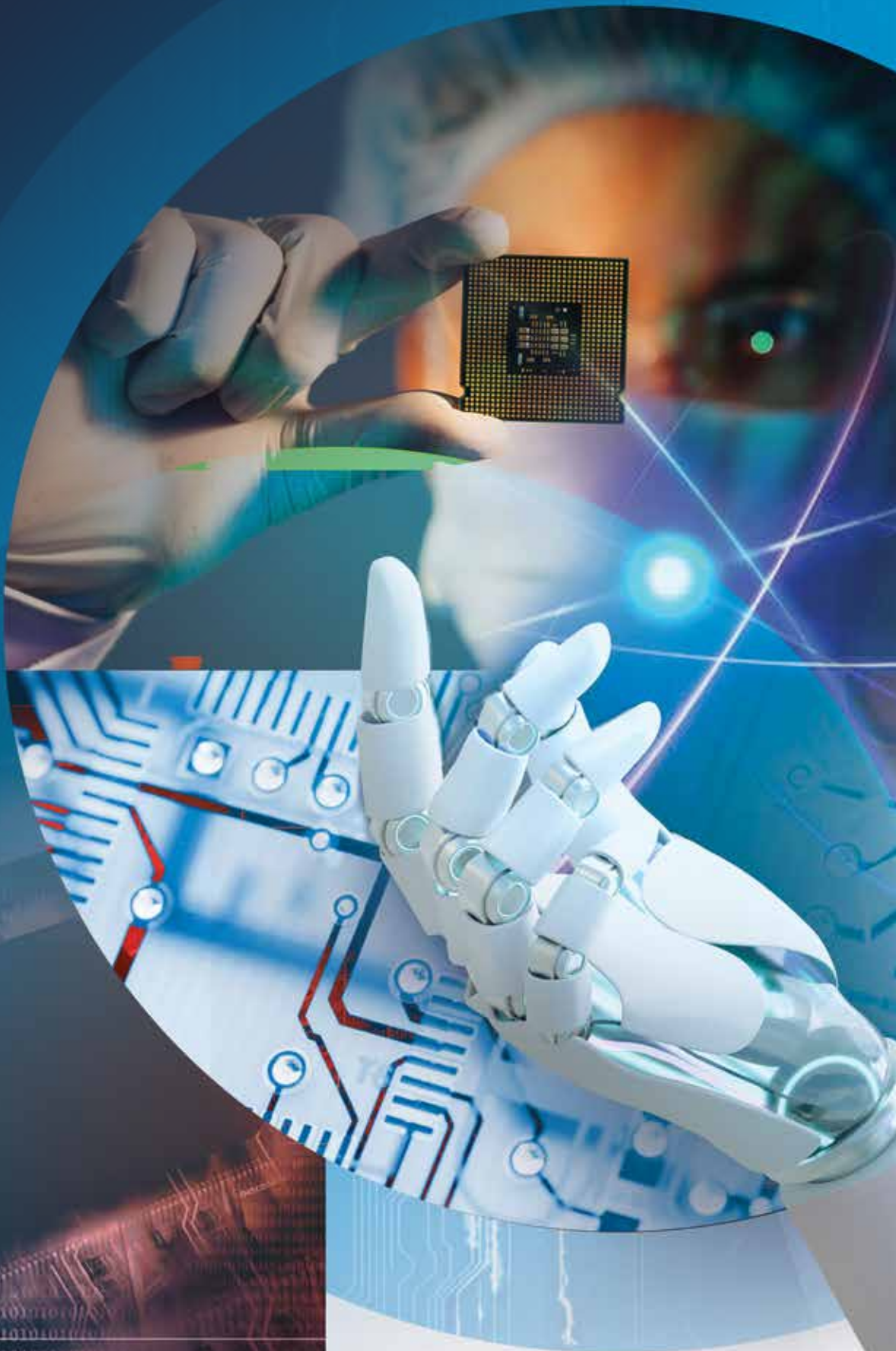


ANNUAL
REPORT
2024



Assuring you our best, always!

QES GROUP BERHAD

201401042911 (1119086-U)

Vision, Mission & Values

About



VISION

We aim to be the leading integrated solutions provider serving customers with world class products in analytical, inspection, test, measuring, automation, and related services.



MISSION

QES is determined to excel in every area of our technology-driven products and services and be sustainable. We achieve that by making sure we are customer-centric, continuously developing and empowering our people, building lasting relationships with our business associates, moving toward complete digitalization, and aligning with our shareholders' vision and ESG commitment.



CORE VALUES



PASSION

Love our jobs and do it with maximum effort



RESPECT

Atmosphere of respecting each other regardless of seniority and position



INTEGRITY

Doing the right thing even if nobody is watching



DISCIPLINE

Foster consistent and orderly behaviour in everyday work



EMPATHY

Be considerate and always put ourselves in the other person's shoes

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ABOUT



Assuring You Our Best,
Always!

QES was founded in Oct 1991. We specialise in manufacturing, distribution and provision of engineering services for inspection, test, measuring, analytical and automated handling equipment. QES Group of companies has since grown into a leading integrated solution provider with manufacturing capability.

The Group has 2 core business division:

- Distribution Division
- Manufacturing Division

Our successful ingredient is always customer driven. It is vital for us to constantly seek the best solution to suit our customers' requirements.



FACTS



Revenue
~USD 59.3 million



Exceed more than
16,000 equipment installed



7 countries



~480 employees



More than **30 years**
experience

CORPORATE INFORMATION

BOARD OF DIRECTORS

Adnan Bin Zainol

Non-Independent and Non-Executive Chairman

Chew Ne Weng

Group Managing Director/ President

Liew Soo Keang

Group Executive Director

Dr. Gunasegaran Muthusamy

Independent Non-Executive Director

Maznida Binti Mokhtar

Independent Non-Executive Director

Wan Fatimah Suriani Binti Ibrahim

Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Maznida Binti Mokhtar (Chairperson)
Dr. Gunasegaran Muthusamy
Wan Fatimah Suriani Binti Ibrahim

NOMINATION COMMITTEE

Dr. Gunasegaran Muthusamy (Chairman)
Maznida Binti Mokhtar
Wan Fatimah Suriani Binti Ibrahim

REMUNERATION COMMITTEE

Dr. Gunasegaran Muthusamy (Chairman)
Maznida Binti Mokhtar
Wan Fatimah Suriani Binti Ibrahim

COMPANY SECRETARY

Andrea Huong Jia Mei
(MIA 36347/
SSM PC NO. 202008003125)

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (M) Berhad

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF0758)
Level 10, KMPG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Telephone number : 03-7721 3388
Facsimile number : 03-7721 3399

REGISTERED OFFICE

Lot 4.100, 4th Floor
Wisma Central, Jalan Ampang
50450 Kuala Lumpur
Telephone number : 03-2161 9753
Facsimile number : 03-2181 2456

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : **QES**
Stock Code : **0196**

CORPORATE WEBSITE

www.qesnet.com

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber
Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone number : 03-2692 4271
Facsimile number : 03-2732 5388

HEAD OFFICE

No. 2, Jalan Jururancang U1/21
Hicom-Glenmarie Industrial Park
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan
Telephone number : 03-5882 6668
Facsimile number : 03-5567 0811

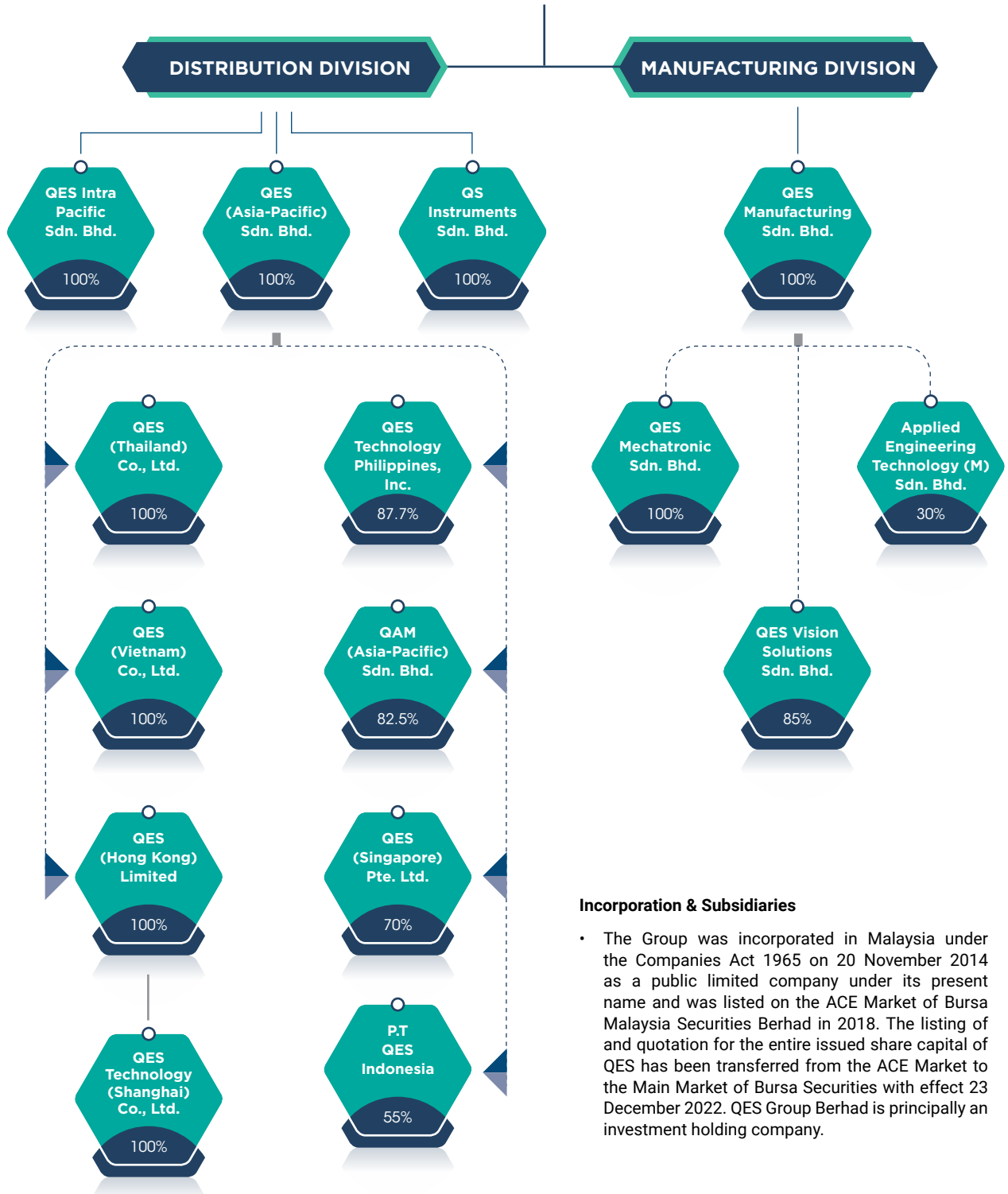
CORPORATE STRUCTURE



Assuring you our best, always!

QES GROUP BERHAD

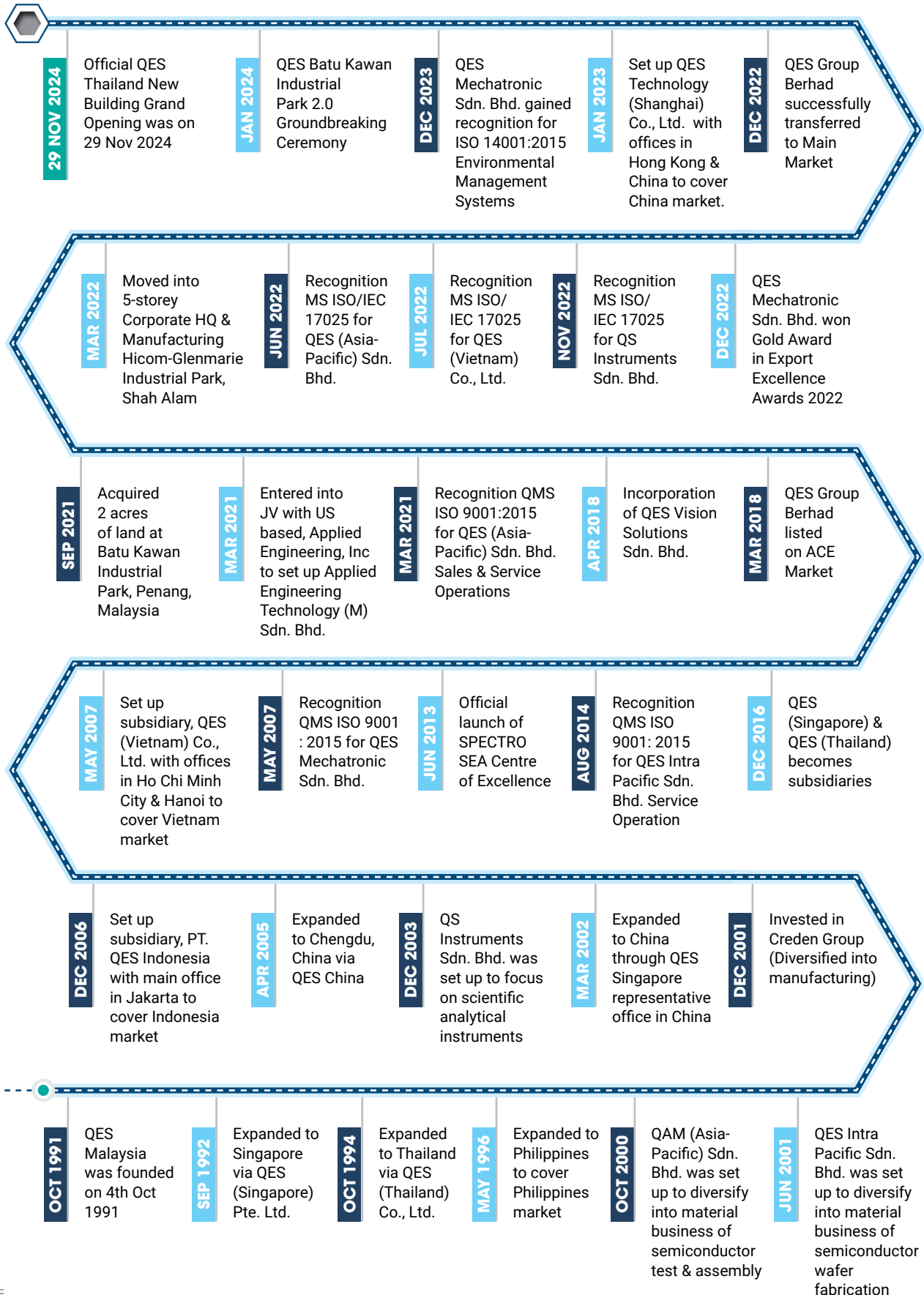
subsidiaries & associate ("Group" or "QES") as at 31 December 2024



Incorporation & Subsidiaries

- The Group was incorporated in Malaysia under the Companies Act 1965 on 20 November 2014 as a public limited company under its present name and was listed on the ACE Market of Bursa Malaysia Securities Berhad in 2018. The listing of and quotation for the entire issued share capital of QES has been transferred from the ACE Market to the Main Market of Bursa Securities with effect 23 December 2022. QES Group Berhad is principally an investment holding company.

CORPORATE MILESTONES



PROFILE OF DIRECTORS



ADNAN BIN ZAINOL

Non-Independent and Non-Executive Chairman



Board Meeting Attendance: **5/5 (100%)**

Appointed to our Board: **11 May 2015**

Qualification(s):

- Bachelor of Economics in 1978, University Malaya.

Relevant Working Experience:

- Accumulated over 20 years of working experience in the banking industry. He started his career in 1978 serving various positions in Malayan Banking Berhad and CIMB Investment Bank Berhad until his retirement in 2004. From 2004 to 2007, he did general management consulting work on a freelance basis, assisting organisations in fundraising as well as to improve their cash flow management.



CHEW NE WENG

Group Managing Director / President



Board Meeting Attendance: **5/5 (100%)**

Appointed to our Board: **20 November 2014**

Qualification(s):

- Bachelor of Mechanical Engineering in 1987, National University of Singapore.

Relevant Working Experience:

- Accumulated over 35 years of experience within the engineering industry.
- He started his career in 1987 as an Engineer at Cairnhill Precision Private Limited, Singapore and Co-founded QES Group on 4 October 1991
- As Managing Director/President, he is responsible for the overall strategic direction and management of the Company and its subsidiaries ("the Group") such as the implementation of policies on technical and financial operations, business plans for operating units as well as the execution of quality management system.

PROFILE OF DIRECTORS (CONT'D)



LIOW SOO KEANG

Group Executive Director

Nationality



Gender



Age

63

Qualification(s):

- Bachelor of Electrical Engineering (Honours) (First Class) from University Malaya in 1987.

Relevant Working Experience:

- Accumulated over 35 years of experience in the engineering industry.
- He began his career in 1987 with Intel Technology Sdn. Bhd. where he was tasked with various roles including semiconductor test equipment maintenance, services and overseeing testing operations.
- He joined QES (Penang) Sdn. Bhd. in 1997 as Operations Director. He was responsible mainly for the business development activities in the northern region of Peninsular Malaysia before assuming a wider regional portfolio in 2000 when he was appointed to the board of directors of QES (Asia-Pacific) Sdn. Bhd.

Board Meeting Attendance: **5/5 (100%)**

Appointed to our Board: **20 November 2014**



MAZNIDA BINTI MOKHTAR

Independent Non-Executive Director

Nationality



Gender



Age

58

Qualification(s):

- Bachelor of Science in Economics (Honours) from London School of Economics and Political Science in 1990.
- Qualified as a Chartered Accountant from the Institute of Chartered Accountants of England and Wales (ICAEW) in 1993.
- She is currently a member of the MIA.

Relevant Working Experience:

- She started her career in 1990, at EY London (previously known as Ernst & Young London) in London, UK, where she qualified as a Chartered Accountant.
- In 1994, she joined AmMerchant Bank Berhad in the Privatisation and Project Advisory Unit.
- In 1997, she co-founded Skali Group of Companies and was the Chief Financial Officer for 23 years. She and the management team provided the strategic direction and led the operations of the Group.
- She has accumulated over 30 years of working experience in the accounting firm, merchant banking industry and the IT industry.

Board Meeting Attendance: **5/5 (100%)**

Appointed to our Board: **1 August 2019**

Chairperson of the Audit and Risk Management Committee

Member of the Nomination and Remuneration Committees.

Present Directorship(s) with Other Public Companies:

Independent Non-Executive Director of DS Sigma Holdings Berhad and JAG Berhad

PROFILE OF DIRECTORS
(CONT'D)



DR. GUNASEGARAN MUTHUSAMY

Independent
Non-Executive Director

Nationality



Gender



Age

61

Board Meeting Attendance:
4/4^ (100%)

Appointed to our Board:
01 July 2024

Chairman of the Nomination and Remuneration Committees

Member of the Audit and Risk Management Committee.

Qualification(s):

- Bachelor of Science (Housing, Building and Planning) with Hons (Majoring in Management) from University Sains Malaysia in 1987.
- Post Graduate Diploma in Management Science from National Institute of Public Administration (INTAN) in 2000.
- Master of Science (Management) from University Utara Malaysia in 2001.
- PhD in Business Administration from Curtin University, Western Australia in 2011.

Relevant Working Experience:

- Accumulated over 30 years of experience in leading tax research, managing business operations, directing international training and innovation programs, and overseeing information processing contributing to the organization's strategic and operational success.
- He is an internationally recognized leader at the Inland Revenue Board Malaysia (IRBM), with extensive professional experience and significant executive leadership accomplishments.
- He is skilled in creating sustainable growth strategies, delivering data-driven insights, and ensuring informed decision-making. He is an expert in financial affairs, strategic planning, project management and data analysis.
- He has also served on committees at both national and organizational levels from 2012 to 2023. He has a proven ability to lead consultations, build consensus, and cultivate relationships with diverse global organizations.

PROFILE OF DIRECTORS (CONT'D)



WAN FATIMAH SURIANI BINTI IBRAHIM

Independent
Non-Executive Director

Nationality



Gender



Age

58

Qualification(s):

- Bachelor of Arts (Honours) in Accountancy from Newcastle Upon Tyne Polytechnic in 1991.
- Fellow of the Association of Chartered Certified Accountants and member of the MIA.

