MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPING CAPABILITY, STRENGTHENING EXECUTION

REVENUE

RM80.4 million (FYE 2026)

OPERATING ENVIRONMENT: STRONGER GLOBAL SEMICONDUCTOR DEMAND, UNEVEN END-MARKET RECOVERY

The financial year ended 30 June 2026 ("FYE 2026") coincided with strong growth in global semiconductor sales, which reached a record level in 2025. This growth was led largely by logic and memory products, supported by demand associated with artificial intelligence and advanced computing. However, market conditions remained uneven: demand in advanced applications strengthened, while recovery in traditional semiconductor applications was more gradual.

For Globetronics Technology Bhd. ("Globetronics" or "the Company") and its subsidiaries (collectively, "the Group"), customer loadings remained soft across several business units for much of FYE 2026. This limited the Group's ability to absorb its fixed manufacturing cost base.

The operating environment was also shaped by trade and geopolitical uncertainty, customer inventory management, foreign exchange movements and a faster shift in capital spending towards artificial intelligence infrastructure and advanced computing. The effect was an industry upcycle that was not broad-based. Suppliers exposed to mature consumer applications and selected sensor and optoelectronics categories continued to face a different loading profile from suppliers more directly linked to memory and leading-edge compute demand. For Globetronics, softer customer loadings remained a direct operating pressure during much of FYE 2026.

Malaysia remained well positioned within the global semiconductor supply chain. The Malaysian Investment Development Authority reported RM28.5 billion of approved investments in the electrical and electronics sector in 2025, including RM16.9 billion in the semiconductor sub-sector. The national policy focus has continued to move towards higher-value activities such as advanced packaging, integrated circuit design and digitally enabled manufacturing.

This direction is aligned with the Group's longer-term efforts to expand its backend semiconductor services, automation capability and photonics-related manufacturing platform. Nevertheless, Management recognises that broader industry growth and investment do not automatically translate into higher customer loading for Globetronics. The Group's ability to participate in these opportunities will depend on its technical readiness, customer qualifications, commercial competitiveness and execution.

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> Production planning, real-time monitoring, process automation and efforts to improve equipment productivity provide greater flexibility when customer schedules change.

GROUP FINANCIAL REVIEW: LOWER LOADINGS AND SIGNIFICANT NON-OPERATING CHARGES

FYE 2026 represents a 12-month financial year, whereas the preceding FPE 2025 covered 18 months following the change in the Group's financial year-end. Accordingly, direct comparison between the two reported periods is not meaningful without taking the different reporting durations into account.

For FYE 2026, the Group recorded revenue of RM80.4 million and gross profit of RM13.3 million. Loss after tax amounted to RM57.3 million. The full-year performance was affected by lower customer loadings as well as impairment charges on preference shares and financial assets, share-based payment expenses and the Group's share of losses from its associate.

The quarterly progression illustrates the uneven loading environment. Revenue was RM21.5 million in the first quarter and RM21.1 million in the second quarter before declining to RM16.9 million in the third quarter. In the fourth quarter, revenue recovered to RM21.0 million, an increase of 24% from the immediate preceding quarter. Gross profit also improved from RM1.3 million in the third quarter to RM4.1 million in the fourth quarter, while gross profit margin increased from 8.0% to 19.6%.

The improvement in the final quarter was supported by higher contributions from manufacturing and chemical activities. More importantly, it demonstrated the sensitivity of the Group's manufacturing economics to customer loading. When volume improved, fixed-cost absorption and gross margin recovered accordingly.

While the fourth-quarter improvement provides a more constructive starting point entering financial year ending 30 June 2027 ("FYE 2027"). Management does not regard one quarter of sequential improvement as evidence of a sustained recovery. The Group's focus is therefore not only on securing additional revenue, but also on building a more stable loading profile across a broader base of customers and products.

OPERATIONS AND COST MANAGEMENT: PROTECTING THE MANUFACTURING BASE

Management continued to adjust the cost base in response to the lower loading environment. During the second quarter, savings in semi-variable expenses, including direct labour, utilities, repair and maintenance, contributed to an improvement in gross profit despite relatively modest revenue. These measures were subsequently tested by the sharper loading decline in the third quarter resulted in weaker gross profit.



