STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of Globetronics Technology Bhd. ("the Company") is pleased to provide its Statement on Risk Management and Internal Control ("Statement") pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board is guided by the *Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers* ("Guidelines") in making disclosures concerning the main features of the risk management framework and internal control system of the Company and its subsidiaries ("the Group"). The Board is committed to maintaining a sound system of risk management and internal control throughout the Group.

This Statement outlines the nature and state of the Group's risk management and internal control systems during the financial year ended 30 June 2026 ("FYE 2026") and up to the date of approval of this Statement for inclusion in the Annual Report.

BOARD RESPONSIBILITY

The Board recognises the importance of having a robust risk management framework, sound system of internal control and good corporate governance practices. The Board affirms its overall responsibility for the Group's system of risk management and internal control, and for reviewing the adequacy and effectiveness of those systems.

The Board recognises that the Group operates in an evolving business environment and is exposed to various strategic, operational, financial, sustainability, technology and compliance risks. Accordingly, the Board, through the Audit and Risk Management Committee ("ARMC") and Management, regularly reviews the Group's key risks, risk exposures and corresponding mitigation measures and monitors the adequacy and effectiveness of the Group's risk management and internal control systems.

In view of the inherent limitations in any system of internal control, the Group's internal controls are designed to manage, rather than eliminate, the risk of failure to achieve the Group's goals and objectives. Accordingly, such controls can only provide reasonable, rather than absolute, assurance against material misstatement of financial information, financial losses, fraud and breaches of laws or regulations.

The Group's risk management framework and system of internal control involve relevant Management and employees across the business units of the respective subsidiaries. The Board is responsible for determining the strategies and overseeing the management of significant risks and control issues, whilst Management and functional managers are responsible for implementing the Board's strategies effectively and designing, operating and monitoring the controls established to manage the relevant risks.

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RISK MANAGEMENT

Risk Management Framework

The Group has established an Enterprise Risk Management ("ERM") Framework aligned with the principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework. The ERM Framework provides a structured and systematic approach for identifying, assessing, responding to, monitoring and reporting risks that may affect the achievement of the Group's strategic and operational objectives.

The framework comprises, amongst others:

- key principles governing the Group's approach to risk management;
- processes for identifying, assessing and measuring risks;
- evaluation of the potential impact and likelihood of identified risks;
- formulation and implementation of appropriate risk responses and mitigation measures;
- monitoring and reporting of risk exposures and the effectiveness of mitigating controls; and
- clearly defined roles and responsibilities for risk management at the respective levels of the Group.

The assessment of business risks is carried out primarily by the Executive Directors and the Business/ Operations Risk Review Committee ("BORRC") through their participation in management meetings, desktop reviews, deliberations and communication with key Management personnel. These activities facilitate an ongoing process to identify significant risks that may affect the achievement of the Group's business objectives and to ensure that appropriate measures are implemented to manage such risks.

The risk management process includes activities relating to risk identification, risk assessment and measurement, risk response and action, monitoring and reporting. The Group's Risk Register is periodically reviewed and updated to reflect changes in the Group's operating environment, business activities and emerging risks.

Significant risks and control issues are escalated to Management and, where appropriate, to the ARMC and Board for deliberation and oversight. Risk owners are responsible for implementing the relevant mitigation measures and monitoring their effectiveness.

Key and Emerging Risks

The Board considers key risks to be significant risks known and faced by the Group, including those that may be material to its performance and could affect its business model, operations or future long-term performance.

The Group's overall risk profile continues to be influenced by external factors, including geopolitical developments, changes in international trade policies, economic uncertainty, climate change, technological developments and the increasing digitalisation of business operations.

During FYE 2026, the Group continued to review and evaluate its key and emerging risks across the areas of sustainability, strategic, operational, financial, technology and compliance. The Risk Register was updated periodically and the identified risks, controls and mitigation measures were monitored by Management and, where appropriate, reported to and deliberated by the Board and/or ARMC.

The following are among the key risks reviewed by the Board during FYE 2026:

- **Sustainability Risk**

  The Group recognises that environmental, social and governance (ESG) considerations, including climate change, environmental impact, human capital, occupational health and safety, human rights and business ethics, may have an impact on the Group's operations, reputation, stakeholder relationships and long-term business sustainability.