Relevant Working Experience:

- She began her career in the UK in 1991 to mid-2006, gaining diverse experience across finance and corporate planning, including auditing and management accounting.
- She qualified as a Chartered Certified Accountant with Tenon Group Plc, a national accounting firm and in 2003, transitioned to an Australian finance company expanding its operations into Europe, to establish the company's reporting systems and internal controls.
- In Malaysia from 2006, she joined UMW Corporation's Oil and Gas Division as Planning and Projects Manager and established the Enterprise Risk Management system within the group's oil and gas companies. After which, she joined Bumi Armada Berhad in 2011 as FPSO cost controller.
- In 2015, she joined Independent Data Services as Finance Director of the Asia's arm and Director of the Singaporean parent company, managing financial strategy and governance after which she continued with Schlumberger Group, in the finance hub of the same industry.
- She has over 30 years experience in accountancy, oil and gas and technology industries.

Board Meeting Attendance:

3/3^ (100%)

Member of the Audit and Risk Management, Remuneration and Nomination Committees

Appointed to our Board:

20 September 2024

Notes:

- 1 All the Directors above have no family relationship with any Directors and/or major shareholders of the Group.
- 2 All the Directors have never been charged for any offence against the law other than traffic offences (if any) within the past five (5) years.
- 3 None of the Directors above have any conflict of interest or potential conflict of interest in any business arrangement involving the Group.
- 4 All the Directors do not have any public sanction or penalty imposed by any regulatory body during the financial year.
- 5 Other than Pn. Maznida binti Mokhtar, all the Directors of QES Group Berhad does not hold directorship in any other public companies as at 31st December 2024.

^ indicates meetings attended out of the total scheduled meetings during the tenure of office.

PROFILE OF DIRECTORS (CONT'D)



From left to right (seated)

Pn. Maznida binti Mokhtar, En. Adnan Bin Zainol, Mr. Chew Ne Weng, Pn. Wan Fatimah Suriani binti Ibrahim

From left to right (standing)

Mr. Liew Soo Keang, Dr. Gunasegaran Muthusamy



PROFILE OF KEY MANAGEMENT



LEE HOCK CHIN

Vice President of Distribution Division

Nationality



Gender



Age

51

Qualification(s):

- Diploma in Technology (Electronic Engineering) in 1998, Tunku Abdul Rahman College

Relevant Working Experience:

- Accumulated more than 25 years of experience in the test and measurement equipment industry.
- Over 20 years in QES where he was responsible for the after-sales technical support services, sales and marketing activities within the Business Unit of QS Instruments Sdn. Bhd.

- Responsible for all regional sales, marketing and technical support activities.
- Appointed since 1 January 2011



LIM CHEE KEONG

Vice President of Manufacturing Division

Nationality



Gender



Age

58

Qualification(s):

- Diploma in Computer Studies in 1993, Informatics Institute, Penang.

Relevant Working Experience:

- More than 30 years of engineering and sales experiences.
- Joined QES in 1994 and has since been in charge of technical support operations, managing the technical and service department, overall management of the operations as well as research and development activities within the manufacturing division.

- Responsible for overseeing the overall sales and marketing, production planning, equipment engineering, precision part machining operation, equipment assembly and supply chain management operations of the Manufacturing Division.
- Appointed since 1 January 2009

PROFILE OF KEY MANAGEMENT (CONT'D)



CHIN GUAT EEM

Senior General Manager
of Supply Chain
Management

Nationality



Gender



Age

58

Qualification(s):

- Diploma in Purchasing and Materials Management in 2001, Malaysian Institute of Purchasing and Materials Management.
- Foundation studies for Graduate Diploma in Purchasing and Supply Programme in 2001, Chartered Institute of Purchasing and Supply, United Kingdom.

Relevant Working Experience:

- Began her career in 1989 and since joining QES in 1992, she has accumulated over 35 years of experience in various roles ranging from office management, procurement, logistics, warehouse and management of human capital.

- Responsible for overseeing the overall supply chain management functions of our Group which include procurement, logistics, warehouse and inventory management.
- She is also in charge of special projects directed at driving continuous improvement and innovation across the Group's operations.
- Appointed since 1 April 2021



YEOH CHEONG YEOW

General Manager of
Finance

Nationality



Gender



Age

56

Qualification(s):

- Diploma in Commerce (Financial Accounting) in 1993, Tunku Abdul Rahman College.
- Diploma in Investment Analysis in 1996, Research Institute of Investment Analysts Malaysia.
- Member of the Malaysian Institute of Accountants (MIA) since 2000.
- Member of the Association of Chartered Certified Accountants (ACCA), United Kingdom since 2000.
- Fellow member of the Association of Chartered Certified Accountants (FCCA), United Kingdom since 2005.
- Associate of The Institute of Internal Auditors Malaysia (IIAM), since 2024.

Relevant Working Experience:

- More than 26 years of extensive experiences in all aspects of the accounting, treasury, and finance profession.
- He began his professional career in 1993 as an auditor and subsequently held various finance, treasury and financial reporting roles in trading, distributions, and manufacturing industries prior to joining QES in 2004 assuming his present role.

- Responsible for our Group's corporate financial planning, budgeting functions including the monitoring of business performance and results, profitability and cash flow, financial reporting, investment, treasury management and corporate tax.
- Appointed since 1 September 2004

PROFILE OF KEY MANAGEMENT (CONT'D)



Notes:

1

All the Key Management above have no family relationship with any Directors or major shareholders of the Group and have never been charged for any offence against the law other than traffic offences (if any) within the past five (5) years.

2

All the Key Management above does not hold directorship in any other public listed companies and has no conflict of interest or potential conflict of interest in any business arrangement involving the Group.

From left to right

Chin Guat Eem, Lim Chee Keong, Liew Soo Keang, Chew Ne Weng, Yeoh Cheong Yeow, Lee Hock Chin



LETTER TO SHAREHOLDERS

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present QES Group Berhad's letter to shareholders for the financial year ended ("FYE") 31 December 2024. We are proud of the progress we have made during a year marked by continued global economic uncertainty, yet we remain confident in our long-term growth strategies and business model.

The Group has continued to demonstrate resilience in the face of market volatility. Despite fluctuations in the semiconductor industry, which remains a key pillar of our business, our diverse market segments have helped us navigate challenging conditions. Our business model, designed to absorb volatility, enables us to manage risks effectively by participating in a variety of sectors. This includes a strong presence in both semiconductor and non-semiconductor markets, as well as a geographical diversification with a focus on ASEAN-centric operations. This diversity provides us with the agility to weather cyclical slowdowns and capitalize on growth opportunities as markets evolve.

The Group remains in a strong financial position, with a robust balance sheet supported by healthy cash reserves. In a year that was manifested by continued global economic uncertainty, our cash reserves were earmarked for strategic growth, including the expansion of our manufacturing operations and capacity in Batu Kawan, Penang, investing in new technologies and digitalisation processes, ongoing product development efforts, and delivering value to our stakeholders to ensure continued and sustainable growth. In a nutshell, to ensure we are well-positioned to continue delivering sustainable and strong returns, we sharpened our strategies to maximise value for our respective stakeholders, made the right investments in people and business expansions to deliver vital milestones for the FYE 2024.



FINANCIAL PERFORMANCE

(i) Analysis of financial results

The Group concluded FYE 2024 with a new record-breaking revenue, surpassing the previous achievement in FYE 2022. Revenue for the year reached RM269.6 million, an increase by RM28.9 million or 12.0% as compared with the previous financial year of RM240.7 million. The increase was mainly attributable to the increase of sales from both Distribution and Manufacturing Division.

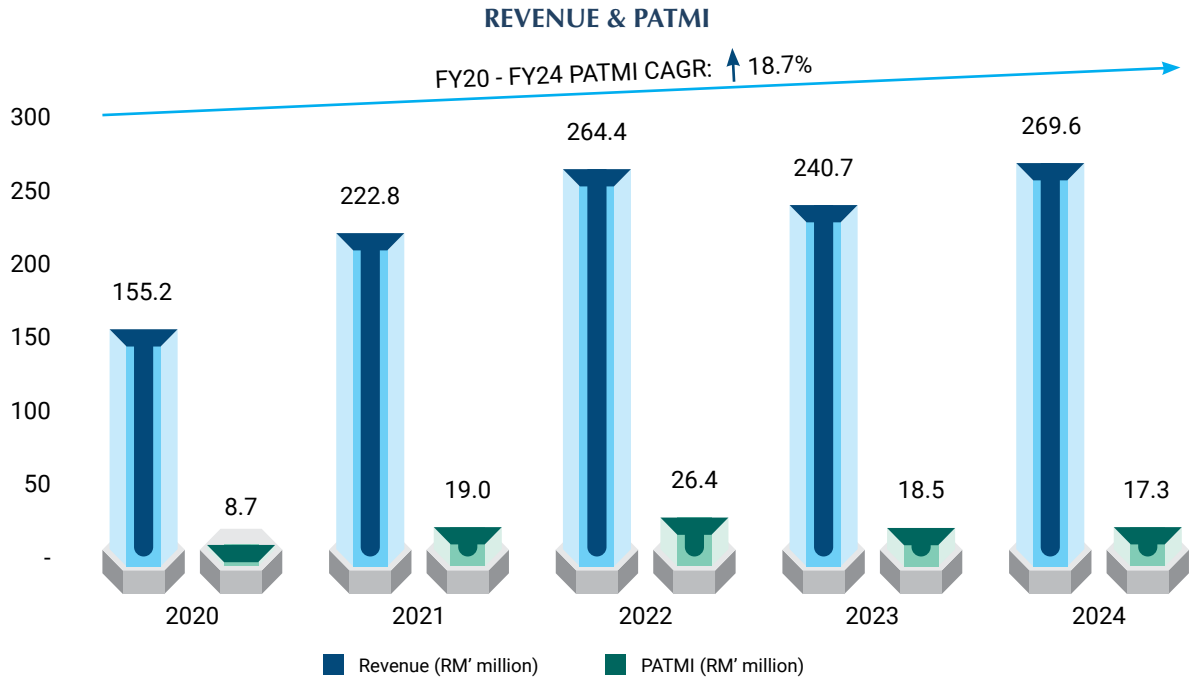
Profit after tax attributable to the owners of the company ("PATMI") stood at RM17.3 million in FYE 2024 with 5 years compounded annual growth rate ("CAGR") of 18.7%. Despite the decrease in PATMI by RM1.2 million or 6.5% as compared to FYE 2023, the Group remains profitable, supported by a strong cash position, healthy gearing, and sustained net asset position.

LETTER TO SHAHREHOLDERS (CONT'D)



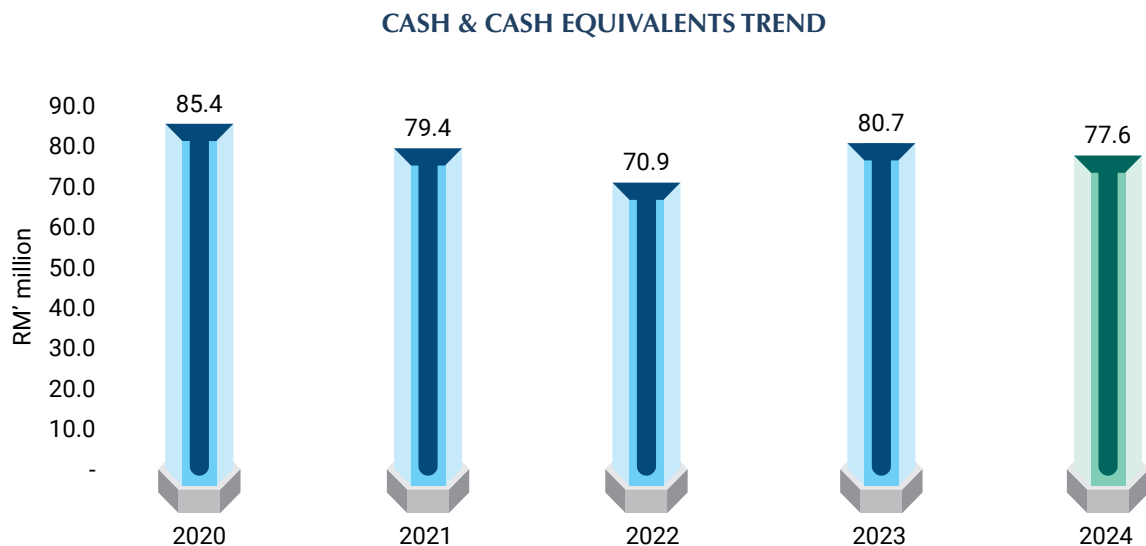
FINANCIAL PERFORMANCE (CONT'D)

(i) Analysis of financial results (Cont'd)



(ii) Maintaining a strong balance sheet

The financial position of the Group remained strong with cash and cash equivalents of RM77.6 million in FYE 2024. The Group is committed to optimise usage of our cash reserves for the final payments of the Batu Kawan plant, working capital, market expansion, product research and development, and strategically position ourselves to take advantage of any potential merger and acquisition activities.





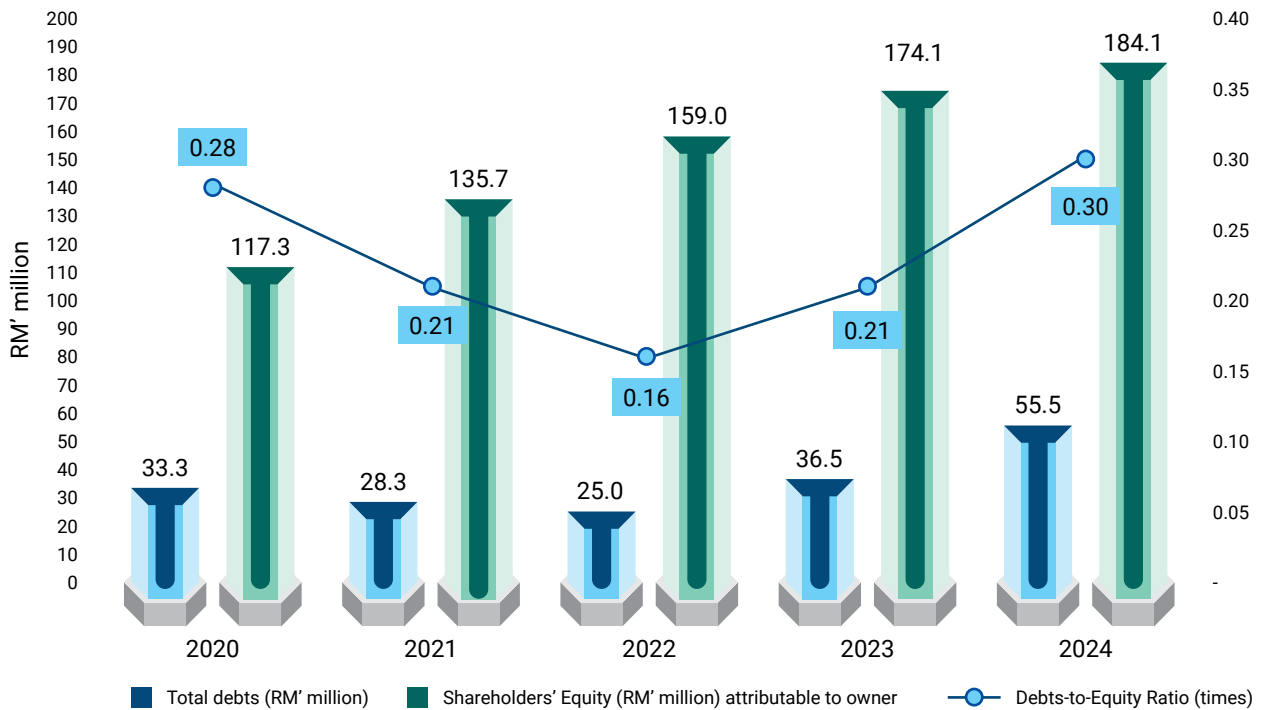
LETTER TO SHAREHOLDERS (CONT'D)



FINANCIAL PERFORMANCE (CONT'D)

(iii) Shareholders' equity growth

Our shareholders' equity increased from RM174.1 million in FYE 2023 to RM184.1 million in FYE 2024 due to the growing profitability of the Group. Despite the increased shareholders' equity, debts-to-equity ratio rose from 0.21 times in FYE 2023 to 0.30 times in FYE 2024 mainly due to additional drawdown of term loan borrowings to finance the construction of the new Batu Kawan plant and purchase of an office building in Thailand.



BUSINESS SUSTAINABILITY AND DEVELOPMENT

(i) Corporate Highlights

QES has been included in both the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index in December 2024. This recognition highlights the company's commitment to sustainable practices and responsible governance. Furthermore, QES' Environmental, Social, and Governance ("ESG") rating by FTSE Russell has been upgraded to 3 stars, reflecting the company's ongoing efforts to strengthen its ESG performance.

LETTER TO SHAREHOLDERS (CONT'D)



BUSINESS SUSTAINABILITY AND DEVELOPMENT (CONT'D)

(i) Corporate Highlights (Cont'd)

In terms of operational growth, the construction of QES' new Batu Kawan plant is progressing as scheduled, with commercial operations expected to commence in the second half of 2025. The Group held its groundbreaking ceremony of the new 2-acre land in Batu Kawan, Penang in January 2024. The construction and expansion of this new plant will almost double the Group's manufacturing capacity, to enable us to meet the growing demands of our customers more efficiently. The Management anticipates that it will take at least two years for the plant to reach its breakeven point. The new facility is set to play a key role in supporting QES' growing manufacturing capacity, particularly catering to equipment manufacturing orders from China. Additionally, a portion of the plant's floor space will be rented to Applied Engineering Technology, a joint venture company in which QES holds a 30% stake. The company has also received inquiries from Original Equipment Manufacturers ("OEMs") in China, who are interested in utilizing the plant for product manufacturing, indicating strong potential for further collaboration and growth.

In line with its strategy, QES continues to focus on expanding its manufacturing segment, particularly in the automated handling system market. The Group aims to target front-end wafer fabrication clients across ASEAN, Europe, China, and the USA, and is on track to launch three innovative products this year. These include the Wafer Macro Automated Optical Inspection (AOI) System, the Wafer Metrology & Defect Inspection system designed for advanced packaging and wafer fabs, and the low-cost Wafer Auto Loader, specifically targeted for the China and India markets. Additionally, in FYE 2024, QES has introduced a new AOI system, namely the Sensor Automated Visual Inspection designed for the market penetration of the medical technology industry.

Overall, QES' strategic initiatives across its manufacturing segment, along with its focus on ESG excellence, is poised to position the Group for continued growth and success in the coming years.

(ii) Dividend

The Board is pleased to advise on the dividend declaration for FYE 2024 as follows:

- a. An interim dividend of 0.25 sen per ordinary share was declared on 18 November 2024 and paid on 27 December 2024;
- b. A final dividend of 0.30 sen per ordinary share was declared on 27 February 2025 and paid on 28 March 2025.

Comparative to the Group's financial strength and resilience as well as the Board's unwavering commitment in rewarding shareholders, the Group announced a total dividend of 0.55 sen per share for the full year of FYE 2024. The strong dividend payout reflects our ability to create shareholders' value, premised on diligent asset and liability management.



MARKET OUTLOOK AND FUTURE PROSPECT

The Board reiterates that the new Batu Kawan plant represents a significant milestone for QES, reinforcing its position as a global supplier in the manufacturing of automated inspection and handling equipment. The new plant not only underscores QES' commitment to meeting the growing demand in the semiconductor industry but also positions the company strategically to tap into long-term global growth opportunities. The Batu Kawan site is located within a thriving industry ecosystem, further enhancing QES' ability to leverage new prospects.



LETTER TO SHAHREHOLDERS (CONT'D)



MARKET OUTLOOK AND FUTURE PROSPECT (CONT'D)

Looking ahead, QES maintains a positive outlook for both its divisions and the broader market, despite the uncertainties surrounding the global economy. The company is preparing for potential challenges, particularly in light of ongoing concerns regarding the impact of U.S. tariff policies, including the possibility of renewed tariffs under the Trump administration, which could disrupt global supply chains and impact the semiconductor industry. However, QES remains confident that its proactive strategies and resilience will allow it to navigate these challenges effectively.

The Group will continue to focus on its business strategies during the current market slowdown, positioning itself to capitalize on opportunities as the semiconductor industry begins to recover. Despite the external challenges, including geopolitical tensions and trade policy concerns, QES is optimistic about its growth prospects for 2025 and beyond. The company is well-positioned to benefit from an eventual industry rebound, driven by technological advancements and increasing global demand for semiconductor solutions.