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The automation and Industry 4.0 platforms established in prior periods remained relevant to the Group's cost response. Production planning, real-time monitoring, process automation and efforts to improve equipment productivity provide greater flexibility when customer schedules change.

Nevertheless, automation cannot fully offset prolonged under loading. The operational priority for FYE 2027 is therefore to combine continued cost discipline with higher loading of the installed manufacturing base.

Across the Group's core semiconductor manufacturing activities, Management continued to support existing customer programmes while progressing qualifications and new product introductions. The emphasis remained on maintaining product quality, yield performance and delivery reliability through changing volume requirements.





These capabilities remain important as the Group seeks to convert new customer engagements and development programmes into mass production rather than one-off qualification activities.

INNOVATION AND PRODUCT DEVELOPMENT: ADVANCING DEVELOPMENT AND PRODUCTION

The Group continued during FYE 2026 to progress the new product and technology initiatives highlighted in previous periods. These development activities form part of Globetronics' efforts to broaden its product and customer base while building capabilities relevant to evolving semiconductor and optoelectronics applications.

The progression from product development to commercial manufacturing is inherently iterative as the Group's operational capabilities build on the automation and Industry 4.0. New products and manufacturing processes may require process refinement, internal validation, reliability testing, customer evaluation and qualification before they can progress towards volume production. The timing of each programme can therefore vary depending on its technical requirements, intended application and customer standards.

During FYE 2026, Management continued to undertake development, process refinement and manufacturing preparation across its new product programmes, with particular emphasis on meeting the required standards for quality, reliability, yield and process consistency. Alongside cost discipline and operational efficiency, customer loading remains an important determinant of manufacturing performance. Fuller utilisation of the Group's existing facilities will depend on demand from existing customers and the progression of new business opportunities into production.

INNOVATION AND PRODUCT DEVELOPMENT: ADVANCING DEVELOPMENT AND PRODUCTION (Cont'd)

The Group considers these requirements fundamental to sustainable commercialisation. Accordingly, Management's priority is to achieve the necessary technical and quality standards before committing additional resources towards production ramp-up. While this qualification process may extend the time required for new programmes to contribute meaningfully to revenue, it is necessary to establish manufacturing consistency and customer confidence.

Going forward, Management will continue to assess the progress of these programmes against technical readiness, customer qualification, commercial viability, investment requirements and expected returns. Additional capacity or capital expenditure will be considered in relation to actual programme milestones rather than anticipated demand alone. These manufacturing capabilities provide a foundation for new customer and product programmes to progress towards recurring production, subject to successful qualification and customer orders.

TECHNOLOGY COLLABORATIONS: MOVING FROM AGREEMENT TO MANUFACTURING READINESS

The Group continued to advance its collaboration with an Automotive Memory Products Company during FYE 2026. Capital expenditure incurred during FYE 2026 included investments related to the Automotive Memory Products Company collaboration as the Group continued to prepare the manufacturing platform for customer requirements.

> These manufacturing capabilities provide a foundation for new customer and product programmes to progress towards recurring production, subject to successful qualification and customer orders.

> The collaborations for Automotive Memory Products and Advanced Data Communication Products broaden the Group's exposure beyond its traditional customer base and provide entry points into advanced backend semiconductor services and optical connectivity.

The Advanced Data Communication Products programme also progressed during the year, with the wafer-level processing equipment installed at Globetronics in Penang within an approximately 10,000 square foot cleanroom. The installed line is targeting high-speed optical connectivity used in data centre and artificial intelligence infrastructure.

For Globetronics, the significance of the programme at its current stage lies primarily in the manufacturing capability it adds rather than any immediate revenue assumption. Photonics requires process control, precision assembly and testing disciplines that are adjacent to the Group's established semiconductor manufacturing experience.

Commercial contribution will depend on qualification, customer demand, order conversion and production ramp schedules. The Group will therefore continue to manage expenditure and capacity expansion against actual programme milestones.

