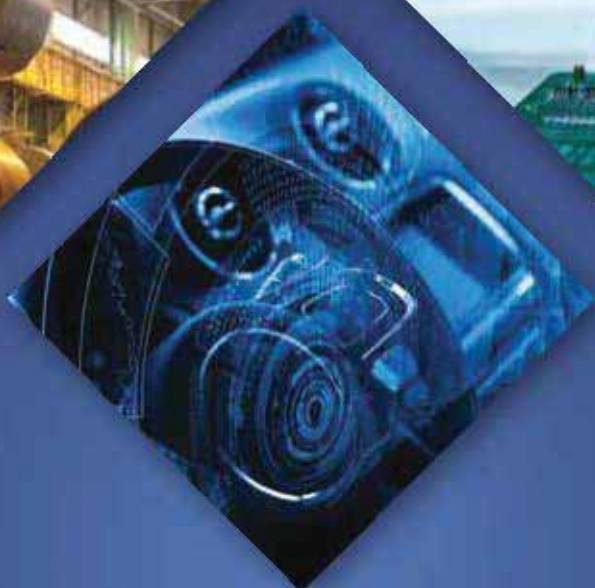




QES GROUP BERHAD

Registration No. 201401042911 (1119086-U)



ANNUAL REPORT
2025

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Vision, Mission & Values

About



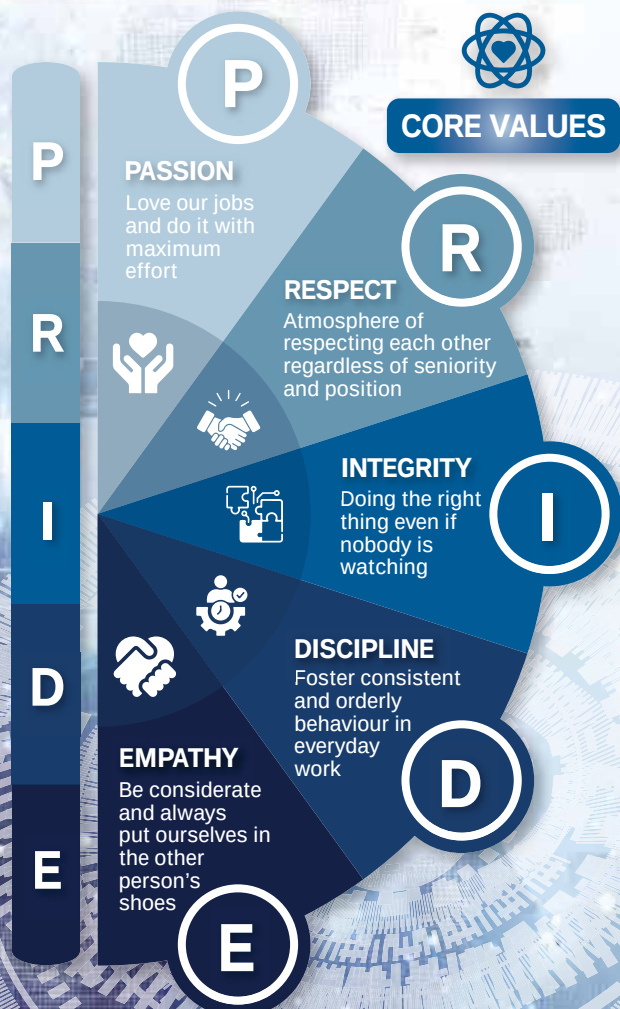
VISION

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.



CORPORATE INFORMATION

BOARD OF DIRECTORS

ADNAN BIN ZAINOL

*Non-Independent
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*

COMPANY SECRETARY

ANDREA HUONG JIA MEI

(MIA 36347/ SSM PC NO.
202008003125)

REGISTERED OFFICE

Lot 4.100, 4th Floor
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

Telephone number: 03- 2161 9753
Facsimile number: 03-2181 2456

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

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

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

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF0758)
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

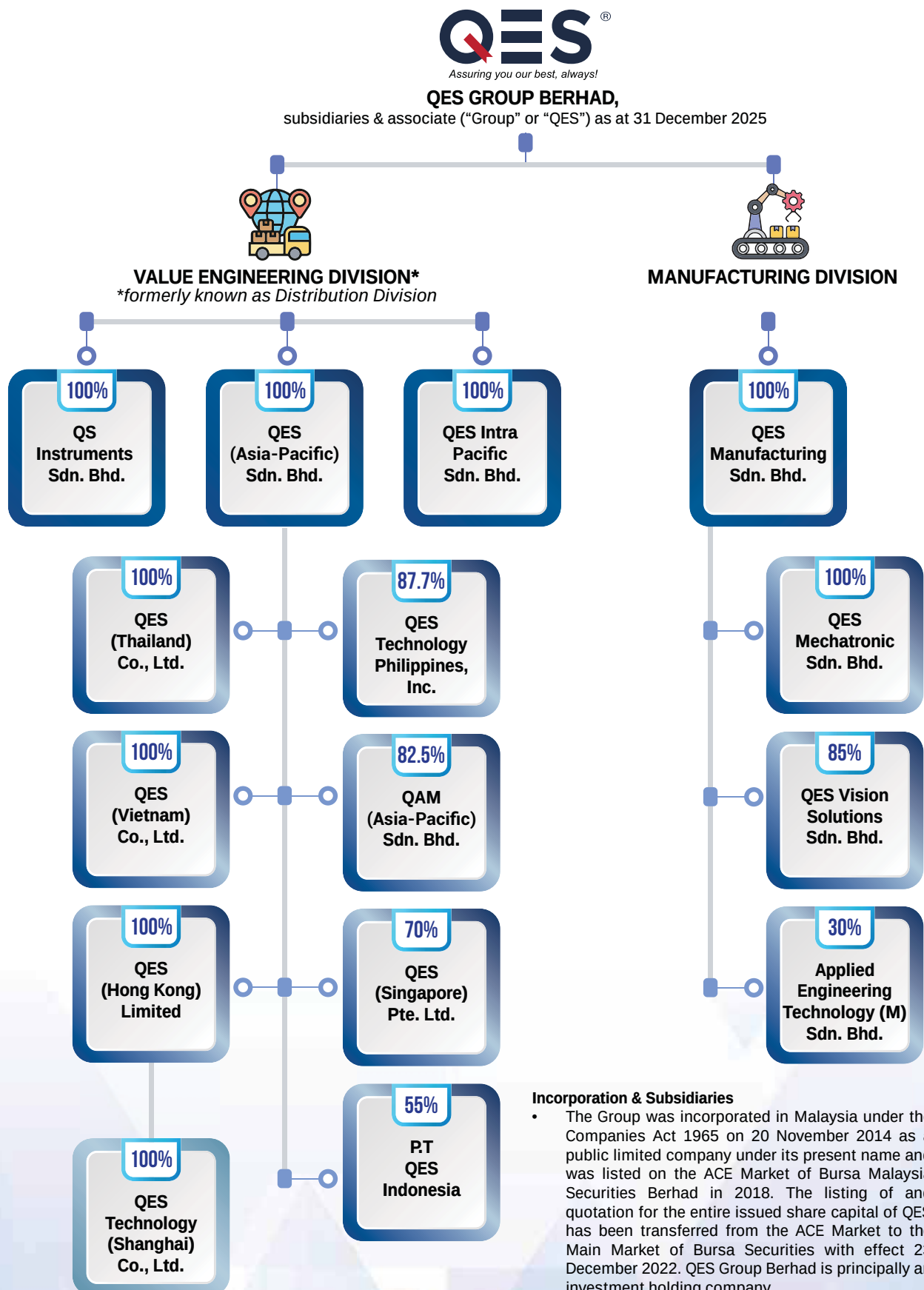
Telephone number: 03-7721 3388
Facsimile number: 03-7721 3399

CORPORATE WEBSITE

www.qesnet.com

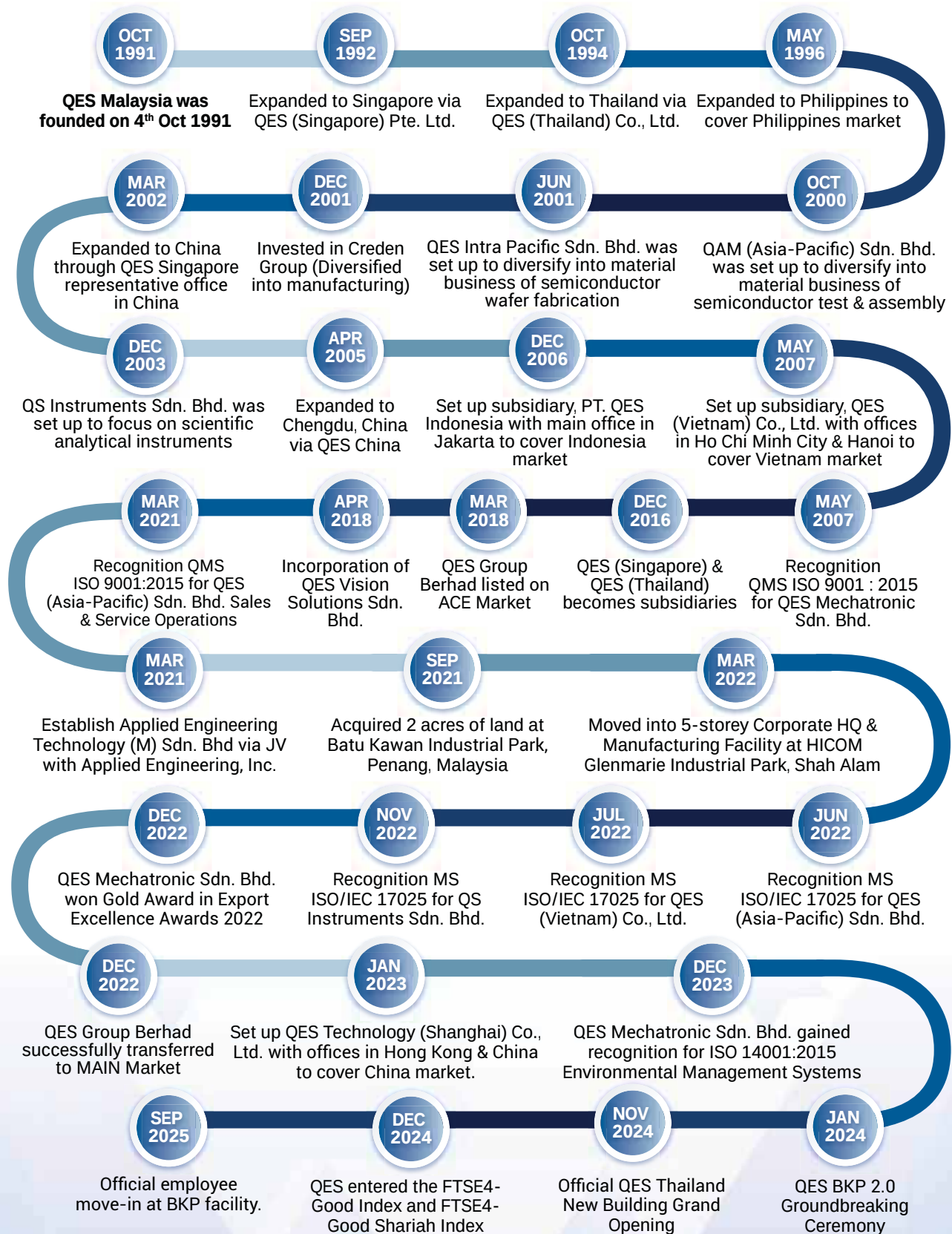


CORPORATE STRUCTURE

**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 Non-Executive Chairman

- Present Directorship(s) with Other Public Companies:
Independent Non-Executive Chairman of SLGC Berhad



Malaysian



Male



Aged 73

Appointed to our Board : 11 May 2015

Board Meeting Attendance : 5/5

Qualification(s):

- Bachelor of Economics (Honours) (Second Class Upper)
- Majoring Analytical Economics from University Malaya in 1978.

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



Malaysian



Male



Aged 63

Appointed to our Board : 20 November 2014

Board Meeting Attendance : 5/5

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)



Liew Soo Keang

Group Executive Director



Malaysian



Male



Aged 64

Appointed to our Board : 20 November 2014

Board Meeting Attendance : 5/5

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.



Maznida Binti Mokhtar

Independent Non-Executive Director



Malaysian



Female



Aged 59

Appointed to our Board : 1 August 2019

Board Meeting Attendance : 5/5

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.

- 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

- Chairman of the Nomination and Remuneration Committees
- Member of the Audit and Risk Management Committee.



Malaysian



Male



Aged 63

Appointed to our Board : 01 July 2024

Board Meeting Attendance : 5/5

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

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



Malaysian



Female



Aged 59

Appointed to our Board : 20 September 2024

Board Meeting Attendance : 5/5

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.

Notes:

1. All the Directors above have no family relationship with any Directors and/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. None of the Directors above have any conflict of interest or potential conflict of interest in any business arrangement involving the Group.
3. Other than En. Adnan Bin Zainol and Pn. Maznida binti Mokhtar, all the Directors of QES Group Berhad does not hold directorship in any other public companies as at 31st December 2025.
4. All the Directors do not have any public sanction or penalty imposed by any regulatory body during the financial year.

PROFILE OF DIRECTORS (CONT'D)



From left to right (back row) - Maznida Binti Mokhtar, Wan Fatimah Suriani Binti Ibrahim

From left to right (seated in front) - Liew Soo Keang, Chew Ne Weng, Adnan Bin Zainol, Gunasegaran Muthusamy

PROFILE OF KEY MANAGEMENT



Lee Hock Chin

Vice President of Value Engineering Division



Malaysian



Male



Aged 52

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

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.



Lim Chee Keong

Vice President of Manufacturing Division



Malaysian



Male



Aged 59

- 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

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.

PROFILE OF KEY MANAGEMENT (CONT'D)



Chin Guat Eem

Senior General Manager of Supply Chain Management



Malaysian



Female



Aged 59

- 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

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.



Yeoh Cheong Yeow

General Manager of Finance



Malaysian



Male



Aged 57

- 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

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 27 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.

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 the Annual Report of QES Group Berhad for the financial year ended 31 December 2025 ("FY2025"). FY2025 was a year defined by continued volatility across the global semiconductor and electronics landscape, shaped by uneven recovery trends, inventory normalisation, and cautious capital spending. Against this backdrop, the Group delivered a resilient performance, underpinned by our diversified business model and disciplined execution.

FY2025 marked a transitional year for the global semiconductor and electronics industry, characterised by uneven recovery momentum following the downcycle experienced in the prior year. While demand conditions remained selective and capital expenditure recovery was more gradual than anticipated, the Group demonstrated resilience supported by its diversified business model across the value engineering and manufacturing segments.

