7.1%, while household out-of-pocket spending grew faster at a CAGR of 10.1% to RM34.8bn, or 38.8% of TEH (*refer to Figure 2 below*). At the household level, monthly spending on health grew at a CAGR of 9.1% from 2019 to 2024, three times the 3.0% growth in household income, **showing that Malaysians are prioritising healthcare even as overall budgets grow more slowly**. Being largely non-discretionary, pharmacy demand also proved resilient through the COVID-19 pandemic, when pharmacies stayed open as essential businesses. As the market leader with a 24.2% revenue share in 2025, BCG is well placed to capture this growth.

Figure 1: Market Size of the Retail Pharmacy Industry in Malaysia (2020-2030F, RM bn)



Source: Frost & Sullivan (IMR Report)

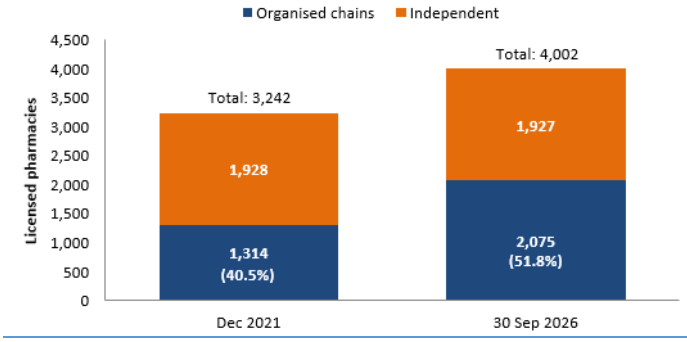
Figure 2: Total Health Expenditure vs Household Out-of-Pocket Spending in Malaysia (RM bn)



Source: MOH Malaysia (National Health Accounts), IMR Report

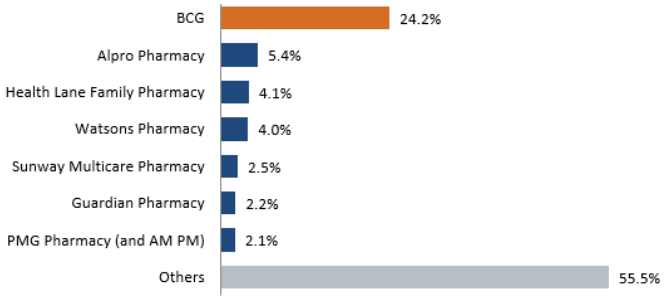
Organised Pharmacy Chains Are Consolidating a Fragmented Market. Within retail pharmacy, organised pharmacy chains (operators with 10 or more outlets) are growing much faster than independent pharmacies. Their **sales grew at a CAGR of 21.0% from 2020 to 2025, against 6.6% for independents, and are expected to keep outpacing them at 12.1% vs 3.8% through 2030F**. This shift is already reflected in outlet numbers. Licensed pharmacies in Malaysia rose from 3,242 in December 2021 to 4,002 as at 30 September 2026, with organised chains adding 761 outlets while independents stayed flat at around 1,930. As a result, the chains' share of licensed pharmacies rose from 40.5% to 51.8% (*refer to Figure 3 below*). The chains' advantage stems from scale, which allows them to buy in bulk at better prices, spread fixed costs over a larger sales base, build stronger brands and hire more pharmacists, advantages that independents and new entrants find hard to match. As the largest player, BCG is the key beneficiary of this trend, holding a 24.2% share of Malaysia's retail pharmacy industry by revenue in 2025, more than four times the 5.4% held by its nearest competitor, Alpro (*refer to Figure 4 below*). Among organised chains alone, its revenue share rises to 43.8% in CY2025. Further consolidation is likely, as independents still run nearly half (48.2%) of Malaysia's licensed pharmacies, compared with around 16% in Singapore, where chains hold 84.2% of the market. This leaves room for BCG to keep growing through new store openings and acquisitions of smaller chains.

Figure 3: Number of Licensed Pharmacies in Malaysia by Type (Dec 2021 vs 30 Sep 2026)



Source: MOH Malaysia, Frost & Sullivan (IMR Report)

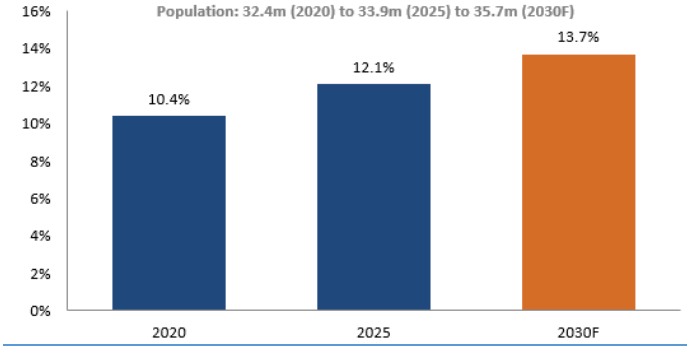
Figure 4: Market Share by Revenue of the Retail Pharmacy Industry in Malaysia (2025)



Source: Frost & Sullivan (IMR Report)

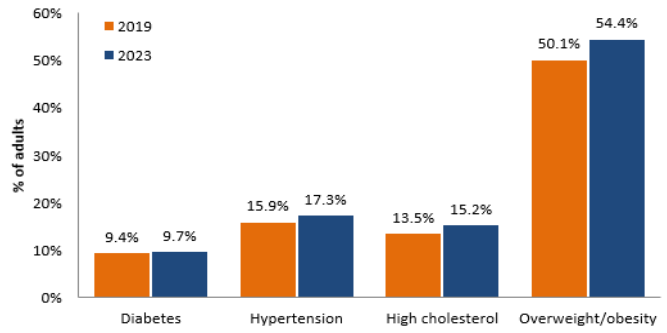
Ageing Population and Rising Non-Communicable Diseases (NCDs) Drive Non-Discretionary Demand. Malaysia's population is growing and ageing at the same time. The population is forecast to rise from 33.9m in 2025 to 35.7m by 2030F, while the share of those aged 60 and above climbs from 10.4% in 2020 to 12.1% in 2025 and 13.7% by 2030F (*refer to Figure 5 below*). Seniors are heavier users of medicines, supplements and medical supplies. For example, they made up 67.8% of new patients registered in the national diabetes registry in 2023. NCDs are also rising across the adult population. Between 2019 and 2023, the prevalence of diagnosed hypertension rose from 15.9% to 17.3%, high cholesterol from 13.5% to 15.2%, and overweight and obesity from 50.1% to 54.4% (*refer to Figure 6 below*). This trend is linked to urbanisation, as city living is often associated with unhealthy diets and sedentary lifestyles. With 83.1% of Malaysians already living in urban areas in 2025, rising to 83.7% by 2030F, NCD prevalence is likely to keep climbing. **These chronic conditions need regular repeat medication, which is increasingly filled at retail pharmacies**. This plays to BCG's strengths. Its larger BIG Pharmacy stores carry elderly care and rehabilitation products, and the Group also offers medical device rental and sale, chronic disease management and physiotherapy through Your Physio.

Figure 5: Share of Malaysia's Population Aged 60 and Above (2020-2030F)



Source: United Nations, IMF, IMR Report, Mercury Securities

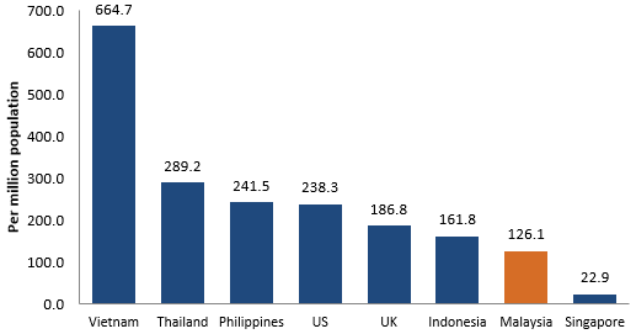
Figure 6: Prevalence of Diagnosed NCDs among Malaysian Adults (2019 vs 2023)



Source: MOH Malaysia (NHMS 2023), IMR Report

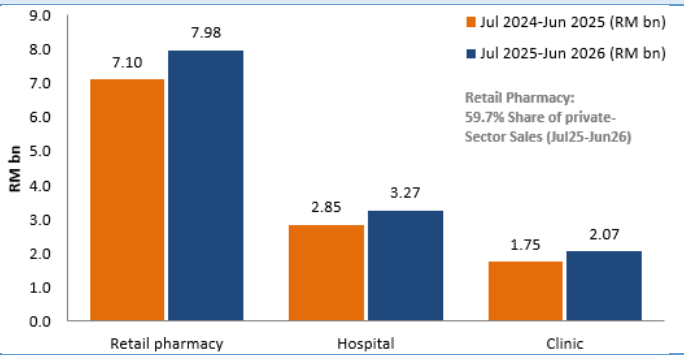
Under-Penetrated Market, with Pharmacies Becoming the First Point of Care. Malaysia has only 126 retail pharmacies per million population, below regional peers such as Indonesia (162), the Philippines (242), Thailand (289) and Vietnam (665), as well as developed markets such as the UK (187) and the US (238) (*refer to Figure 7 below*). Data across markets may not be fully comparable, especially as General Practitioner (GP) clinics in Malaysia also dispense medicines, but the gap points to **room for more outlets before the market nears saturation**. At the same time, retail pharmacies are becoming the main channel for medicines. They accounted for 59.7% of private-sector pharmaceutical sales in the 12 months to June 2026, well ahead of hospitals (24.4%) and clinics (15.5%), with sales up 12.4% YoY to RM8.0bn (*refer to Figure 8 below*). Patients with chronic conditions increasingly choose pharmacies for convenience and shorter waiting times, while employers are partnering with pharmacies on tele-consultations to cut clinic visits. BCG is positioned for this through its digital healthcare platform and corporate channel, which serves corporate employers, third-party healthcare administrators and insurers.