Taken together, the collaborations for Automotive Memory Products and Advanced Data Communication Products broaden the Group's exposure beyond its traditional customer base and provide entry points into advanced backend semiconductor services and optical connectivity. Management's objective in FYE 2027 is to move these programmes further along their respective qualification and commercialisation pathways while continuing to pursue other customer and product opportunities that can improve utilisation of the Group's existing assets.

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STRATEGIC INVESTMENTS AND PORTFOLIO DEVELOPMENT

On 17 July 2025, the Group acquired a 30.85% equity interest in Greentronics Technology Berhad ("Greentronics"), together with warrants, for a total cash consideration of approximately RM45.0 million. The acquisition was funded from internally generated funds, and Greentronics is accounted for as an associate of the Group.

The investment was undertaken as part of the Group's broader transformation and portfolio strategy. During FYE 2026, the Group's reported result included its share of losses from an associate. Management and the Board will continue to monitor the Greentronics investment against the commercial and financial objectives established at the point of entry and assess future capital deployment with reference to expected returns, risk and the requirements of the core semiconductor business.

The Group also held other financial investments during the year. Fair value movements and impairment charges on certain financial assets affected reported performance. Going forward, the Group intends to maintain a measured approach to capital allocation, with priority given to investments that have a clear strategic rationale, defined return parameters and an appropriate balance between liquidity, risk and growth requirements.



CAPITAL EXPENDITURE, FINANCIAL POSITION AND FUNDING FLEXIBILITY

During FYE 2026, the Group invested RM22.2 million in property, plant and equipment to support manufacturing and technology capabilities. Capital commitments for property, plant and equipment stood at RM23.8 million as at 30 June 2026. At year-end, total assets amounted to RM264.0 million and total equity attributable to owners of the Company stood at RM239.1 million.

The Company completed its free warrants issue in May 2026 following the listing of 357.4 million warrants on the Main Market of Bursa Malaysia Securities Berhad. Each warrant entitles its holder to subscribe for one new ordinary share at RM0.13 during the three-year exercise period ending on April 2029. No proceeds arose from the free issuance itself; proceeds are received when holders exercise their warrants. Some warrants were exercised before the financial year-end.

In June 2026, the Company proposed a private placement of up to 108.5 million new ordinary shares to third-party investors, representing not more than 10% of its issued shares excluding treasury shares, at an issue price to be determined. The placement had not been implemented as at June 2026. Subsequent to year-end, 29.3 million shares at RM0.23 each were listed in 4 August 2026, followed by 35.8 million shares at RM0.22 each in 13 August 2026. These two tranches raised approximately RM14.6 million in gross proceeds.

These capital initiatives provide the Group with additional funding options as it manages technology investments, working capital requirements and the timing of customer ramps.

No dividend was declared for FYE 2026. The Group's immediate financial priorities are to protect operating liquidity, manage remaining capital commitments prudently and direct expenditure towards initiatives that can improve utilisation, customer diversification and sustainable earnings capacity.

PRINCIPAL RISKS AND OPPORTUNITIES

The Group's existing operations and development programmes present opportunities to broaden its business, alongside risks relating to customer demand, manufacturing execution, investment performance and funding requirements.

Customer concentration and demand remain important considerations. The Group's performance is influenced by customer product cycles, demand, inventory levels and business strategies, which in turn affect production loading, utilisation and profitability. Globetronics continues to maintain close engagement with customers while evaluating opportunities to broaden its customer and product portfolio. This is intended to support a more diversified loading profile over time.

The Group is also exposed to execution risks associated with new technologies, investments and production start-ups. New programmes may require further development, customer qualification, capital expenditure and process stabilisation before progressing to recurring production. Management will therefore continue to assess investment requirements against technical and commercial milestones and allocate resources progressively where appropriate.

External uncertainties, including geopolitical developments, international trade policies, supply-chain disruptions and changes in semiconductor demand, may also affect customer requirements and



the Group's operating environment. Management continues to monitor these developments and their potential implications for production, procurement, customer programmes and investment decisions.

Manufacturing continuity also depends on equipment reliability, product quality, critical supplies and the availability of operational and information systems. Disruptions or cybersecurity incidents could affect production and delivery commitments. Environmental, workplace safety and other compliance requirements may also affect operating costs and customer relationships. The Group's approach to managing these risks is described in the Statement on Risk Management and Internal Control and Sustainability Statement.