ACKNOWLEDGEMENTS

On behalf of the Board of Directors, we would like to extend our heartfelt thanks and appreciation to our shareholders, management, and employees for their hard work, dedication, resilience, and loyalty. We also express our sincere gratitude to our customers, suppliers, business partners, vendors, bankers, and regulatory authorities for their ongoing support and trust in QES. We encourage all our stakeholders to continue supporting QES, and we deeply appreciate the confidence you have placed in us.

We are committed to working together and pushing forward to achieve the highest levels of growth and success for QES.

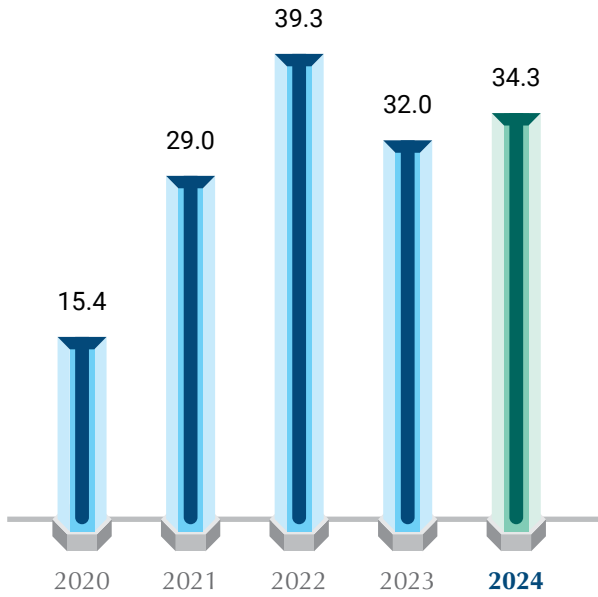
Thank you.

Adnan Bin Zainol
Non-Independent and Non-Executive Chairman

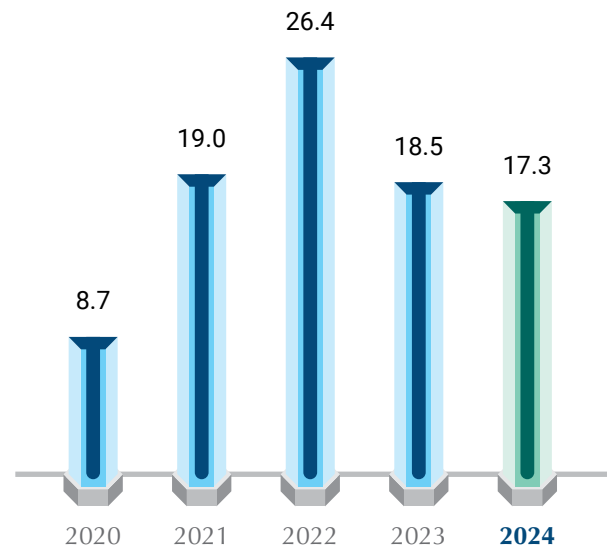
Chew Ne Weng
Group Managing Director/President

GROUP FINANCIAL HIGHLIGHTS

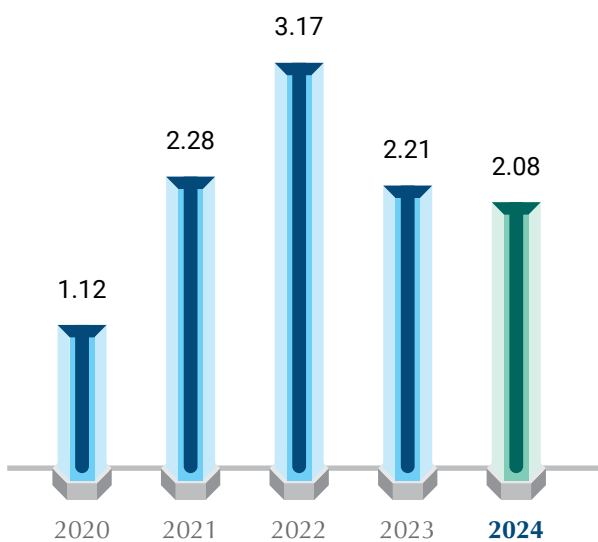
Earnings before Interest, Taxes, Depreciation and Amortisation
(RM'million)



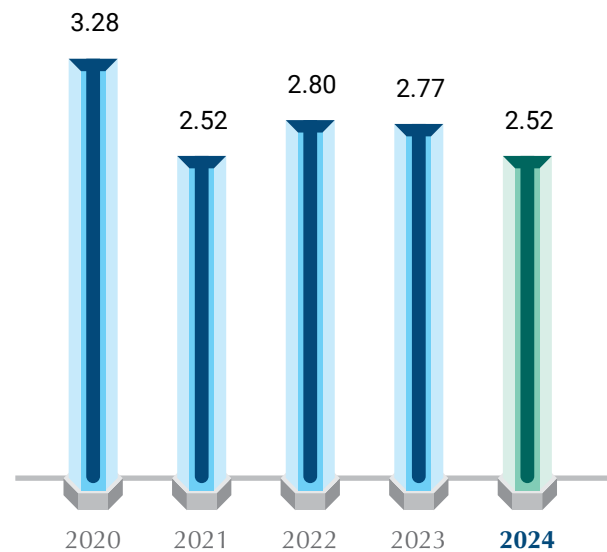
Profit attributable to Owners of the Company
(RM'million)



Basic Earnings per Share
(sen)



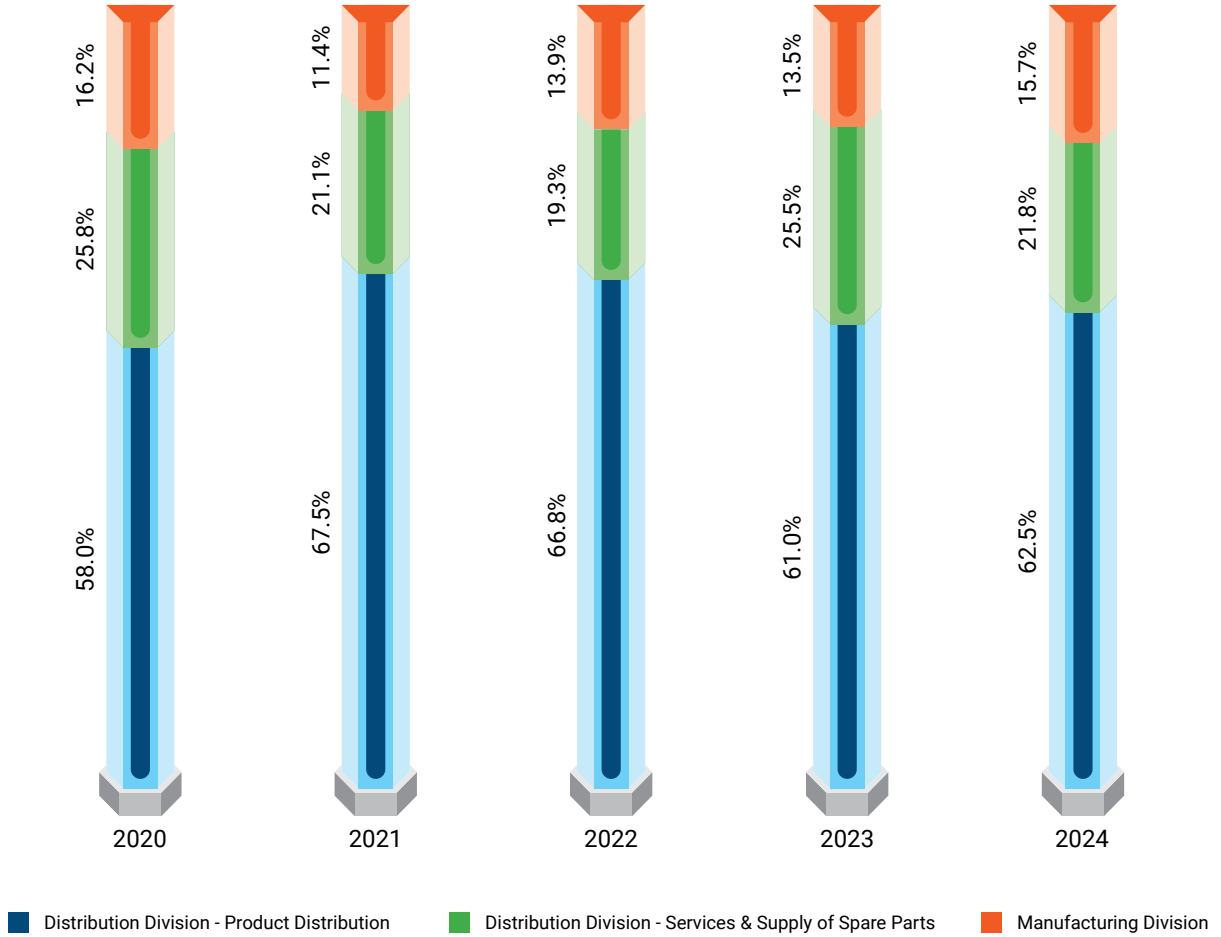
Current Ratio
(times)





GROUP FINANCIAL HIGHLIGHTS (CONT'D)

Manufacturing & Distribution Division Revenue Breakdown



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE REVIEW



Revenue and gross profit

For FYE 2024, the Group achieved a notable increase in revenue, amounting to RM269.6 million. This represents a growth of RM28.9 million, or 12.0%, compared to FYE 2023. The revenue growth was primarily driven by stronger sales performance across both the Distribution and Manufacturing Divisions, with increases of RM19.1 million and RM9.8million, respectively.

As a result of the higher revenue, the Group also recorded a substantial increase in gross profit (“GP”), reaching RM68.1 million—an 11.8% growth, which is an additional RM7.2 million compared to the previous year’s gross profit of RM60.9 million. This growth in GP is consistent with the revenue increase in both the Distribution and Manufacturing Divisions. The overall gross profit margin for the current financial year remained stable at 25.3%, maintaining the same level as in FYE 2023.

From a geographical perspective, Malaysia continued to be the largest contributor to revenue, accounting for 49.9% of total revenue for FYE 2024. Other ASEAN countries contributed 45.8%, while the remaining 4.3% came from other international markets. This well-diversified revenue mix underscores the Group’s robust position across different regions, reflecting a balanced and resilient business model with no significant dependence on any single country to sustain its growth trajectory.

Other income

Other income of the Group reduced from RM3.3 million in FYE 2023 to RM2.4 million in FYE 2024. This is mainly due to the lower gains on the disposal of property, plant and equipment and gain on short-term investments.

Operating expenses

Administrative expenses rose to RM23.7 million in FYE 2024, up from RM21.6 million in FYE 2023. This increase was primarily driven by higher staff costs, along with a rise in legal and professional fees associated with securing banking facilities for the new plant in Batu Kawan Industrial Park, Penang.

Marketing and distribution costs experienced a slight decrease, falling to RM9.6 million in FYE 2024 from RM9.7 million in FYE 2023. This decline was mainly attributed to reduced spending on marketing and exhibition activities across ASEAN and China.

Other expenses as a percentage of revenue increased to 3.9% in FYE 2024, compared to 2.6% in FYE 2023. This rise was primarily due to unfavorable foreign exchange losses, as well as higher depreciation and amortization costs compared to the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL PERFORMANCE REVIEW

Finance income and cost

The Group's finance income saw a modest increase, rising to RM0.9 million in FYE 2024 from RM0.8 million in FYE 2023. This growth was primarily driven by interest income from bank deposits and fixed deposits.

On the other hand, finance costs increased to RM2.0 million in FYE 2024, up from RM1.7 million in FYE 2023. The higher costs were largely due to increased interest expenses from term loan borrowings, hire purchase agreements, and the utilization of trade finance facilities.

Share of results of an associate

Applied Engineering Technology (M) Sdn Bhd ("AETM") began its operations in Batu Kawan, Penang in FYE 2022 to specialised in electro-mechanical contract manufacturing services from prototype to high volume production for semiconductor, life science, defence and aerospace and emerging technology. Share of losses in AETM increased from RM0.2 million in FYE 2023 to RM0.5 million in FYE 2024.

Taxation

The Group's effective tax rate for FYE 2024 was 30.7%, reflecting an increase from 25.0% in FYE 2023. This higher rate was primarily due to an underprovision of tax in the prior year, which was adjusted in FYE 2024.

Profit

The Group's profit before tax ("PBT") for FYE 2024 decreased slightly by 3.5%, from RM25.6 million in FYE 2023 to RM24.7 million. This decline was primarily due to an unfavorable foreign exchange loss, coupled with higher depreciation and amortization costs. Despite the positive growth in revenue and a stronger gross profit, these factors put pressure on the overall PBT.

As a result, profit after tax (PAT) also saw a decline, dropping by 10.9% to RM17.1 million in FYE 2024, down from RM19.2 million in FYE 2023. This decrease was in line with the lower PBT and was further impacted by a higher tax expense.

FINANCIAL POSITIONS REVIEW

As of FYE 2024, the Group's financial position remains strong, with total assets growing by 13.9%, reaching RM314.1 million compared to RM275.8 million in FYE 2023. This growth was primarily driven by increases in both non-current assets and current assets, which rose by RM29.1 million and RM9.2 million, respectively.

The increase in non-current assets was mainly attributed to a rise in property, plant, and equipment, which grew by RM32.1 million. This was largely due to the acquisition of an office building in Thailand and the ongoing construction of a new plant in Batu Kawan Industrial Park, Penang. The new plant is intended to double the Group's manufacturing capacity and will also house the joint venture company, AETM.

The increase in current assets was primarily due to a RM16.8 million rise in trade and other receivables, reflecting the growth in the Group's revenue during the financial year. This was partly offset by a RM4.5 million decrease in inventories, as more deliveries were made towards the end of FYE 2024.

Total liabilities also saw a notable increase, rising by 29.5%, from RM97.4 million at the end of FYE 2023 to RM126.1 million at FYE 2024. This was mainly due to a RM20.6 million increase in loans and borrowings, primarily resulting from the drawdown of term loans to finance the capital expenditures related to the new office building and manufacturing plant. Additionally, trade and other payables increased by RM7.5 million, in line with the higher trade receivables and revenue growth for FYE 2024.

Shareholders' equity attributable to the owners of the Company grew by 5.7%, reaching RM184.1 million in FYE 2024, up from RM174.1 million in FYE 2023. This increase was primarily driven by higher retained earnings.

Despite the rise in shareholders' equity, the Group's debt-to-equity ratio increased from 0.21 times in FYE 2023 to 0.30 times in FYE 2024, reflecting the higher level of borrowings during the financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

LIQUIDITY AND CAPITAL RESOURCES

As of FYE 2024, the Group's net cash and cash equivalents, as reported in the statements of cash flows, totalled to RM77.6 million, slightly lower than RM80.7 million in FYE 2023. The decrease in cash and cash equivalents during FYE 2024 was primarily attributed to net cash inflows from operating activities (RM24.3 million), which were offset by net cash outflows used in investing activities (RM14.8 million) and financing activities (RM11.1 million).

Despite the outflows, the Group's strong cash flow performance enabled it to maintain a steady dividend payout to shareholders while continuing to support its capital expenditure initiatives.

Operational and Financial Risks

Operational Risks

The Group is committed to continuously innovating and advancing its product offerings and technology to meet the evolving and increasingly sophisticated needs of our customers. This is particularly critical in the semiconductor industry, which is characterized by its complexity, rapid technological advancements, frequent product launches and updates, shifting customer demands, and emerging industry standards—all of which often come with lengthy qualification processes.

To navigate these challenges and ensure sustained growth, the Group will continue to focus on strengthening its market position. This includes expanding its customer base by entering new market segments, thereby reducing reliance on any single market segment. By diversifying its presence across different areas, the Group aims to enhance its resilience and adaptability in an industry that is constantly evolving.

Financial Risks

The Group is exposed to foreign exchange risk due to the significant portion of our sales and purchases being conducted in foreign currencies. To mitigate this risk, our finance, purchasing, and sales departments collaborate to align foreign currency transactions as closely as possible, aiming to match sales and purchases in the same currency, thereby minimizing exposure through a natural hedging approach.

In the event that our foreign exchange exposure becomes more substantial, the Group has also implemented policies to formalise the Group's hedging strategies. Nonetheless, there will always be residual risks associated with foreign exchange fluctuations. Any adverse movements in exchange rates could potentially affect the Group's revenue and profitability.

DIVIDEND

In FYE 2024, the Group declared a total dividend of 0.55 sen per share. The Group paid an interim single tier dividend of 0.25 sen per ordinary share amounting to RM2.1 million on 27 December 2024. Subsequently on 27 February 2025, the Board of Directors declared a final single tier dividend of 0.30 sen per ordinary share amounting to RM2.5 million, which was paid on 28 March 2025.

The total dividend yield ratio for FYE 2024 is 0.92%.



SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

This Sustainability Statement (“SS”) provides an overview of QES Group Berhad’s environmental, social and governance (“ESG”) performance for FYE 2024. The SS reflects our ongoing efforts to integrate sustainability into our business operations, highlighting key sustainability risks and opportunities and the progress we have made toward achieving long-term sustainable growth. It focuses on the issues we have identified as materially important from an ESG perspective, outlining our goals, strategies, and performance. The report also highlights the efforts and initiatives we have taken throughout the year to address these material matters.

Reporting Period, Scope and Boundary

This SS presents QES’s sustainability performance for the reporting period of 1 January 2024 to 31 December 2024, primarily covering our core business operations in Malaysia, unless otherwise specified. The scope of this report includes all material sustainability indicators relevant to our business activities, ensuring a comprehensive and transparent disclosure of our ESG commitments.

Data presented in this report is sourced from a combination of internal records and external sources, ensuring accuracy, reliability, and transparency. Where estimation techniques have been applied, they are clearly noted and justified to maintain the integrity of our reporting. Where applicable, we have included data from the past financial years to provide a clearer view of our sustainability performance over time.

Reporting Guidelines, Frameworks and Standards

This SS has been prepared in accordance with the Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and refers to Bursa Malaysia’s Sustainability Reporting Guide and Toolkits (3rd Edition). Additionally, we have referred to, and where appropriate, aligned our disclosures with the principles and guidance of the following sustainability-related frameworks, standards, and guidelines: -

- Malaysian Code on Corporate Governance (“MCCG”)
- Global Reporting Initiative (“GRI”) Standards
- Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations
- United Nations Sustainable Development Goals (“UN SDGs”)
- FTSE Russell ESG Ratings
- National Sustainability Reporting Framework (“NSRF”)
- IFRS Sustainability Disclosure Standards, IFRS S1 and IFRS S2

This SS is subject to limited assurance by our internal auditor to provide an evaluation of the accuracy and reliability of the information presented.

We remain committed to enhancing our sustainability disclosures and welcome feedback or inquiries, which can be directed to us at investor.relations@qesnet.com.



OUR VISION

We aim to be the leading integrated solutions provider serving customers with world class products in analytical, inspection, test, measuring, automation, and related services.

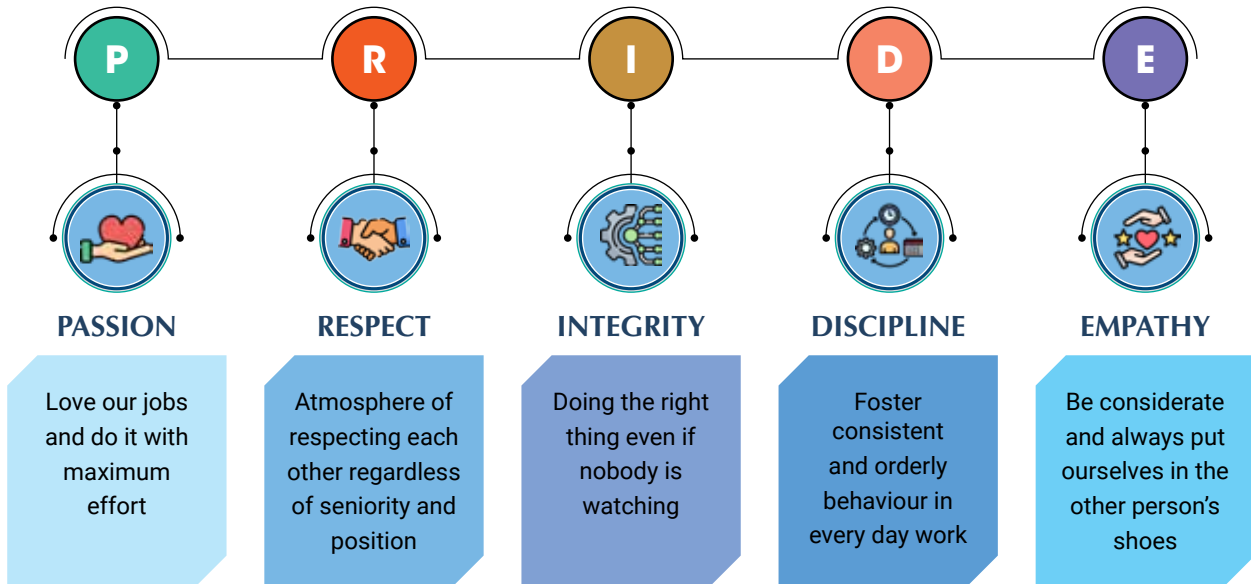


OUR MISSION

QES is determined to excel in every area of our technology driven products and services and be sustainable. We achieve that by making sure we are customer centric, continuously developing and empowering our people, building lasting relationships with our business associates, moving towards complete digitalization, and aligning with our shareholders’ vision and ESG commitment.