Figure 7: Retail Pharmacies per Million Population, Malaysia vs Selected Countries (2025)



Source: MOH Malaysia, respective country regulators, IMF, Frost & Sullivan (IMR Report)

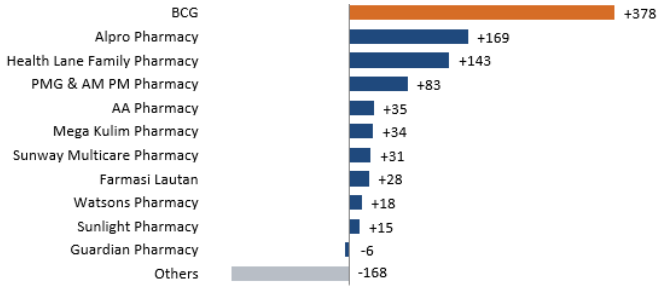
Figure 8: Private-Sector Pharmaceutical Sales in Malaysia by Channel (RM bn)



Source: IQVIA, IMR Report, Mercury Securities

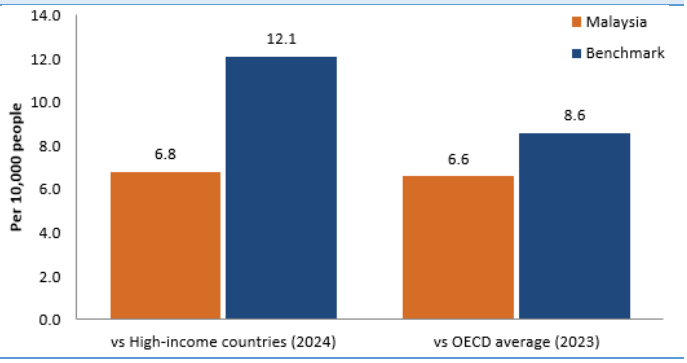
Industry Headwinds. Competition is intensifying as other chains step up their expansion. From December 2021 to September 2026, Alpro added 169 licensed pharmacies and Health Lane added 143, and PMG Healthcare plans to open 30–50 stores a year, close to BCG's own target of 40–50 (*refer to Figure 9 below*). The Group also competes with Watsons and Guardian, supermarkets and hypermarkets, in-house dispensaries at clinics and hospitals, and online retailers, some of which may accept lower margins to win share, putting pressure on pricing. A second constraint is pharmacist supply. Each licensed pharmacy needs a licensed pharmacist on duty during operating hours, yet Malaysia had only 6.8 pharmacists per 10,000 people in 2024, well below the high-income country average of 12.1, and 6.6 against the OECD (Organisation for Economic Co-Operation and Development) average of 8.6 in 2023 (*refer to Figure 10 below*). Hiring is harder in less populated areas such as parts of East Malaysia, and a tighter market could push up staff costs. This risk is partly mitigated by a growing pharmacist pool, which expanded at a CAGR of 4.8% from 2020 to 2025, and by BCG's track record of growing its pharmacist headcount from 1,081 in FY23 to 1,302 in FY26. The industry is also heavily regulated, and changes to licensing, dispensing or pricing rules could affect operations.

Figure 9: Net Change in Licensed Pharmacies by Key Player (Dec 2021 to 30 Sep 2026)



Source: MOH Malaysia, Frost & Sullivan (IMR Report), Mercury Securities

Figure 10: Pharmacists per 10,000 Population: Malaysia vs Benchmarks

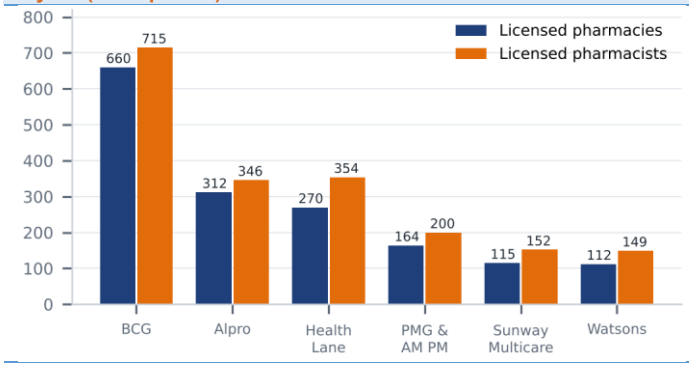


Source: FIP, OECD, MOH Malaysia, IMR Report

Investment Merits

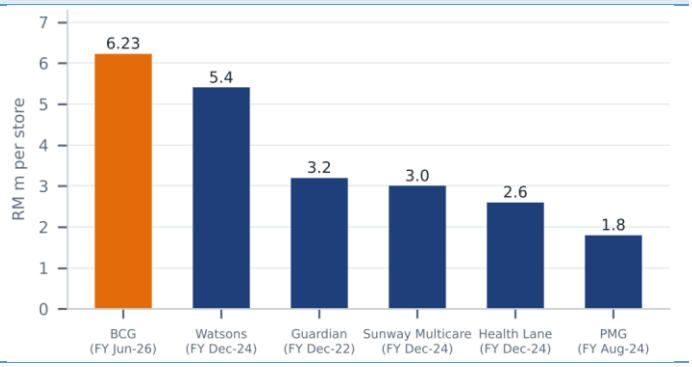
Undisputed Market Leader with Best-in-Class Store Productivity. BCG is Malaysia's largest retail pharmacy chain by (i) revenue, (ii) number of licensed pharmacies and (iii) number of licensed pharmacists. As at 30 September 2026, it operated 660 licensed pharmacies and employed 715 licensed pharmacists, more than double the 312 licensed pharmacies of its nearest rival, Alpro, and the 354 licensed pharmacists of Health Lane (*refer to Figure 11 below*). It also added the most licensed pharmacies (378 pharmacies) of any player between December 2021 and September 2026. This scale translates into superior store productivity. BCG's revenue per store of about RM6.2m is the highest among key players, ahead of Watsons (about RM5.4m) and well above Sunway Multicare (about RM3.0m) and Health Lane (about RM2.6m) (*refer to Figure 12 below*). With a 24.2% share of industry revenue in CY2025, more than four times Alpro's 5.4%, BCG has the scale to negotiate better terms with suppliers and spread its fixed costs over a larger sales base, an advantage that smaller players will find hard to replicate as the industry consolidates.

Figure 11: Licensed Pharmacies and Licensed Pharmacists of Key Players (30 Sep 2026)



Source: MOH Malaysia, Frost & Sullivan (IMR Report)

Figure 12: Revenue per Store of Key Players (RM m, Latest Available FY)



Source: Frost & Sullivan (IMR Report). Peers may include non-pharmacy stores

Vertical Integration Gives BCG an Edge Rivals Cannot Easily Copy. According to the IMR Report, BCG is the only pharmacy retailer in Malaysia that makes, imports, distributes and sells healthcare products within one group, through Yanling (manufacturing), Medispec (import and distribution) and its retail outlets. This matters because the upstream businesses are far more profitable than retail. In FY26, Yanling earned a GP margin of 42.2% and Medispec 51.7%, compared with 28.4% for retail. The Group already has a sizeable own-brand business, with over 1,000 own-brand SKUs generating RM486m or 13.0% of retail revenue in FY26, and another 280+ SKUs in development (*refer to Figure 13 below*). Yet there is still plenty of room to grow, as about 60% of Yanling's FY26 revenue still came from outside customers, with only 41.4% from making the Group's own-brand products. Medispec also plans to grow its registered products from 496 to over 600 within three years. As Yanling makes more of the Group's own products and Medispec sells more products, more of BCG's profit will come from these higher-margin businesses.

Figure 13: BCG Own-brand and Exclusive Product SKUs

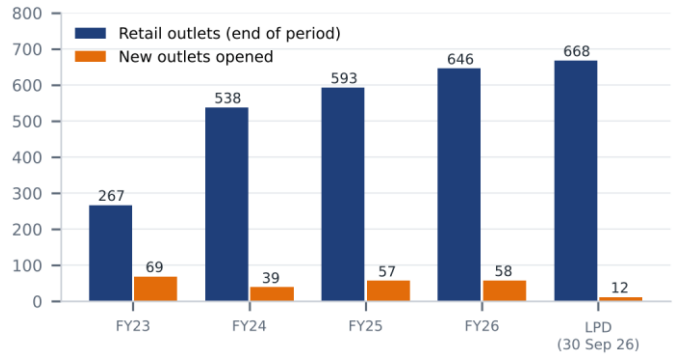


Source: Company

Proven Track Record in Network Expansion. BCG is Malaysia's largest pharmacy retailer and the only one with a presence in every state and Federal Territory, having expanded its network from 179 outlets in July 2022 to 668 as at the LPD through organic openings and acquisitions (*refer to Figure 14 below*). Despite its scale, there remains ample headroom for further expansion. The Group commands an 18–24% market share of licensed pharmacies in Selangor, Kuala Lumpur and the Southern region, but only 12–14% in the Northern, East Coast and East Malaysia regions (*refer to Figure 15 below*). Going forward, the Group intends to deepen its presence in established regions while expanding prudently into underpenetrated areas. The expansion is underpinned by strong store economics. New outlets typically achieve EBITDA breakeven within a year and a payback period of two to three years, with 190 of the 219 net new outlets opened during FY23–FY26 having already broken even, while 93.3% of all outlets were EBITDA-positive in FY26. The Group plans to open 40 to 50 outlets annually, and has allocated about RM18.0m a year in capex for new outlets over the next three years, to be funded internally.

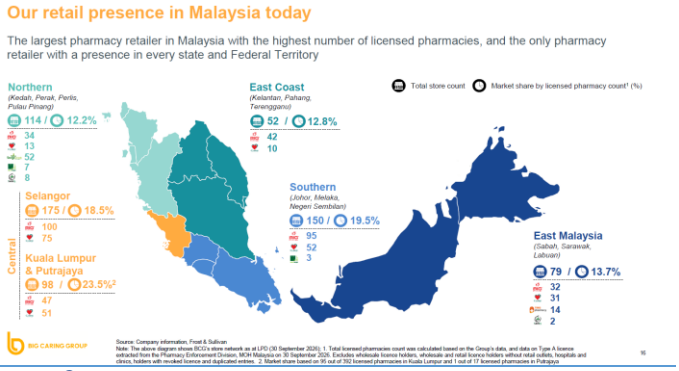
Beyond organic growth, the Group has an established track record in M&A (*refer to Figure 16 below*). Since its first acquisition in FY2018, it has used acquisitions to enter new regions, including Johor through RedCap Pharmacy, the East Coast through Mercury Wellness and East Malaysia through Ting Pharmacy. In FY2024, it completed the Caring Acquisition, which added 256 outlets and the CARiNG, Georgetown and Wellings brands. The Group has also used M&A to move up the value chain, adding manufacturing through Yanling, import and distribution through Medispec, and physiotherapy services through Your Physio. Acquired businesses have been successfully integrated, with all retail outlets brought onto the Group's centralised supply chain and point-of-sale systems, and procurement centralised under the Caring Group. The Group continues to pursue acquisitions, having completed the acquisition of iCare Pharmacy in September 2026 and entered into an agreement to acquire Singapore-based Yeap Medical Supplies in October 2026, marking its first move into an overseas market.