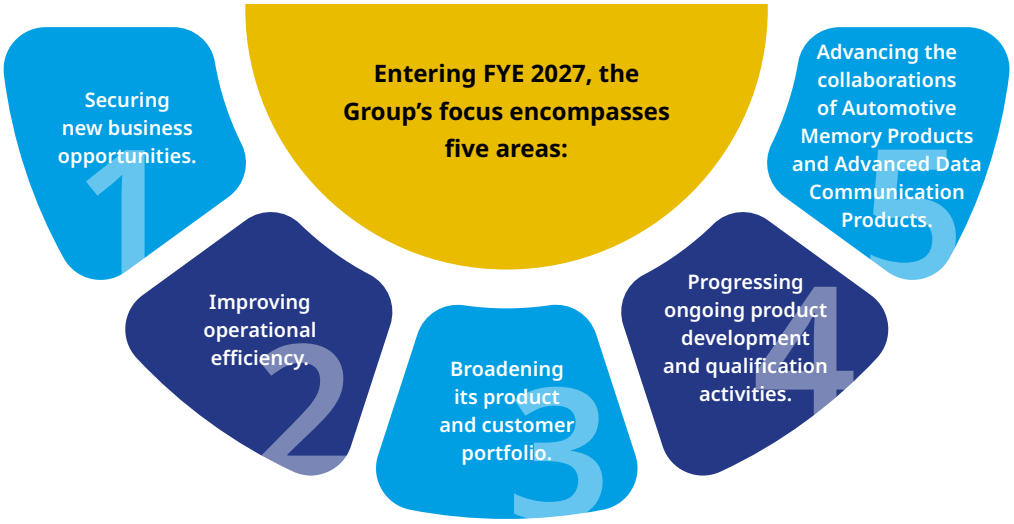
The collaborations of Automotive Memory Products and Advanced Data Communication Products provide opportunities to broaden the Group's customer relationships and manufacturing capabilities in semiconductor backend services and optical connectivity. Together with ongoing product development, these initiatives offer potential to diversify revenue sources and improve utilisation, subject to customer qualification, orders and production requirements.

Realising these opportunities will depend on consistent manufacturing execution, customer acceptance and commercially viable production volumes. Cost management and the financial resources required to support development and operations remain important considerations as the Group progresses its programmes.

EMPOWERING WHAT'S NEXT: OUTLOOK AND EXECUTION PRIORITIES

Developments in artificial intelligence data center high speed data communication device present opportunities relevant to the Group's expanding technology capabilities. However, the timing and extent of their contribution to Globetronics will depend on the customer programmes and manufacturing activities in which the Group participates.

The Group's near-term performance will depend on customer loadings, the timing and outcome of product qualifications, order conversion and the progression of new programmes towards volume production.



Together, these activities provide opportunities to broaden the Group's capabilities and support greater utilisation of its manufacturing facilities over time.

> The Group will continue to focus on operational efficiency, customer and product opportunities, and the development of its technology capabilities.

Malaysia's continued push into advanced packaging, design and smart manufacturing remains supportive of the Group's longer-term positioning. Penang's established electrical and electronics ecosystem also gives Globetronics access to experienced engineering talent, suppliers and a broad base of multinational semiconductor activity. The Group intends to leverage these advantages to strengthen its relevance as the industry moves towards more complex backend manufacturing and optical connectivity requirements.

Management is encouraged by the sequential improvement recorded in the fourth quarter, particularly the improve in revenue and gross profit. Nevertheless, expectations for FYE 2027 remain measured. The pace of improvement will depend on customer demand and schedules, successful qualification and order conversion, production ramp execution, market conditions and the Group's ability to manage its operating and capital requirements effectively.

Accordingly, the Group's focus remains on disciplined execution. Management will continue to strengthen the manufacturing base, progress product and customer qualifications, develop new capabilities and exercise discipline in the deployment of resources.

The Group will continue to focus on operational efficiency, customer and product opportunities, and the development of its technology capabilities. Through these ongoing efforts, Globetronics aims to strengthen its manufacturing readiness and improve operating and financial performance, giving practical expression to "Empowering What's Next".