SUSTAINABILITY STATEMENT (CONT'D)

OUR VALUES



QES SUSTAINABILITY FRAMEWORK: ESG PILLARS

At QES, we recognize that long-term success is only possible through responsible environmental stewardship, social impact, and strong governance. Our ESG pillars serve as a structured framework to address key sustainability challenges, ensuring compliance with Bursa Malaysia's enhanced reporting requirements and alignment with global best practices.

We are proud to share that in FYE 2024, QES achieved a 3.5 out of 5 score in the FTSE Russell ESG Ratings and was added to the list of constituents of the FTSE4Good Bursa Malaysia ("F4GBM") Index and the FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index. This marks a significant milestone for QES and highlights our ongoing commitment to responsible business practices.

These achievements reflect the impact of our dedicated efforts, guided by our ESG pillars. Below, we will outline the key initiatives that have contributed to these results, categorized into three main pillars: Eco Harmony (Environmental), Empower Together (Social), and Ethics in Action (Governance). Each pillar focuses on the material matters that drive our sustainability goals and underscore the progress we've made in creating positive change across our operations.





SUSTAINABILITY STATEMENT (CONT'D)

QES SUSTAINABILITY FRAMEWORK: ESG PILLARS (CONT'D)

Sustainability Governance Structure

At QES Group Berhad, sustainability governance is embedded within our corporate risk management framework, ensuring that climate-related risks and opportunities are systematically integrated into our business operations. Our three-tier sustainability governance structure ensures effective oversight and implementation of ESG strategies.

QES's Sustainability Steering Committee ("SSC") was established in 2019 and chaired by the Group Managing Director to drive sustainability measures and initiatives. Below is a snapshot of QES's sustainability members and their respective duties:-

Board of Directors

- Oversee sustainability and climate-related strategy
- Ensuring sustainability and climate-related risks and opportunities are integrated into QES's long-term planning.
- Establishes the strategic direction, vision, and core values while ensuring that business operations are aligned with sustainability goals and the expectations of stakeholders

Sustainability Steering Committee

- Oversee the Group's sustainability strategy goals to the long term business growth and objectives.
- Conducting a thorough assessment of the ESG risks and opportunities relevant to our industry and business operations.
- Identify the environmental and social impacts of our operations, as well as the governance practices that may affect our business performance and reputation.
- Developing the materiality matrix and reporting systems to measure and track our Group's ESG performance.

Sustainability Working Committee

- Comprises of the various department heads within the Group and employees who are passionate about ESG.
- Tasked with ensuring that strategies and plans affirmed by the SSC are implemented.
- Monitors progress of sustainability initiatives, activities and targets, and reports to the respective heads of the SSC.
- Ensure that sustainability and climate-related initiatives are integrated into decision-making processes, along with the provision of necessary resources to support them.
- Assisting management in maintaining consistent sustainability standards throughout the Group

SUSTAINABILITY STATEMENT (CONT'D)

QES SUSTAINABILITY FRAMEWORK: ESG PILLARS (CONT'D)

Sustainability Governance Structure (Cont'd)

The Board of Directors oversees the sustainability and climate-related strategy, ensuring that sustainability and climate-related risks and opportunities are integrated into QES's long-term planning. The Board establishes the strategic direction, vision, and core values while ensuring that business operations are aligned with sustainability goals and the expectations of stakeholders.

The SSC, led by the Group Managing Director monitors, guides, and approves major policies, processes, and strategies related to environmental, social, governance, and reputational risks. The SSC ensures that sustainability and climate-related initiatives are integrated into decision-making processes, along with the provision of necessary resources to support them. The SSC delegates specific implementation plans to the Sustainability Working Committee ("SWC"), which is headed by various department heads within the Group.

The SWC executes sustainability and climate-related risk mitigation and opportunities efforts across all operational levels. It ensures sustainable practices and compliance are integrated into each operating unit and reviews and recommends changes to policies and sustainability practices. The SWC provides guidance and updates to the SSC accordingly. These teams are tasked with developing and implementing initiatives to address emerging challenges and opportunities.

STAKEHOLDER ENGAGEMENTS

At QES, we believe that consistent communication and understanding with all internal and external stakeholders is critical in our journey to becoming a reputable, long-term company with good corporate governance. The Group maintains ongoing dialogues with pertinent stakeholders and shares information in a timely, effective, and transparent way. The invaluable input from our stakeholders guides our company as we strive to become a responsible corporate citizen. To accomplish meaningful engagements that meet the requirements of our stakeholders, we empower respective business divisions to assess the best approach to engaging our stakeholders in our mission. We communicate with our stakeholders through a variety of platforms and at varying frequencies, ranging from daily communications to weekly updates to quarterly follow-ups and annual meetings. We put a high value on sustainability.

Key Stakeholders	Areas of Interests	Platforms Used
Directors	<ul style="list-style-type: none"> Financial Performance Corporate Governance Practices Business Strategy ESG Strategy & Sustainability Goals 	<ul style="list-style-type: none"> Quarterly Board Meetings On-Going Interactions
Management	<ul style="list-style-type: none"> Financial Performance Corporate Governance Practices Business Strategy Human Capital Management 	<ul style="list-style-type: none"> Monthly Management Meetings Quarterly Performance Reviews Half Yearly Off-Site Key Management Meetings On-Going Interactions
Employees	<ul style="list-style-type: none"> Employee Health & Well-Being Occupational Health & Safety Compensation & Benefits Career Development 	<ul style="list-style-type: none"> Employee Corporate Handbook Emails Memo Intranet Performance Appraisal Learning & Development Programs Post-Quarterly Financial Briefings

SUSTAINABILITY STATEMENT

(CONT'D)

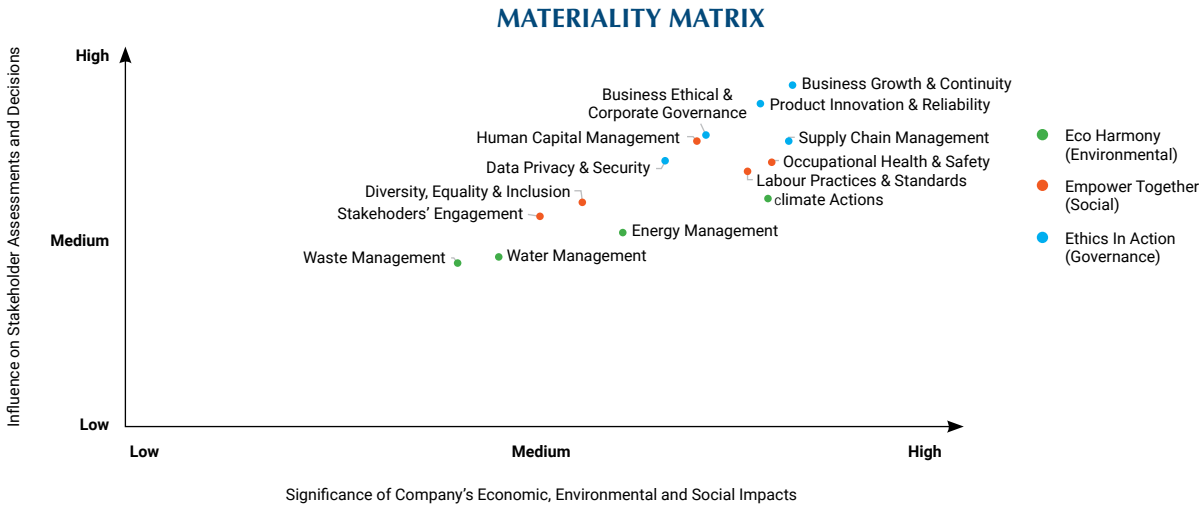
STAKEHOLDER ENGAGEMENTS (CONT'D)

Key Stakeholders	Areas of Interests	Platforms Used
Shareholders/ Investors	<ul style="list-style-type: none"> Financial Performance Corporate Governance Practices Business Strategy Transparency in Financial Reporting Risk Management 	<ul style="list-style-type: none"> Annual General Meetings Quarterly Financial Reports Investors Briefings Annual Reports Corporate Website
Customers	<ul style="list-style-type: none"> Technologies & Innovation Product Reliability & Quality Technical Support Services Competitive Pricing Manufacturing Capacity On – Time Delivery Regulations Compliance Corporate Governance Practices 	<ul style="list-style-type: none"> On - Site Visit Exhibitions/Conference/Webinars Customer Training & Support Customer Complaint Form Customer Satisfaction Survey Corporate Website Social Media (LinkedIn) Annual Operations Audit
Suppliers/Vendors	<ul style="list-style-type: none"> Regulatory Compliance Corporate Governance Practices Agreeable Contracts Terms of Payment 	<ul style="list-style-type: none"> Email Correspondence On - Site Visit Daily Interactions Vendor Assessment & Evaluation Procedure
Communities/ Societies	<ul style="list-style-type: none"> Corporate Governance Practices Community Involvement Environmental Management 	<ul style="list-style-type: none"> Community Involvement Programs Career Fairs Corporate Website Social Media (LinkedIn)
Media	<ul style="list-style-type: none"> Regulatory Compliance Community Involvement 	<ul style="list-style-type: none"> Corporate Website Social Media (LinkedIn)
Government and Regulatory Bodies	<ul style="list-style-type: none"> Regulatory Compliance Industry Standards Corporate Governance Practices 	<ul style="list-style-type: none"> Corporate Website Compliance Audits Annual Reports

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL MATTERS

As part of our efforts to improve the Group's sustainability framework, the Group has re-prioritized the materiality assessment to identify material sustainability issues and ranked them based on their significance to our business and stakeholders.



Management of Material Issues

At QES Group Berhad, we recognize that effective management of material sustainability issues is critical to ensuring long-term business resilience, regulatory compliance, and stakeholder confidence. Our approach involves a structured framework of policies, measures, and performance indicators that govern our sustainability initiatives and corporate decision-making. Each material issue identified is linked to specific management strategies, aligning with our sustainability commitments and corporate governance framework.

Continuous Materiality Assessment & Adaptation

To ensure that our materiality assessment remains relevant to emerging risks, regulatory developments, and industry trends, QES Group will conduct a materiality review on an annual basis. This continuous evaluation process allows us to refine our sustainability strategy, adapt to global sustainability trends, and meet evolving stakeholder expectations.

Through these policies, governance measures, and continuous improvements, QES Group Berhad remains committed to sustainable growth, ethical business practices, and long-term corporate resilience.

We will detail our management strategies for each of the 14 identified Material Matters, categorized under the three ESG pillars, in the subsequent pages.



SUSTAINABILITY STATEMENT (CONT'D)

OUR SUSTAINABILITY APPROACH

At QES Group Berhad, we are committed to integrating sustainability into our business strategy, ensuring long-term value creation for stakeholders while addressing ESG challenges. QES Group supports the UN SDGs by linking material sustainability issues to specific SDG targets. Our sustainability strategy is structured around nine (9) ESG Core Themes, ensuring that we drive meaningful ESG impact through our business operations.



ETHICS IN ACTION



PRODUCT INNOVATION & RELIABILITY

Technology & Quality Innovation at QES

At QES Group Berhad, we recognize that technological innovation and quality excellence are critical to maintaining our competitive edge in the semiconductor equipment industry. We are committed to delivering high-quality, precision-engineered solutions while ensuring sustainability, efficiency, and compliance with global industry standards.

Guided by our PRIDE core values, we strive to meet and exceed customer expectations, regulatory requirements, and sustainability benchmarks. Our commitment extends beyond product development to encompass responsible sourcing, ethical business practices, and continuous improvement in our quality management systems.

This section outlines how we drive product innovation, uphold quality standards, and ensure compliance through our internal controls, research and development ("R&D") investments, and international certifications.

Driving Innovation Through R&D

In an increasingly competitive market, innovation is the foundation for long-term success. At QES Group, we place strong emphasis on R&D to:

- Develop next-generation semiconductor and automation equipment with enhanced performance and energy efficiency.
- Refine existing products and manufacturing processes to improve quality, durability, and sustainability.
- Shorten product delivery lead times by streamlining production workflows.

To achieve these goals, 7% to 8% of our manufacturing division's annual revenue is allocated to R&D investments, ensuring continuous technological advancement and market relevance.

SUSTAINABILITY STATEMENT (CONT'D)

PRODUCT INNOVATION & RELIABILITY (CONT'D)

Commitment to Product Quality & Compliance

At QES Group, quality is the cornerstone of everything we do—from design and manufacturing to product delivery and customer support. We implement rigorous Quality Assurance (“QA”) processes across all operational stages to ensure consistency, reliability, and compliance with industry and regulatory standards.

To uphold our commitment to quality, we:

- Implement a structured Quality Management System (“QMS”) that governs product lifecycle processes.
- Monitor and assess product performance metrics to ensure compliance with customer specifications and international standards.
- Conduct internal audits and risk assessments to prevent product defects and operational inefficiencies.
- Train employees and partners to ensure alignment with our quality objectives.

Our QA process follows a comprehensive quality control framework, covering procurement, production, assembly, and non-conformity management.

Internal Controls for Manufacturing Division

To uphold product quality and safety standards, QES Group has established stringent internal controls across our manufacturing, engineering, and production processes:

Internal Control Process	Description
Control & Monitoring of Measuring Equipment	Ensures that product changes or improvements meet customer requirements through controlled implementation.
Monitoring & Measurement of Products	Tracks and verifies product characteristics to ensure compliance with design and performance specifications.
Production Process Control	Establishes protocols to maintain consistency and quality in the manufacturing process.
Fabrication Process Control	Ensures that fabrication activities adhere to strict quality and sustainability standards.
Design & Development Controls	Maintains an effective system to manage product innovation, testing, and validation.
Engineering Process Control	Ensures that customer-driven and internal product modifications are implemented under strict guidelines.
Production & Material Control	Optimizes material usage and production scheduling to meet customer demand while reducing waste.
Delivery Arrangement & Logistics	Defines the procedures for on-time product delivery and supply chain optimization.
Control of Non-Conforming Products	Prevents the use or delivery of defective products by implementing corrective and preventive actions.
Product & Technical Training	Provides employees, distributors, and customers with the necessary knowledge to handle and maintain QES products effectively.



SUSTAINABILITY STATEMENT

(CONT'D)

PRODUCT INNOVATION & RELIABILITY (CONT'D)

Commitment to Product Quality & Compliance

Quality Management Systems & Certifications

To reinforce our commitment to product quality, safety, and regulatory compliance, QES Group adheres to internationally recognized quality management standards.

Certification	Subsidiary	Description
ISO 9001:2015	QES (Asia-Pacific) Sdn Bhd	Certifies compliance with ISO QMS standards through annual internal and external audits.
ISO 9001: 2015	QES Mechatronic Sdn Bhd	Ensures effective quality management practices in manufacturing and automation processes.
ISO 9001:2015	QES Intra Pacific Sdn Bhd	Demonstrates adherence to international best practices in quality assurance.
ISO/IEC 17025	QES (Asia-Pacific) Sdn Bhd	Certifies laboratory compliance with international testing and calibration standards.
ISO/IEC 17025	QS Instruments Sdn Bhd	Verifies testing and measurement accuracy in semiconductor and automation equipment.
ISO 14001:2015	QES Mechatronic Sdn Bhd	Certifies compliance with environmental management system (EMS) standards, ensuring sustainable manufacturing practices.

The Importance of Quality & Certification Compliance

Maintaining high-quality standards and internationally recognized certifications is essential to:

- Ensuring compliance with global industry regulations (ISO, IEC, and customer-specific requirements).
- Enhancing customer confidence in QES products and manufacturing capabilities.
- Supporting supply chain sustainability by implementing eco-friendly and energy-efficient practices.
- Expanding market access by meeting international quality and safety benchmarks.

By securing ISO and IEC certifications, QES Group demonstrates its commitment to world-class manufacturing, sustainability, and customer satisfaction.

Our Future Commitment to Quality & Innovation

QES Group remains committed to:

- Advancing R&D investments to drive innovation in semiconductor and automation equipment.
- Strengthening ESG-aligned quality management practices to meet evolving global standards.
- Expanding certification coverage to ensure compliance with new environmental, quality, and sustainability regulations.
- Enhancing supply chain traceability and ethical sourcing to meet customer and investor expectations.

Through technological innovation, continuous quality improvement, and compliance with international standards, QES Group is positioned as a leader in precision automation and semiconductor equipment solutions.

SUSTAINABILITY STATEMENT

(CONT'D)

DATA PRIVACY & SECURITY

At QES Group Berhad, we recognize that data privacy and cybersecurity are critical to maintaining stakeholder trust, regulatory compliance, and business resilience. As digital transformation accelerates, protecting sensitive information and mitigating cybersecurity threats remain a top priority.

We are committed to safeguarding the data of employees, customers, and business partners by implementing robust security measures, compliance frameworks, and proactive risk mitigation strategies.

To effectively manage our expanding IT infrastructure and user base, we have implemented the following data security controls:

- Advanced IT Security Infrastructure – Deployment of firewall protection, endpoint security solutions, antivirus software, emergency power supply, server backup, and user access controls to safeguard data integrity.
- Compliance with Data Protection Laws – Adherence to the Personal Data Protection Act 2010 (PDPA) and internal IT user policies governing the responsible handling of sensitive information.
- Enterprise IT Management Systems – Adoption of centralized IT management software with advanced monitoring and threat detection capabilities to oversee large-scale IT infrastructure.
- Cybersecurity Workforce Strengthening – Regular enhancement of IT team capabilities, ensuring comprehensive coverage of operations (ITOps), development (DevOps), and security needs.

Zero substantiated complaints concerning breaches of customer privacy or data loss were reported for FYE 2024, reflecting our strong cybersecurity governance framework.

BUSINESS GROWTH & CONTINUITY

At QES Group Berhad, our commitment to long-term customer satisfaction, market competitiveness, and business continuity is driven by a structured approach to customer engagement, continuous improvement, and industry collaboration. These pillars form the foundation of our ability to deliver high-quality products and services, strengthen market positioning, and ensure sustainable business growth.

Customer Engagement & Service Excellence

Our customer engagement strategy is designed to enhance satisfaction, strengthen relationships, and deliver value-driven solutions. From pre-sales consultation to post-sales support, we ensure that every customer interaction is seamless, responsive, and focused on long-term partnerships.

Customer Engagement Process:

- Personalized Consultation – Sales representatives analyze customer needs and recommend the most suitable solutions.
- Transparent Order & Delivery Updates – Customers receive real-time updates on delivery schedules and installation processes.
- Post-Installation Satisfaction Survey – Customers provide feedback on sales experience, product performance, and service quality.
- Continuous Improvement Through Feedback Analysis – Data-driven insights from customer feedback drive service enhancements and innovation.

Customer Satisfaction Surveys are conducted post-installation, evaluating four key areas:

1. Sales Personnel – Product knowledge, responsiveness, and professionalism.
2. Products – Quality, reliability, and compliance with specifications.
3. Service Personnel – Installation efficiency, technical support, and troubleshooting.
4. Overall Purchase Experience – End-to-end customer journey evaluation.



SUSTAINABILITY STATEMENT (CONT'D)

BUSINESS GROWTH & CONTINUITY (CONT'D)

Customer Engagement & Service Excellence

Impact on Long-Term Customer Satisfaction & Business Continuity:

- Strengthens brand loyalty by addressing customer needs proactively.
- Reduces service disruptions by improving issue resolution and response times.
- Enhances trust and reliability, ensuring repeat business and long-term customer retention.