Figure 14: BCG's Retail Outlet Network (FY23 to LPD)



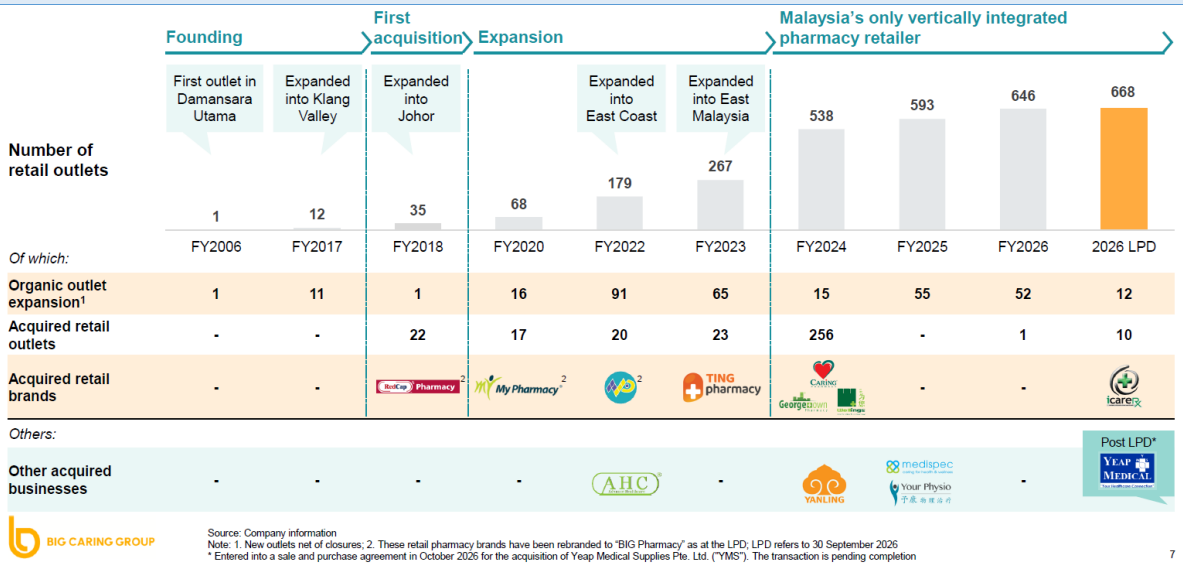
Source: BCG's IPO Prospectus. LPD figure covers 1 Jul to 30 Sep 2026

Figure 15: Percentage of Market Share by Licensed Pharmacy Count



Source: Company

Figure 16: BCG Track Record of M&A



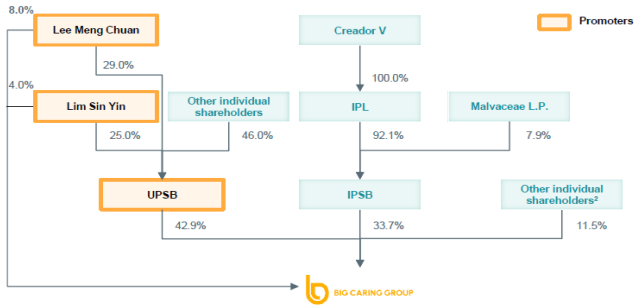
Source: Company

Figure 17: IPO Details

	Offer for Sale (m)	Public Issue (m)	Total (m)	(%)
Retail Offering				
Bumiputera Public Investors	-	73.82	73.82	1.00
Non-Bumiputera Public Investors	-	73.82	73.82	1.00
Eligible Persons	-	120.00	120.00	1.63
Private Placement				
Bumiputera Investors approved by MITI	709.82	212.91	922.73	12.50
Other Institutional and Selected Investors	582.00	110.00	692.00	9.37
Total	**1,291.82**	**590.55**	**1,882.37**	**25.50**

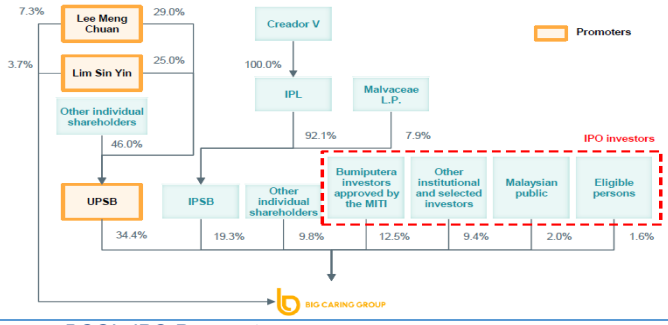
Source: BCG's IPO Prospectus

Figure 18: Pre-IPO Corporate Structure



Source: BCG's IPO Prospectus

Figure 19: Post-IPO Corporate Structure



Source: BCG's IPO Prospectus

This section is left blank intentionally

Financial Highlights

BCG's revenue more than tripled over the period under review, driven by acquisitions and rising customer demand at its retail outlets. Topline rose from RM1,110.7m in FY23 to RM4,024.0m in FY26, a 3-year CAGR of 53.6% (*refer to Figure 22 below*). The largest step-up came from the Caring Acquisition in December 2023. Caring contributed six months of revenue (RM744.5m) in FY24 and a further RM959.8m in FY25 on full-year consolidation, lifting Group revenue by 95.5% and 57.1% YoY respectively. Beyond acquisitions, organic growth was driven by different factors at each retail brand. At BIG Retail Outlets, growth came mainly from higher customer traffic, with average monthly transactions rising 66.2% from 1.24m in FY23 to 2.06m in FY26, while average basket value increased modestly from RM64 to RM69 (*refer to Figure 20 below*). At Caring Retail Outlets, growth was more evenly balanced, with average basket value rising from RM69 to RM82 and average monthly transactions from 1.52m to 1.81m over the same period (*refer to Figure 21 below*). New outlets provided a further boost, with 99 BIG and 55 Caring outlets opened during FY24–FY26. In FY26, revenue growth normalised to 17.9% YoY as the acquisition effect faded, with retail revenue up 13.9% to RM3,738.1m, of which new outlets contributed RM86.8m. Meanwhile, the others segment grew from RM21.5m in FY23 to RM285.9m in FY26, mainly from the acquisitions of Yanling, Medispec and Your Physio. Stripping off revenue from Caring, Manufacturing (Yanling) and Distribution (Medispec) segment, BCG's revenue was RM1,069.3m/RM1,340.9m/RM1,540.1m/RM1,770.4m for FY23/FY24/FY25/FY26, respectively, implying a 3-year CAGR of 18.3%.

Figure 20: Big Retail Outlets Performance

	FY23A	FY24A	FY25A	FY26A
Average Outlets in Operation* (x)	223.0	280.0	309.5	340.5
Average Basket Value (Value per transaction) (RM)	64.0	69.0	67.0	69.0
Average total transactions per month ('000) - Total Transactions divide with month	1,240	1,549	1,847	2,061
Average sales per store per day (RM)	15,017.0	13,484.0	13,900.0	14,414.0
Growth %				
Average Outlets in Operation		25.6%	10.5%	10.0%
Average Basket Value (Value per transaction)		7.8%	-2.9%	3.0%
Average total transactions per month - Total Transactions divide with month		24.9%	19.2%	11.6%
Average sales per store per day		-10.2%	3.1%	3.7%

Source: Prospectus, Mercury Securities
**Calculated using (Opening and Closing number of outlets divided by 2)*

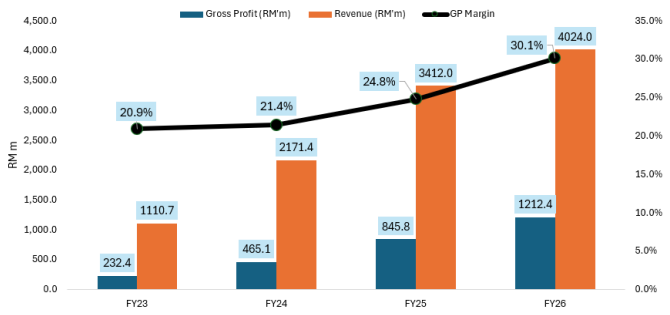
Figure 21: Caring Retail Outlets Performance

	FY23A^	FY24A	FY25A	FY26A
Average Outlets in Operation*	n.a.	122.5	256.0	279.0
Average Basket Value (Value per transaction) (RM)	69.0	72.0	78.0	82.0
Average total transactions per month ('000) - Total Transactions divide with month	1,521	1,658	1,760	1,806
Average sales per store per day (RM)	17,726.0	17,035.0	18,640.0	18,536.0
Growth %				
Average Outlets in Operation		n.m.	109.0%	9.0%
Average Basket Value (Value per transaction)		4.3%	8.3%	5.1%
Average total transactions per month - Total Transactions divide with month		9.0%	6.2%	2.6%
Average sales per store per day		-3.9%	9.4%	-0.6%

Source: Prospectus, Mercury Securities
**Calculated using (Opening and Closing number of outlets divided by 2)*
^Caring was acquired on 29 December 2023. Operating metrics for FY23 and FY24 reflect the full-year performance of Caring Retail Outlets, including the period before the acquisition, as disclosed in the prospectus. FY24 average outlets in operation are computed from a zero opening base and are therefore understated; FY25 growth in average outlets is not meaningful.