The Group had on February 2026, undertaken a strategic rebranding of its Distribution Division, which will henceforth be known as the Value Engineering Division. This change reflects the Division's evolving role beyond traditional distribution activities, as it increasingly focuses on delivering enhanced, solution-oriented offerings to customers. By integrating technical expertise, application knowledge, and customization capabilities, the Division aims to add tangible value to the products it represents, transforming them into differentiated solutions tailored to specific customer needs. This repositioning underscores the Group's commitment to innovation, deeper customer engagement, and the creation of sustainable competitive advantages, while aligning with its broader strategy to move up the value chain.

The Value Engineering Division remained a core pillar of the Group, supported by longstanding principal relationships and a broad portfolio of equipment and solutions. While order flows reflected cautious customer spending, particularly in the earlier part of the year, demand showed signs of stabilisation towards the later quarters, in line with improving industry sentiment.

The Manufacturing Division continued to focus on strengthening its precision engineering and automation capabilities. Despite near-term demand softness, we made steady progress in enhancing operational efficiency and positioning the division to capture opportunities in higher-value and technology-driven segments. During the year, the Group's Manufacturing Division also achieved a meaningful milestone with its initial entry into the medical technology segment. This marks a strategic diversification into a higher-value and resilient industry, aligned with our long-term growth objectives. Building on this foundation, we expect to see stronger contributions from this segment in FY2026 as projects progress and customer engagements deepen.



LETTER TO SHAREHOLDERS (CONT'D)



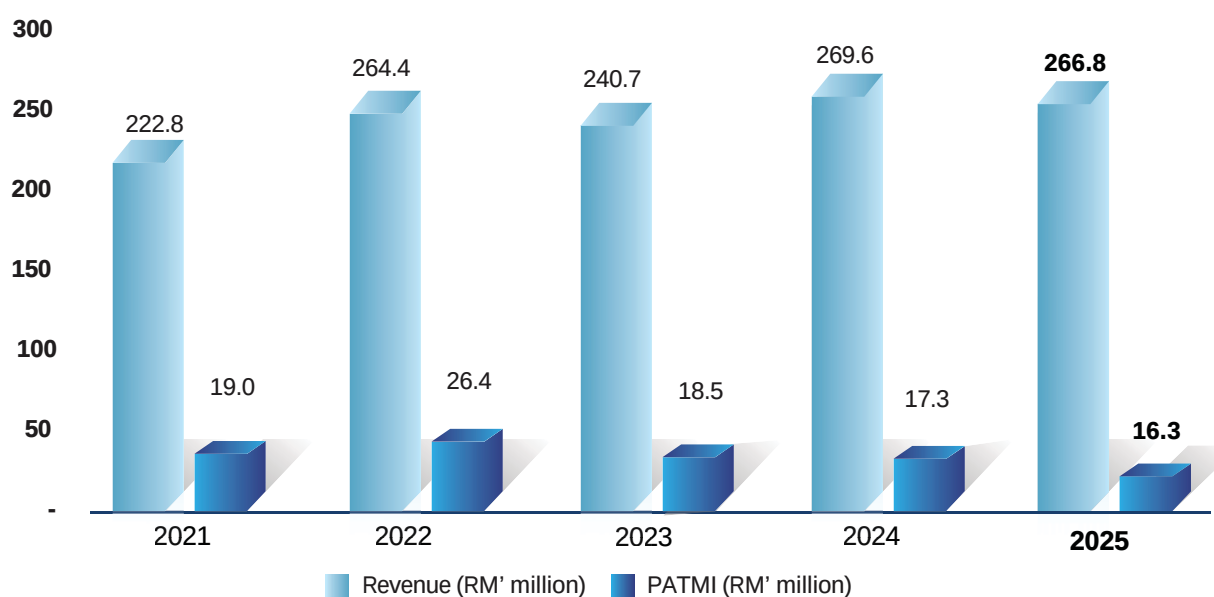
FINANCIAL PERFORMANCE

(i) Analysis of financial results

The Group recorded revenue of RM266.8 million in FYE 2025 with a marginal decline of RM2.8 million from RM269.6 million in FYE 2024. Despite this modest decrease, revenue remained relatively resilient, registering only a 1.0% year-on-year contraction. This was primarily supported by growth in the Value Engineering Division, which helped offset the softer performance of the Manufacturing Division amid a slowdown in global semiconductor activities.

Profit after tax attributable to the owners (PATMI) stood at RM16.3 million in FYE 2025, down from RM17.3 million in FYE 2024. This represents a decline of RM1.0 million, or approximately 5.8%. The Group remains profitable, supported by a strong cash position, healthy gearing, and sustained net asset position.

REVENUE & PATMI



LETTER TO SHAREHOLDERS (CONT'D)

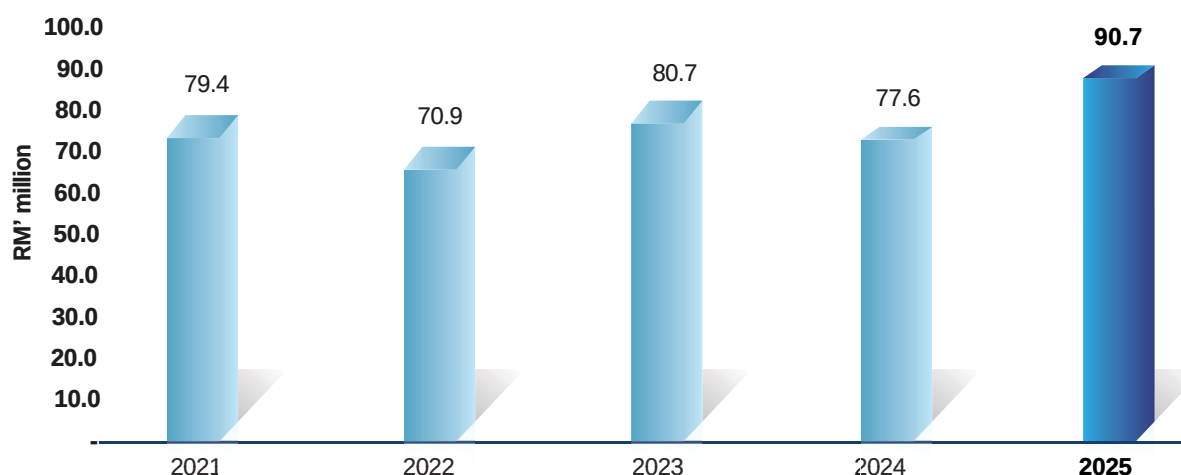


FINANCIAL PERFORMANCE (CONT'D)

(ii) Maintaining a strong balance sheet

The financial position of the Group is backed by a strong and sustained asset base, with total assets of RM324.7 million against total liabilities of RM125.0 million coupled with cash and cash equivalents of RM90.7 million in FYE 2025. The Group is committed to optimise usage of our cash reserves for working capital, market expansion, product research and development, and strategically position ourselves to take advantage of any potential merger and acquisition activities.

CASH & CASH EQUIVALENTS TREND



(iii) Shareholders' equity growth

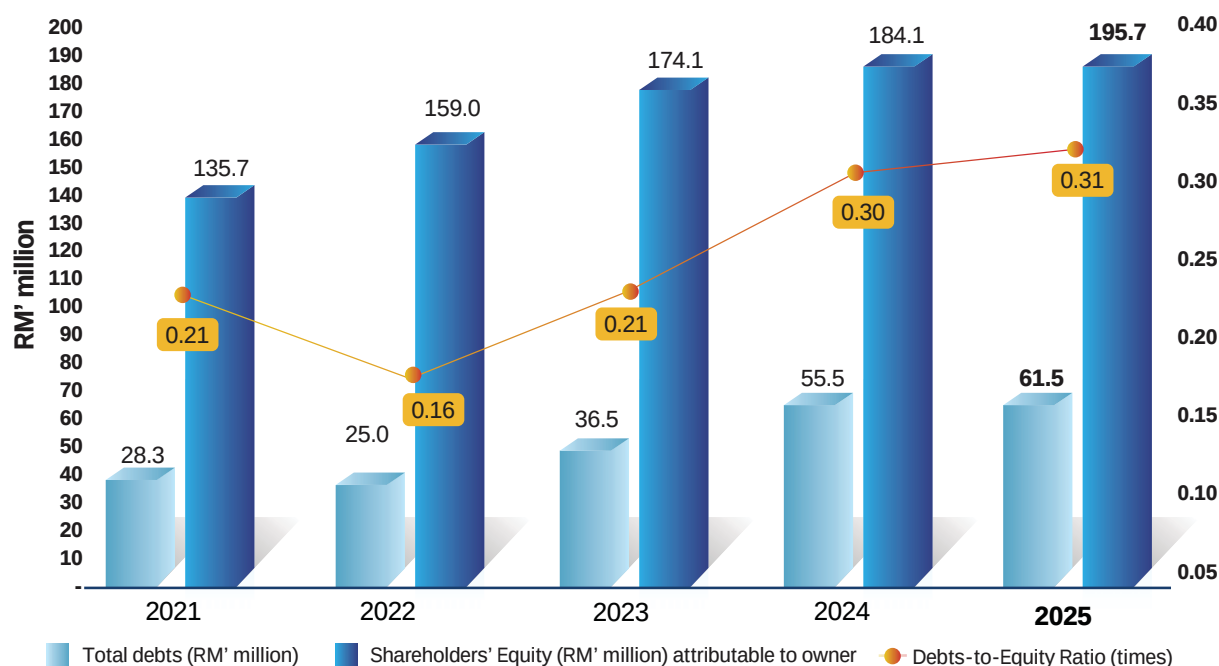
Our shareholders' equity expanded from RM184.1 million in FYE 2024 to RM195.7 million in FYE 2025. With the Group's prudent utilisation of debt financing, our debts-to-equity ratio remained low at 0.31 times with a slight uptick as compared to 0.30 times in FYE 2024.

LETTER TO SHAREHOLDERS (CONT'D)



FINANCIAL PERFORMANCE (CONT'D)

(iii) Shareholders' equity growth (Cont'd)



BUSINESS SUSTAINABILITY AND DEVELOPMENT

(i) Corporate Highlights

The Group has successfully relocated into its new Batu Kawan plant in September 2025. All teams are now fully settled in Block A of the QES Batu Kawan Plant ("BKP"), while Block B is fully occupied by our joint-venture associate, Applied Engineering Technology Sdn. Bhd. ("AETM"). This development significantly enhances the Group's operational presence in Penang and elevates its overall profile. We look forward to the business units operating at BKP driving growth with a positive and forward-looking mindset, aligned with the strategic direction set by the Group's top management in the coming years. This new facility will play a pivotal role in supporting QES' expanding manufacturing capabilities and will serve as a key platform for equipment manufacturing as the Group advances its breakthrough into the medical technology industry, as well as for collaboration projects for which the Group has earmarked dedicated space.

The Group further strengthened its industry engagement through the support extended by Invest Selangor Berhad and the Selangor Information Technology and Digital Economy Corporation ("SIDEK"). Through their initiatives and proactive facilitation, the Group participated and contributed an AiM Lab to The Malaysia Semiconductor IC Design Park 2 in Cyberjaya. Our involvement in this initiative enabled us to showcase our capabilities, enhance our visibility, and further reinforce QES' commitment to innovation, ecosystem collaboration, and the advancement of high-technology capabilities.

LETTER TO SHAREHOLDERS (CONT'D)



BUSINESS SUSTAINABILITY AND DEVELOPMENT (CONT'D)

(i) Corporate Highlights (Cont'd)

On the Environmental, Social, and Governance ("ESG") front, QES was first included in both the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index in December 2024, underscoring the Group's strong commitment to sustainable practices and responsible governance. Further strengthening this, QES' ESG rating by FTSE Russell has been upgraded to 4 stars in December 2025, reflecting continued progress in strengthening its ESG performance and alignment with global best practices.

(ii) Dividend

Comparative to the Group's financial strength and resilience as well as the Board's unwavering commitment in rewarding shareholders, the Group announced a final dividend of 0.75 sen per ordinary share on 26 February 2026 and paid on 30 March 2026.

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 views the successful operationalisation of BKP as a key milestone that strengthens QES' position as a global supplier of automated inspection and handling equipment. Beyond enhancing manufacturing capacity, BKP serves as a strategic platform to support the Group's expansion into higher value-added segments, particularly within the medical technology industry and advanced semiconductor solutions, while also accommodating future collaboration projects. Its location within a well-established industrial ecosystem further enhances the Group's ability to capture emerging opportunities.

Looking ahead to FY2026, the Group remains cautiously optimistic amid a still-evolving global economic landscape. While uncertainties surrounding geopolitical developments, trade policies, and potential tariff measures continue to pose risks to global supply chains, early signs of stabilisation in the semiconductor sector are emerging. QES believes that its diversified business model, growing recurring income base, and expanding regional footprint will position the Group to navigate these uncertainties with resilience.

As the current five-year strategic cycle (FY2021–FY2025) draws to a close, the Board is charting the Group's next phase of growth under a new five-year roadmap, LEAP 30, spanning FY2026 to FY2030. Building on the progress achieved to date, QES has set clear medium-term targets of achieving RM500 million in revenue by FY2030.

To support these ambitions, the Value Engineering Division will focus on expanding its presence across ASEAN, broadening its product portfolio, and pursuing automation projects, alongside establishing new capabilities in semiconductor advanced packaging. The Manufacturing Division will drive growth through its expansion into medical technology-related solutions, strategic collaboration projects with China partners, and the development of advanced metrology solutions for semiconductor packaging. Geographically, the Group will continue to strengthen its footprint in ASEAN while actively pursuing growth opportunities in key markets including India, East Asia (China, Taiwan, Japan, and Korea), as well as the United States and Europe. In parallel, QES will remain vigilant in identifying strategic mergers and acquisitions that complement its core businesses and accelerate growth.

In recognising the importance of leadership continuity and best ESG practices, the Group has also prioritised the development of a structured succession planning framework for its C-suite, targeted for completion by FY2029, with implementation to follow in the subsequent strategic cycle.

Overall, while near-term challenges persist, the Board is confident that QES' clear strategic direction, strengthened operational capabilities, and disciplined execution will position the Group for sustainable growth and long-term value creation in the years ahead.