Through proactive customer engagement, continuous service improvements, and adherence to global quality standards, QES Group remains committed to delivering excellence while driving sustainable business growth.

Customer Feedback & Continuous Improvement

To maintain high service standards and product excellence, QES Group conducts regular customer satisfaction surveys and leverages data-driven insights for continuous improvement.

Customer Feedback Process:

- Meticulous data analysis to identify key areas for enhancement.
- Departmental reviews during monthly meetings to drive actionable improvements.
- Integration of feedback into product development and service refinement.

Key Benefits for Market Competitiveness & Business Continuity:

- Proactive issue resolution improves customer trust and brand reputation.
- Enhanced service response times and technical support strengthen customer retention.
- Refined product quality and functionality ensure QES Group stays competitive in a rapidly evolving market.

Through this structured, data-driven approach, QES Group remains at the forefront of customer-centric innovation and service excellence.

Industry Engagement & Market Expansion

At QES Group Berhad, we recognize that long-term business sustainability requires strong industry partnerships, continuous market expansion, and global networking.

One of the key pillars of our market growth strategy is active participation in national and international tradeshows and conferences, which provides:

- Invaluable networking opportunities with industry leaders, partners, and potential customers.
- Insights into emerging trends, innovations, and best practices in our key sectors.
- Brand recognition and market expansion opportunities, strengthening QES's reputation as a trusted industry player.

Unlike many competitors, QES Group serves a broad range of industries, including:

- Semiconductor
- Electrical & Electronics (E&E)
- Automotive
- Metal & Mining
- Oil & Gas
- Renewable Energy

SUSTAINABILITY STATEMENT (CONT'D)

BUSINESS GROWTH & CONTINUITY (CONT'D)

Key Tradeshows & Conferences Participated in FYE 2024:

Event Name	Location	Industry Focus
SEMICON SEA 2024	Malaysia	Semiconductor & Electronics
SEMICON China 2024	China	Semiconductor & Electronics
SEMICON India 2024	India	Semiconductor & Electronics
METALEX 2024	Thailand	Metalworking
Manufacturing Expo 2024	Thailand	Manufacturing of Plastics, Automotive, Surface & Coatings, Electronics and many more.
LABAsia 2024	Indonesia	Scientific & Laboratory Equipment
38th Philippine Chemistry Congress 2024	Philippines	Scientific & Laboratory Equipment
PIChE National Convention 2024	Philippines	Scientific & Laboratory Equipment
Philippine Semiconductor & Electronics Convention and Exhibition (PSECE) 2024	Philippines	Semiconductor & Electronics
ThailandLab 2024	Thailand	Scientific & Laboratory Equipment

Long-Term Market Competitiveness & Growth Strategy:

- Leverage customer insights to drive continuous service enhancements.
- Deepen industry collaborations through active participation in global conferences and tradeshows.
- Expand market reach by adopting innovative solutions and fostering sustainable business growth.

By engaging in these prestigious global industry events, QES Group continues to expand its footprint, strengthen stakeholder relationships, and stay ahead of technological advancements.

Through customer engagement, industry partnerships, and participation in global tradeshows, QES Group reinforces its position as a trusted, forward-thinking industry leader.

Strategic Expansion of QES Group’s Supplier Network

At QES Group Berhad, our commitment to business sustainability, technological innovation, and market resilience drives our continuous expansion of strategic supplier partnerships. In FYE 2024, we have further strengthened our distribution division by introducing three new suppliers to our global network of technology partners, reinforcing our ability to fill critical market gaps, meet evolving customer demands, and maintain a competitive edge in our industries.

The newly added suppliers—Semishare (China), Eviscan 3D and Lubrication Plus—bring cutting-edge technologies and specialized solutions that enhance QES’s product offerings across semiconductor, electronics, precision engineering, and industrial automation markets.

Semishare (China) – Advanced Wafer Probing & Testing Solutions

Semishare is a leading Chinese provider of wafer probing and semiconductor testing solutions, specializing in:

- Probe stations for high-precision electrical testing of semiconductor wafers.
- Automated and manual probing systems for advanced R&D and production environments.
- Flexible wafer-level testing for microelectronics, optoelectronics, and MEMS applications.



SUSTAINABILITY STATEMENT (CONT'D)

BUSINESS GROWTH & CONTINUITY (CONT'D)

Market Gap Filled: With increasing complexity in semiconductor devices, the demand for high-precision testing solutions is growing. Semishare's advanced wafer probing technologies strengthen QES's ability to offer cutting-edge solutions for semiconductor manufacturers, research institutions, and integrated device manufacturers (IDMs).

Eviscan 3D – High-Resolution 3D Imaging & Metrology

Eviscan 3D introduces state-of-the-art three-dimensional scanning and imaging solutions, catering to industries requiring precise measurement, reverse engineering, and non-contact inspection technologies.

- Ultra-high accuracy 3D scanning for quality control, product development, and digital archiving.
- Portable and automated 3D scanning systems for industrial and biomedical applications.
- Enhanced metrology solutions for aerospace, automotive, and semiconductor industries.

Market Gap Filled: The demand for high-precision 3D imaging and metrology is increasing in advanced manufacturing, aerospace, and automotive sectors. Eviscan 3D's cutting-edge technology enables QES Group to offer industry-leading solutions for component inspection, quality assurance, and rapid prototyping.

Lubrication Plus – Specialized Industrial Lubricants & Maintenance Solutions

Lubrication Plus focuses on advanced lubrication and maintenance solutions to improve equipment longevity, energy efficiency, and operational performance across various industries.

- High-performance industrial lubricants for precision machinery and automation systems.
- Eco-friendly lubrication solutions to reduce friction, wear, and maintenance costs.
- Customized lubrication programs tailored for semiconductor, automotive, and heavy manufacturing sectors.

Market Gap Filled: With sustainability and operational efficiency becoming key concerns, Lubrication Plus enhances QES's ability to provide sustainable, high-efficiency lubrication solutions that extend equipment lifespan and reduce downtime.

Strategic Impact on QES's Business Sustainability & Innovation

By integrating these new supplier partnerships, QES Group is:

- Expanding its product portfolio with high-tech solutions that address unmet industry needs.
- Enhancing its market position as a one-stop provider for advanced manufacturing and automation solutions.
- Supporting business continuity by ensuring access to cutting-edge technologies that drive industry innovation.
- Filling critical technology gaps in wafer testing, 3D imaging, precision tooling, and industrial lubrication.
- Aligning with sustainable business practices by offering eco-friendly, high-efficiency solutions that promote energy savings and waste reduction.

These new additions solidify QES's role as a leader in providing innovative and sustainable solutions, ensuring that we continue to meet customer needs, drive technological advancements, and maintain a resilient business model in an evolving global market.

Our relentless pursuit of technological advancements and sustainable business practices has led to groundbreaking innovations, particularly in our manufacturing division. In FYE 2024, we are proud to introduce our latest metrology breakthrough:

SUSTAINABILITY STATEMENT (CONT'D)

BUSINESS GROWTH & CONTINUITY (CONT'D)

Wafer Phase Shift Deflectometry (“WPSD”) – A New Standard in Precision Measurement

This cutting-edge optical metrology system revolutionizes wafer surface measurement by utilizing the deflection of light waves to achieve unparalleled accuracy in topography analysis. Designed to address critical challenges in semiconductor manufacturing, offering:

- High-Resolution Surface Defect Detection – Traditional metrology tools often struggle to identify nanometer-scale surface anomalies that can affect semiconductor performance. WPSD provides ultra-precise surface mapping, ensuring superior quality control and defect detection.
- Non-Destructive Testing – Many conventional techniques require destructive sample preparation, increasing costs and reducing production efficiency. WPSD enables comprehensive surface analysis without compromising wafer integrity, ensuring seamless process monitoring and optimization.
- Rapid Throughput & Real-Time Data Acquisition – Precision often comes at the expense of speed, creating bottlenecks in production. WPSD enhances metrology efficiency by enabling fast, high-resolution measurements, facilitating real-time process control and enhanced production yields.

By integrating WPSD into our product portfolio, QES Group reaffirms its commitment to innovation, quality excellence, and sustainable semiconductor manufacturing. This breakthrough technology not only strengthens our position as an industry leader but also aligns with our goal of driving precision, efficiency, and sustainability in semiconductor production.

BUSINESS ETHICAL & CORPORATE GOVERNANCE

At QES, we are firmly committed to upholding high standards of corporate governance and ethical business practices across all levels of our operations, and to ensuring full compliance with all applicable laws and regulations in the jurisdictions where we operate. The Group recognizes that robust corporate governance is integral to its sustained success and is fully committed to implementing practices that ensure transparency, accountability, performance, and integrity. These elements are crucial for fostering trust and confidence among stakeholders.

Upholding high standards of corporate governance is a cornerstone of our long-term business strategy. The Board of Directors plays a central role in upholding the Group’s corporate governance principles. We believe that a sound and effective Board structure is the foundation of strong governance and strategic oversight, helping safeguard the interests of stakeholders while enhancing long-term shareholder value. These commitments are further detailed in the Corporate Governance Overview Statement contained within this Annual Report.

In addition to the overarching commitment to governance principles, the Group has formalized various policies and frameworks to guide its conduct and operations, including:

- Code of Ethics and Conduct
- Anti-Corruption and Bribery Policy
- Whistleblowing Policy
- Corporate Governance Report
- Directors’ Fit and Proper Policy
- Board Charter
- Term of Reference for the Audit and Risk Management Committee
- Term of Reference for Nomination Committee
- Term of Reference for Remuneration Committee

For further information, documents outlining these policies are available for reference on our corporate website at <https://www.qesnet.com/corporate-governance/>. These resources serve to enhance transparency and accountability, reinforcing our commitment to sound corporate governance practices.



SUSTAINABILITY STATEMENT

(CONT'D)

BUSINESS ETHICAL & CORPORATE GOVERNANCE (CONT'D)

Anti-Corruption and Bribery

QES maintains an unwavering zero-tolerance policy towards bribery and corruption, as outlined in our Anti-Corruption and Bribery Policy (“ACAB Policy”), which is publicly accessible on our corporate website. The ACAB Policy details the types of conduct that may constitute bribery and corruption, such as gifts, entertainment, hospitality, donations, and other behaviors that may be deemed unethical, as well as, clear guidelines for directors and employees to adhere to, ensuring compliance with all applicable laws, rules, and regulations in the performance of their duties.

To ensure the relevance and effectiveness, the Board conducts regular reviews, updates, and oversight to ensure the ACAB Policy covers anti-corruption comprehensively, particularly in response to regulatory changes such as Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 (Amendment 2018). These reviews are crucial for maintaining alignment with evolving legal requirements and best practices in the field of anti-corruption.

We proactively communicate the ACAB Policy through various communication channels, including the corporate website, training or awareness sessions, integration with supplier and vendor documents and documentation in the Group Corporate Handbook, ensuring accessibility to all parties. The ACAB policy applies to all entities within the Group, including directors, employees, consultants, agents, suppliers, customers, and third parties associated with QES.

In FYE 2024, we achieved an anti-corruption training participation rate of 88.45%, surpassing our previous target of 75% for Malaysian employees. We remain committed to ongoing education efforts and will continue implementing training and awareness sessions to strengthen employee understanding and awareness of anti-fraud, bribery, corruption matters, and whistleblowing mechanisms, fostering a culture of integrity and compliance throughout the organization. For FYE 2025, we are targeting a participation rate of 90% as part of our continuous improvement efforts.

Percentage of Employees Trained on Anti-Corruption FYE 2024

Employee Category	Headcount (Pax)	Percentage (%)
Top Management	13	100.00
Managerial	68	91.89
Executive	182	96.81
Non-Executive	28	51.85
TOTAL	291	88.45

Our commitment to transparency and accountability extends beyond policy formulation. In FYE 2024, QES has conducted internal corruption risk assessments integrated within our Enterprise Risk Management (“ERM”) framework across all Malaysian business units. This proactive approach helps identify and mitigate vulnerabilities in our operations. Moving forward, the Group will implement more structured assessments of corruption-related risks, further reinforcing our focus on integrity and regulatory compliance.

Whistleblowing and Ethical Oversight

At QES, we strongly encourage a culture of openness and integrity. Our Whistleblowing Policy provides a secure and confidential channel for employees and stakeholders to report concerns about unethical behavior, misconduct, or violations of our internal policies or applicable laws.

For FYE 2024, the Group recorded:

- Zero substantiated whistleblowing reports;
- Zero incidents of bribery, corruption, or unethical behavior;
- Zero employee disciplinary actions or dismissals due to non-compliance with anti-corruption or unethical behavior; and
- Zero fines or penalties for non-compliance with anti-corruption or unethical behavior.

SUSTAINABILITY STATEMENT (CONT'D)

BUSINESS ETHICAL & CORPORATE GOVERNANCE (CONT'D)

Anti-Corruption and Bribery (Cont'd)

This clean record reflects our unwavering commitment to ethical conduct and business integrity. We will continue strengthening our internal controls, promoting awareness, and fostering a culture where doing the right thing is everyone's responsibility.

SUPPLY CHAIN MANAGEMENT

The Group is committed to establishing a diverse, responsible, and sustainable supply chain to bolster long-term value creation. Our goal is to foster enduring, mutually beneficial partnerships with suppliers, driving collective growth within a profitable framework that minimizes disruptions and enhances efficiency. In alignment with our core values, we prioritize ethical business conduct, environmental responsibility, and compliance with legal and regulatory requirements, ensuring that our supply chain upholds the highest standards of integrity.

To uphold these commitments, the Group has established a Supplier Code of Conduct, which outlines key expectations regarding business ethics, human rights, labor standards, health and safety, and environmental responsibility. In FYE 2024, we formally communicated our Supplier Code of Conduct and Code of Ethics and Conduct to all active and new suppliers via email and incorporated these codes into our procurement documentation. Suppliers are required to adhere to strict guidelines on anti-corruption, fair labor practices, and environmental stewardship, aligning their operations with internationally recognized principles of corporate responsibility. Compliance with these standards is monitored through regular assessments, and corrective actions are implemented when necessary to address non-conformities.

The Group is committed to fostering sustainability throughout our supply chain by enhancing supplier engagement and performance. We aim to strengthen supplier relationships through initiatives focused on sustainability, ethical practices and continuous improvement. As part of this commitment, we will explore opportunities to implement supplier evaluation and risk assessments to ensure alignment with our sustainability objectives. Moving forward, we will actively engage with suppliers, particularly those in higher-risk categories, to mitigate environmental and social risks. Our supplier selection process will emphasize due diligence, ensuring alignment with the Group's sustainability standards and reinforcing responsible procurement practices across all business units. These initiatives reflect our ongoing dedication to advancing sustainability, transparency and ethical business practices throughout our supply chain.

The Group also acknowledges the importance of supporting local economies. By partnering with local suppliers, we contribute to economic growth, job creation, and community development in the regions where we operate. Collaborating with local suppliers also offers strategic advantages, such as reduced lead times, enhanced communication, and improved supply chain flexibility.

Despite our unwavering dedication to sourcing locally whenever feasible, our expenditure with local suppliers for the Malaysian business units increased from RM25.56 million in FYE 2023 to RM29.18 million in FYE 2024, representing a rise in local sourcing from 17.88% to 22.17% of our total procurement spend. While this percentage reflects our commitment to quality and sustainability, we continue to explore opportunities to deepen our engagement with local suppliers, ensuring that our procurement strategies align with both operational efficiency and sustainable business practices.

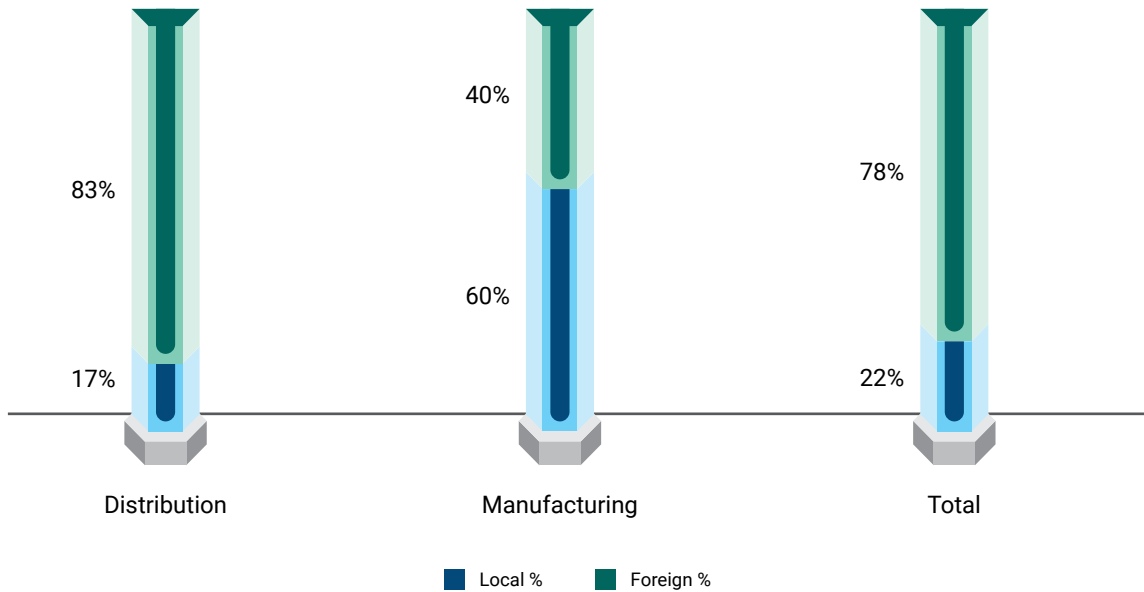
Striking a balance between local supplier engagement and operational requirements remains a key focus. As we uphold our commitment to responsible procurement, we are actively working to strengthen the resilience and integrity of our supply chain. By enforcing our Supplier Code of Conduct and fostering responsible supplier relationships, we aim to drive sustainable growth, enhance supply chain accountability, and promote ethical business conduct across all our operations.

SUSTAINABILITY STATEMENT
(CONT'D)

SUPPLY CHAIN MANAGEMENT (CONT'D)

The breakdown of proportion spent by each division in percentage is as follows:

PROPORTION OF SPENDING ON LOCAL SUPPLIERS (%)



ECO HARMONY



QES is committed to sustainable resource management, with initiatives aligned with the **UNSDGs**, particularly:

- **SDG 7:** Affordable and Clean Energy
- **SDG 12:** Responsible Consumption and Production
- **SDG 13:** Climate Action

Our sustainability strategy encompasses waste management, energy efficiency, and water conservation, reinforcing our dedication to minimizing environmental impact.

Through proactive environmental strategies, we aim to minimize resource consumption, reduce emissions, and promote circular economy principles. This section outlines our initiatives and achievements in waste, energy, water, and emissions management, demonstrating our commitment to continuous improvement.

SUSTAINABILITY STATEMENT (CONT'D)

CLIMATE ACTIONS

At QES, we recognize the importance of addressing climate change as part of our long-term sustainability strategy. While we are in the early stages of developing our climate-related initiatives, we are dedicated to making meaningful progress. Our commitment to addressing climate change issue has also been outlined in our Environmental Policy, which is available on our corporate website.

We have initiated the measurement of our operational greenhouse gas (“GHG”) emissions and have disclosed Scope 1, Scope 2, and Scope 3 data for FYE 2024. As we progress, we are committed to continuously enhance the accuracy and robustness of our emissions data through improved measurement and monitoring practices. Our goal is to embed climate considerations into our strategic planning and operations, ensuring continuous improvement and alignment with sustainability best practices.

Climate Governance

In our ongoing commitment to addressing climate change, the Board will receive quarterly updates from the SSC on climate-related issues, including risks, regulatory changes, and progress on our climate initiatives.

The Board will integrate climate considerations into its strategic oversight, encompassing major action plans, risk management policies, and annual budgets. The SSC shall be responsible for developing and setting climate strategy goals, which will be reviewed and approved by the Board. The Board will ensure that climate risks and opportunities are embedded in performance objectives, monitoring processes, and major investment decisions.

To track our progress, the Board will review regular updates from the SSC, evaluate the effectiveness of our climate initiatives, and make adjustments as necessary. This oversight will ensure that our climate targets are effectively implemented and aligned with our overall climate strategy.

The SSC will oversee the development and execution of our climate strategy, including assessing climate-related risks and opportunities, implementing measures, and tracking progress. Regular reports will be provided to the Board to ensure effective management of climate issues and alignment with our company’s climate objectives.