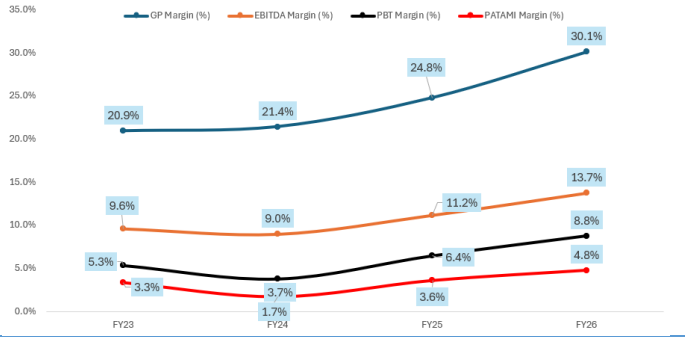
Profitability improved markedly, with PATAMI margin expanding from 3.3% to 4.8% as GP margin widened. Gross profit grew from RM232.4m in FY23 to RM1,212.4m in FY26, while GP margin rose from 20.9% to 30.1% (*refer to Figure 23 below*). GP margin was broadly stable in FY24 at 21.4%. It improved to 24.8% in FY25 on higher product rebates and better supplier terms after procurement was centralised under the Caring Group. It widened further to 30.1% in FY26 for two reasons. First, from 1 July 2025 the Group began booking all product rebates as a reduction to cost of sales instead of under other operating income. Second, the higher-margin Medispec and Your Physio businesses contributed for a full year. Below the gross profit line, PBT rose 38.0% to RM81.2m in FY24, but PBT margin fell from 5.3% to 3.7%. Higher staff and depreciation costs from consolidating Caring weighed on margins, and finance costs rose 246.8% to RM40.2m on borrowings for the Caring Acquisition. PBT then grew 170.1% to RM219.3m in FY25 and 60.6% to RM352.2m in FY26, as GP growth outpaced higher operating expenses and finance costs (FY26: RM88.5m) from acquisition-related borrowings. As a result, PATAMI grew from RM37.0m in FY23 to RM191.6m in FY26, a 3-year CAGR of 73.0%. However, the effective tax rate stayed well above the 24% statutory rate. It peaked at 41.1% in FY24 and was 34.2% in FY26, mainly due to non-deductible acquisition finance costs and IPO expenses.

Figure 22: Revenue Trend (RM m) and YoY Growth (%)



Source: BCG's IPO Prospectus, Mercury Securities

Figure 23: Profitability Margins (%)

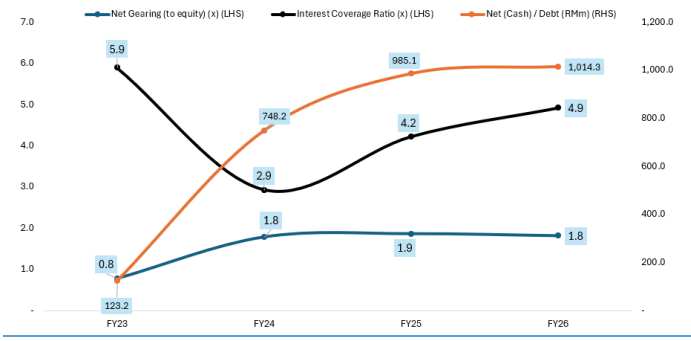


Source: BCG's IPO Prospectus, Mercury Securities

Leverage Elevated from Acquisitions, but Set to Ease Post-IPO. BCG's borrowings rose from RM155.0m in FY23 to RM1,360.2m in FY26, mainly from term loans and revolving credit drawn to fund the Caring, Medispec and Your Physio acquisitions, as well as bankers' acceptances for trade purchases. As a result, net debt climbed from RM123.2m in FY23 to RM1,014.3m in FY26, lifting net gearing from 0.8x to 1.8x (*refer to Figure 24 below*). Net gearing has since held broadly stable at 1.8–1.9x, even when borrowings grew in FY26 following the debt-funded Medispec acquisition in FY25. Interest coverage fell from 5.9x in FY23 to 2.9x in FY24 as finance costs more than tripled on the Caring acquisition facility, before recovering to 4.9x in FY26 as earnings outpaced finance costs. The Group has not defaulted on any of its borrowings and is not in breach of its covenants. However, it was in a net current liabilities position of RM423.2m as at end-FY26, mainly because the acquisition facility is classified as current borrowings. Post-listing, RM570.7m (89.5%) of the Public Issue proceeds will be used to repay borrowings, including a mandatory RM431.3m prepayment of the syndicated term loan. This is expected to reduce gearing (including lease liabilities) from 2.8x to 0.9x, lower interest costs by about RM26.3m a year, and move the Group into a pro forma net current assets position of RM152.3m.

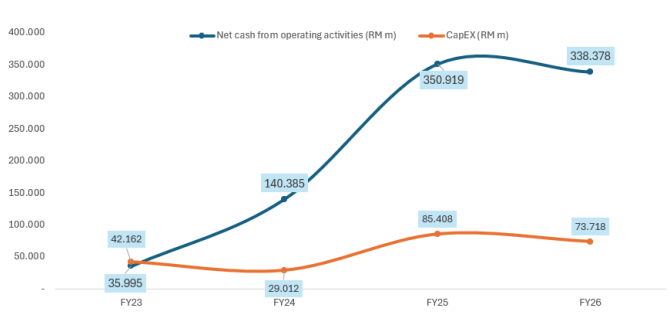
Strong Operating Cash Flow, Comfortably Covering Capex. As a retailer, BCG collects cash from customers almost immediately, so its operating cash flow mainly depends on how much it pays suppliers and how much it holds in inventory. Operating cash flow grew from RM36.0m in FY23 to RM338.4m in FY26 (*refer to Figure 25 below*). In FY23, operating cash flow was low at RM36.0m because the Group spent RM62.6m building up inventory for its East Malaysia outlets. In FY24, it rose to RM140.4m, mainly because six months of Caring's earnings were consolidated into the Group, and also because inventory fell by RM22.5m as the Group improved its inventory management. In FY25, it jumped to RM350.9m. Besides a full year of Caring's earnings, the Group benefited from a RM142.4m increase in payables, because suppliers gave it longer credit terms after procurement were centralised under Caring. In other words, the Group was able to hold on to its cash for longer before paying suppliers. In FY26, operating cash flow eased slightly to RM338.4m because the Group bought more stock ahead of higher sales. Inventory rose by RM220.3m, which used up more cash than the RM107.7m increase in payables brought in. Throughout the period, capex stayed modest at RM29.0m–RM85.4m a year, mainly for new outlets and the BRDC distribution centre, so operating cash flow covered capex comfortably from FY24 onwards. As a result, the Group generated cumulative free cash flow of about RM635m over FY23–FY26.

Figure 24: Balance Sheet Strength and Leverage Profile



Source: BCG's IPO Prospectus, Mercury Securities
** Net gearing is calculated as net debt over total equity*

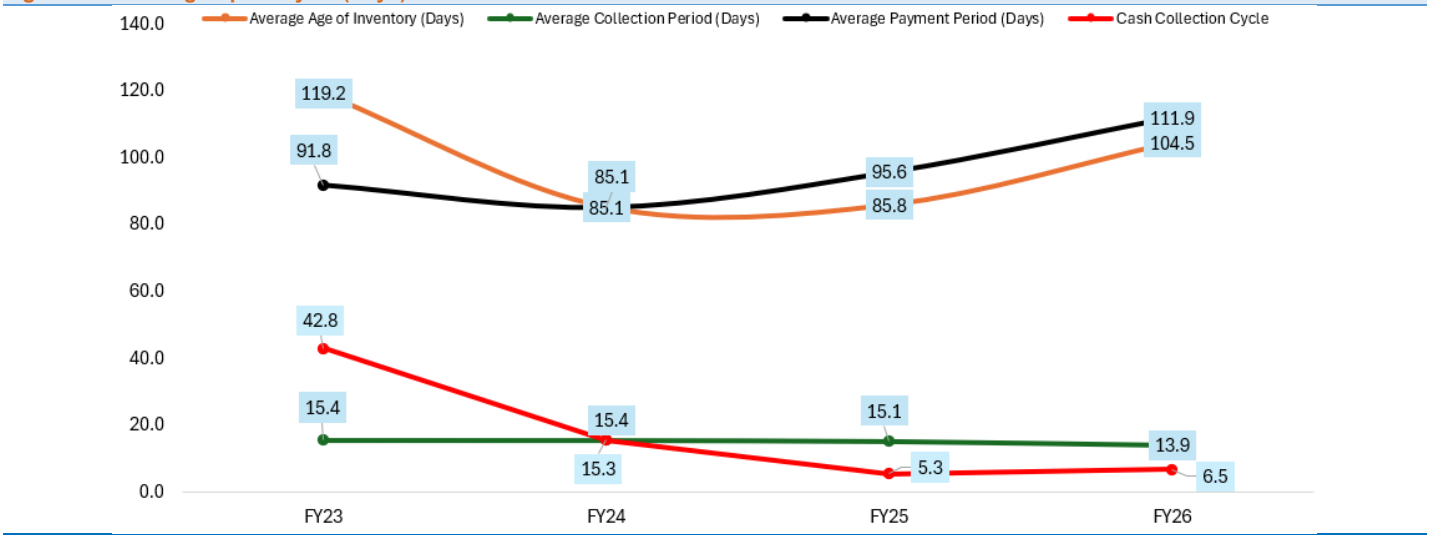
Figure 25: Capex vs. Net Operating Cash Flow



Source: BCG's IPO Prospectus, Mercury Securities

Working Capital Cycle Shortened as Supplier Credit Terms Lengthened. BCG's cash conversion cycle shortened from 42.8 days in FY23 to 6.5 days in FY26 (*refer to Figure 26 below*), as the Group stretched its payment period while keeping collections tight. The average collection period held steady at around 14–15 days throughout, since most retail sales are settled immediately in cash, by card or through e-payment channels, and credit terms of 30 to 120 days are offered only to corporate customers. Most of the improvement came in FY24, when the cycle fell to 15.3 days on better inventory management. It shortened further to 5.3 days in FY25 as the average payment period lengthened from 85.1 to 95.6 days, after suppliers granted longer credit terms once procurement was centralised under the Caring Group. In FY26, the payment period stretched further to 111.9 days on higher inventory purchases, but this was offset by an inventory build-up to support higher retail sales volumes, with inventory days rising from 86 to 104, leaving the cycle broadly flat at 6.5 days. Credit risk appears minimal, with no material write-offs of trade receivables over the period under review and 82.4% of trade receivables outstanding as at 30 June 2026 collected by the LPD (30 September 2026).