LETTER TO SHAREHOLDERS (CONT'D)



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 Non-Executive Chairman

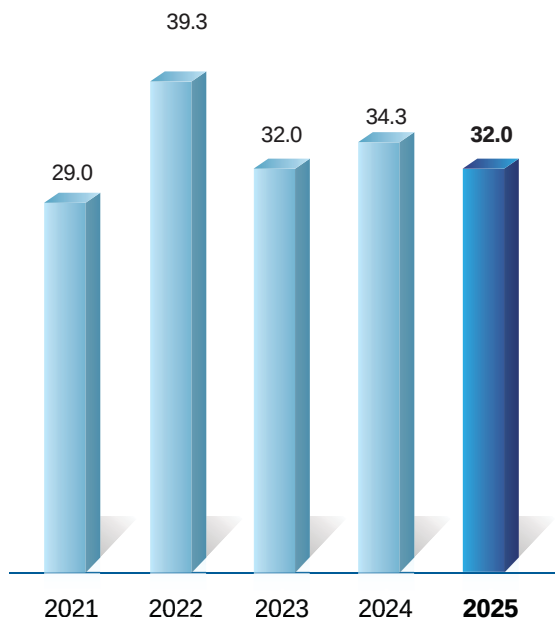
Chew Ne Weng

Group Managing Director/President

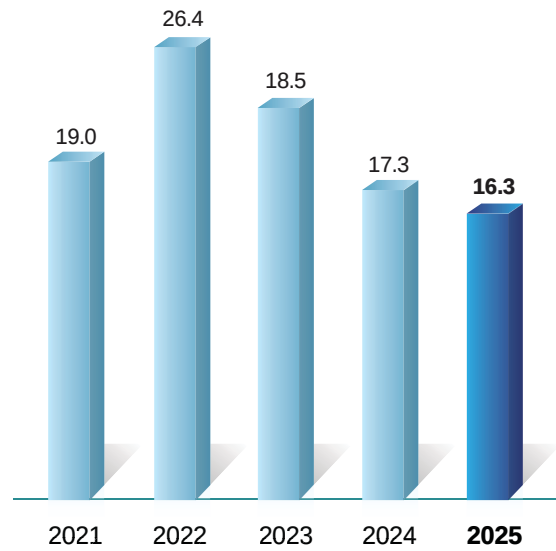


GROUP FINANCIAL HIGHLIGHTS

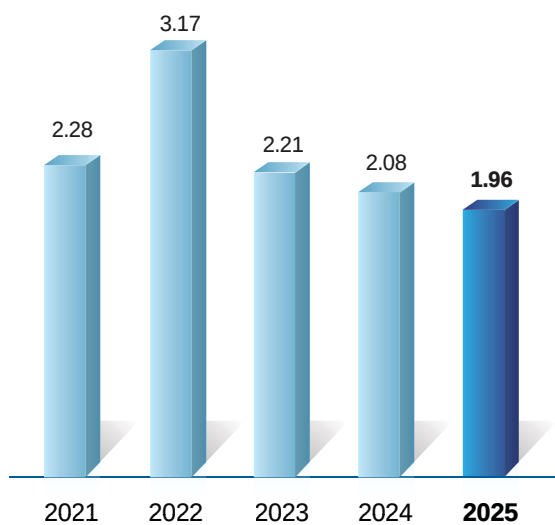
Earnings before Interest, Taxes,
Depreciation and Amortisation
(RM'million)



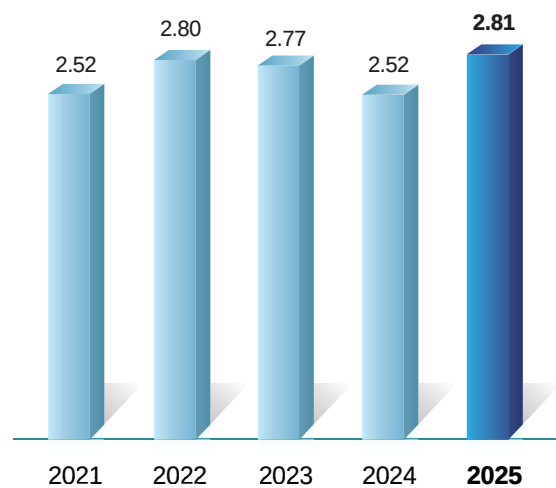
Profit attributable to
Owners of the Company
(RM'million)



Basic Earnings per Share
(Sen)

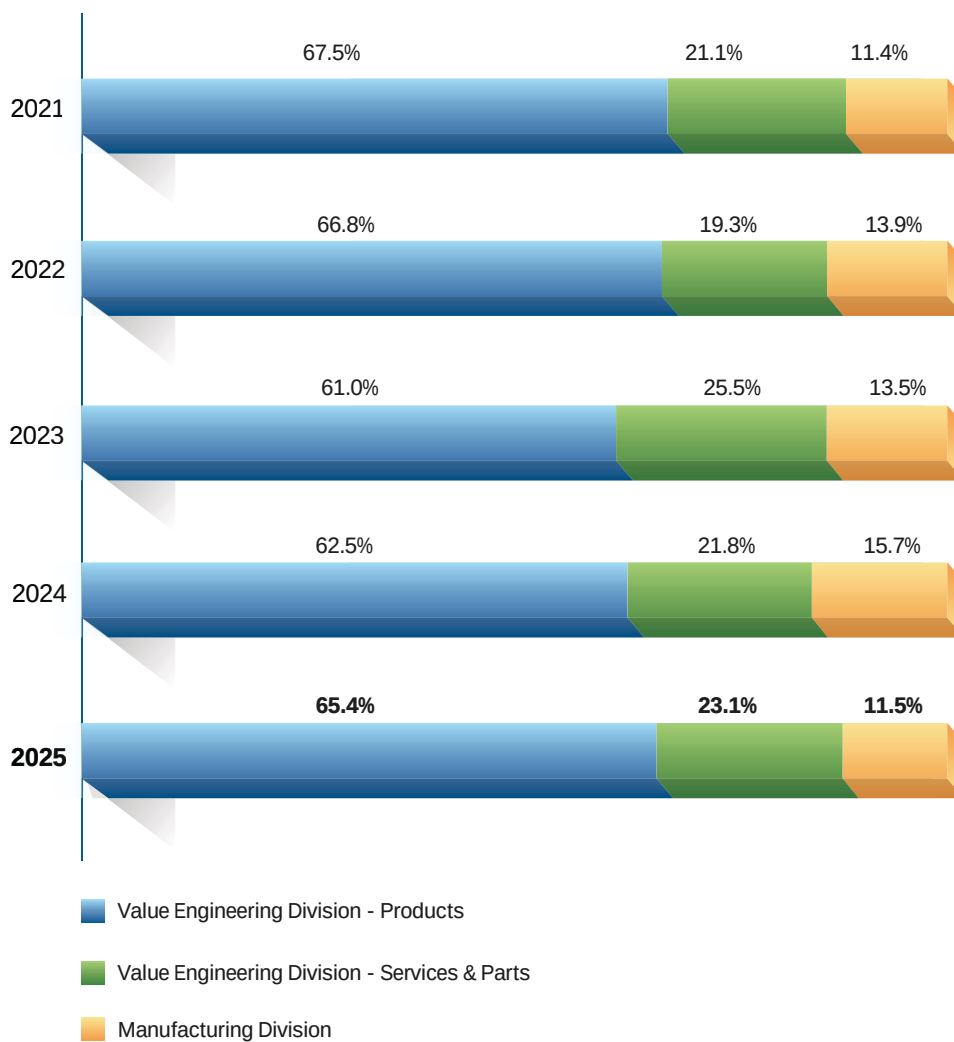


Current Ratio
(times)



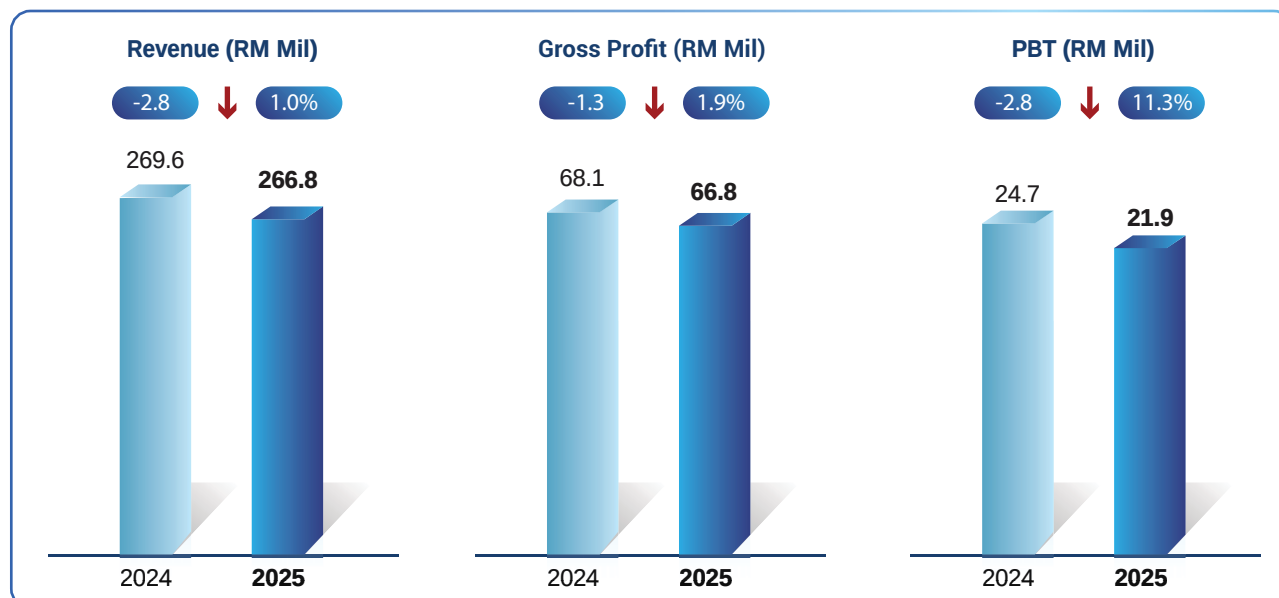
GROUP FINANCIAL HIGHLIGHTS (CONT'D)

Manufacturing & Value Engineering Division Revenue Breakdown



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE REVIEW



Revenue and gross profit

For FYE 2025, the Group encountered a slight decline in revenue amounting to RM266.8 million, reflecting a drop of RM2.8 million, or 1.0%, compared to FYE 2024. The marginal decrease was mainly affected by the weak sales performance from Manufacturing Division by RM11.7 million despite increased revenue from Value Engineering Division by RM8.9 million.

Consequently, the Group recorded a lower gross profit ("GP") of RM66.8 million, a 1.9% marginal drop or RM1.3 million decrease over previous year's gross profit of RM68.1 million. The overall gross profit margin for the current financial year remained stable at 25.0%, as compared to 25.3% as in FYE 2024.

From a geographical perspective, Malaysia continued to be the largest contributor to revenue, accounting for 36.1% of total revenue for FYE 2025 despite the impact from slowdown of semiconductor industry. Other ASEAN countries contributed 59.7%, while the remaining 4.2% 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 increased from RM2.4 million in FYE 2024 to RM3.2 million in FYE 2025. This is mainly due to the gain from disposal of a 3-storey intermediate unit shop office in Penang and rental income received from an associate company this year onwards.

Operating expenses

Administrative expenses rose to RM24.3 million in FYE 2025, up from RM23.7 million in FYE 2024. This increase was primarily driven by higher staff costs, along with a rise in maintenance cost for BKP which we have successfully relocated in September 2025.

Marketing and distribution costs increased to RM9.9 million in FYE 2025 from RM9.6 million in FYE 2024 mainly attributed to spending on marketing and exhibition activities across ASEAN and China.

Other expenses as a percentage of revenue jumped to 4.8% in FYE 2025, compared to 3.9% in FYE 2024. This rise was primarily due to increase of unfavourable foreign exchange losses, as well as higher depreciation and amortization costs compared to the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Finance income and cost

The Group's finance income rose to RM1.2 million in FYE 2025 from RM0.9 million in FYE 2024 primarily driven by interest income from bank deposits.

On the other hand, finance costs increased to RM2.2 million in FYE 2025, up from RM2.0 million in FYE 2024. The higher costs were largely due to increased interest expenses from term loan borrowings and hire purchase agreements despite a prudent utilization of trade finance facilities in the current year.

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 slightly from RM0.5 million in FYE 2024 to RM0.6 million in FYE 2025.

Taxation

The Group's effective tax rate for FYE 2025 was 23.1%, reflecting a drop from 30.7% in FYE 2024. The lower rate was mainly due to initial recognition of deferred tax assets by certain subsidiaries in FYE 2025.

Profit

The Group's profit before tax ("PBT") for FYE 2025 stood at RM21.9 million, a decrease of 11.3% from RM24.7 million in FYE 2024. This lower PBT was primarily dragged by higher operating expenses coupled with unfavourable foreign exchange losses and a slipped in revenue.

As a result, profit after tax ("PAT") also saw a decline, dropping by 1.8% to RM16.8 million in FYE 2025, down from RM17.1 million in FYE 2024 in line with the lower PBT and also lower tax expense. Basic earnings per share declined from 2.08 sen in FYE 2024 to 1.96 sen in FYE 2025.

FINANCIAL POSITIONS REVIEW

As of FYE 2025, the Group's financial position remains strong, with total assets growing by 3.4%, reaching RM324.7 million compared to RM314.1 million in FYE 2024. This growth was primarily driven by increases in both non-current assets and current assets, which rose by RM9.5 million and RM1.1 million, respectively.

Higher non-current assets were mainly attributed to a rise in property, plant, and equipment, which grew by RM8.2 million. This was largely due to the construction cost and capital expenditure incurred by BKP. This plant is currently utilised by manufacturing division and houses an associate company, AETM.

The increase in current assets was primarily due to a rise of RM12.0 million in cash and cash equivalents, RM0.5 million in inventories and RM0.5 million in fixed deposits with financial institutions. This partially offset by a decline of RM12.1 million in trade and other receivables, in line with the falls in Group's revenue during the financial year.

Total liabilities declined marginally by 0.8%, from RM126.1 million at the end of FYE 2024 to RM125.0 million at FYE 2025. This was mainly due to trade and other payables decreased by RM9.2 million, in line with the lower trade receivables and a fall in revenue for FYE 2025. Nevertheless, total borrowings increased by RM5.6 million, primarily resulting from the additional drawdown of term loan to finance the construction cost and capital expenditures related to the manufacturing plant. Additionally, contract liabilities has also risen to RM2.7 million attributed to the increase in deposit received from customers.

Shareholders' equity attributable to the owners of the Company grew by 6.3%, reaching RM195.7 million in FYE 2025, up from RM184.1 million in FYE 2024. This increase was primarily driven by higher retained earnings despite dividend paid to shareholders and treasury shares acquired from share buy-back exercise of RM2.5 million and RM0.5 million respectively.

Despite the rise in shareholders' equity, the Group's debt-to-equity ratio increased from 0.30 times in FYE 2024 to 0.31 times in FYE 2025, reflecting a prudent utilisation of debt financing during the financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

LIQUIDITY AND CAPITAL RESOURCES

As of FYE 2025, the Group's net cash and cash equivalents, as reported in the statements of cash flows, totalled to RM90.7 million, jumped from RM77.6 million in FYE 2024. The increase in cash and cash equivalents during FYE 2025 was primarily attributed to net cash inflows from operating activities (RM26.8 million), which were offset by net cash outflows used in investing activities (RM2.4 million) and financing activities (RM9.3 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

Foreign exchange risk

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

The Group declared a final single tier dividend of 0.75 sen per share amounting to RM6.2 million in respect of FYE 2025. This announcement was made on 26 February 2026 and was paid on 30 March 2026.