Climate-Related Risk and Opportunities

We recognize that climate change presents both risks and opportunities for our business. Climate-related risks, such as regulatory changes, extreme weather events, and shifts in market demand, are recognized as potential threats that could impact our operations and financial performance. Conversely, opportunities such as advancements in sustainable technologies and increased market demand for green products present avenues for growth and innovation.

To manage climate-related risks effectively, we will implement a structured approach to risk identification and assessment which shall involve continuous monitoring of external factors such as regulatory changes, extreme weather events, and market trends. By staying informed, we are able to proactively identify and assess potential climate-related risks. We are also committed to engaging with stakeholders, including industry experts and regulators, to gain insights into potential climate-related threats and opportunities to help us refine our understanding and response strategies.

In addition, we are committed to integrating climate-related considerations into our operations and reporting, in line with the TCFD recommendations & IFRS S2. Our risk management process will be dedicated to developing strategies to address identified climate-related risks. We are committed to evaluating each risk based on its potential impact and likelihood and will decide on appropriate actions to mitigate, transfer, accept, or control these risks. This approach will ensure that our responses are proportionate to the risks’ significance and align with our broader organizational risk management framework.

Moving forward, we will integrate climate-related risks into our overall risk management processes to maintain consistency and coherence with other risk management activities. This integration will help us progress with a comprehensive view of our risk landscape, ensuring that climate-related considerations are addressed alongside other risk factors.



SUSTAINABILITY STATEMENT

(CONT'D)

CLIMATE ACTIONS (CONT'D)

Climate Related Risk and Opportunities (Cont'd)

As we progress, we will focus on prioritization and materiality by assessing the significance of climate-related risks in relation to their potential impact on our operations, financial performance, and strategic objectives. This assessment will guide our risk prioritization process, allowing us to allocate resources and management attention to the most critical risks. High-priority risks will receive more intensive management and oversight to ensure they are effectively addressed.

The tables below outline the climate-related risks and opportunities identified for QES, including their potential impacts and associated time horizons: short-term ("ST"), medium-term ("MT"), or long-term ("LT").

Type of Risk	Potential Risks	Potential Impacts	Time Horizon ¹
Transition Risk			
Regulatory and Policy Risks	<ul style="list-style-type: none"> Enhanced emissions-reporting obligations Mandates on and regulation of existing products and services Exposure to litigation for failure to mitigate the impacts of climate change 	<ul style="list-style-type: none"> Increased operational costs and disruptions due to stricter reporting and compliance requirements Potential fines or penalties for non-compliance Higher investment needed to meet evolving policy expectations. 	MT, LT
Market Risks	<ul style="list-style-type: none"> Shifts in consumer preferences towards low-carbon or sustainable products Resource shortages for low-carbon technologies impacting production Increased competition from companies offering more sustainable products 	<ul style="list-style-type: none"> Reduced revenue due to changing consumer preferences Higher production costs due to resource shortages or increased costs associated with transitioning to more sustainable technologies Potential reduction in profitability due to intensified competition from companies with stronger sustainability credentials. 	ST, MT
Technological Risks	<ul style="list-style-type: none"> Substitution of existing products and services with lower emissions options Costs to transition to lower-emissions technology Challenges integrating new technologies into current operations 	<ul style="list-style-type: none"> Significant research and development ("R&D") expenditures for new technologies Reduced demand for outdated products and services High costs of investing in new low-carbon technologies and potential disruptions during the transition 	ST, MT
Reputational Risks	<ul style="list-style-type: none"> Lack of transparency in climate-related disclosures Increased stakeholder concerns or negative feedback Potential reputational damage from non-compliance or negative public perception 	<ul style="list-style-type: none"> Reduced revenue due to negative impacts on workforce management (e.g., employee attraction and retention) Increased costs and delays from regulatory issues Loss of trust from investors and customers, leading to decreased brand value and difficulty attracting partnership 	ST, MT, LT

SUSTAINABILITY STATEMENT (CONT'D)

CLIMATE ACTIONS (CONT'D)

Climate Related Risk and Opportunities (Cont'd)

Type of Risk	Potential Risks	Potential Impacts	Time Horizon ¹
Physical Risks			
Acute Risks	<ul style="list-style-type: none"> Increased severity of extreme weather events such as floods 	<ul style="list-style-type: none"> Reduced revenue from decreased production capacity due to transport difficulties and supply chain disruptions Increased costs and reduced revenue from adverse impacts on workforce health and safety. Potential write-offs and early retirements of assets damaged in high-risk locations due to extreme weather events. 	ST
Chronic Risks	<ul style="list-style-type: none"> Changes in precipitation patterns and extreme variability in weather patterns Rising mean temperatures Rising sea levels 	<ul style="list-style-type: none"> Increased operating costs (e.g. inadequate water supply affecting hydroelectric plants) Higher capital costs from facility damage Reduced revenues due to lower sales or output. Increased insurance premiums and potential challenges in securing insurance for high-risk assets. Global supply chain disruption 	MT, LT
Type of Opportunities	Potential Opportunities	Potential Impacts	Time Horizon ¹
Resource Efficiency	<ul style="list-style-type: none"> Adoption of more efficient transport modes Use of more efficient production and distribution processes Implementation of reduce, reuse, and recycle practices Reduced water usage and consumption 	<ul style="list-style-type: none"> Lower operating costs through efficiency improvements and cost reduction Cost savings from material reuse and reduced waste disposal expenses Enhanced workforce benefits, such as improved health and safety and increased employee satisfaction, leading to lower costs Increased production capacity, contributing to higher revenues Higher investment needed to meet evolving policy expectations. 	ST, MT

SUSTAINABILITY STATEMENT (CONT'D)

CLIMATE ACTIONS (CONT'D)

Climate Related Risk and Opportunities (Cont'd)

Type of Opportunities	Potential Opportunities	Potential Impacts	Time Horizon ¹
Physical Risks			
Energy Source	<ul style="list-style-type: none"> Transition to lower-emissions energy sources Implementation of energy monitoring and optimization solutions Adoption of new energy technologies Shift towards decentralized energy generation 	<ul style="list-style-type: none"> Reduced operational costs due to energy efficiency and lower emissions Lower exposure to carbon cost fluctuations and reduced GHG emissions Increased capital availability from investors prioritizing low-emission producers Enhanced reputation, potentially increasing demand for goods and services 	MT, LT
Products and Services	<ul style="list-style-type: none"> Development and/or expansion of low-emissions goods and services Development of new products or services through R&D and innovation Diversification of business activities Shift in consumer preferences 	<ul style="list-style-type: none"> Increased revenue from growing demand for low emissions products and services Improved competitive position and market share due to alignment with consumer preferences Enhanced reputation and marketability 	ST, MT
Markets	<ul style="list-style-type: none"> Access to new and emerging markets Utilization of public-sector incentives 	<ul style="list-style-type: none"> Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks) Greater financial asset diversification through investments in green bonds and infrastructure 	MT, LT
Resilience	<ul style="list-style-type: none"> Participation in renewable energy programmes and adoption of energy efficiency measures Diversification of resources and supply chains 	<ul style="list-style-type: none"> Increased market valuation through enhanced resilience planning (e.g., infrastructure, land, buildings) Improved supply chain reliability and operational continuity Revenue growth from new products and services that support resilience 	LT

Note: ¹ Time Horizon- ST: 0 - 5 years; MT: 6 - 10 years; LT: >10 years

SUSTAINABILITY STATEMENT (CONT'D)

CLIMATE ACTIONS (CONT'D)

Our Commitment Progress & Climate-Related Metrics

Key Commitment	Progress & Performance Metrics (FYE 2023 – FYE 2024)	Future Targets
Energy Efficiency & Renewable Energy Adoption	<ul style="list-style-type: none"> Installed 233.2 kWp of solar panels, generating 302,011 kWh annually, reducing 237 tonnes of CO₂ emissions. Transitioned to energy-efficient LED lighting & inverter air-conditioning across key facilities. 	Reduce Scope 2 emissions by 20% by 2026 through additional renewable energy adoption and energy-efficient technology upgrades.
GHG Emissions Reduction & Decarbonization	<ul style="list-style-type: none"> Measured Scope 1, 2 and 3 emissions, reporting 17,058.86 tonnes of CO₂ in FYE 2024 Integrated emissions tracking systems for regulatory compliance. 	Implement low-carbon supply chain strategies to further reduce operational carbon footprint.
Water Efficiency & Resource Conservation	<ul style="list-style-type: none"> Implemented rainwater harvesting. Reduced overall water consumption per operational output. 	Enhance water recycling & conservation measures to achieve a 5% reduction in water usage intensity by 2026.
Waste Management & Circular Economy Practices	<ul style="list-style-type: none"> Launched waste reduction & recycling programs, diverting a portion of industrial waste from landfills. Improved e-waste disposal processes in compliance with ESG standards. 	Target 50% waste diversion by 2030 through enhanced circular economy initiatives.
Employee Training & Sustainability Awareness	<ul style="list-style-type: none"> Investment in education, environment, community and employee development Conducted climate & ESG training for 80% of Board & Key Management. 	Achieve 100% ESG training completion for key personnel by 2025.

SUSTAINABILITY STATEMENT (CONT'D)

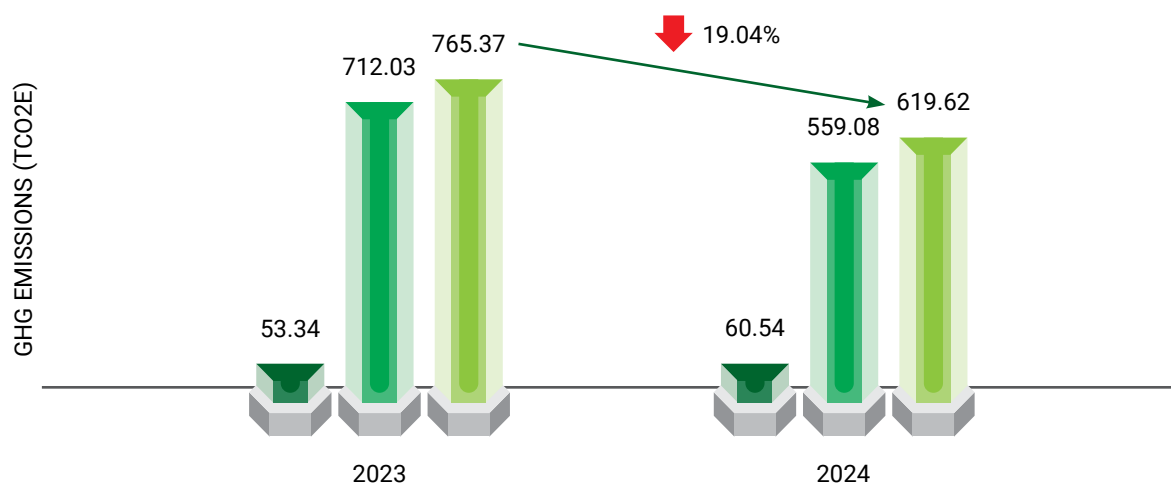
CLIMATE ACTIONS (CONT'D)

Greenhouse Gas ("GHG") Emissions

As part of our commitment to reducing our environmental footprints, we continuously monitor and manage our Scope 1 and Scope 2 GHG emissions. In FYE 2024, we achieved a notable 19.04% reduction in total operational emissions compared to FYE 2023, demonstrating the impact of our energy efficiency initiatives and increased renewable energy integration.

To add as new para: In FYE 2024, QES also initiated the measurement of Scope 3 GHG emissions, marking a key milestone in expanding the scope of our climate action efforts. We adopted a spend-based methodology, which estimates emissions based on expenditure on goods and services for upstream categories and revenue generated across various industry sectors for downstream categories. Scope 3 emissions were estimated at 17,058.86 tCO₂e, bringing total GHG emissions (Scope 1, 2, and 3) for FYE 2024 to 17,678.48 tCO₂e. QES remains committed to enhancing the accuracy and completeness of our emissions data. As part of our sustainability roadmap, we aim to continuously improve our measurement and monitoring processes to support more informed decision-making and drive meaningful progress towards our climate goals.

**TOTAL GHG EMISSIONS FYE 2023 VS FYE 2024
(SCOPE 1 & 2)**



Our total Scope 1 and Scope 2 emissions for the reporting period are as follows:

GHG Emissions (tCO ₂ e)	FYE 2023	FYE 2024	% Reduction
Scope 1 (Direct Emissions)	53.34	60.54	▲ 13.5%
Scope 2 (Indirect Emissions – Electricity Use)	712.03	559.08	▼ 21.5%
Total Scope 1 & 2	765.37	619.62	▼ 19.04%

While our Scope 1 emissions have increased due to higher fuel consumption from the purchase of new company vehicles in FYE 2024, this is offset by the substantial decrease in Scope 2 emissions, driven by reduced electricity consumption and the integration of solar energy. The 21.5% decline in Scope 2 emissions is a direct result of our investment in renewable energy and energy efficiency measures, reducing our reliance on grid electricity with a higher carbon intensity.

SUSTAINABILITY STATEMENT (CONT'D)

CLIMATE ACTIONS (CONT'D)

Key Factors Driving Emissions Reduction

- **Renewable Energy Integration:** Our solar panel system generated 254,762.14 kWh in FYE 2024, replacing a portion of our electricity demand with clean energy.
- **Energy Efficiency Initiatives:** The implementation of LED lighting, energy-efficient HVAC systems, and employee engagement programs contributed to lower electricity usage.
- **Operational Optimization:** A stronger focus on process efficiencies and power management helped curb unnecessary energy waste.

Sustainability Impact and Future Goals

The 19.04% reduction in GHG emissions aligns with our long-term carbon reduction targets and supports global climate commitments such as the Paris Agreement and Bursa Malaysia's climate disclosure expectations. Moving forward, we aim to:

- ✓ Further reduce Scope 2 emissions by expanding our solar energy capacity.
- ✓ Implement additional fuel efficiency measures to control Scope 1 emissions.
- ✓ Continue enhancing energy conservation strategies across all operations.

Through these measures, we remain committed to reducing our carbon footprint while driving sustainable business growth, ensuring resilience in a low-carbon economy.

WASTE MANAGEMENT

Waste Management: Commitment to Sustainable Practices

The Group remains steadfast in its commitment to environmental stewardship, aligning with the United Nations' 2030 Agenda and SDG 12.5, which emphasizes responsible consumption and production. Our waste management strategy is built on a proactive 4R approach—Reduce, Reuse, Recycle, and Recover—to minimize environmental impact and optimize resource efficiency.

Operating with a sustainability-first mindset, we strive to minimize waste generation and ensure compliance with environmental laws and regulations. We adhere to industry best practices, particularly in the management of subcontractors, ensuring that our operations meet the highest environmental standards. This commitment is reflected in our performance, with zero environmental fines or penalties during FYE 2024.

Enhancing Waste Management Practices

In FYE 2024, we took an important step by initiating the management and measurement of waste generated across our business operations at HQ. This marks a significant milestone in our waste management strategy, as we now have a more structured and comprehensive approach to tracking and minimizing waste production. To uphold proper waste disposal, we engage registered contractors for the disposal of scheduled waste at approved treatment facilities. Simultaneously, we cultivate a culture of recycling and energy conservation across our daily operations, actively working to reduce waste, pollution, and emissions.

FYE 2024 Waste Management Initiatives include:

- **Recycling Stations on Every Floor** – We introduced dedicated recycling stations at all office floors, making it easier for employees to separate waste correctly.
- **Source Separation Workshop** – Employees participated in an interactive workshop on the impact of improper recycling, providing hands-on experience in effective waste segregation.
- **Educational Videos & Posters** – To raise awareness, we developed informative recycling videos and posters, guiding employees on the correct disposal of different waste types and emphasizing the importance of proper waste segregation.

SUSTAINABILITY STATEMENT (CONT'D)

WASTE MANAGEMENT (CONT'D)

Through these initiatives, we aim to reduce landfill waste while increasing the volume of materials sent for recycling and recovery. Looking ahead, we remain committed to enhancing our waste management systems, ensuring compliance with environmental regulations, and driving continuous improvement in sustainability.

Waste Management Data FYE 2024

Waste Category	Total Waste (Tonnes)	Period
Total Waste Diverted from Disposal (Recycled waste)	0.994	Aug - Dec 2024
Paper	0.684	
Plastic	0.087	
Metal	0.022	
E-Waste	0.201	
Total Waste Directed to Disposal (General Waste)	9.418	Oct – Dec 2024
Total Waste Generated	10.412	

ENERGY MANAGEMENT

In today's world, climate change and energy security have emerged as critical global challenges, prompting governments worldwide to allocate significant resources toward sustainability. Policies are being enforced to ensure businesses take active steps in shaping a cleaner, more sustainable future.

At QES, we remain dedicated to sustainability by continuously monitoring and optimizing our energy consumption across all facilities and operations. Our goal is to enhance energy efficiency, reduce environmental impact, and contribute to global efforts to combat climate change.

As a key player in the manufacturing sector, electricity consumption represents a substantial operational cost. Proactively managing and optimizing our energy usage not only supports climate action but also enhances our long-term economic efficiency by reducing unnecessary resource consumption.

Monitoring and Managing Electricity Consumption

We actively track our electricity consumption based on monthly electricity bills to identify opportunities for efficiency improvements. Our Annual Electric Energy Consumption (kWh) for FYE 2023 and FYE 2024 is as follows:

Facility	FYE 2024 (kWh)	FYE 2023 (kWh)	% Change
QES Corporate HQ (Glenmarie, Shah Alam)	722,320	919,940	▼ 21.5%

Our expansion into a new corporate headquarters in March 2022, which doubled our previous office space, initially led to a noticeable rise in electricity consumption. However, through strategic energy management initiatives, we have successfully reduced electricity usage by 21.5% in FYE 2024, despite our business operations continuing to grow.

Looking ahead, we anticipate an increase in electricity demand as we further expand manufacturing capabilities. However, our commitment to energy efficiency remains steadfast, and we continue to invest in energy-saving initiatives to reduce our environmental footprint.

SUSTAINABILITY STATEMENT (CONT'D)

ENERGY MANAGEMENT (CONT'D)

Key Energy Efficiency Initiatives

To further optimize electricity usage and minimize carbon footprint, we have implemented several impactful initiatives:

1. Installation of Inverter Air Conditioners

All air conditioning units at our new Corporate HQ feature inverter technology, which dynamically adjusts compressor speed based on cooling demand. This results in:

- ✓ Lower energy consumption
- ✓ Reduced electricity costs
- ✓ Minimized strain on the electrical grid
- ✓ Lower environmental impact

2. Exclusive Use of LED Lighting

Our entire Corporate HQ is now illuminated with LED lighting, which offers:

- ✓ Up to 80% lower energy consumption than incandescent or fluorescent lights
- ✓ Equivalent brightness with reduced electricity usage
- ✓ Longer lifespan, reducing waste and maintenance costs
- ✓ Significant reductions in overall carbon emissions

3. Employee Awareness & Energy-Saving Culture

We emphasize employee engagement in energy conservation by promoting:

- ✓ Discipline in switching off unused lights and electronics
- ✓ Encouraging responsible energy consumption habits
- ✓ Educating staff on energy-efficient workplace practices

4. Solar Panel Installation – A Milestone in Renewable Energy

Our solar panel installation has significantly contributed to our sustainability strategy by reducing reliance on grid electricity and lowering carbon emissions. The three key performance metrics—solar energy yield, energy consumption reduction, and carbon offset—demonstrate our progress toward achieving our environmental targets.

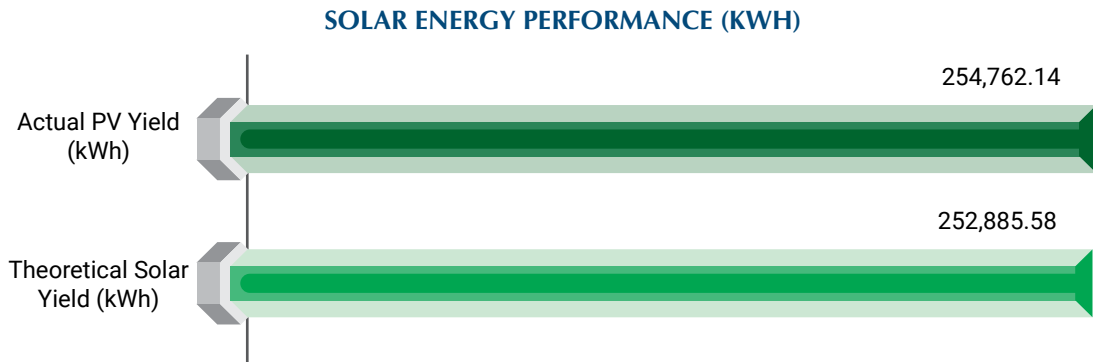
SUSTAINABILITY STATEMENT (CONT'D)

ENERGY MANAGEMENT (CONT'D)

4. Solar Panel Installation – A Milestone in Renewable Energy (Cont'd)

1. Solar Energy Yield Performance (kWh)

The comparison between theoretical and actual PV yield (illustrated in the first chart) highlights the efficiency of our solar panel system.