Figure 26: Working Capital Cycle (Days)



Source: BCG's IPO Prospectus, Mercury Securities
**Average Collection Period and Payment Period is calculated on total basis (Trade Receivable and Other receivables, Trade payable and other payable)*

Revenue Estimated to Grow on Network Expansion and Steady Organic Growth. BCG's revenue is estimated to increase from RM4,024.0m in FY26 to RM5,259.5m in FY29E, implying a 3-year CAGR of 9.3% (FY23–FY26: 53.6%) (*refer to Figure 27 below*). With no further significant acquisitions assumed, growth moderates from the acquisition-driven pace of the past three years, with FY27E revenue rising 12.6% YoY to RM4,529.5m before settling at 7.3–8.2% per annum over FY28E–FY29E. The estimates are underpinned by three key drivers: i) We assume 40 new outlets a year (20 BIG and 20 Caring), ii) Constant performance at existing outlets. Average basket value is held flat at FY26 levels (BIG: RM69; Caring: RM82), as basket growth has already shown signs of slowing from a higher base. BIG's average basket value has hovered at RM67–69 since FY24, while growth in Caring's average basket value moderated from 8.3% in FY25 to 5.1% in FY26 and iii) Average sales per store per day is assumed to grow by a modest 1.0% a year.

On profitability, GP margin is estimated to remain stable at 30.1–30.2% over FY27E–FY29E (FY26: 30.1%), as segment margins are assumed to be maintained at FY26 levels. EBITDA margin is expected to ease from 13.7% in FY26 to 13.1% in FY27E and 11.7–11.8% over FY28E–FY29E, as operating and administrative expenses are assumed to rise to 23.0% and 24.0% of revenue respectively (FY26: 22.7%), reflecting the rising trend in the cost base. The opex-to-revenue ratio has already risen from 20.4% in FY25 to 22.7% in FY26, driven by a larger workforce (762 additional retail staff in FY26), higher commission charges from growing e-commerce sales and increased marketing to support network expansion. These pressures are expected to persist, as the Group continues to open 40 new outlets a year. Below the EBITDA line, net finance costs are expected to fall sharply from RM82.8m in FY26 to RM60.2m in FY27E and RM31.8m in FY28E, following the repayment of RM570.7m of borrowings using the IPO proceeds. The effective tax rate is assumed to fall to 31.0% (FY26: 34.2%), as non-deductible IPO expenses and finance costs on acquisition borrowings decline, though it remains above the 24% statutory rate as the borrowings are only partly repaid. Consequently, core net profit is estimated at RM231.9m in FY27E, RM242.5m in FY28E and RM269.1m in FY29E, a 3-year CAGR of 12.0%, translating into a core net margin of 4.9–5.1%. The Group has a dividend policy of up to 50% of its PATAMI. Assuming a 50% payout, this translates into a net DPS of 1.57–1.82 sen and a dividend yield of 1.5–1.7% over FY27E–FY29E, based on the IPO price of RM1.08.

Figure 27: BCG's Historical and Forecasted Financials

	FY23A	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue	1,110.7	2,171.4	3,412.0	4,024.0	4,529.5	4,902.8	5,259.5
Gross Profit	**232.4**	**465.1**	**845.8**	**1,212.4**	**1,363.8**	**1,478.7**	**1,588.7**
EBITDA	106.5	194.6	380.7	552.4	593.7	579.8	614.8
EBIT	68.3	117.7	279.7	435.0	466.8	456.9	494.0
PBT	58.8	81.2	219.3	352.2	406.6	425.1	471.8
Core Net Profit	**37.0**	**37.2**	**122.3**	**191.6**	**231.9**	**242.5**	**269.1**
Core EPS (sen)*	**0.50**	**0.50**	**1.66**	**2.60**	**3.14**	**3.28**	**3.65**
Core EPS Growth (%)		0.5%	228.5%	56.7%	21.0%	4.6%	11.0%
Net DPS (sen)*	-	0.28	0.10	0.34	1.57	1.64	1.82
Net Div. Yield (%) *	0.0%	0.3%	0.1%	0.3%	1.5%	1.5%	1.7%
BVPS (sen)*	2.2	5.7	7.2	7.6	17.8	19.4	21.3
PER (*Using IPO price*)	215.4	214.2	65.2	41.6	34.4	32.9	29.6
PBV (x) (*Using IPO price*)	50.1	19.0	15.1	14.3	6.1	5.6	5.1
Net Gearing	0.8	1.8	1.9	1.8	0.1	(0.1)	(0.4)

**Based on enlarged issued share capital.*

Figure 28: Mercury Securities' Key Assumptions for BCG

Mercury Assumptions	FY27E	FY28E	FY29E	FY30E
Average Outlets in Operation (BIG)	365.0	385.0	405.0	425.0
Average Revenue per Outlet (BIG)	5.277	5.346	5.387	5.442
Average Outlets in Operation (Caring)	301.0	321.0	341.0	361.0
Average Revenue per Outlet (Caring)	6.776	6.866	6.919	6.991

Source: Based on Mercury Securities Estimate

Valuation

At the IPO price of RM1.08 per share, BCG is valued at a market capitalisation of RM7,972.4m, implying a 41.6x P/E based on FY26 PATAMI of RM191.6m**. We derive a fair value of RM1.250 per share based on a 38.0x P/E applied to FY28E core EPS of 3.28 sen.** The target multiple is benchmark against the 5-year average historical P/E of selected regional pharmacy retail peers, namely Yifeng Pharmacy Chain, Dashenlin Pharmaceutical, Laobaixing Pharmacy Chain, Yixintang Pharmaceutical, MedPlus Health Services, FPT Corp, Great Tree Pharmacy. We believe these peers serve as an appropriate valuation reference given BCG's almost similar (i) business model – retail pharmacy (ii) profitability margin and (iii) market capitalisation.

5-Year Historical P/E Average of Regional Peers (x)

Company	Bloomberg Ticker	2021	2022	2023	2024	2025	Average P/E
YIFENG PHARMACY CHAIN CO L-A	603939 CH EQUITY	44.1	36.2	28.6	19.2	15.7	28.8
DASHENLIN PHARMACEUTICAL G-A	603233 CH EQUITY	42.1	36.3	24.2	18.6	16.3	27.5
LAOBAIXING PHARMACY CHAIN-A	603883 CH EQUITY	30.1	29.8	18.8	22.8	29.6	26.2
YIXINTANG PHARMACEUTICAL G-A	002727 CH EQUITY	24.7	18.5	25.2	67.6	28.1	32.8
MEDPLUS HEALTH SERVICES LTD	MEDPLUS IN EQUITY	-	118.7	155.8	125.5	60.5	115.1
FPT CORP	FPT VN EQUITY	21.4	17.4	20.6	30.8	18.4	21.7
GREAT TREE PHARMACY CO LTD	6469 TT EQUITY	38.5	37.6	58.3	28.3	23.3	37.2
Simple Avg.		**28.7**	**42.1**	**47.3**	**44.7**	**27.4**	**38.0**

Source: Bloomberg, Mercury Securities

Profitability Margin and Return Ratios Comparison

Company	Bloomberg Ticker	Share price	Mkt Cap	Margin (%)				%		
		(RM)	(RM m)	GP	EBITDA	PBT	PAT	ROE	ROA	ROC
YIFENG PHARMACY CHAIN CO L-A	603939 CH EQUITY	16.3	19,729.7	39.4	17.3	10.1	6.9	15.7	6.9	9.5
DASHENLIN PHARMACEUTICAL G-A	603233 CH EQUITY	12.5	14,739.7	34.3	12.9	6.7	4.5	19.2	5.3	6.7
LAOBAIXING PHARMACY CHAIN-A	603883 CH EQUITY	9.0	6,817.8	32.3	10.3	3.4	1.7	7.0	2.4	4.1
YIXINTANG PHARMACEUTICAL G-A	002727 CH EQUITY	8.2	4,786.3	32.6	10.4	2.3	1.5	5.1	2.4	3.9
MEDPLUS HEALTH SERVICES LTD	MEDPLUS IN EQUITY	25.6	3,081.6	#N/A N/A	8.8	4.0	3.2	11.8	6.0	7.0
FPT CORP	FPT VN EQUITY	8.5	16,069.5	36.9	19.8	18.6	13.4	26.2	13.0	18.7
GREAT TREE PHARMACY CO LTD	6469 TT EQUITY	7.5	1,194.2	28.7	8.3	3.9	3.2	14.4	3.8	5.4
Simple Avg.			**9,488.4**	**34.0**	**12.6**	**7.0**	**4.9**	**14.2**	**5.7**	**7.9**
Big Caring Group Berhad	BCG MK EQUITY	1.08	7,972.4	30.1	13.7	8.8	5.8			