The dividend yield ratio for FYE 2025 is 1.95%.

SUSTAINABILITY STATEMENT



ABOUT THIS REPORT

This Sustainability Statement ("SS") provides a comprehensive overview of QES Group Berhad's ("QES" or "the Group") environmental, social and governance ("ESG") performance for the financial year ended 31 December 2025 ("FYE 2025"). It reflects our continued commitment to integrating sustainability into our business strategy, operations, and risk management framework, while strengthening transparency and accountability to our stakeholders.

This Statement has been prepared in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, guided by Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), and aligned with internationally recognised frameworks, including the Global Reporting Initiative ("GRI") Standards, the Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations, and the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2). The Group is in the process of progressively enhancing its alignment with these frameworks as its sustainability reporting practices continue to mature.

For FYE 2025, the scope of disclosed sustainability data is primarily based on the Group's Corporate Headquarters ("HQ") in Glenmarie, Shah Alam, which serves as the main reporting boundary for the initial phase of structured ESG data consolidation. Where relevant and available, certain disclosures may include data from other operations within Malaysia or at the Group level. This approach allows the Group to establish a reliable baseline while progressively enhancing data integrity, consistency, and coverage. The Group is committed to progressively expanding the scope of reporting to include other operating entities in future reporting periods.

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.

Reporting Period, Boundary & Methodology

QES reports sustainability information based primarily on data collected from its HQ which serves as the Group's main reporting boundary for the period 1 January 2025 to 31 December 2025, unless otherwise stated. Where applicable, selected indicators may incorporate data from other Malaysian operations or Group-level estimates, depending on data availability and relevance. The disclosed environmental data represents the Group's baseline year for structured ESG data collection and will be progressively expanded to include additional operating entities in future reporting periods.

Environmental data, including greenhouse gas ("GHG") emissions, energy consumption, water consumption and waste generation, is compiled based on utility bills, operational records and internally maintained tracking systems.

GHG emissions are calculated in accordance with the Greenhouse Gas Protocol ("GHG Protocol") Corporate Accounting and Reporting Standard. Scope 1 emissions comprise direct fuel consumption from petrol and LPG. Scope 2 emissions comprise indirect emissions from purchased electricity. Scope 3 emissions are estimated using a spend-based methodology and other available activity data, with relevant industry-average emission factors applied where appropriate.

As Scope 3 data collection is still being enhanced, the Group expects future disclosures to evolve as data coverage, supplier engagement and measurement methodologies improve.



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.



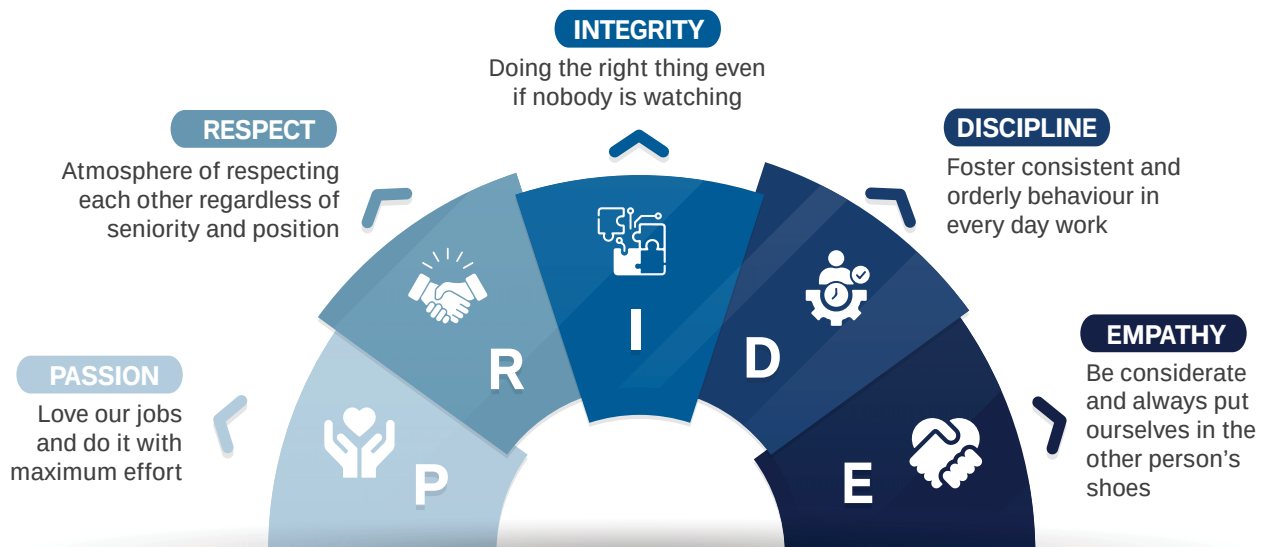
OUR MISSION

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 digitalisation, and aligning with our shareholders' vision and ESG commitment.

SUSTAINABILITY STATEMENT (CONT'D)



OUR VALUES



QES SUSTAINABILITY FRAMEWORK: ESG PILLARS

At QES, sustainability is anchored on three core pillars—Eco Harmony (Environmental), Empower Together (Social), and Ethics in Action (Governance)—which guide the Group's approach to managing key sustainability challenges and opportunities. These pillars provide a structured framework to address material ESG matters while ensuring alignment with Bursa Malaysia's enhanced reporting requirements and global best practices.

In FYE 2025, QES maintained its inclusion as a constituent of the FTSE4Good Bursa Malaysia ("F4GBM") Index and the FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index, while improving its FTSE Russell ESG Rating in FYE 2025 from 3 stars to 4 stars, the highest rating band. This significant improvement reflects the Group's continued commitment to strengthening its ESG performance, enhancing governance practices, and driving sustainable long-term value creation.

Our sustainability initiatives are organised under the three ESG pillars, each focusing on key material matters that support long-term value creation:



SUSTAINABILITY STATEMENT (CONT'D)



QES SUSTAINABILITY FRAMEWORK: ESG PILLARS (CONT'D)

Sustainability Governance Structure

At QES, sustainability governance is integrated within the Group's corporate risk management framework to ensure that sustainability and climate-related risks and opportunities are systematically addressed across all levels of the organisation.

The Board of Directors provides overall oversight of the Group's sustainability strategy, ensuring that ESG considerations are incorporated into long-term planning, business strategy, and risk management. The Board is responsible for setting the strategic direction and ensuring alignment with stakeholder expectations.

The Sustainability Steering Committee ("SSC"), chaired by the Group Managing Director, is responsible for translating strategic direction into actionable sustainability initiatives. The SSC oversees the development of policies, monitors ESG performance, and ensures that sustainability considerations are embedded into business decision-making processes.

Supporting the SSC is the Sustainability Working Committee ("SWC"), which is responsible for the implementation of sustainability initiatives across operational levels. The SWC executes action plans, monitors progress, and provides regular updates to the SSC to facilitate continuous improvement.

BOARD OF DIRECTORS

- Oversee sustainability and climate-related strategy
- Ensure that sustainability and climate-related risks and opportunities are integrated into QES' long-term planning.
- Establish 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 QES' sustainability strategy and ensure alignment with long-term business growth and objectives.
- Conduct a thorough assessment of the ESG risks and opportunities relevant to the Group's industry and operations.
- Identify the environmental and social impacts of our operations, as well as the governance practices that may affect our business performance and reputation.
- Develop the materiality matrix and reporting systems to measure and track the Group's ESG performance.

SUSTAINABILITY WORKING COMMITTEE

- Comprises the various department heads within the Group and the employees who are passionate about ESG.
- Ensure that sustainability and climate-related initiatives are integrated into decision-making processes and supported by adequate resources.
- Assisting management in maintaining consistent sustainability standards throughout the Group.

This structured governance approach enables effective coordination, accountability, and integration of sustainability practices throughout the Group.

SUSTAINABILITY STATEMENT (CONT'D)



STAKEHOLDER ENGAGEMENTS

QES recognises that meaningful stakeholder engagement is essential in shaping a responsible and sustainable business. The Group maintains continuous engagement with key stakeholders to understand their expectations, address concerns, and incorporate relevant insights into its decision-making processes.

Engagement is conducted through various platforms, including meetings, surveys, audits, and ongoing interactions, depending on the nature of the stakeholder group. Feedback obtained through these engagements supports the identification of material sustainability matters and the continuous improvement of the Group's ESG practices.

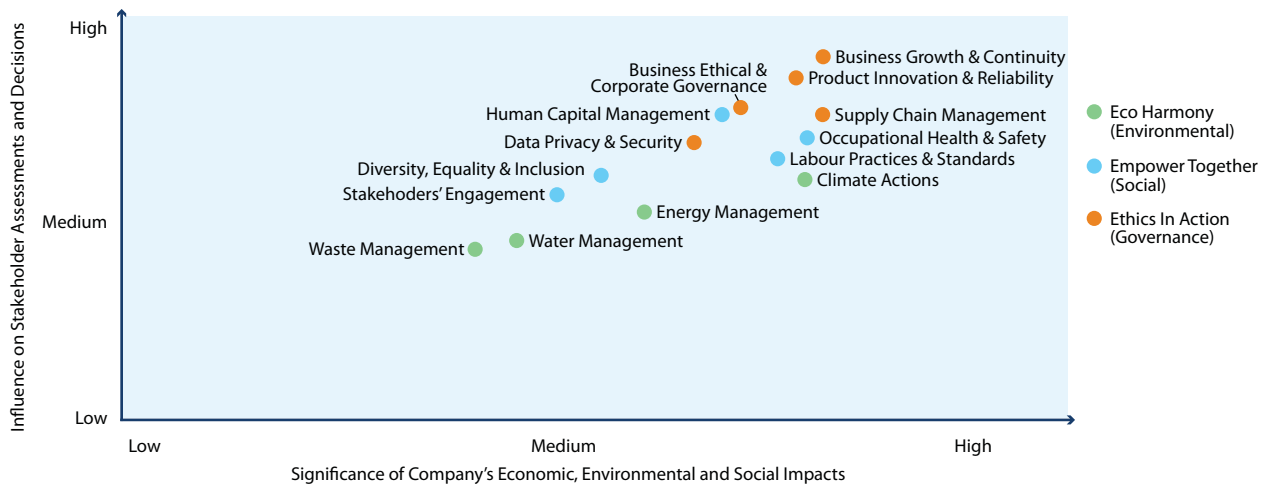
Key Stakeholders	Areas of Interests	Platforms Used
Directors	- Financial Performance - Corporate Governance Practices - Business Strategy - ESG Strategy & Sustainability Goals	- Quarterly Board Meetings - Ongoing Interactions
Management	- Financial Performance - Corporate Governance Practices - Business Strategy - Human Capital Management	- Monthly Management Meetings - Quarterly Performance Reviews - Half-yearly Off-site Key Management Meetings - Ongoing Interactions
Employees	- Employee Health & Well-Being - Occupational Health & Safety - Compensation & Benefits - Career Development	- Employee Corporate Handbook - Email Memos - Intranet - Performance Appraisal - Learning & Development Programmes - Post-Quarterly Financial Briefings
Shareholders/ Investors	- Financial Performance - Corporate Governance Practices - Business Strategy - Transparency in Financial Reporting - Risk Management	- Annual General Meetings - Quarterly Financial Reports - Investors Briefings - Annual Reports - Corporate Website
Customers	- Technologies & Innovation - Product Reliability & Quality - Technical Support Services - Competitive Pricing - Manufacturing Capacity - On-time Delivery - Regulatory Compliance - Corporate Governance Practices	- On-site Visits - Exhibitions, Conferences and Webinars - Customer Training & Support - Customer Complaint Form - Customer Satisfaction Survey - Corporate Website - Social Media (LinkedIn) - Annual Operations Audit
Suppliers/Vendors	- Regulatory Compliance - Corporate Governance Practices - Fair and Transparent Contract Terms - Terms of Payment	- Email Correspondence - On-site Visits - Daily Interactions - Vendor Assessment & Evaluation Procedure
Communities/ Societies	- Corporate Governance Practices - Community Involvement - Environmental Management	- Community Involvement Programs - Career fairs - Corporate Website - Social media (LinkedIn)
Media	- Regulatory Compliance - Community Involvement	- Corporate Website - Social media (LinkedIn)
Government and Regulatory Bodies	- Regulatory Compliance - Industry Standards - Corporate Governance Practices	- Corporate Website - Compliance Audits - Annual Reports

SUSTAINABILITY STATEMENT (CONT'D)



MATERIAL MATTERS

MATERIALITY MATRIX



As part of its ongoing efforts to strengthen the sustainability framework, QES conducted a review of its materiality assessment to identify and prioritise key ESG issues that are most significant to the Group and its stakeholders.

The assessment process involved identifying relevant sustainability topics based on industry benchmarks, regulatory requirements, and internal risk evaluations, followed by an evaluation of each topic's impact on business operations and its importance to stakeholders. The results were validated by Management and reviewed by the Audit & Risk Management Committee to ensure alignment with the Group's strategic priorities.

The material matters identified through the assessment were prioritised based on their significance to stakeholders and their actual or potential impact on the Group's business, strategy and long-term value creation.

Management of Material Issues

QES adopts a structured approach in managing material sustainability matters through the implementation of relevant policies, performance measures, and monitoring mechanisms. Each identified material matter is linked to specific management strategies to ensure effective oversight and alignment with the Group's sustainability objectives.

Continuous Materiality Assessment

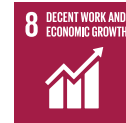
The Group is committed to reviewing its materiality assessment on a regular basis to ensure its relevance in response to evolving regulatory requirements, industry developments, and stakeholder expectations. This continuous process enables QES to refine its sustainability strategy and maintain alignment with best practices.

The identified material matters are categorised under the three ESG pillars and will be addressed in detail in the subsequent sections of this report.



SUSTAINABILITY STATEMENT (CONT'D)

ETHICS IN ACTION



PRODUCT INNOVATION & RELIABILITY

Technology & Quality Innovation at QES

At QES, product innovation and reliability remain central to our long-term competitiveness and value creation. Operating within the semiconductor and advanced manufacturing ecosystem, the Group is committed to delivering high-quality, precision-engineered solutions that meet evolving customer requirements while supporting operational efficiency and sustainability outcomes.

Innovation continues to be driven through sustained investment in research and development ("R&D"), with approximately 7% to 8% of manufacturing division revenue allocated annually towards enhancing product capabilities, refining engineering processes, and supporting customised software integration and system optimisation. These efforts ensure that QES remains responsive to changing industry demands while maintaining technical relevance across its core markets.

In addition to product development, the Group continues to support customers through solution offerings that contribute to improved operational efficiency and environmental performance. This includes systems such as voltage stabilisation solutions and gas abatement technologies, which play a role in enhancing energy stability and supporting emissions management within industrial environments.

PRODUCT QUALITY & CERTIFICATION

Quality assurance remains a fundamental pillar of QES's operations. The Group maintains a structured Quality Management System ("QMS") to ensure consistency, reliability, and compliance across all stages of product design, manufacturing, and delivery.