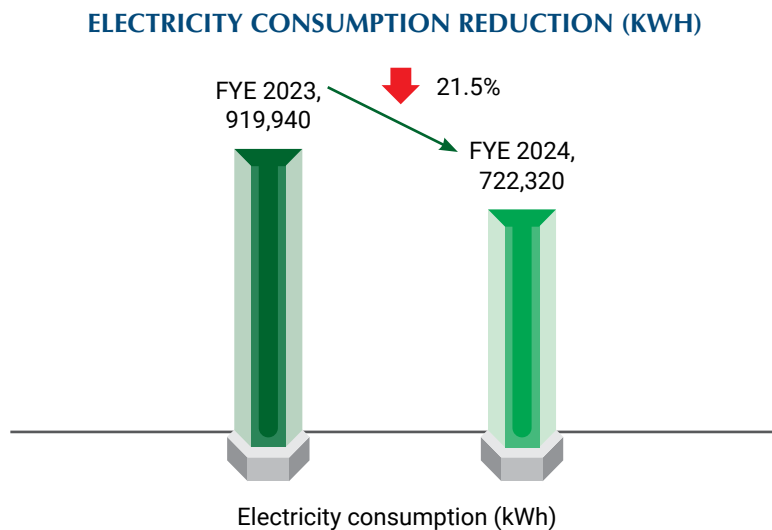
* Theoretical solar yield = Theoretical amount of power that can be generated by the PV arrays installed in a plant.
 * Actual PV yield = Total yield of PV arrays in a given reporting period.

This confirms that our solar system is operating efficiently and delivering renewable energy at expected performance levels.

Key Benefit: The system generates clean energy to support our operations, reducing reliance on non-renewable electricity sources and lowering our overall energy footprint.

2. Reduction in Energy Consumption (kWh)

Our second chart illustrates the significant reduction in total electricity consumption at our Corporate HQ where we achieved a total reduction of 21.5% in FYE 2024.



SUSTAINABILITY STATEMENT (CONT'D)

ENERGY MANAGEMENT (CONT'D)

4. Solar Panel Installation – A Milestone in Renewable Energy (Cont'd)

2. Reduction in Energy Consumption (kWh) (Cont'd)

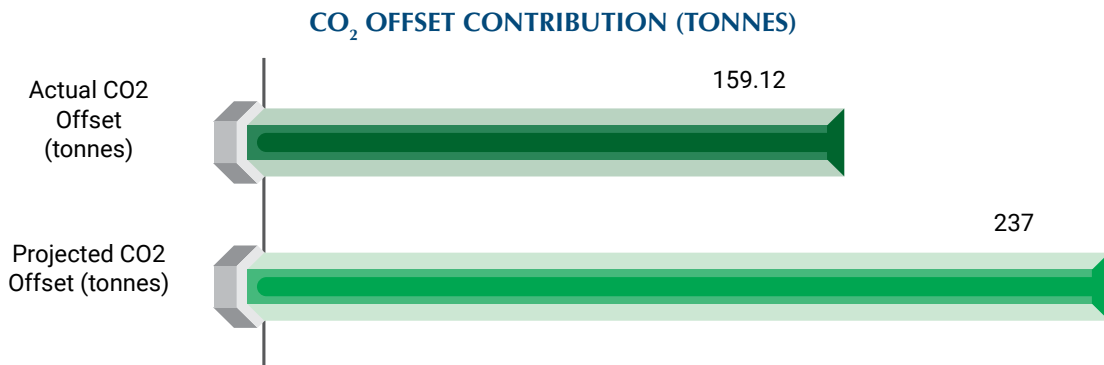
This reduction, despite business growth, is primarily attributed to:

- The successful integration of solar energy into daily operations.
- Implementation of energy efficiency initiatives such as inverter air conditioners and LED lighting.
- Increased employee awareness and energy conservation practices.

Key Benefit: Lower overall energy consumption contributes to operational cost savings and supports our goal of energy efficiency (aligned with SDG 7: Affordable and Clean Energy).

3. Carbon Emission Reduction (CO₂ Offset in Tonnes)

The final chart showcases our actual carbon offset achieved through solar energy production:



Key Benefit: By reducing carbon emissions, we contribute to climate action (SDG 13) and reinforce our commitment to responsible resource consumption (SDG 12).

The integration of solar power has proven to be a strategic move in our sustainability efforts, reducing both energy consumption and carbon emissions while enhancing operational efficiency. Moving forward, we aim to:

- Expand solar energy capacity to further reduce grid dependency.
- Enhance energy efficiency measures across all facilities.
- Improve monitoring and reporting to optimize energy and emission reduction efforts.

Through these initiatives, we reaffirm our commitment to achieving long-term environmental sustainability, aligning with global climate action goals and regulatory expectations such as Bursa Malaysia's sustainability reporting requirements and TCFD recommendations.

SUSTAINABILITY STATEMENT (CONT'D)

WATER MANAGEMENT

At QES, we recognize the critical role that water conservation plays in sustainability and resource efficiency. While our production activities have a minimal water footprint, our commitment to responsible water usage remains a priority.

Water consumption at our facilities is primarily for sanitation, cleaning, and amenity purposes, with no significant industrial discharge or pollution. All wastewater is channelled into the municipal sewage system for proper treatment, ensuring that no contaminants are released into oceans, rivers, groundwater, or other natural water bodies.

Our operational sites rely solely on established water distribution networks, avoiding direct extraction from surface water (rivers, lakes, ponds) or groundwater sources (wells, boreholes). Additionally, we operate exclusively in non-water-stressed regions, ensuring that our water consumption does not contribute to regional scarcity issues.

Commitment to Water Conservation

During the fiscal year, QES recorded zero incidents of non-compliance with water quality standards and regulations. While our water usage remains relatively low, we recognize the importance of water security and are dedicated to implementing sustainable water management practices.

Our ongoing commitment includes:

- ✓ Exploring environmentally friendly water conservation methods
- ✓ Improving water efficiency across all offices and operations
- ✓ Safeguarding clean water for present and future generations

Monitoring and Managing Water Consumption

We actively track our water consumption based on monthly water bills to ensure responsible usage. The Annual Water Consumption (m³) for FYE 2023 and FYE 2024 is outlined below:

Facility	FYE 2024 (m ³)	FYE 2023 (m ³)	% Change
QES Corporate HQ (Glenmarie, Shah Alam)	2,085	2,349	▼ 11.2%

Since relocating to our new Corporate HQ in March 2022, we have implemented initiatives to enhance water efficiency and reduce consumption. These efforts resulted in an 11.2% reduction in total water usage for FYE 2024 compared to the previous year.

Key Water Conservation Initiatives:

Rainwater Harvesting System

To further reduce reliance on municipal water sources, we have installed a rainwater harvesting system at our Corporate HQ. This system allows us to:

- ✓ Capture and store rainwater for non-potable uses such as cleaning, irrigation, and gardening
- ✓ Minimize dependency on treated municipal water
- ✓ Support long-term water sustainability

SUSTAINABILITY STATEMENT (CONT'D)

WATER MANAGEMENT (CONT'D)

Employee Awareness & Sustainable Practices

In addition to infrastructure improvements, we actively promote a culture of water conservation among employees. We encourage:

- ✓ Conscious water usage in daily activities
- ✓ Educational programs on the importance of water efficiency
- ✓ Company-wide initiatives to reduce unnecessary water consumption

Through responsible water management and conservation strategies, QES reaffirms its commitment to sustainable consumption (SDG 12), clean water and sanitation (SDG 6), and climate action (SDG 13). Our efforts to reduce water consumption, implement rainwater harvesting, and improve efficiency reflect our dedication to minimizing environmental impact while safeguarding water resources for future generations.

EMPOWER TOGETHER



HUMAN CAPITAL MANAGEMENT

To attract and retain top-tier talent, QES provides competitive compensation and benefits packages. Our commitment to fair compensation aligns with all pertinent local and national laws and regulations, including adherence to the national minimum wage standards in Malaysia or the respective country of employment.

We uphold the principle of equal pay for equal work, ensuring that individuals, regardless of gender, receive fair remuneration for their roles depending on their equivalent skills, responsibilities, and working conditions. This commitment to provide compensation justly, encompassing both fixed and variable components, serves as a competitive advantage, fostering employee retention and attracting prospective talent.

Recognizing the diverse needs and preferences of our workforce, QES believes in offering a range of variable compensation packages to cater to different professional aspirations and goals.

FIXED COMPENSATION	<ul style="list-style-type: none"> • Annual Leave • Medical Leave • Birthday Leave** (New) • Hospitalization Leave • Compassionate Leave • Maternity Leave • Paternity Leave 	<ul style="list-style-type: none"> • Emergency Leave • Special Leave • Vaccination Leave • Personal Accident Insurance • Employees' Share Option Scheme ("ESOS") • Replacement Public Holiday (Saturday)
VARIABLE COMPENSATION	<ul style="list-style-type: none"> • Relocation Allowance • Performance Bonus 	<ul style="list-style-type: none"> • Car Allowance

SUSTAINABILITY STATEMENT (CONT'D)

HUMAN CAPITAL MANAGEMENT (CONT'D)

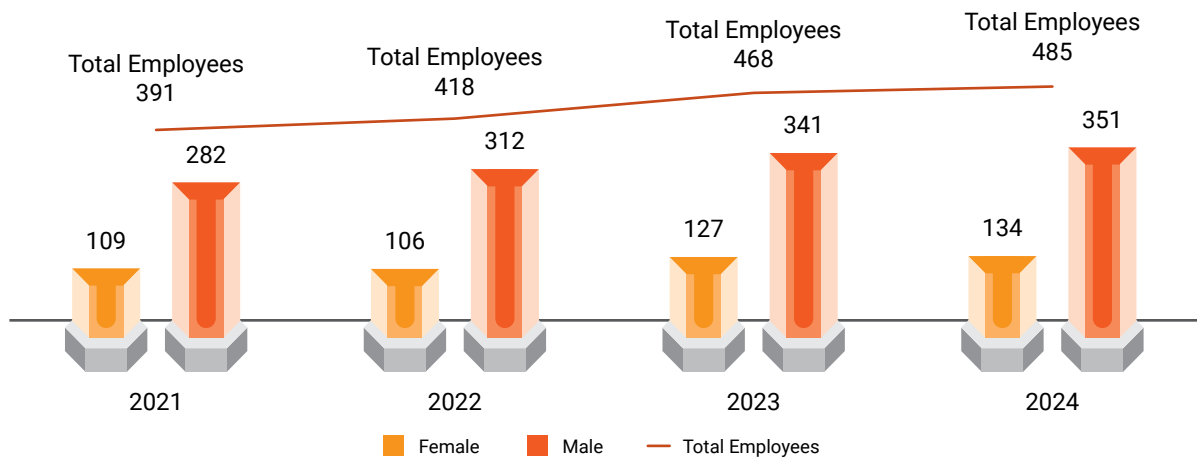
Employee Health & Well-Being

Additionally, the Group demonstrates its care for employees through a range of welfare initiatives and the provision of in-house facilities, including:

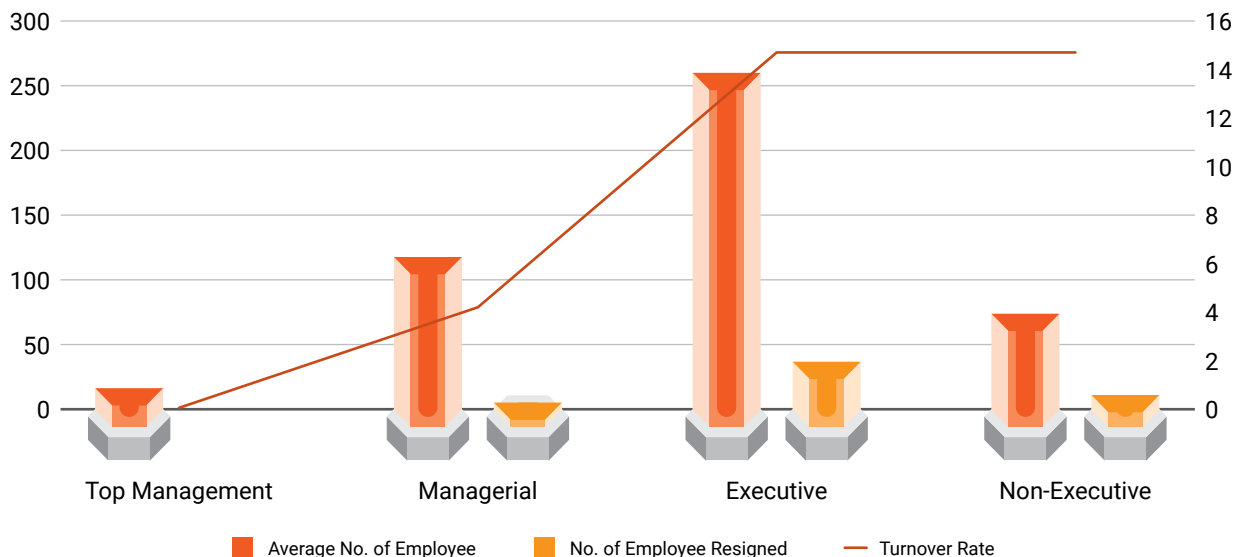
- Overseas or domestic company trips
- Seasonal celebration lunches or dinners
- Indoor and outdoor recreational activities
- Long Service awards
- Teambuilding activities
- Sickbay for unwell employees
- Prayer rooms
- Nursing rooms
- Zen Garden
- Birthday celebrations
- The Breakfast Club
- Health & Wellness Workshops
- Volunteer Opportunities

In FYE 2024, QES headcount increased to 485 pax, from 468 pax in FYE 2023. The details of the employee profile are presented as follows:

TOTAL NO. OF EMPLOYEES FYE 2021 - 2024



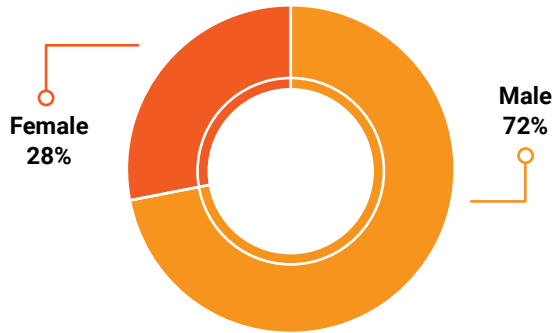
EMPLOYEE TURNOVER RATE FYE 2024



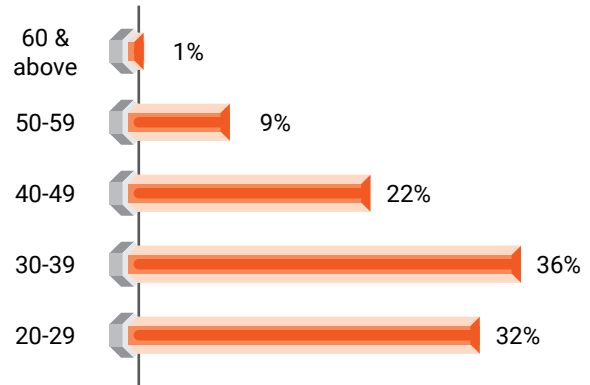
SUSTAINABILITY STATEMENT (CONT'D)

HUMAN CAPITAL MANAGEMENT (CONT'D)

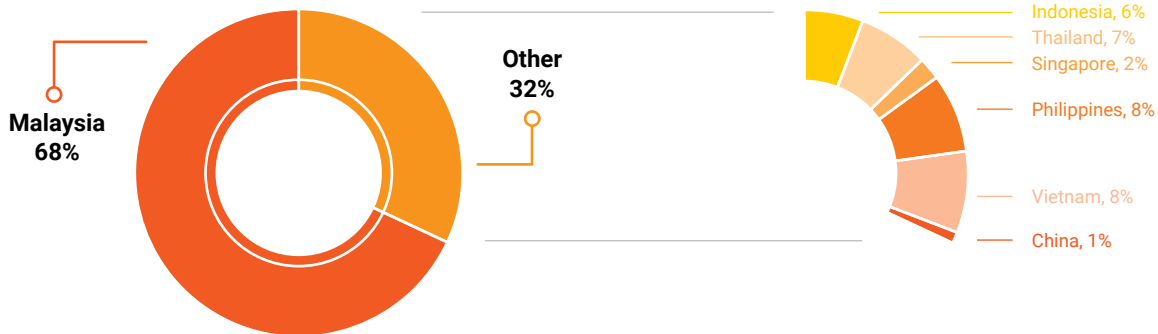
PERCENTAGE OF EMPLOYEE BY GENDER



PERCENTAGE OF EMPLOYEE BY AGE



PERCENTAGE OF EMPLOYEE BY COUNTRY



EMPLOYMENT TYPE

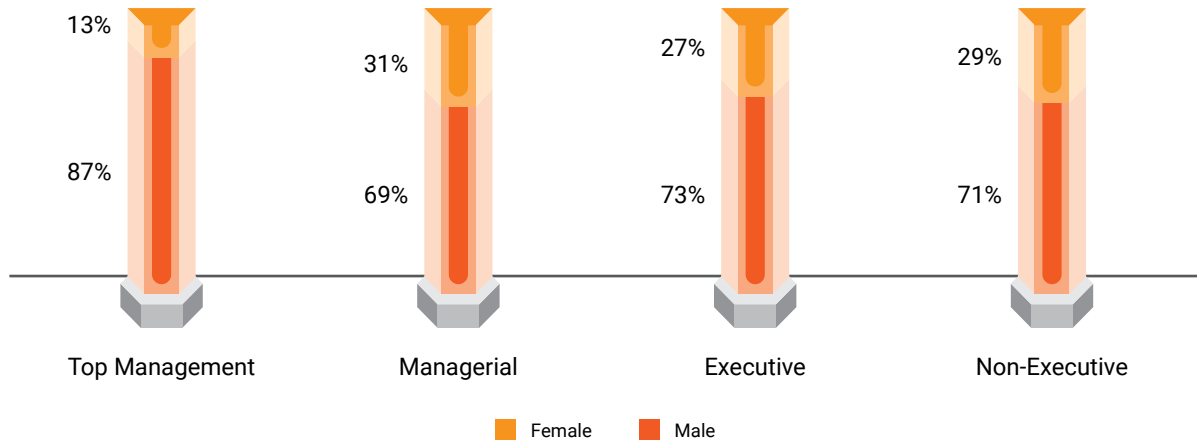


Temporary / Contractor: 0%

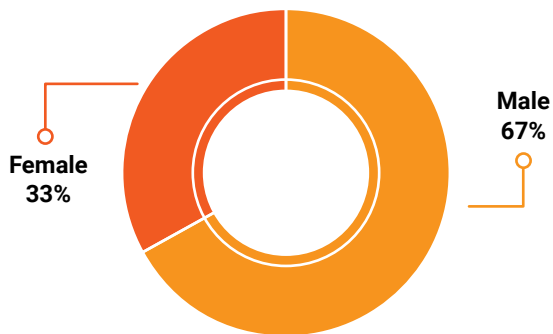
SUSTAINABILITY STATEMENT (CONT'D)

HUMAN CAPITAL MANAGEMENT (CONT'D)

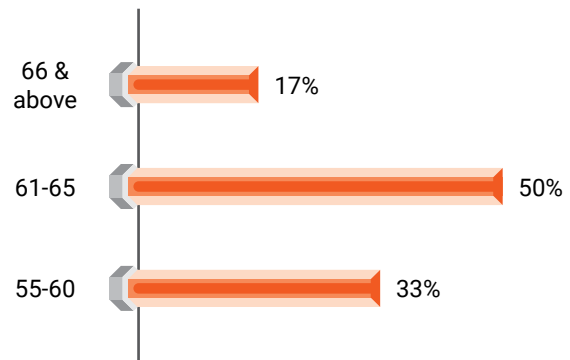
GENDER BY CATEGORY



PERCENTAGE OF DIRECTOR BY GENDER



PERCENTAGE OF DIRECTOR BY AGE



LABOUR PRACTICES & STANDARDS

QES is committed to upholding high standards of labour practices that comply with all applicable local laws and align with our ESG principles. In FYE 2024, we formalised our commitment by publishing the QES Labour Standards Policy, which outlines in greater detail our expectations and practices regarding fair treatment, workplace conditions and employee rights. This policy serves as a cornerstone of our efforts to foster a diverse, inclusive, ethical and sustainable working environment.