Source: Bloomberg, Mercury Securities
**Data as at 04 November 2026*

This section is left blank intentionally

SWOT Analysis

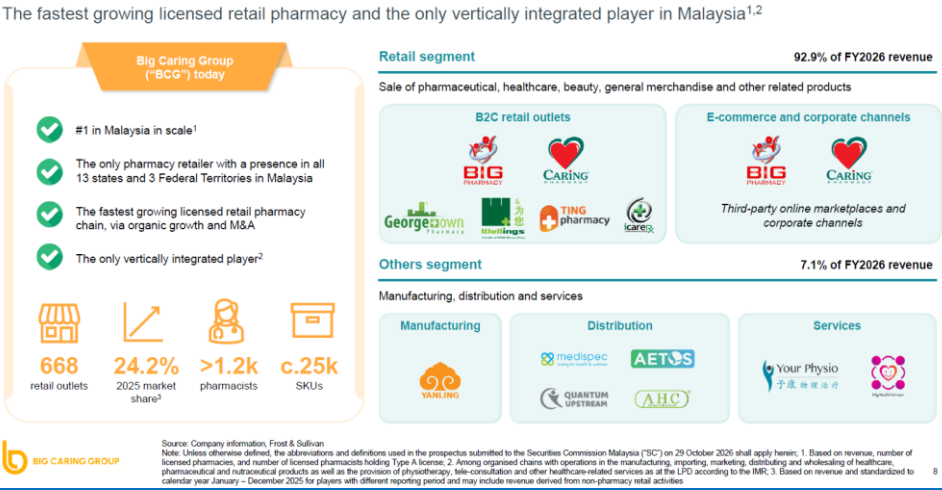
S STRENGTHS	W WEAKNESS
Unmatched Scale and Nationwide Reach. BCG is Malaysia's largest retail pharmacy chain, with 660 licensed pharmacies and 715 licensed pharmacists as at 30 September 2026. It is the only operator present in all 13 states and three Federal Territories. It held a 24.2% revenue share of the industry in CY2025, more than four times its nearest competitor, and recorded the highest revenue per store among key peers at about RM6.2m. **Vertically Integrated Model Drives Margin Expansion.** BCG is the only organised chain that also manufactures (Yanling), distributes and wholesales (Medispec) its own healthcare products. This lets the Group earn manufacturing and distribution margins on top of retail margins, and supports its range of over 1,000 own-brand SKUs. As a result, GP margin rose from 20.9% in FY23 to 30.1% in FY26, while EBITDA margin improved from 9.6% to 13.7%. **Proven Track Record in Expansion and Integration.** Between July 2022 and the LPD, the Group opened 235 new outlets and acquired 290 more, including the large Caring Acquisition, which was fully migrated onto BCG's SAP system by January 2025. New outlets typically break even at the EBITDA level within a year and pay back within two to three years, with 190 of the 219 net new outlets opened during FY23-FY26 already EBITDA-positive.	**High Leverage from Acquisitions.** Borrowings taken to fund acquisitions, mainly the Caring Acquisition, lifted BCG's gearing ratio from 2.1x in FY23 to 3.1x as at 30 June 2026, while its current ratio fell to 0.77x. Although RM570.7m of IPO proceeds will go towards repaying borrowings, the Group remains more leveraged than a typical retailer, which may limit its headroom for future acquisitions. **Thin Bottom-Line Margins.** Despite strong operating margins, BCG's PATAMI margin was only 4.8% in FY26, weighed down by interest costs, M&A and listing expenses, and an elevated effective tax rate. Earnings remain sensitive to interest rate movements and one-off corporate costs until borrowings are meaningfully reduced. **Uneven Same-Store Growth across Brands.** SSSG at CARiNG outlets slowed from 10.3% in FY25 to 4.9% in FY26, while BIG outlets grew 9.9%. Group-wide SSSG eased from 9.6% to 7.3% over the same period. Sustaining the management target of 7.0-9.0% SSSG will depend on lifting basket sizes and traffic at its mall-based CARiNG stores.
T **THREATS**	**O** **OPPORTUNITIES**
Intensifying Competition. Rival chains are expanding quickly, with Alpro and Health Lane adding 169 and 143 licensed pharmacies respectively between December 2021 and September 2026. BCG also competes with Watsons, Guardian, supermarkets, clinic dispensaries and online retailers, some of which may accept lower margins to gain share, putting pressure on pricing. **Shortage of Pharmacists.** Each licensed pharmacy requires a licensed pharmacist on duty during operating hours, yet Malaysia had only 6.8 pharmacists per 10,000 people in 2024, well below the high-income country average of 12.1. A tighter labour market could raise staff costs and slow new store openings, particularly in less populated areas such as parts of East Malaysia. **Regulatory Changes.** The industry is heavily regulated under laws such as the Poisons Act 1952 and the Sale of Drugs Act 1952, and every outlet requires multiple licences from the authorities. Changes to licensing, dispensing or medicine pricing rules could raise compliance costs or affect how BCG operates its outlets.	**Growing and Under-Penetrated Market.** Malaysia's retail pharmacy industry is forecast to grow at a CAGR of 8.7%, from RM15.4bn in 2025 to RM23.3bn by 2030F. With only 126 pharmacies per million population, below Thailand (289) and the Philippines (242), there is room for further outlet expansion, supporting BCG's plan to open 40-50 new stores annually. **Consolidation of a Fragmented Industry.** Independents still run 48.2% of Malaysia's licensed pharmacies, compared with around 16% in Singapore. As smaller operators struggle to match the scale of chains, BCG is well positioned to acquire them, building on recent deals such as iCare Pharmacy and the planned acquisition of Singapore-based YMS, which also opens a route into regional markets. **Ageing Population and Shift to Pharmacy-Led Care.** The share of Malaysians aged 60 and above is projected to rise from 12.1% in 2025 to 13.7% by 2030F, while chronic diseases such as hypertension and high cholesterol continue to rise. Retail pharmacies are also becoming the main channel for medicines, accounting for 59.7% of private-sector pharmaceutical sales in the 12 months to June 2026, supported by growing corporate and insurance-paid healthcare.

Company Background

Big Caring Group Berhad ("BCG" or "the Group" or "the Company") was incorporated in Malaysia on 2 May 2013 as a private limited company under the name Platinum Perspective Sdn Bhd. It changed its name to Big Pharmacy Holdings Sdn Bhd on 12 November 2013 and to Big Caring Group Sdn Bhd on 3 January 2024, before converting into a public limited company on 6 March 2026 in conjunction with its listing. Its operating history traces back to 2006, when co-founders Lee Meng Chuan and Lim Sin Yin opened the first BIG Pharmacy outlet in Damansara Uptown, Petaling Jaya. The Group grew organically within the Klang Valley before expanding nationwide through acquisitions from 2018, starting with RedCap Pharmacy, which brought in Iris Pallida Sdn Bhd (IPSB) as a major shareholder. This was followed by MY Pharmacy Group, Mercury Wellness and, most significantly, the RM888.3m acquisition of Caring Pharmacy Group in December 2023, which added the "CARiNG", "Georgetown" and "Wellings" brands.

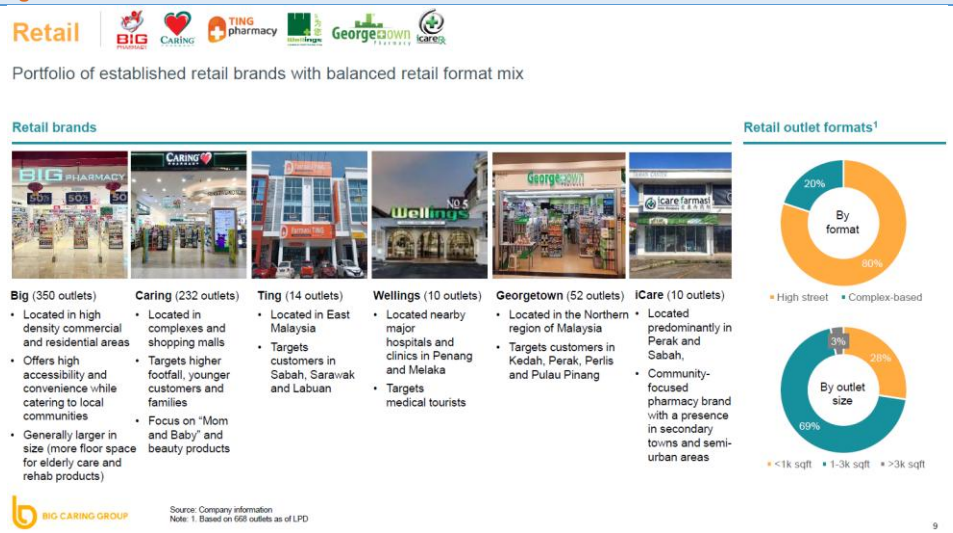
Beyond retail, the Group has built a vertically integrated business through a series of acquisitions. It entered manufacturing by acquiring a 60.0% stake in Yanling Holdings for RM63.0m in October 2023, strengthened its distribution and wholesale capabilities by acquiring an 89.3% stake in Medispec for RM249.4m in February 2025, and added physiotherapy services through a 57.1% stake in Your Physio for RM32.8m in 2025. In 2025, the Group also moved warehousing for all its pharmacy brands to a centralised, semi-automated distribution centre in Bukit Raja, Klang. More recently, BCG acquired the "iCare Pharmacy" business for RM32.5m and entered into an agreement to acquire a 96.0% stake in Singapore-based Yeap Medical Supplies Pte Ltd (YMS), marking its first step overseas. As at the LPD, the Group has 129 subsidiaries and two associates, and operates 668 retail outlets across Malaysia. BCG is seeking a listing on the Main Market of Bursa Malaysia on 19 November 2026.