This commitment is reinforced through adherence to internationally recognised standards, including ISO 9001:2015 for quality management, ISO/IEC 17025 for laboratory testing and calibration, and ISO 14001:2015 for environmental management. These certifications remain valid across relevant subsidiaries and are subject to periodic internal and external audits to ensure continued compliance and effectiveness.

Through continuous monitoring, internal controls, and employee training, QES ensures that its products consistently meet customer specifications and regulatory requirements, supporting long-term product reliability and customer confidence.

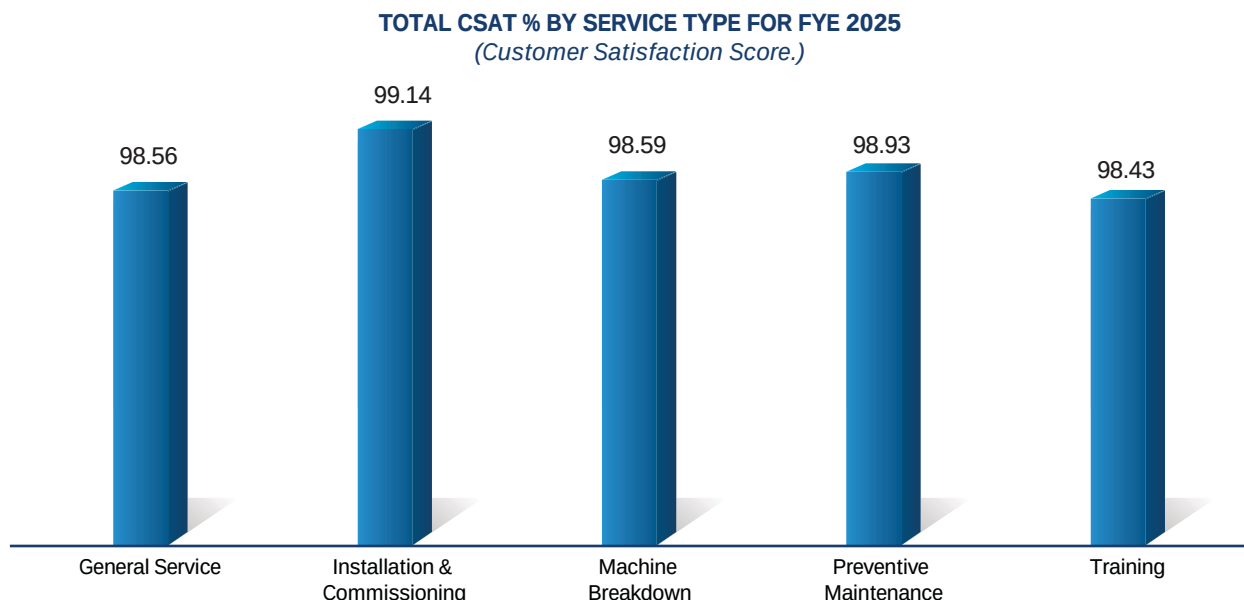
CUSTOMER ENGAGEMENT & SERVICE QUALITY

QES places strong emphasis on maintaining high levels of customer satisfaction through consistent service delivery, technical support, and ongoing engagement. Customer feedback is systematically collected and analysed to support continuous improvement across service functions and operational processes.

In FYE 2025, the Group recorded consistently high service satisfaction scores across key service categories, reflecting the effectiveness of its customer engagement approach:

SUSTAINABILITY STATEMENT (CONT'D)

CUSTOMER ENGAGEMENT & SERVICE QUALITY (CONT'D)



These results demonstrate the Group's ability to deliver reliable and responsive services across a broad range of customer touchpoints. Feedback collected from service engagements is reviewed at the operational level and incorporated into process improvements, product enhancements, and service delivery strategies.

This continuous feedback loop supports stronger customer relationships, improved service quality, and sustained business continuity.

MARKET PRESENCE & INDUSTRY ENGAGEMENT

QES continues to strengthen its market position through active participation in regional and international industry platforms. In FYE 2025, the Group participated in a range of exhibitions, conferences, and industry engagements, including SEMICON SEA 2025, SEMICON China 2025, Manufacturing Expo 2025, Vietnam Industrial and Manufacturing Fair (VIMF) 2025, and the Philippine Chemistry Congress 2025, among others.

2025 INDUSTRY EXHIBITIONS	
Semicon China 2025	26th – 28th March 2025
SEAISI 2025	21st - 24th May 2025
Semicon SEA 2025	20th – 22nd May 2025
Manufacturing Expo 2025	18th – 21st June 2025
ICMC 2025	5th June 2025
IPFA 2025	5th - 8th October 2025
Mining Expo 2025	22nd – 23rd October 2025
PSECE 2025	28th – 30th October 2025
SEMIEXPO Vietnam 2025	7th - 8th November 2025

These platforms provide opportunities for the Group to engage with customers, industry partners, and stakeholders, while gaining insights into emerging technologies, regulatory developments, and market trends. Such engagements support business growth, enhance brand visibility, and reinforce QES's role within the broader manufacturing and semiconductor ecosystem.

SUSTAINABILITY STATEMENT (CONT'D)

BUSINESS GROWTH & CONTINUITY

The Group's approach to business growth and continuity is anchored on delivering consistent product quality, maintaining strong customer relationships, and adapting to evolving market demands. By integrating customer feedback, investing in innovation, and strengthening industry engagement, QES enhances its ability to remain competitive and resilient in a dynamic operating environment.

This integrated approach supports long-term value creation while ensuring that operational performance, customer satisfaction, and strategic growth objectives remain aligned.

DATA PRIVACY & SECURITY

QES recognises the importance of safeguarding sensitive information as part of its governance and risk management framework. The Group maintains established IT security controls, including access management, system monitoring, and data protection measures, in compliance with the Personal Data Protection Act 2010 ("PDPA").

In FYE 2025, a total of **389 employees, representing approximately 80% of the workforce**, participated in data privacy and cybersecurity training programmes as part of the Group's ongoing efforts to strengthen awareness and compliance across its operations.

There were no substantiated incidents of data breaches or loss of customer data during the financial year, reflecting the effectiveness of the Group's cybersecurity controls and governance practices. Data privacy and cybersecurity risks are monitored as part of the Group's Enterprise Risk Management framework, and the Group remains committed to continuously strengthening its data protection measures in response to evolving cybersecurity risks.

BUSINESS ETHICS & CORPORATE GOVERNANCE

QES is committed to maintaining high standards of corporate governance and ethical business conduct across all levels of its operations. Strong governance practices are fundamental to the Group's long-term sustainability, supporting transparency, accountability, and responsible decision-making.

The Board of Directors provides overall oversight of governance matters, ensuring that appropriate policies, systems, and controls are in place to safeguard stakeholder interests and support sustainable business growth. Governance practices and disclosures are further detailed in the Corporate Governance Overview Statement of this Annual Report.

The Group has established a comprehensive governance framework supported by key policies and guidelines, including the Code of Ethics and Conduct, Anti-Corruption and Bribery Policy, Whistleblowing Policy, Board Charter, and relevant Terms of Reference for Board Committees. These policies are publicly accessible on the Group's corporate website and serve to reinforce accountability and transparency across the organisation.

ANTI-CORRUPTION & BRIBERY

QES adopts a zero-tolerance approach towards bribery and corruption, in line with its Anti-Corruption and Bribery Policy. The policy outlines clear expectations for ethical conduct and applies to all directors, employees, and associated third parties.

In FYE 2025, for employees within QES' Malaysian operations, the Company recorded an overall anti-corruption training participation rate of 72%, lower than the previous year following the high training coverage achieved in FYE 2024. During the year, a more targeted training approach was adopted, focusing on employees who had not previously attended the training.



SUSTAINABILITY STATEMENT (CONT'D)

ANTI-CORRUPTION & BRIBERY (CONT'D)

Training participation by employee category is as follows:

Employee Category	Attended	Total No.	Participation (%)
Top Management	10	13	77%
Managerial	49	83	59%
Executive	149	183	81%
Non-Executive	26	46	57%
Total	234	325	72%

To reinforce awareness among previously trained employees, the Company implemented mandatory ABAC Policy acknowledgements and Malaysian Anti-Corruption Commission ("MACC") Act 2009 Declaration Forms as refresher measures, with consistently high completion rates across all employee categories.

Employee Category	Submitted	Total No.	Percentage (%)
Top Management	12	13	92%
Managerial	82	83	99%
Executive	181	183	99%
Non-Executive	46	46	100%
Total	321	325	99%

The Group continues to embed anti-corruption measures within its Enterprise Risk Management ("ERM") framework, enabling the identification and mitigation of corruption-related risks across its operations.

For the financial year under review, QES recorded:

- **Zero incidents of bribery or corruption**
- **Zero whistleblowing cases related to unethical conduct**
- **Zero fines or penalties for non-compliance with anti-corruption laws**

This reflects the effectiveness of the Group's internal controls and its commitment to maintaining a culture of integrity and ethical conduct.

WHISTLEBLOWING & ETHICAL OVERSIGHT

QES promotes a culture of openness and accountability through its Whistleblowing Policy, which provides a confidential and secure channel for employees and stakeholders to report concerns relating to misconduct, unethical behaviour, or violations of applicable laws and internal policies.

All reported matters are handled with strict confidentiality and are subject to appropriate investigation procedures. No substantiated whistleblowing cases were recorded during FYE 2025.

SUSTAINABILITY STATEMENT (CONT'D)

SUPPLY CHAIN MANAGEMENT

QES is committed to maintaining a responsible and reliable supply chain that supports operational resilience and sustainable business practices. The Group emphasises ethical conduct, compliance with applicable laws, and alignment with its corporate values across all supplier relationships.

To formalise these expectations, QES has established a **Supplier Code of Conduct**, which outlines requirements relating to business ethics, labour practices, health and safety, and environmental responsibility. Compliance with this Code is **mandatory for all suppliers**, and the principles are incorporated into procurement documentation and communicated to both new and existing suppliers.

The Group continues to strengthen supplier engagement through ongoing communication and collaboration, with the aim of promoting responsible practices and improving overall supply chain performance. While formal supplier risk assessments and ESG screening processes are still being developed, QES remains focused on enhancing its supplier management approach over time.

Supporting local economies remains an important aspect of the Group's procurement strategy. In FYE 2025, total expenditure on local suppliers amounted to **RM 40.52 million**, representing **25.44% of total procurement** spend, reflecting an increase from the previous financial year.

Local supplier expenditure for the Malaysian business units has shown a steady upward trend over the past three financial years:

Financial Year	Local Supplier Spend (RM million)	Percentage of Local Spending (%)
2023	25.56	17.88%
2024	29.18	22.17%
2025	40.52	25.44%

By balancing local sourcing with operational requirements, QES aims to enhance supply chain flexibility, reduce lead times, and support sustainable economic development in the regions where it operates.

ECO HARMONY



ECO HARMONY: CLIMATE & ENVIRONMENTAL MANAGEMENT

QES integrates climate and environmental considerations into its governance, strategy and operational practices to manage climate-related risks and opportunities. Environmental performance disclosed in this report is currently limited to the Group's HQ and serves as the basis for structured ESG reporting and reflects progressively enhanced data collection over the reporting period.

While selected environmental indicators were tracked in earlier years, FYE 2025 represents the first year of structured and comprehensive environmental data coverage across key HQ-level indicators, including Greenhouse gas ("GHG") emissions, energy, water, waste and recycling. Accordingly, FYE 2025 is designated as the baseline year for HQ environmental performance tracking. Historical data is presented for trend illustration purposes only due to evolving measurement scope and methodology.

The Group intends to progressively expand ESG data coverage to include additional business units in future reporting cycles. Upon expansion, baseline figures will be reassessed to ensure consistency and comparability at Group level.

SUSTAINABILITY STATEMENT (CONT'D)

Environmental Performance Highlights

Indicator	2023	2024	2025	YoY Change (2025 vs 2024)	Target (2026–2027)
Total GHG Emissions (tCO₂e)	765.37	17,678.48	20,500.56	+16.0%	Improve emissions intensity (tCO ₂ e per employee) over time
Scope 1 and Scope 2 Emissions (tCO₂e)	765.37	619.62	535.08	-13.6%	Reduce Scope 1 and Scope 2 emissions intensity by 3–5%
Electricity Consumption (kWh)	919,940	722,320	641,030	-11.2%	Reduce electricity consumption intensity by 3–5%
Renewable Energy Contribution (%)	–	–	46.3%	–	Maintain or increase to ≥48% where feasible
Water Consumption (m³)	2,349	2,085	3,047	+46.1%	Maintain or reduce water consumption intensity relative to FYE 2025 baseline
Total Waste Generated (tonnes)	–	10.413	5.6857	-54.6%	Reduce total waste generation over time
Recycling Rate (%)	–	9.5%	17.7%	+86.3%	Increase recycling rate to ≥20%

FYE 2025 represents the baseline year for structured environmental data collection at the Group's HQ. Targets are based on current operating conditions and historical trends and may be refined as reporting coverage and data quality improve.

Approach to Achieving Environmental Targets

The Group adopts a continuous improvement approach in achieving its environmental targets, focusing on operational efficiency, employee awareness, and optimisation of existing systems rather than large-scale structural changes.

These targets are integrated into daily operations and monitored through ongoing review of environmental performance indicators. The Group will continue to refine its approach as ESG data systems and reporting coverage mature.

CLIMATE GOVERNANCE

Climate-related matters are overseen by the Board of Directors, supported by the Audit & Risk Management Committee ("ARMC") and the SSC. The Board ensures that climate-related risks and opportunities are incorporated into the Group's strategic planning, risk management and business continuity considerations.

At the operational level, climate considerations are embedded within the Group's ERM framework. Key risks assessed include regulatory changes, energy price volatility, supply chain disruptions and changing customer expectations.

In FYE 2025, the Group expanded its climate disclosures to include additional Scope 3 emissions, such as employee commuting and business travel, providing a more comprehensive understanding of value chain impacts and supporting more informed decision-making.



SUSTAINABILITY STATEMENT (CONT'D)

CLIMATE STRATEGY, RISKS & OPPORTUNITIES

The Group assesses climate-related risks and opportunities based on their potential impact on operating costs, capital expenditure, revenue generation, supply chain resilience and long-term business performance. These assessments are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and IFRS S2.

Total GHG emissions increased to 20,500.56 tCO₂e in FYE 2025 from 17,678.48 tCO₂e in FYE 2024. The increase was primarily attributable to the inclusion of additional Scope 3 categories including Category 6 (Business Travel) and Category 7 (Employee Commuting) and does not indicate a deterioration in the Group's operational emissions performance. Scope 1 and Scope 2 emissions declined by 13.6% to 535.08 tCO₂e, reflecting improved energy efficiency and renewable energy usage. Electricity consumption also decreased by 11.2% to 641,030 kWh, while renewable energy contributed 46.3% of total electricity consumption.