Our unwavering commitment to ethical practices is reflected in our strict adherence to relevant labour standards, legal regulations, and international conventions. We aim to provide a workplace that is free from discrimination, harassment, and coercion, ensuring equal opportunities, fair wages, safe working conditions, and freedom of association for all employees.

To support this, we maintain open channels for employees to voice concerns through structured grievance mechanisms, ensuring that any issues raised are addressed promptly and fairly, with an assurance of non-retaliation.

As part of our ongoing efforts, we continually review and enhance our policies to ensure they are aligned with global best practices in labour and employment standards. Our goal is to create a supportive, progressive workplace culture that not only meets legal requirements but exceeds them, fostering an environment where employees can thrive and contribute to our shared success.

SUSTAINABILITY STATEMENT (CONT'D)

LABOUR PRACTICES & STANDARDS (CONT'D)

In FYE 2024, we are proud to report zero substantiated complaints concerning human rights violations and zero instances of non-compliance with labour standards. This achievement reflects our unwavering commitment to ethical practices, the protection of human rights and respect for all individuals within our workforce and the communities in which we operate.

DIVERSITY, EQUALITY & INCLUSION

At QES, we are committed to fostering a diverse, equal, and inclusive workplace where all employees are respected, valued and empowered to reach their full potential. This commitment is central to our core values of PRIDE and we believe that a diverse workforce strengthens our ability to innovate, drive business success and create positive impacts in the communities we serve.

Our approach to diversity is not limited to gender, age, ethnicity or nationality. We embrace a broad spectrum of diversity, including but not limited to, cultural background, education, disability, sexual orientation and other individual characteristics. We believe that a diverse and inclusive workforce enables us to better understand and respond to the needs of our customers, partners and the communities in which we operate.

We are dedicated to ensuring that every employee has equal opportunities for growth and advancement, and we maintain a workplace free from discrimination, bias, and harassment. In support of this commitment, QES has taken proactive steps to improve workforce diversity and reduce discrimination. These initiatives include:

- Ensuring fair and equal opportunities for all employees, regardless of their background or identity.
- Making hiring, promotion, training, and compensation decisions based on merit, skills, and qualifications, not influenced by bias or discrimination.
- Promoting equal pay for equal work.
- Providing resources and training to foster awareness and respect for individual differences.

In FYE 2024, we continued to advance our diversity, equality, and inclusion efforts through targeted initiatives, training programmes, and awareness campaigns. We are dedicated to continually improving our practices to ensure QES remains a place where diversity is celebrated, equality is upheld, and inclusion is at the core of our organisational culture.

Career Development

Training and career advancement are pivotal components of the Group's ESG agenda. From a social standpoint, offering training and career development avenues to our employees can significantly enhance job satisfaction, motivation, and retention rates. This holistic approach contributes to cultivating a positive workplace culture and bolstering employee well-being.

We are committed to investing in our employees' continuous learning and development, offering not only job-specific training but also opportunities for personal growth and the enhancement of soft skills. By ensuring equal and fair access to a variety of learning experiences, we empower our employees to adapt to the evolving demands of the capital market and the ever-changing business environment. This commitment helps them stay competitive, while also enabling our company to remain agile and thrive in a dynamic landscape.

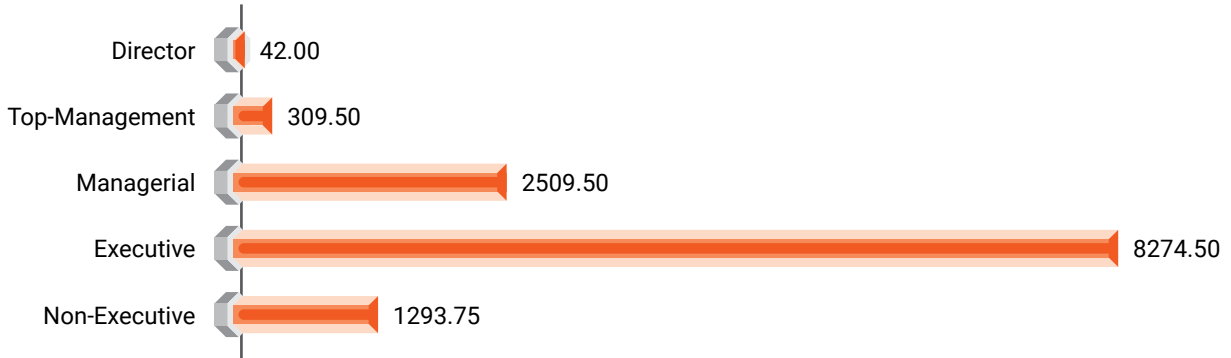
In FYE 2024, the Group devoted a total of **12,429.25** hours to training initiatives, underscoring our steadfast commitment to nurturing the professional growth and development of our workforce. This equates to an average of 25.63 hours, or 1.07 days, of training per employee, demonstrating our dedication to equipping our team with the skills and knowledge needed to excel in their roles.

SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY, EQUALITY & INCLUSION (CONT'D)

Career Development (Cont'd)

TRAINING HOURS BY EMPLOYEE CATEGORY FYE2024



TRAINING HOURS BY TYPE OF TRAINING FYE 2024



SUSTAINABILITY STATEMENT (CONT'D)

OCCUPATIONAL HEALTH & SAFETY

In showcasing our unwavering dedication to maintaining the highest safety standards, we employ a comprehensive array of preventive measures and rely on the active cooperation of our staff to adhere to industry-leading practices in their daily operations. Our commitment extends to rigorous inspections of emergency preparedness equipment, including firefighting systems, fire extinguishers, medical supplies, facility infrastructure, emergency exit signage, and lighting, ensuring their availability, upkeep, and functionality in crisis situations.

These inspections are conducted on a monthly and quarterly basis, with the primary objective of preventing or minimizing incidents, injuries, and illnesses stemming from unsafe or unhealthy working conditions and processes. Central to our approach is the prioritization of employee health and safety, as evidenced by the establishment of our internally developed Occupational Health, Safety & Environment Policy. This policy encompasses key initiatives such as the Atomic Energy Licensing Board (AELB) Emergency Response Team, monthly fire system maintenance protocols, and the Health & Safety Committee.

These teams are tasked with creating and maintaining an accident-free workplace environment across all our workstations, ensuring that every employee is well-acquainted with and proficient in executing emergency response plans to mitigate safety incidents. Our Emergency Response Team (“ERT”) stands ever-ready to spring into action during crisis. As of FYE 2024, the ERT at QES comprised 42 trained employees, and an updated roster was necessitated upon our relocation to our new 5-storey Corporate HQ.

These individuals undergo rigorous training in emergency response procedures, encompassing first aid, firefighting, and building evacuation techniques. We further strengthened our commitment to employee safety by ensuring that a total of 228 employees received training on health and safety standards. This significant investment in training reflects our ongoing dedication to fostering a culture of safety and preparedness across our organization. Notably, our Group recorded zero reported work-related fatalities and zero lost time incident rate from FYE 2023 to FYE 2024, underscoring the effectiveness of our proactive safety measures and vigilant workforce.

We also require our contractors and external stakeholders to fully comply with all occupational health and safety requirements as stipulated in our Supplier Code of Conduct. While stationed at QES premises, contractors must obtain a Permit to Work and strictly adhere to our established health and safety policy. They are responsible for ensuring the health and safety of all individuals affected by their activities and must take all reasonable precautions to prevent accidents and injuries. Contractors and external stakeholders are also required to conduct their operations in a manner that does not compromise the safety of our employees, other contractors or the public.





SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENT

At QES, our commitment to corporate social responsibility extends far beyond financial goals. We are deeply committed to making a real difference in society through active engagement in community initiatives and events. This ethos is ingrained in our corporate culture, guiding our actions as we strive to balance business success with environmental stewardship, ethical governance, and social welfare.

Our unwavering dedication to community engagement is evident through our steadfast support for various charitable events and initiatives. Over the years, QES has been actively involved in numerous impactful events, including the Pink Charity Run, Jog for Hope, Pink Ribbon Run, Nottingham Charity, Orchid Run & Ride, and more.

In FYE 2024, QES allocated sponsorship funds totaling **RM13,950.00** to various communities such as Persatuan Insan Istimewa IMC Selangor, Breast Awareness Pink Run 2024, Blood Donation Drive at Corporate HQ & Penang and Family Wellness Day at Penang, Malaysia impacting an estimated 700 beneficiaries. The 12th Annual Let's Play Carnival is aimed at uniting individuals with diverse special needs, offering them opportunities to participate in a wide range of sports activities.

Our commitment goes beyond financial contributions. We actively encourage and support our employees to engage in these initiatives, enhancing the collective impact we can make. In FYE 2024, 81 employees volunteered their time and efforts, ensuring the success of these events. Notably, our Blood Donation Drives resulted in 210 successful donations, making a meaningful contribution to the well-being of those in need.

These initiatives underscore our firm belief in the transformative power of community engagement. At QES, we understand that true success is not measured solely by financial performance but also by our ability to make a meaningful impact on the lives of others. Through our ongoing support of charitable endeavors and community engagement initiatives, we remain dedicated to creating a brighter and more inclusive future for all.

SUSTAINABILITY STATEMENT

(CONT'D)

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Top Management	Percentage	44.00	100.00
Managerial	Percentage	1.00	92.00
Executive	Percentage	0.00	97.00
Non-executive	Percentage	0.00	52.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	7,260.00	13,950.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	400	700
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Top Management 20-29	Percentage	0.00	0.00
Top Management 30-39	Percentage	0.00	0.00
Top Management 40-49	Percentage	31.25	6.00
Top Management 50-59	Percentage	50.00	75.00
Top Management 60 & above	Percentage	18.75	19.00
Managerial 20-29	Percentage	0.90	2.00
Managerial 30-39	Percentage	34.23	25.00
Managerial 40-49	Percentage	46.85	53.00
Managerial 50-59	Percentage	18.02	20.00
Managerial 60 & above	Percentage	0.00	0.00
Executive 20-29	Percentage	46.97	42.00
Executive 30-39	Percentage	40.15	44.00
Executive 40-49	Percentage	11.74	12.00
Executive 50-59	Percentage	1.14	2.00
Executive 60 & above	Percentage	0.00	0.00
Non-executive 20-29	Percentage	45.46	50.00
Non-executive 30-39	Percentage	46.75	34.00
Non-executive 40-49	Percentage	6.49	13.00
Non-executive 50-59	Percentage	1.30	3.00
Non-executive 60 & above	Percentage	0.00	0.00
Gender Group by Employee Category			
Top Management Male	Percentage	87.50	87.50
Top Management Female	Percentage	12.50	12.50
Managerial Male	Percentage	71.00	69.00
Managerial Female	Percentage	29.00	31.00
Executive Male	Percentage	73.00	73.00
Executive Female	Percentage	27.00	27.00
Non-executive Male	Percentage	71.00	71.00
Non-executive Female	Percentage	29.00	29.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	67.00	67.00
Female	Percentage	33.00	33.00
55-60	Percentage	50.00	33.00
61-65	Percentage	17.00	50.00
66 & above	Percentage	33.00	17.00
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	919.94	722.32



SUSTAINABILITY STATEMENT

(CONT'D)

Indicator	Measurement Unit	2023	2024
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	180	228
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Top Management	Hours	288	310
Managerial	Hours	1,742	2,510
Executive	Hours	3,714	8,275
Non-executive	Hours	724	1,294
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00
Bursa C6(c) Total number of employee turnover by employee category			
Top Management	Number	0	0
Managerial	Number	11	4
Executive	Number	14	15
Non-Executive	Number	16	15
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	18.00	22.17
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	2,349,000	2,085,000
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	-	10.41
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	0.99
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	9.42
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	60.54
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	559.08
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	17,678.48

Internal assurance

External assurance

No assurance

(*)Restated

SUSTAINABILITY
STATEMENT
(CONT'D)



**INDEPENDENT ASSURANCE
STATEMENT**

**QES GROUP BERHAD
SUSTAINABILITY THIRD PARTY
ASSURANCE REVIEW**

16 April 2025

Suite 11-01, Plaza 138, Jalan Ampang
50450 Kuala Lumpur, Malaysia
Tel: 603-2711 3453
Fax: 603-2711 3456
E-mail: info@smartfocus.com.my
Website: www.smartfocus.com.my

Ref: QES /Report 1/25



SUSTAINABILITY STATEMENT (CONT'D)



Date : 16 April 2025
To : Board of Directors
QES GROUP BERHAD

INDEPENDENT ASSURANCE STATEMENT

Introduction and Purpose of the Engagement

The NBS Smart Focus Group (“Smart Focus”) has been appointed by QES GROUP BERHAD (“QES”) to provide an independent review, with limited assurance, of their **Sustainability Statement (“SS”)** for FYE 2024.

This review aims to increase the confidence of QES's stakeholders in the SS. Smart Focus has assessed the accuracy, reliability, and objectivity of the information presented. The review will ensure the SS covers the most important sustainability issues for QES and its stakeholders.

Scope of the Engagement

Our review focused on assuring performance data and qualitative information in SS for the reporting period from 1 January 2024 to 31 December 2024. Within the constraints and exclusions outlined below, our review encompassed:

- Statements, information, and selected ESG performance indicators presented in the SS; and
- QES’s management approach to its significant issues and reporting Standards.

The QES team compiled the chosen data in accordance with established best practice reporting frameworks, including the Sustainability Accounting Standards Board (SASB), the Sustainable Development Goals (SDG), and the Global Reporting Initiative (GRI). Additionally, QES established internal definitions for tracking and assessing progress against its ESG (Environment, Social, and Governance) performance indicators.

A multidisciplinary team (Smart Focus) with knowledge of governance, social issues, and environmental issues pertinent to sustainability reporting conducted the independent assurance engagement.

Assurance activities that were carried out included but not limited to:

- i. **Document Review**
 - reviewed the sustainability statement, relevant policies and internal documentation to understand the context and methodology applied in compiling the performance data.
- ii. **Discussions**
 - Sought clarification regarding specific data collection methods and any assumptions made during the reporting process.
- iii. **Data Testing and Verification**
 - Performed sample-based testing to verify the accuracy of the reported data. This included validating the underlying records and reports used to generate the reported figures.

SUSTAINABILITY STATEMENT (CONT'D)



- Calculations were performed to ensure that reported energy consumption, GHG emissions, water usage, waste generation and other performance data were consistent with the reporting standards and methodologies outlined in the GRI indicators.
- For GHG emissions indicators (Scope 1, Scope 2 and partial Scope 3), verified that emission factors and calculation methods complied with recognised standards.

iv. **Review of Internal Controls**

- Assessed the internal control systems via sample-based approach to ensure that the data presented in the sustainability report was complete, accurate and consistent.
- This review included evaluating the processes for tracking employee training hours, injury reports, diversity metrics, anti-corruption training and procurement spend with local suppliers.

v. **Review of Policies and Procedures**

- Reviewed policies on ethics, anti-corruption, health and safety and sustainability to assess how effectively these policies were communicated to employees, suppliers and other stakeholders.

Exclusions and Limitations

Our review relied solely on the information provided by QES team. This information may include data consolidated and reconciled by QES from various sources like markets, operations, suppliers, and other third parties.

It is important to note that the accuracy of the reported data ultimately depends on how well data is collected and monitored at the source (markets and sites). We did not assess these data collection and monitoring procedures during our limited assurance engagement.

Our review considered a selection of the selected information based on a risk assessment. Due to this sampling approach, there is a chance that some errors, omissions, or misstatements in the SS might not be identified.

The SS includes various types of information, some of which we reviewed and others that fell outside our scope of work:

1. Financial data, including data used to calculate selected information, which is audited by an external financial auditor and relied upon for our scope of work. This includes statements related to production, sales, revenue, salaries, payments, and financial investments.
2. Information outside the scope, contains information about activities that happened outside the timeframe or were irrelevant to our review.



SUSTAINABILITY STATEMENT (CONT'D)



3. Company statements and opinions, include statements expressing the company's position, opinions, beliefs, goals, and plans. Additionally, it may contain anecdotes or testimonials from QES or third parties. These were not part of our review.
4. New targets and reporting criteria, appropriateness of new commitments, targets, and objectives set by QES, as well as their internal reporting definitions, were not evaluated in our review.

Responsibilities:

The QES management are responsible for drafting and presenting the selected information in the SS. Smart Focus did not contribute to drafting the SS.

Our responsibility was to provide a limited assurance review, following established standards, to assess the accuracy, reliability, and objectivity of the information presented in the SS. Based on this review, we formed an independent conclusion.

Authentication Conclusion

It is our estimation that QES has established a system for the collection, aggregation, and analysis of quantitative data for the determination of its data for the stated period and boundaries.

Thank you.

NBS Smart Focus Group Sdn Bhd

SUSTAINABILITY STATEMENT (CONT'D)

Jan 2024

BKIP Groundbreaking Penang, Malaysia



Mac 2024

Blood Donation, QES Corporate HQ



Mac 2024

SEMICON China 2024, China





SUSTAINABILITY STATEMENT (CONT'D)

Apr 2024 Blood Donation, Penang



May 2024 UOW Malaysia Industrial Visit, Corporate HQ, Malaysia



May 2024 TAR UMT Penang Recruitment Fair, Penang, Malaysia



GROUP HIGHLIGHTS OF 2024 (CONT'D)

May 2024
SEMICON SEA 2024, Malaysia



June 2024
Manufacturing Expo, Thailand



July 2024
Ewaste Recycling, Corporate HQ, Malaysia

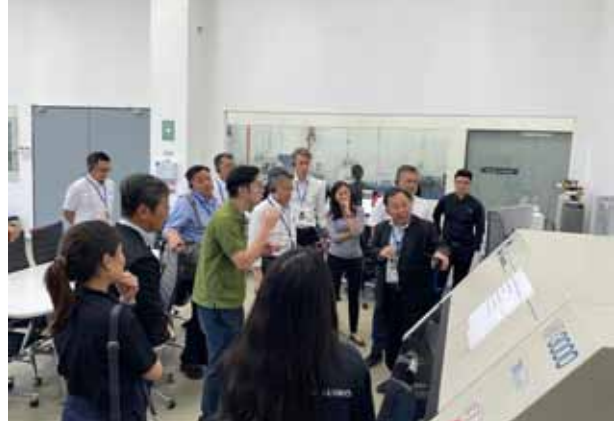
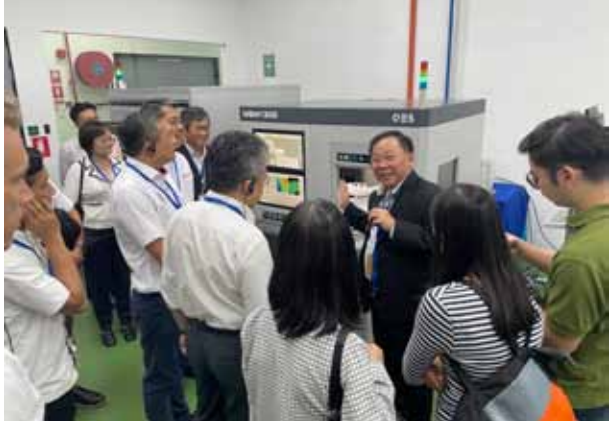




GROUP HIGHLIGHTS OF 2024 (CONT'D)

Aug 2024

Invest Selangor Semiconductor Study Tour, Corporate HQ, Malaysia



Aug 2024

Merdeka Celebration, Corporate HQ, Malaysia



GROUP HIGHLIGHTS OF 2024 (CONT'D)

Sept 2024 SEMICON India 2024, India



Oct 2024 NXP Innovation Tour 2024, Shah Alam, Malaysia



Oct 2024 Pink Run @ Breast Cancer Awareness



GROUP HIGHLIGHTS OF 2024 (CONT'D)

Oct 2024

QES Annual Dinner - 33rd Anniversary, PJ, Malaysia



Nov 2024

Bangkok Office Grand Opening - 30th Anniversary



GROUP HIGHLIGHTS OF 2024 (CONT'D)

Nov 2024 Metalex, Thailand