Figure 29: Big Caring Group at a Glance



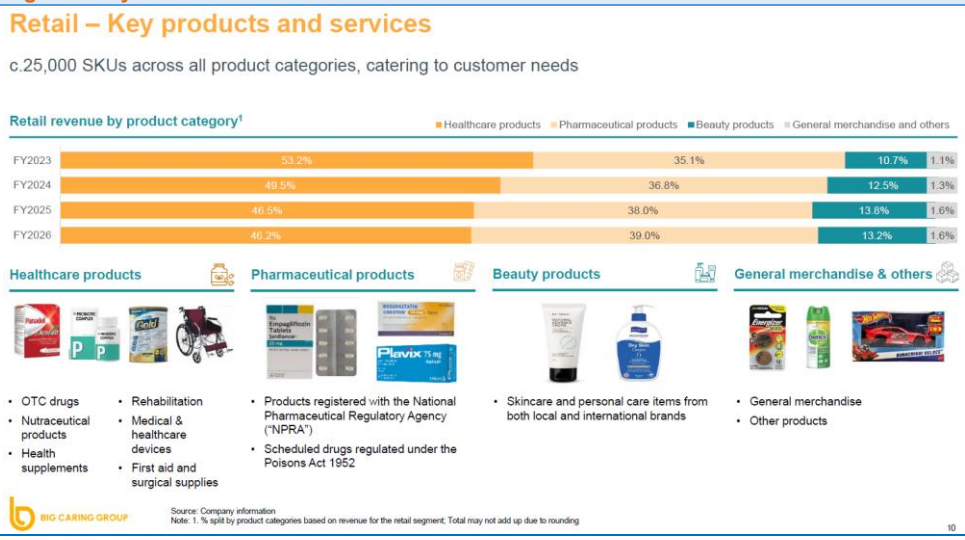
Source: Company

Figure 30: BCG Retail Segment Overview



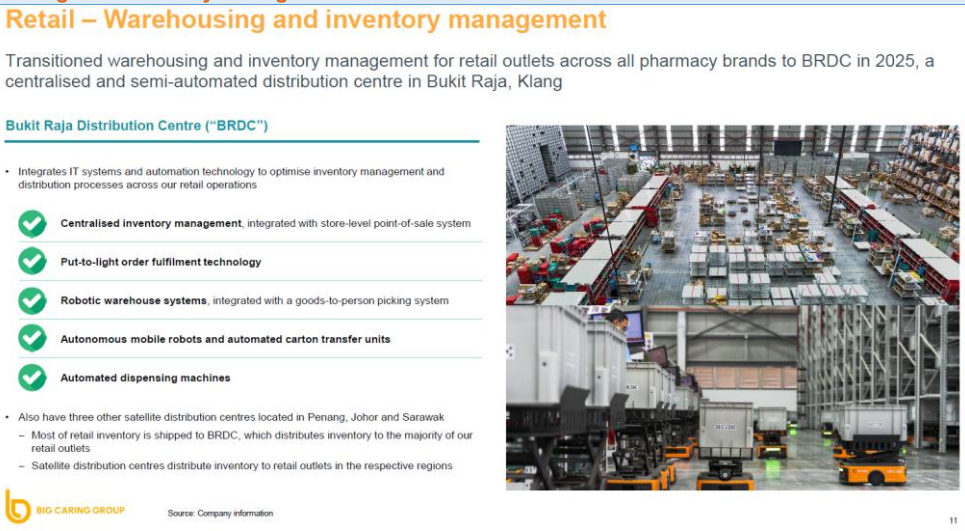
Source: Company

Figure 31: BCG Retail Segment Key Products and Services



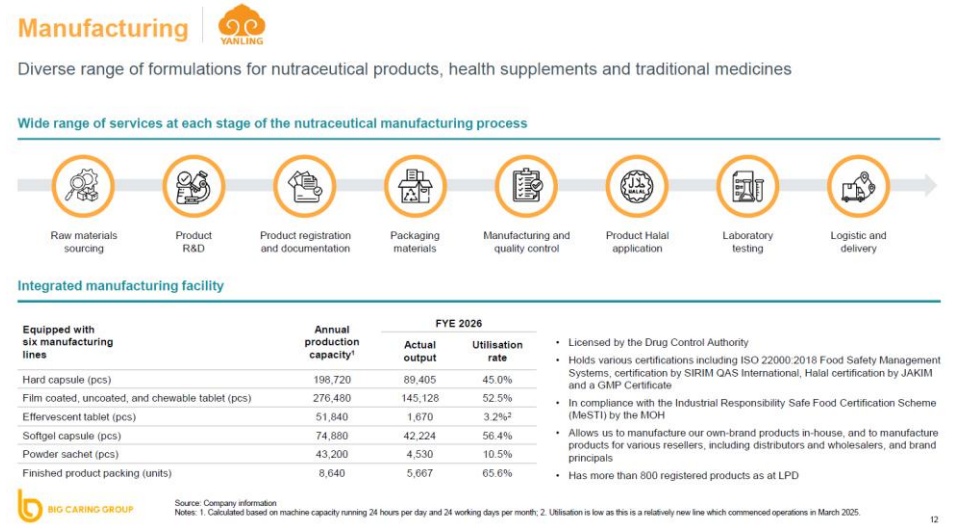
Source: Company

Figure 32: BCG Warehousing and Inventory Management



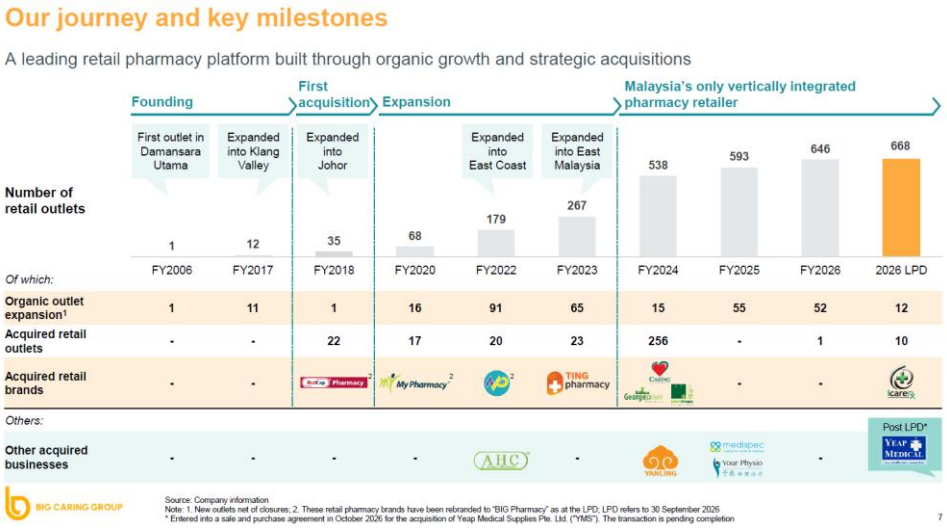
Source: Company

Figure 33: BCG Manufacturing Segment Overview



Source: Company

Figure 34: BCG Journey and Milestones



Source: Company

Figure 35: Key Management Team

Name and Designation	Age	Profile
Tan Sri Dato' Seri Dr. Haji Noor Hisham Bin Abdullah Independent Non-Executive Chairman	63	• Appointed to the Board on 27 January 2026. • Medical doctor and specialist surgeon with about 36 years of experience in healthcare; former Director General of Health, Ministry of Health (MOH), until his retirement in 2023. • Currently Chairman of UCSI healthcare group and Senior Consultant Surgeon at UCSI Hospital, Negeri Sembilan; formerly Chair of the WHO Standing Committee on Health Emergency Prevention, Preparedness and Response.
Lee Meng Chuan Group Managing Director cum Group CEO	45	• Appointed to the Board on 15 July 2013; Promoter and Substantial Shareholder (7.3% direct and 34.4% indirect via UPSB post-IPO). • Pharmacist with about 20 years of experience in the retail pharmacy industry; Bachelor of Pharmacy from the University of South Australia; formerly a sales representative at Schering-Plough Corporation. • Co-founded the Group's first outlet in 2006 and has led its expansion organically and through acquisitions into Malaysia's largest pharmacy retailer and an integrated healthcare group.
Lim Sin Yin Executive Director	44	• Appointed to the Board on 28 April 2014; Promoter and Substantial Shareholder (3.7% direct and 34.4% indirect via UPSB post-IPO); member of the Sustainability and Risk Management Committee. • Pharmacist with about 21 years of experience in the retail pharmacy industry; Master of Pharmacy from the University of Strathclyde, United Kingdom; formerly a retail pharmacist at ABC Pharmacy. • Co-founded the Group with Lee Meng Chuan in 2006 and has spearheaded its expansion across the pharmaceutical and healthcare value chain.
Livia Chan Lih Wen Non-Independent Non-Executive Director	34	• Appointed to the Board on 1 February 2021; member of the Nominating and Remuneration Committee. • About nine years of experience in investments and portfolio management at Creador, rising from Analyst to Executive Director heading its Malaysia and Vietnam investment teams. • Bachelor of Arts (Economics) and Master of Arts from the University of Cambridge, United Kingdom.
Dato' Seri Dr. Chen Chaw Min Independent Non-Executive Director	65	• Appointed to the Board on 27 January 2026; Chairman of the Sustainability and Risk Management Committee. • About 37 years of experience in the public sector, including at the Ministry of Finance; former Secretary General of the MOH (2015–2021). • Currently Independent Non-Executive Chairman of Optimax Holdings Berhad and Independent Non-Executive Director of Pecca Group Berhad.
Datuk Amnah Binti Ibrahim Independent Non-Executive Director	68	• Appointed to the Board on 27 January 2026; Chairperson of the Nominating and Remuneration Committee. • About 47 years of working experience, including 40 years in human resources; formerly Director of Human Resource and General Affairs at Leong Hup Poultry Farm and Leong Hup Agrobusiness. • Currently Independent Non-Executive Director of Comfort Gloves Berhad.

Chai Yoke Fong Independent Non-Executive Director	55	• Appointed to the Board on 27 January 2026; Chairperson of the Audit Committee. • Fellow of the ACCA and member of the MIA with about 30 years of experience in accounting, treasury and corporate finance. • Formerly Group CFO of PLUS Malaysia Berhad and Prasarana Malaysia Berhad, and Deputy CFO of Kuala Lumpur Kepong Berhad.
Chin Shin Yi Group Chief Financial Officer	45	• Joined BIG Pharmacy Healthcare as CFO in 2019 and was re-designated as Group CFO in 2025; leads corporate finance strategy, financial planning, reporting and cash flow management. • Fellow of the ACCA with about 25 years of experience in audit, accounting and financial reporting. • Previously CFO of Total Sports Asia Limited (2017–2019) and Microlink Solutions Berhad (2015–2017).
Chong Yeow Siang Chief Operating Officer	59	• Oversees the day-to-day management of the Group's retail sales operations. • Pharmacist with about 34 years of experience in the pharmaceutical and retail pharmacy industry; Bachelor of Pharmacy (Honours) from Universiti Sains Malaysia. • Co-founded Caring Pharmacy in 1997 and served as its Managing Director from 2002, before being re-designated as COO following the Caring Acquisition.