Category	Key Risk / Opportunity	Link to QES Data	Potential Business Impact	Time Horizon
Transition Risk	Increasing regulatory requirements and emissions disclosure obligations	Scope 3 emissions increased to 19,965.49 tCO ₂ e following expanded measurement	Higher compliance costs and additional investment in ESG reporting systems	MT, LT
	Exposure to electricity price volatility	Electricity consumption reduced by 11.2% and renewable energy contributed 46.3%	Increased operating costs if reliance on grid electricity remains high	ST, MT
	Shift in customer demand towards sustainable products and solutions	Ongoing investment of 7–8% of manufacturing revenue in R&D	Need to adapt product portfolio and sustain market competitiveness	ST, MT
Physical Risk	Extreme weather events affecting facilities and logistics	HQ operations and logistics network may be exposed to flooding and disruption	Operational downtime, supply chain disruption and increased maintenance costs	ST
	Rising temperatures and changing weather patterns	Potential long-term impact on infrastructure and supply chain reliability	Higher operating costs and reduced operational resilience	MT, LT
Opportunity	Improved energy efficiency	Electricity consumption reduced from 919,940 kWh in 2023 to 641,030 kWh in 2025	Lower operating costs and lower Scope 2 emissions	ST, MT
	Greater use of renewable energy	Solar generation contributed 296,955 kWh or 46.3% of total electricity consumption	Lower dependence on grid electricity and improved cost stability	MT, LT
	Increased demand for sustainable industrial solutions	Continued promotion of voltage sag protection and gas abatement systems	Potential revenue growth and stronger market positioning	ST, MT
	Market expansion and industry engagement	Participation in regional and international industry platforms in FYE 2025	Increased revenue opportunities and diversification across markets	MT, LT
	Operational resilience and supply chain optimisation	Integration of ESG considerations into operations and supplier engagement	Improved business continuity, reduced disruption risks, and enhanced long-term resilience	LT

Time Horizon Definitions:

Short-term (ST): 0–5 years | Medium-term (MT): 6–10 years | Long-term (LT): >10 years

SUSTAINABILITY STATEMENT (CONT'D)

CLIMATE STRATEGY, RISKS & OPPORTUNITIES (CONT'D)

While the Group does not currently expect climate-related risks to have a material financial effect in the short term, increasing regulatory requirements, energy price volatility and customer expectations may influence future operating costs, capital expenditure requirements and revenue opportunities over the medium to long term.

The Group does not currently apply an internal carbon price but will continue to evaluate its relevance as climate-related regulations and reporting requirements evolve.

GREENHOUSE GAS EMISSIONS

The Group calculates greenhouse gas emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 emissions comprise direct fuel consumption from petrol and LPG, Scope 2 emissions comprise purchased electricity, while Scope 3 emissions were calculated primarily using a spend-based methodology covering purchased goods and services, capital goods, employee commuting, business travel and selected downstream activities. The methodology is subject to ongoing refinement as data availability improves.

Emissions Category	2023	2024	2025	YoY Change (2025 vs 2024)	Target (2026–2027)
Scope 1 (Direct)	53.34	60.54	60.72	+0.3%	Maintain or reduce emissions intensity
Scope 2 (Indirect – Electricity)	712.03	559.08	474.36	-15.2%	Reduce in line with energy reduction target
Scope 3 (Value Chain)	-	17,058.86	19,965.49	+17.0%	Improve data coverage and measurement accuracy
Total GHG Emissions	765.37	17,678.48	20,500.56	+16.0%	Improve emissions intensity (tCO ₂ e per employee) over time

Targets are based on the FYE 2025 baseline and will be reviewed annually as reporting coverage expands.

Emissions management efforts will focus on improving energy efficiency and expanding Scope 3 emissions data coverage to enhance measurement accuracy and identify reduction opportunities.

The increase in total GHG emissions was primarily due to the expansion of Scope 3 measurement and does not reflect a deterioration in operational efficiency. Excluding Scope 3, total operational emissions decreased from 619.62 tCO₂e in FYE 2024 to 535.08 tCO₂e in FYE 2025. The Group will continue to improve energy efficiency and strengthen Scope 3 data collection through enhanced supplier engagement and activity tracking.

ENERGY MANAGEMENT

Energy management remains a key priority for the Group due to its direct relationship with operating costs, greenhouse gas emissions and operational resilience. The Group continues to improve energy efficiency through the optimisation of equipment usage, installation of LED lighting, inverter-based air-conditioning systems and employee awareness initiatives.

Total electricity consumption at the HQ decreased to 641,030 kWh in FYE 2025 from 722,320 kWh in FYE 2024 and 919,940 kWh in FYE 2023, representing a reduction of 11.2% year-on-year and 30.3% compared with FYE 2023. The reduction in electricity consumption contributed directly to the decrease in Scope 2 emissions from 559.08 tCO₂e in FYE 2024 to 474.36 tCO₂e in FYE 2025.

In addition, the Group's solar photovoltaic ("PV") system continued to support the transition towards lower-carbon operations. During FYE 2025, the system generated 296,955 kWh of renewable electricity, equivalent to 46.3% of total electricity consumption. Renewable generation also avoided approximately 136.3 tonnes of CO₂ emissions during the year.

SUSTAINABILITY STATEMENT (CONT'D)

ENERGY MANAGEMENT (CONT'D)

Indicator	2023	2024	2025	YoY Change (2025 vs 2024)	Target (2026–2027)
Electricity Consumption (kWh)	919,940	722,320	641,030	-11.2%	Reduce electricity consumption intensity by 3–5% by FY2027 from FYE 2025 baseline
Solar PV Generation (kWh)	8,723	228,789	296,955	+29.8%	Continue optimising the existing solar PV system
Renewable Energy Contribution (%)	0.9%	31.7%	46.3%	+14.6%	Maintain renewable energy contribution above 40%
Scope 2 Emissions (tCO ₂ e)	712.03	559.08	474.36	-15.2%	Reduce in line with energy reduction target
CO ₂ Avoided through Solar PV (tonnes)	4.1	124.6	136.3	+9.4%	Maintain positive contribution from renewable energy

The FYE 2025 baseline will be used to monitor future reductions in electricity consumption intensity and improvements in renewable energy contribution.

The Group's solar PV system has a total installed capacity of 233.2 kWp. The system achieved an average performance ratio of 96.8% in FYE 2025, indicating that the system continued to operate efficiently throughout the year despite fluctuations in weather conditions and solar irradiation.

Solar PV Performance	2024	2025	YoY Change (2025 vs 2024)
Installed Capacity (kWp)	233.2	233.2	-
Renewable Energy Generated (kWh)	228,789	296,955	+29.8%
Average Specific Energy (kWh/kWp)	105.6	103.6	-1.9%
Average Performance Ratio (%)	98.2%	96.8%	-1.4%
CO ₂ Avoided (tonnes)	124.6	136.3	+9.4%

The increase in solar PV generation in FYE 2025 was mainly attributable to the system operating for the full financial year, compared with partial-year generation in FYE 2024 following installation and commissioning. The Group will continue to maximise utilisation of the existing solar PV system and monitor opportunities to further improve renewable energy contribution over time.

WATER MANAGEMENT

Water is used primarily for sanitation, cleaning and general facility operations. Total water consumption increased to 3,047 m³ in FYE 2025 from 2,085 m³ in FYE 2024, mainly due to increased facility utilisation and operational requirements. Despite the increase, water consumption remains non-intensive.

Indicator	2023	2024	2025	YoY Change (2025 vs 2024)	Target (2026–2027)
Water Consumption (m ³)	2,349	2,085	3,047	+46.1%	Maintain or reduce water consumption intensity relative to FYE 2025 baseline

Water consumption data currently relates only to the HQ and serves as the baseline for future monitoring.

The Group continues to support water conservation through rainwater harvesting systems and employee awareness programmes. Future efforts will focus on monitoring consumption trends and identifying opportunities to stabilise water use over time.

SUSTAINABILITY STATEMENT (CONT'D)

WASTE MANAGEMENT

FYE 2025 represents the baseline year for structured waste data collection at the HQ. For internal reporting purposes, waste generated at HQ is categorised into non-hazardous (general) waste and hazardous (scheduled) waste. Total waste generated in FYE 2025 amounted to 5.686 tonnes, comprising 4.244 tonnes of non-hazardous waste and 1.442 tonnes of hazardous waste.

Total Waste Summary FYE2025

Indicator	Non-Hazardous (tonnes)	Hazardous (tonnes)	Total (tonnes)
Waste Diverted from Disposal (Recycled/Recovered/Treated)	0.750	0.505	1.255
Waste Directed to Disposal	3.494	0.937	4.431
Total Waste Generated	4.244	1.442	5.686

Non-Hazardous Waste

Total non-hazardous waste generated decreased to 4.244 tonnes in FYE 2025 from 10.413 tonnes in FYE 2024, mainly due to improved waste segregation and reduced non-recyclable waste. Recycled non-hazardous waste totalled 0.750 tonnes, resulting in a recycling rate of 17.7%.

Indicator	2024	2025	YoY Change (2025 vs 2024)	Target (2026–2027)
Recycled Waste (tonnes)	0.993	0.750	-24.5%	Improve waste segregation and recycling practices
Non-Recycled Waste (tonnes)	9.418	3.494	-62.9%	Continue reducing non-recyclable waste
Total Waste Generated (tonnes)	10.413	4.244	-59.2%	Continue reducing total waste generated
Recycling Rate (%)	9.5%	17.7%	+86.3%	Increase recycling rate to at least 20%

Hazardous Waste

Hazardous waste generated during the year totalled 1.442 tonnes, of which 0.505 tonnes were diverted from disposal through recovery and treatment processes.

Hazardous Waste Indicator (tonnes)	2025
Waste Diverted from Disposal	0.505
Waste Disposed	0.937
Total Hazardous Waste	1.442

All scheduled waste is managed by licensed contractors in accordance with applicable environmental regulations. The Group will continue to strengthen waste segregation, recycling awareness and operational handling procedures to improve waste diversion rates over time.



SUSTAINABILITY STATEMENT (CONT'D)

EMPOWER TOGETHER



HUMAN CAPITAL MANAGEMENT

To attract, develop and retain talent, QES provides competitive compensation and benefits packages that are aligned with applicable labour laws and regulations in the countries where the Group operates. The Group remains committed to providing fair and equitable remuneration, including the principle of equal pay for equal work, regardless of gender.

QES continues to offer a combination of fixed and variable compensation and employee benefits to support the diverse needs of its workforce.

Fixed Compensation & Benefits	Variable Compensation & Benefits
Annual Leave	Relocation Allowance
Medical Leave	Performance Bonus
Birthday Leave	Car Allowance
Hospitalisation Leave	Employees' Share Option Scheme ("ESOS")
Compassionate Leave	
Maternity Leave	
Paternity Leave	
Emergency Leave	
Special Leave	
Vaccination Leave	
Personal Accident Insurance	
Replacement Public Holiday (Saturday)	

In addition, the Group continued to support employee well-being through various welfare initiatives and in-house facilities, including:

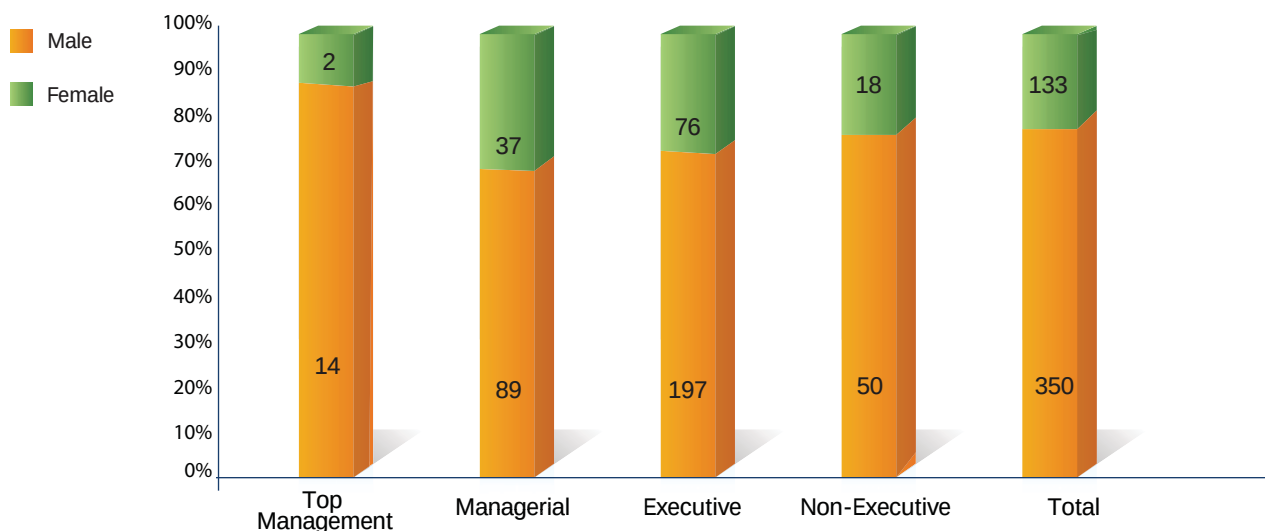
- Overseas or domestic company trips
- Seasonal celebration lunches or dinners
- Indoor and outdoor recreational activities
- Long Service Awards
- Team building activities
- Sick bay facilities
- Prayer rooms
- Nursing rooms
- Zen Garden
- Birthday celebrations
- The Breakfast Club
- Health and wellness workshops
- Volunteer opportunities
- Urban farming activities at the HQ

SUSTAINABILITY STATEMENT (CONT'D)

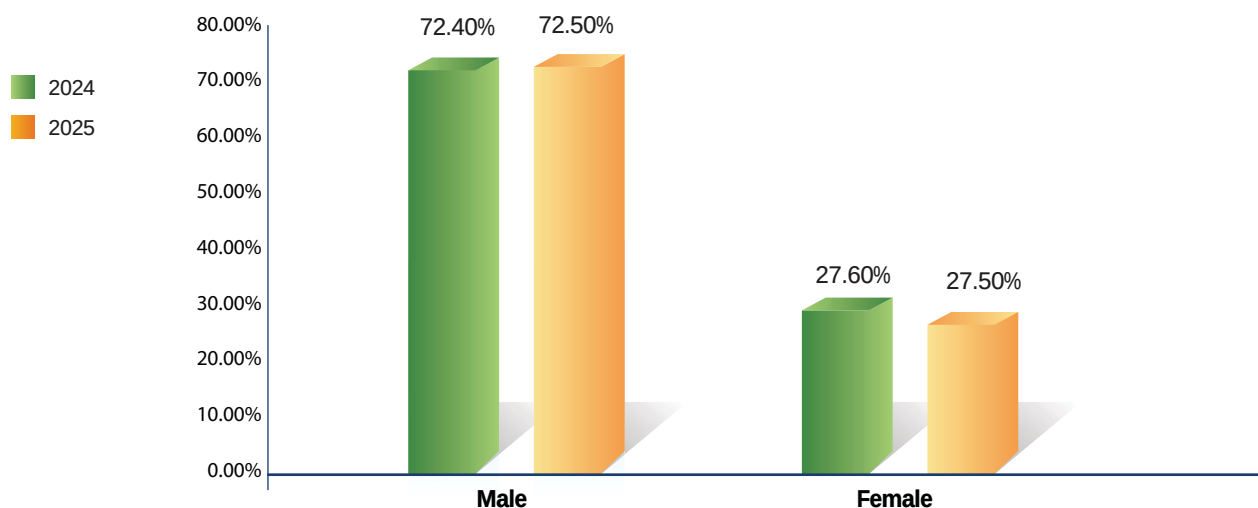
HUMAN CAPITAL MANAGEMENT (CONT'D)

In FYE 2025, the Group employed a total workforce of 483 employees compared with 485 employees in FYE 2024. Employees in Malaysia represented 67.29% of the workforce, while the remaining employees were based in Indonesia, Thailand, Singapore, Philippines, Vietnam, and China.

TOTAL EMPLOYEE BY CATEGORY



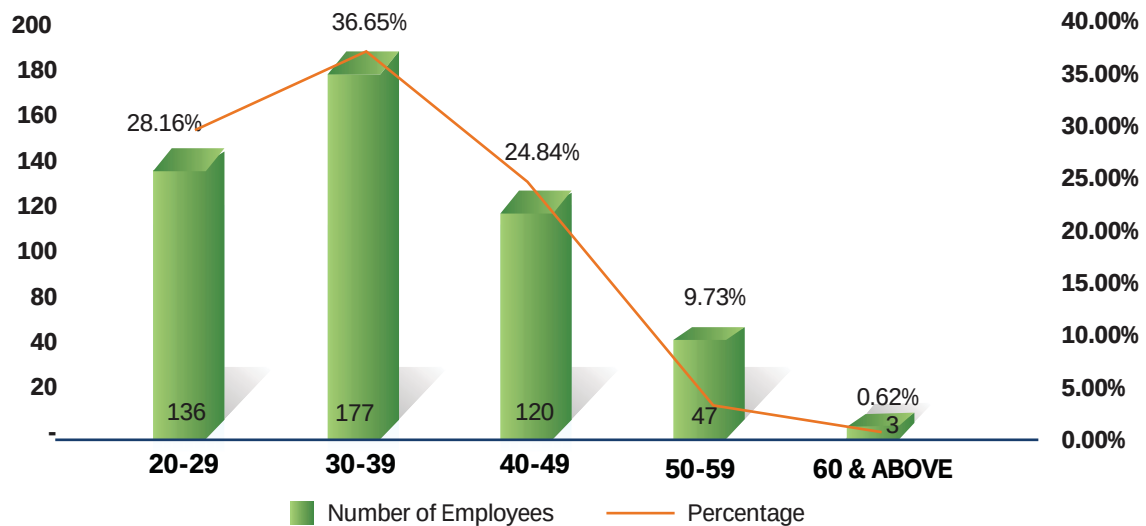
GENDER DIVERSITY



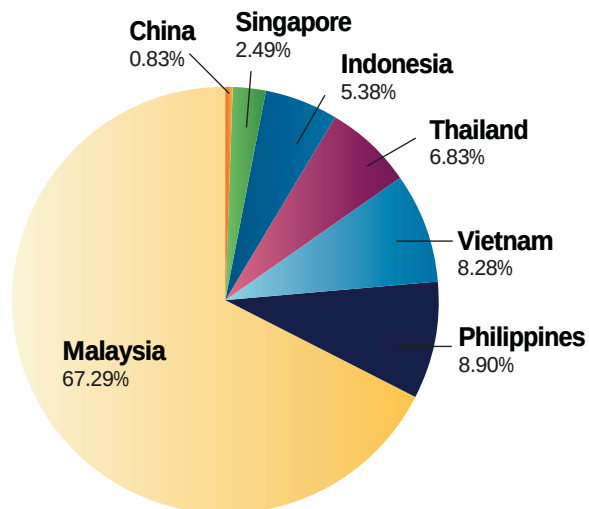
SUSTAINABILITY STATEMENT (CONT'D)

HUMAN CAPITAL MANAGEMENT (CONT'D)

TOTAL EMPLOYEE BY AGE GROUP



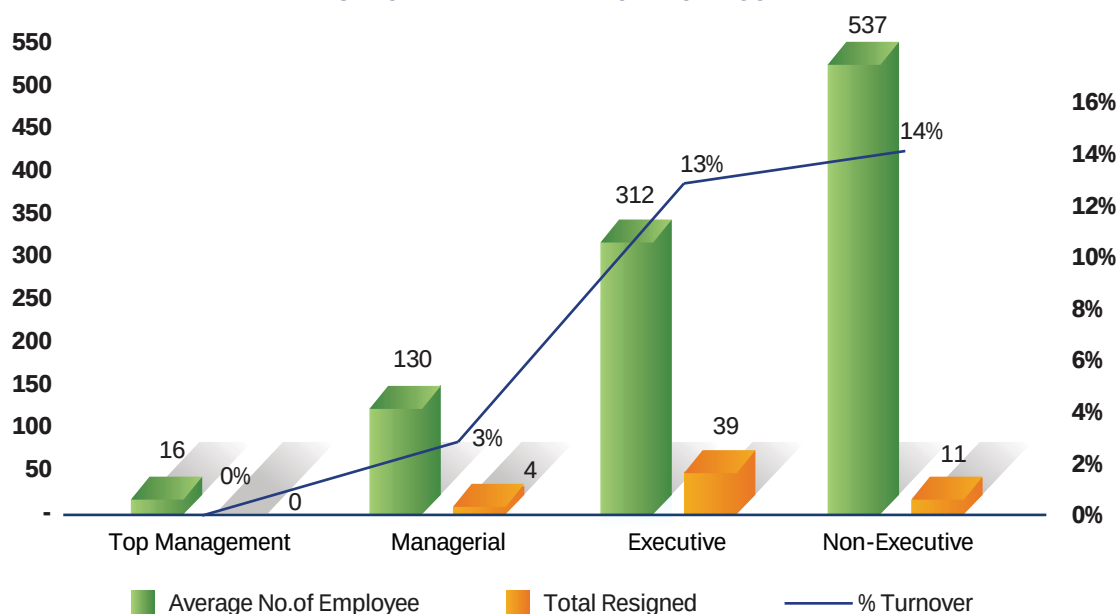
TOTAL EMPLOYEE BY COUNTRY



SUSTAINABILITY STATEMENT (CONT'D)

HUMAN CAPITAL MANAGEMENT (CONT'D)

TURNOVER RATE BY EMPLOYEE CATEGORY

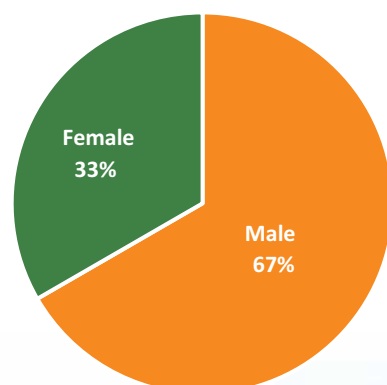


All employees in FYE 2025 were employed on a full-time basis.

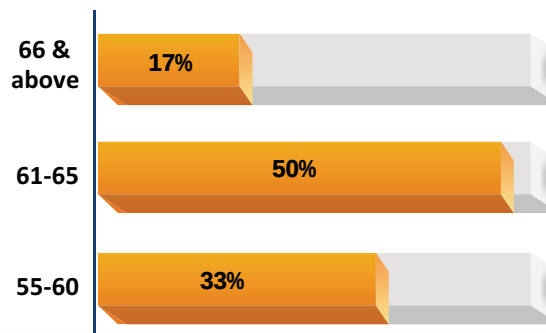
Employment Type	Number of Employees	Percentage
Full-time	483	100.0%
Temporary / Contract	0	0.0%

The Group also maintained female representation of 33.33% at Board level, with two female Directors out of six Board members. Female participation within the workforce remained at 27.5%, reflecting the Group's continued efforts to strengthen diversity and inclusion across all levels of the organisation.

Percentage of Director by Gender



Percentage of Director by Age



SUSTAINABILITY STATEMENT (CONT'D)

LABOUR PRACTICES & STANDARDS

QES is committed to upholding high standards of labour practices in compliance with all applicable local laws and regulations, as well as internationally recognised labour principles. The Group continues to implement its Labour Standards Policy, which outlines its commitment to fair treatment, employee rights, non-discrimination, workplace conditions and ethical employment practices.

The Group maintains a workplace free from discrimination, harassment and coercion, and supports equal opportunity regardless of gender, nationality, ethnicity, religion, age or other individual characteristics. Employees are entitled to fair wages, safe working conditions and freedom of association.

QES also maintains formal grievance channels that allow employees to raise concerns confidentially and without fear of retaliation. Matters raised are reviewed and addressed in a timely and fair manner.

In FYE 2025, the Group recorded:

- Zero substantiated complaints relating to discrimination or harassment
- Zero incidents of child labour or forced labour
- Zero instances of non-compliance with labour laws or labour standards
- Zero substantiated human rights violations

These outcomes reflect the Group's continued commitment to maintaining a fair, respectful and ethical workplace.

DIVERSITY, EQUALITY & INCLUSION

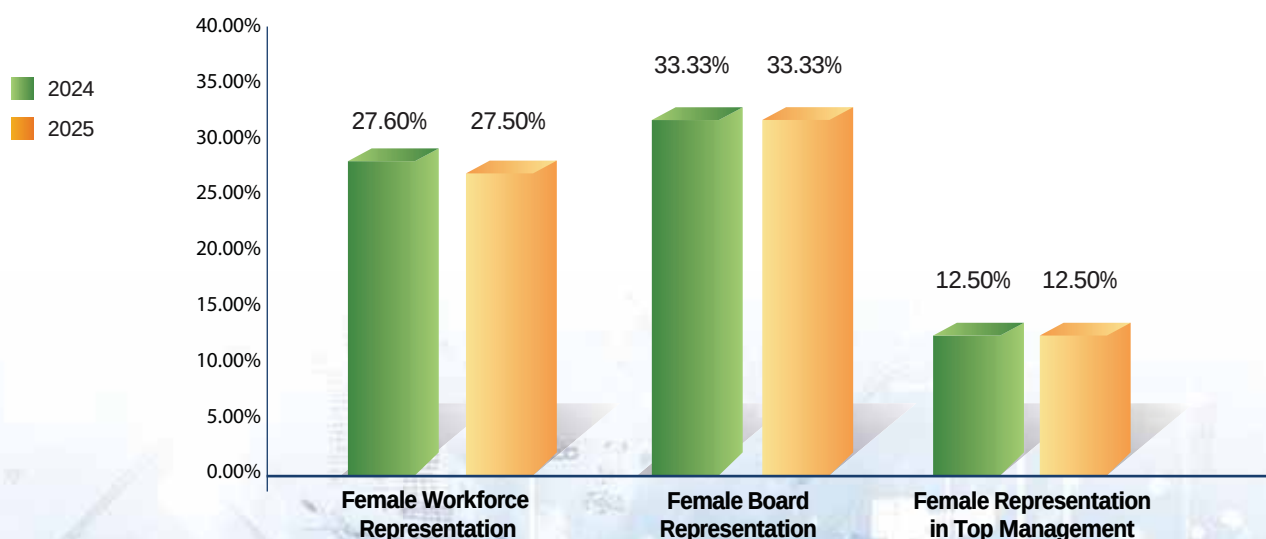
QES remains committed to fostering a workplace that values diversity, equality and inclusion. The Group believes that a diverse workforce strengthens innovation, enhances decision-making and contributes to long-term business sustainability.

The Group's approach to diversity extends beyond gender and nationality and includes age, ethnicity, culture, educational background and other individual differences. Employment, promotion, training and compensation decisions are based solely on merit, capability and performance.

To support diversity and inclusion, QES continues to:

- Provide equal employment opportunities for all employees
- Promote equal pay for equal work
- Ensure hiring, promotion and training decisions are based on merit
- Conduct awareness and training programmes to foster respect and inclusion
- Maintain a workplace free from discrimination, bias and harassment

In FYE 2025, women represented 27.5% of the Group's workforce and 12.5% of top management positions. At Board level, female representation remained at 33.33%.



SUSTAINABILITY STATEMENT (CONT'D)

DIVERSITY, EQUALITY & INCLUSION (CONT'D)

The Group will continue to strengthen diversity and inclusion through fair employment practices and equal access to development opportunities.

CAREER DEVELOPMENT

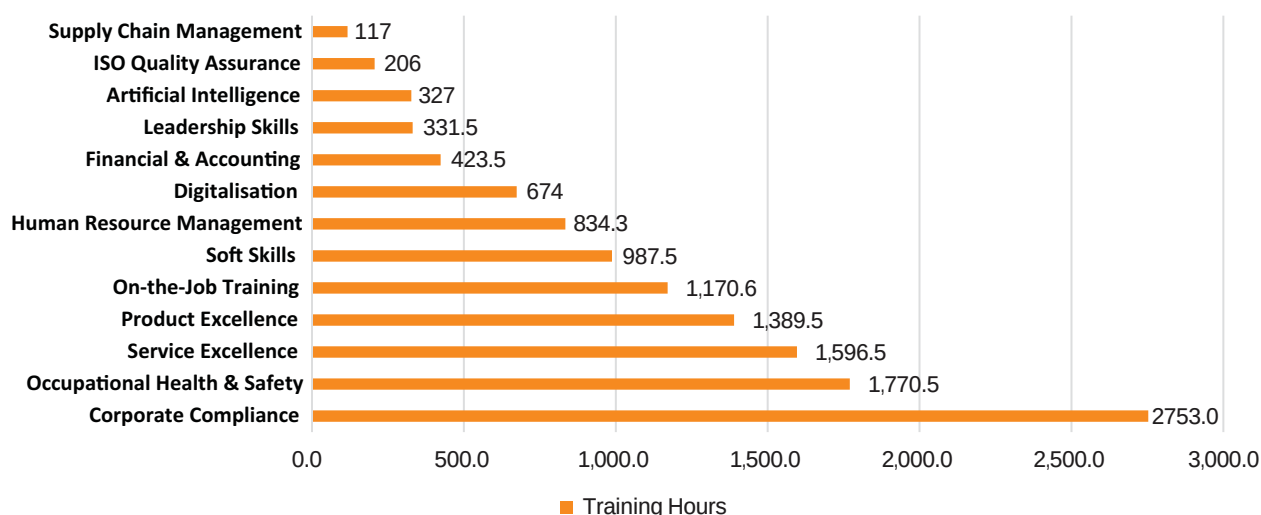
Training and career development remain key priorities for the Group as part of its commitment to building a skilled, engaged and future-ready workforce. QES continues to provide employees with opportunities for technical, functional and leadership development, while ensuring equal access to learning opportunities across all levels of the organisation.