Major Suppliers

Supplier	Location of Supplier	Products/Services Procured	Length of Relationship as at FY26 (Years)	Purchases (RM '000)*	% of Group's Total Purchases
Zuellig Group	Malaysia	Pharmaceutical and consumable products	19	1,152,380	38.33
DKSH Group	Malaysia	Pharmaceutical and consumable products	19	571,026	18.99
Haleon Group	Malaysia	Pharmaceutical and consumable products	2	57,758	1.92
Apex Pharmacy Marketing Sdn Bhd	Malaysia	Pharmaceutical and consumable products	19	57,414	1.91
Brego Life Sciences Sdn Bhd	Malaysia	Pharmaceutical and consumable products	10	48,892	1.63
			Subtotal	**1,887,470**	**62.78**
			Group's Total Revenue	**3,006,305**	**100.00**

Source: BCG's IPO Prospectus

Future Plans and Business Strategies

Expanding the Retail Network Organically and through Acquisitions. BCG plans to open about 40 to 50 new retail outlets a year over the next three to five years, targeting both established regions with high pharmacy penetration and underpenetrated regions with strong growth potential. It has already opened 12 new outlets since 30 June 2026. Capital investment for new outlets is budgeted at about RM18.0m a year, funded by internally generated funds. The Group is also targeting SSSG of 7.0% to 9.0% over the next three years through strategic pricing, a wider range of products and services, and closer tracking of customer demand. Alongside organic growth, BCG will continue to pursue acquisitions that complement its ecosystem. It completed the acquisition of the "iCare Pharmacy" business on 1 September 2026, and on 14 October 2026 it entered into an agreement to acquire a 96.0% stake in Singapore-based Yeap Medical Supplies Pte Ltd (YMS) over three tranches. The first tranche, a net 76.0% stake for about SGD16.0m (RM51.1m), will give the Group access to YMS' more than 2,000 SKUs and its distribution network across Singapore's hospitals, clinics and aged care facilities.

Establishing a New Distribution Centre. To support its outlet expansion, BCG plans to build a new, more automated distribution centre near its existing Bukit Raja Distribution Centre (BRDC), which was running at 80.2% utilisation as at the LPD. The Group has allocated RM30.0m of IPO proceeds to part-fund the land acquisition, with site identification to begin in 1Q2027 and commissioning expected to take up to three years.

Growing the Omni-Channel and Digital Health Platform. BCG intends to expand its omni-channel platform of retail outlets, e-commerce and corporate sales channels. Digital health transactions on its MyHA platform grew from about 25,000 a month in FY25 to about 125,000 a month in FY26, and the Group targets about 180,000 a month by the end of 2027 by partnering with more healthcare administrators and insurers. It is also scaling its "Click & Collect" model and piloting assisted dispensing machines that let customers collect prescribed medicine outside operating hours.

Strengthening Upstream Manufacturing and Distribution. BCG plans to grow its own-brand and exclusive product range, which carries higher margins. It currently has over 1,000 own-brand SKUs and a pipeline of over 280 more, and plans to co-develop exclusive products with multinational pharmaceutical companies. In FY26, about 41.4% of Yanling's revenue came from manufacturing the Group's own-brand products. Through Medispec, the Group aims to grow its registered products from 496 to more than 600 over the next three years, expand its sales force for private and government hospitals, and widen its coverage in East Malaysia.

Enhancing Technology and Data Analytics. The Group has allocated about RM3.0m over the next two years to upgrade its technology infrastructure, including warehouse automation and a smart replenishment system launched in August 2026 to improve demand forecasting and inventory planning. It also plans to make greater use of data from its 7.9 million registered members (55.9% of them active in the past 12 months) for targeted marketing that lifts transaction counts and value per transaction.

Key Risks

Dependence on Two Major Suppliers. BCG sources a large share of its products from Zuellig Group and DKSH Group, which together accounted for 57.3% of total purchases in FY26. As the appointed local distributors for major pharmaceutical brands, they would be difficult to replace on similar terms. Any supply disruption or change in terms could affect product availability and margins.

Ability to Attract and Recruit Pharmacists. Each licensed pharmacy needs at least one licensed pharmacist on duty during operating hours. A shortage of pharmacists in Malaysia could slow new store openings and raise staff costs, although the Group grew its pharmacist headcount from 1,081 in FY23 to 1,302 in FY26.

Tenancy and Outlet Location Risk. 654 of BCG's 668 outlets operate on rented premises, and 186 tenancies are due to expire or be renewed within 12 months of the LPD. Failure to renew on favourable terms, or to secure suitable new sites, could raise rental costs or force outlet closures.

Acquisition and Integration Risk. Acquisitions such as Caring, Yanling, Medispec and Your Physio have been key to the Group's growth, and M&A remains part of its strategy. Future deals may require significant cash and debt, and may not deliver the expected synergies. The YMS acquisition also introduces foreign currency and regulatory risks in Singapore.

High Borrowings and Debt Covenants. Borrowings taken to fund acquisitions lifted the Group's gearing ratio to 3.1x as at 30 June 2026. While RM570.7m of IPO proceeds will go towards repaying borrowings, BCG's loans carry covenants and cross-default clauses. Any breach could lead to accelerated repayment and limit its ability to raise new financing.

Competition and Regulatory Changes. BCG faces competition from other pharmacy chains, independents, health and beauty retailers, supermarkets, clinic and hospital dispensaries, and online retailers, some of which may accept lower margins to win share. The business is also heavily regulated under laws such as the Poisons Act 1952. Changes to licensing, dispensing or pricing rules could raise compliance costs or affect operations.

This section is left blank intentionally

Sustainability Review

Environmental (E)

1. **Responsible Medicine Disposal**
   - The Group's "Do It Right" project encourages the public to return unused or expired medicines to designated premises, where they are sent to licensed facilities for incineration, preventing harmful pharmaceutical chemicals from entering the environment.
   - In FY26, the project received 21,783 returns, with 6,988kg of collected medicines incinerated. The Group is also a partner of the Ministry of Health's MyMediSAFE programme.
2. **Reducing Plastic and Packaging Waste**
   - The Group charges RM0.20 per plastic bag at all outlets (except in Penang, where plastic bag usage is restricted under state regulations) and uses in-store materials to encourage customers to bring their own bags.
   - Its distribution centres shred used cardboard boxes into protective packaging materials, particularly for e-commerce shipments.
3. **Energy Efficiency**
   - All of the Group's stores have switched to energy-saving LED lighting, while its distribution centres schedule shutdowns of non-essential equipment and use industrial ceiling fans and exhaust systems to reduce reliance on air-conditioning.
   - Air-conditioning is mainly used in offices and for medicine storage, where temperatures are kept below 25°C to meet pharmaceutical standards.
4. **Renewable Energy and Emissions Management**
   - In November 2025, the Group installed a solar panel system at its corporate office in Bandar Bukit Raja, Klang, with an estimated generation capacity of about 383,838kWh a year.
   - It tracks its carbon footprint using a calculation platform and reduces emissions through energy-efficient air-conditioners, optimised temperature settings and delivery route optimisation.

Social (S)

1. **Community Engagement**
   - The Group has supported St John Ambulance since 2015 through the purchase and maintenance of dialysis machines, and runs health screenings at elderly care homes, food aid for B40 families during Ramadan and a Disaster Relief Program.
   - Since 2025, it has awarded scholarships to 10 underprivileged students, investing RM280,000 as at the LPD, while its "One Shop One School" project has supplied first aid kits and medical supplies to 357 schools.
2. **Training and Product Safety**
   - Pharmacists and front-line staff receive monthly training on product knowledge, customer service, regulatory compliance and safe dispensing, while pharmacists also attend Continuous Professional Education sessions.
   - All pharmaceutical and healthcare products are sourced from licensed suppliers in line with Ministry of Health standards, with internal procedures to monitor product handling, storage conditions and expiry dates.
3. **Diversity and Inclusion**
   - The Group's Diversity, Equity & Inclusion (DEI) Policy and Code of Conduct promote equal opportunity in recruitment, pay, training and career development, with confidential channels for employees to report concerns.
   - As at the LPD, 93.69% of its 7,101 employees were local and 72.83% were women, and there were zero complaints concerning human rights violations.
4. **Occupational Safety and Health**
   - The Group complies with the Occupational Safety and Health Act 1994, conducting regular safety inspections, providing protective equipment and training staff to manage risks in retail and warehouse settings.
   - It set up a dedicated Occupational Safety and Health (OSH) Department in August 2024, and 624 employees had completed OSH Coordinator training as at the LPD.

Governance (G)

1. Ethical Business Conduct

- The Group's Code of Conduct, Conflict of Interest Policy and Ethical Business Conduct and Non-Discrimination Policy set clear standards for professional and ethical behaviour across its operations.
- Its Anti-Bribery and Anti-Corruption Policy maintains a zero-tolerance stance on bribery and corruption, in line with the Malaysian Anti-Corruption Commission Act.

2. Whistleblowing and Risk Oversight

- The Group's Whistleblowing Policy provides a confidential channel for employees and stakeholders to report suspected misconduct, fraud or corruption, and protects whistleblowers from retaliation.
- It has set up a Sustainability and Risk Management Committee, made up mostly of Independent Non-Executive Directors, to identify risks, oversee mitigation plans and ensure corrective action is taken.

3. Board Independence and Diversity

- The Board is chaired by an Independent Non-Executive Chairman, and four of its seven members (57%) are Independent Non-Executive Directors.
- Four of the seven directors (57%) are women, well above the 30% recommendation under the Malaysian Code on Corporate Governance (MCCG).

4. Responsible Supply Chain

- The Group sources most of its products from Malaysian suppliers, reducing reliance on imports, and uses an integrated inventory and warehouse management system that cuts emergency shipments and lowers logistics-related carbon emissions.

Overall ESG Outlook. BCG's ESG approach centres on responsible medicine disposal, reducing plastic and packaging waste, energy efficiency and renewable energy. Its social commitments are reflected in its community health and education programmes, regular staff training, strict product safety controls, an inclusive workforce and a dedicated OSH Department. Its governance framework is underpinned by policies on ethics, conflicts of interest, anti-bribery and corruption and whistleblowing, alongside a Sustainability and Risk Management Committee and a Board in which the majority of members are both independent and women. Collectively, these initiatives provide a framework for responsible operations and sustainable business growth.

This section is left blank intentionally

MERCURY SECURITIES SDN. BHD.

Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities’ website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

MERCURY SECURITIES SDN. BHD.

Recommendation Rating

Mercury Securities maintains a list of stock coverage. Stock can be added or dropped subject to needs with or without notice. Hence, the recommendation rating only applicable to stocks under the list. Stocks out of the coverage list will not carry recommendation rating as the analyst may not follow the stocks adequately.

Mercury Securities has the following recommendation rating:

BUY	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
HOLD	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
SELL	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my