In FYE 2025, the Group recorded a total of 12,580.9 training hours, compared with 12,429.3 training hours in FYE 2024, representing an increase of 1.2%. Based on a workforce of 483 employees, this equates to an average of 26.0 training hours, or approximately 1.08 training days, per employee.

Training Indicator	2024	2025	Change
Total Training Hours	12,429.3	12,580.9	+1.2%
Average Training Hours per Employee	25.6	26.0	+1.6%

Employee Category	Training Hours	Average Hours per Employee
Top Management	533.5	33.3
Managerial	2,886.2	22.9
Executive	8,300.2	30.4
Non-Executive	861.0	12.7
Total	12,580.9	26.0

TRAINING HOURS



The Group also continued to invest in future-oriented capabilities, including artificial intelligence, digitalisation and service excellence, to support changing business and customer requirements.

SUSTAINABILITY STATEMENT (CONT'D)

OCCUPATIONAL HEALTH & SAFETY

QES remains committed to providing a safe and healthy workplace for all employees, contractors and visitors. The Group's Occupational Health, Safety & Environment Policy guides its approach to risk management, emergency preparedness and accident prevention.

The Group conducts monthly and quarterly inspections of workplace safety measures, including firefighting systems, fire extinguishers, emergency exits, signage, medical supplies and facility infrastructure. Employees also participate in periodic emergency response drills and safety awareness programmes.

In FYE 2025, a total of 175 employees attended general occupational health and safety ("HSE") training programmes covering workplace safety awareness, hazard identification, emergency response procedures and safe work practices.

The Group also maintained an Emergency Response Team ("ERT") comprising 60 trained employees across its operations. During the year, 64 employees participated in ERT-related training programmes, including fire safety and fire drill training, as well as Occupational First Aid and Cardiopulmonary Resuscitation ("CPR") with Automated External Defibrillator ("AED") training.

The increase in ERT members reflects the Group's continued emphasis on strengthening emergency preparedness and response capabilities across its operations.

The Group recorded zero work-related fatalities and zero lost time incidents in FYE 2025, continuing its strong safety performance and reinforcing the effectiveness of its preventive measures and safety culture.

COMMUNITY ENGAGEMENT

QES remains committed to creating positive social impact through community engagement, charitable activities and employee volunteerism. The Group continues to support community programmes that promote health, inclusion, education and social well-being.

During FYE 2025, the Group participated in various community initiatives, including blood donation drives, employee volunteering activities, health and wellness programmes and urban farming activities at HQ. In addition, the Group participated in a food rescue volunteering initiative organised by The Lost Food Project under the "Help Rescue Food & Feed Families" programme. This initiative supports the redistribution of surplus food to underserved communities while raising employee awareness on food waste and social responsibility.

Employee participation in these initiatives remained ongoing, with employees contributing time and effort across various activities. During the year, 58 employees participated in blood donation drives, contributing to 107 successful donations (including public participation). In total, approximately RM4,653.20 was allocated towards community initiatives during the year. While the scale of activities in FYE 2025 was more targeted compared to the previous financial year, these efforts reflect the Group's continued commitment to fostering a culture of volunteerism and community awareness. As the Group continues to strengthen its data collection process for community investment and volunteerism, quantitative information on sponsorship value, beneficiaries and employee participation will be progressively enhanced in future reporting periods.

The Group remains committed to fostering a culture of volunteerism and community engagement, while expanding its social impact initiatives over time.



SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY ENGAGEMENT (CONT'D)



The Group will continue to strengthen its sustainability reporting practices and progressively expand the scope, coverage and quality of ESG data in line with Bursa Malaysia's enhanced sustainability reporting requirements and IFRS Sustainability Disclosure Standards.

SUSTAINABILITY STATEMENT

(CONT'D)

SS Performance Data Summary FYE 2023 - FYE 2025

Indicator	Measurement Unit	2023	2024	2025
Anti-Corruption				
1(a) Percentage of Employees Who Have Received Training on Anti-Corruption by Employee Category				
Top Management	Percentage	44.00	100.00	77.00
Managerial	Percentage	1.00	92.00	59.00
Executive	Percentage	0.00	97.00	81.00
Non-executive	Percentage	0.00	52.00	57.00
1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	100.00
1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Community/Society				
2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	7,260.00	13,950.00	4653.20
2(b) Total number of beneficiaries of the investment in communities	Number	400	700	107
Diversity				
3(a) Percentage of Employees by Gender and Age Group, for Each Employee Category				
i. Age Group by Employee Category				
Top Management 20-29	Percentage	0.00	0.00	0.00
Top Management 30-39	Percentage	0.00	0.00	0.00
Top Management 40-49	Percentage	31.25	6.25	6.25
Top Management 50-59	Percentage	50.00	75.00	75.00
Top Management 60 & above	Percentage	18.75	18.75	18.75
Managerial 20-29	Percentage	0.90	2.00	0.80
Managerial 30-39	Percentage	34.23	25.00	20.63
Managerial 40-49	Percentage	46.85	53.00	57.94
Managerial 50-59	Percentage	18.02	20.00	20.63
Managerial 60 & above	Percentage	0.00	0.00	0.00
Executive 20-29	Percentage	46.97	42.00	39.19
Executive 30-39	Percentage	40.15	44.00	45.06
Executive 40-49	Percentage	11.74	12.00	13.19
Executive 50-59	Percentage	1.14	2.00	2.56
Executive 60 & above	Percentage	0.00	0.00	0.00
Non-executive 20-29	Percentage	45.46	50.00	41.17
Non-executive 30-39	Percentage	46.75	34.00	41.18
Non-executive 40-49	Percentage	6.49	13.00	14.71
Non-executive 50-59	Percentage	1.30	3.00	2.94
Non-executive 60 & above	Percentage	0.00	0.00	0.00

SUSTAINABILITY STATEMENT

(CONT'D)

SS Performance Data Summary FYE 2023 - FYE 2025 (Cont'd)

Indicator	Measurement Unit	2023	2024	2025
Diversity (Cont'd)				
ii. Gender Group by Employee Category				
Top Management Male	Percentage	87.50	87.50	87.50
Top Management Female	Percentage	12.50	12.50	12.50
Managerial Male	Percentage	71.00	69.00	70.63
Managerial Female	Percentage	29.00	31.00	29.37
Executive Male	Percentage	73.00	73.00	72.16
Executive Female	Percentage	27.00	27.00	27.84
Non-executive Male	Percentage	71.00	71.00	73.53
Non-executive Female	Percentage	29.00	29.00	26.47
3(b) Percentage of Directors by Gender and Age Group				
Male	Percentage	67.00	67.00	67.00
Female	Percentage	33.00	33.00	33.00
55-60	Percentage	50.00	33.00	33.33
61-65	Percentage	17.00	50.00	50.00
66 & above	Percentage	33.00	17.00	16.67
Energy Management				
4(a) Total Energy Consumption	Megawatt	919.94	722.32	641.03
Health and Safety				
5(a) Number of Work-Related Fatalities	Number	0	0	0
5(b) Lost Time Incident Rate ("LTIR")	Rate	0.00	0.00	0
5(c) Number of Employees Trained on Health and Safety Standards	Number	180	228	175
Labour Practices and Standards				
6(a) Total Hours of Training by Employee Category				
Top Management	Hours	288	310	533.50
Managerial	Hours	1,742	2,510	2886.20
Executive	Hours	3,714	8,275	8300.30
Non-executive	Hours	724	1,294	861.00
6(b) Percentage of Employees that are Contractors or Temporary Staff	Percentage	0.00	0.00	0.00
6(c) Total Number of Employee Turnover by Employee Category				
Top Management	Number	0	0	0
Managerial	Number	11	4	4
Executive	Number	14	15	39
Non-Executive	Number	16	15	11
6(d) Number of Substantiated Complaints Concerning Human Rights Violations	Number	0	0	0

SUSTAINABILITY STATEMENT (CONT'D)

SS Performance Data Summary FYE 2023 - FYE 2025 (Cont'd)

Indicator	Measurement Unit	2023	2024	2025
Supply Chain Management				
7(a) Proportion of Spending on Local Suppliers	Percentage	18.00	22.17	25.44
Data Privacy and Security				
8(a) Number of Substantiated Complaints concerning Breaches of Customer Privacy and Losses of Customer Data	Number	0	0	0
Water				
9(a) Total Volume of Water Used	Megalitres	2.349	2.085	3.047
Waste Management				
10(a) Total Waste Generated	Metric tonnes	-	10.41	5.686
10(a)(i) Total Waste Diverted from Disposal	Metric tonnes	-	0.99	1.255
10(a)(ii) Total Waste Directed to Disposal	Metric tonnes	-	9.42	4.431
Emissions Management				
11(a) Scope 1 Emissions in tonnes of CO ₂ e	Metric tonnes	-	60.54	60.72
11(b) Scope 2 Emissions in tonnes of CO ₂ e	Metric tonnes	-	559.08	474.36
11(c) Scope 3 Emissions in tonnes of CO ₂ e	Metric tonnes	-	17,678.48	19965.49

SUSTAINABILITY STATEMENT

(CONT'D)

QES Group Berhad

BMLR Transition Period

Date & Time: 2026-04-16_09:38:09
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Anti-Corruption	Percentage of Employees who have Received Training on Anti-Corruption by Employee Category	Percentage (%)	Top Management: 77 Managerial: 59 Executive: 81 Non-Executive: 57	Top Management: 80 Managerial: 80 Executive: 85 Non-Executive: 80	External (Limited)
Anti-Corruption	Percentage of Operations Assessed for Corruption-Related Risks	Percentage (%)	100	100	External (Limited)
Anti-Corruption	Confirmed Incidents of Corruption and Action Taken	Number	0	0	External (Limited)
Data Privacy and Security	Percentage of Employees participated in Data Privacy and Cybersecurity Training	Percentage (%)	80.54	85.00	External (Limited)
Data Privacy and Security	Number of Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Number	0	0	External (Limited)
Health and Safety	Number of Employees Trained on Health and Safety Standards	Number	175	180	External (Limited)
Health and Safety	Number of Work-Related Fatalities	Number	0	0	External (Limited)
Health and Safety	Lost Time Incident Rate ("LTIR")	Rate	0.00	0.00	External (Limited)
Community/Society	Total Amount Invested in the Community where the Target Beneficiaries are External to the Listed Issuer	Ringgit Malaysia (RM)	4653.20	5000	External (Limited)
Community/Society	Total Number of Beneficiaries of the Investment in Communities	Number	107	120	External (Limited)

SUSTAINABILITY STATEMENT (CONT'D)

QES Group Berhad
BMLR Transition Period

Date & Time: 2026-04-16_09:38:09
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Percentage of Employees by Age Group, for Each Employee Category	Percentage (%)	Top Management: 20-29: 0.00 30-39: 0.00 40-49: 6.25 50-59: 75.00 60 & above: 18.75 Managerial: 20-29: 0.80 30-39: 20.63 40-49: 57.94 50-59: 20.63 60 & above: 0.00 Executive 20-29: 39.19 30-39: 45.06 40-49: 13.19 50-59: 2.56 60 & above: 0.00 Non-Executive 20-29: 41.17 30-39: 41.18 40-49: 14.71 50-59: 2.94 60 & above: 0.00	N/A	External (Limited)
Diversity	Percentage of Employees by Gender, for Each Employee Category	Percentage (%)	Top Management Male: 87.50 Female: 12.50 Managerial Male: 70.63 Female: 29.37 Executive Male: 72.16 Female: 27.84 Non-Executive Male: 73.53 Female: 26.47	N/A	External (Limited)

SUSTAINABILITY STATEMENT

(CONT'D)

QES Group Berhad

BMLR Transition Period

Date & Time: 2026-04-16_09:38:09
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Percentage of Directors by Age Group	Percentage (%)	55-60: 33.33 61-65: 50.00 66 & above: 16.67	N/A	External (Limited)
Diversity	Percentage of Directors by Gender	Percentage (%)	Male: 66.67 Female: 33.33	Maintain at least 33% female representation on the Board of Directors	External (Limited)
Labour Practices and Standards	Total Hours of Training by Employee Category	Hours	Top Management: 533.5 Managerial: 2886.2 Executive: 8300.3 Non-Executive: 861.0	Top Management: 540 Managerial: 2890 Executive: 8310 Non-Executive: 870	External (Limited)
Labour Practices and Standards	Percentage of Employees that are Contractors or Temporary Staff	Percentage (%)	0.00	0.00	External (Limited)
Labour Practices and Standards	Employee Turnover Rate by Employee Category	Rate (%)	Top Management: 0.00 Managerial: 3.08 Executive: 12.50 Non-Executive: 13.92	Top Management: 0.00 Managerial: 3.00 Executive: 12.00 Non-Executive: 13.00	External (Limited)
Labour Practices and Standards	Number of Substantiated Complaints concerning Human Rights Violations	Number	0	0	External (Limited)
Supply Chain Management	Proportion of Spending on Local Suppliers	Percentage (%)	25.44	26.00	External (Limited)
Energy Management	Total Energy Consumption	Megawatt (MWh)	641.03	622.00	External (Limited)
Water Management	Total Volume of Water Used	Megalitres (ML)	3.047	2.900	External (Limited)
Waste Management	a. Total Waste Generated b. Total Waste Diverted from Disposal c. Total Waste Directed to Disposal	Tonnes	a. 10.41 b. 0.99 c. 9.42	a. 10.00 b. 1.00 c. 9.00	External (Limited)
Emissions Management	a. Scope 1 Emissions b. Scope 2 Emissions c. Scope 3 Emissions	Tonnes of carbon dioxide equivalent (tCO ₂ e)	a. 60.72 b. 474.36 c. 19,965.49	a. 60.00 b. 470.00 c. 19,900.00	External (Limited)

SUSTAINABILITY STATEMENT (CONT'D)



Date : 8 April 2026
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 2025. The assurance process was conducted in accordance with AA1000 Assurance Standard (AA1000AS).

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 2025 to 31 December 2025. 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.

Assurance Standards

This engagement was executed in accordance with **ISAE 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information**.

It is important to note that a **limited assurance engagement** is significantly narrower in scope than a reasonable assurance engagement. Consequently, the evidence-gathering procedures are more restricted, resulting in a lower level of assurance than a full audit.

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.

SUSTAINABILITY STATEMENT (CONT'D)



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.
- 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:

SUSTAINABILITY STATEMENT (CONT'D)



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.
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:

QES management holds sole responsibility for the preparation and presentation of the selected Sustainability Disclosures. We maintain full independence of compilation of these disclosures. Our mandate was strictly defined by the following objectives:

- Execution: Conduct a limited assurance engagement regarding the selected sustainability metrics.
- Verification: Formulate an independent conclusion based on rigorous evidence-gathering and procedural testing.

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.

Verification Opinion

Based on the Data and Information provided by QES and the processes/procedures conducted, the information and data are correct.

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