RISK MANAGEMENT (Cont'd)

Key and Emerging Risks (Cont'd)

- **Sustainability Risk (Cont'd)**

  The Group's sustainability governance is led by the Board, with Management responsible for implementing the Group's sustainability strategies and initiatives. Sustainability-related risks are considered as part of the Group's broader risk management process and are monitored in line with the Group's business objectives and stakeholder expectations.

  During FYE 2026, the Group continued to monitor developments in sustainability-related requirements and stakeholder expectations and considered their potential implications on the Group's business operations and long-term resilience.

- **Economic, Geopolitical and Trade Risk**

  Changes in domestic, regional and global economic conditions, including geopolitical conflicts, economic sanctions, trade tensions, tariffs, changes in international trade policies, inflation, interest rates and fluctuations in semiconductor demand, may affect the demand for semiconductor services and components and consequently the Group's financial performance and operations.

  The Group manages these risks through keeping abreast of economic, geopolitical and market developments, maintaining close relationships with customers, monitoring customers' product performance and business outlook, and reviewing the potential impact of external developments on the Group's operations and financial performance.

  The Group also continues to explore opportunities for new businesses, product expansion and diversification where appropriate, taking into consideration the associated risks and commercial viability.

- **Customer Concentration and Demand Risk**

  The Group's business performance is influenced by the performance, business strategies, product cycles and demand of its customers. Changes in customers' product demand, inventory levels, end-market conditions or business strategies may affect the Group's capacity utilisation, revenue and profitability.

  The Group manages this risk through regular monitoring of customers' requirements and forecasts, maintaining close relationships with key customers, monitoring market developments and keeping abreast of customers' product performance and business outlook.

  The Group also continues to evaluate opportunities to broaden its customer and product portfolio, where commercially viable, to support business resilience and reduce its reliance on individual customers and market segments.

- **Operational and Business Continuity Risk**

  The Group's manufacturing operations are exposed to risks relating to production continuity, equipment reliability, capacity utilisation, manufacturing efficiency, product quality, availability of critical resources and supply chain disruptions. Operational disruptions may adversely affect the Group's ability to meet customer requirements, delivery commitments and financial targets.

  The Group manages these risks through operational monitoring, production planning, preventive maintenance programmes, quality management processes, capacity monitoring and productivity improvement initiatives.

  Business continuity and contingency arrangements are also maintained to support the continuity of critical operations in the event of significant disruptions. Such arrangements are reviewed periodically to address operational, technology, supply chain and other business disruption risks.

Operational performance and significant issues are regularly reviewed by Management, with material matters escalated to the relevant management committees and the Board, where appropriate.

- **Supply Chain Risk**

The Group is exposed to supply chain risks arising from potential disruptions in the availability, delivery and cost of materials, components, equipment and other resources required for its operations. External factors such as geopolitical developments, trade restrictions, logistics disruptions and supplier-related issues may affect the Group's ability to maintain uninterrupted operations.

The Group manages supply chain risks through regular monitoring of material requirements, supplier performance, inventory levels and delivery schedules, as well as close coordination between the relevant operational, procurement and management functions.

- **Cybersecurity and Technology Risk**

The Group operates in an increasingly interconnected and digitalised business environment, which exposes it to cybersecurity threats that could result in unauthorised access, loss or theft of data, disruption of systems and potential compromise of critical information and infrastructure.

Cyber threats may include phishing, malware, ransomware, unauthorised access, data breaches and other forms of cyber incidents. The increasing integration between information technology and operational technology systems also heightens the importance of maintaining the resilience and availability of critical systems supporting the Group's operations.

The Group has implemented controls to safeguard the confidentiality, integrity and availability of its information and critical infrastructure. These include network security controls, access management, encryption and data protection measures, endpoint protection, security monitoring and other relevant technology controls.

Employees are engaged in cybersecurity awareness programmes and are provided with periodic updates on phishing techniques and emerging cyber threats. The Group also monitors external cybersecurity incidents to assess potential threats and their relevance to the Group.

The Group will continue to review and enhance its Information Technology ("IT") infrastructure, cybersecurity controls, incident response capabilities and recovery arrangements to strengthen its resilience against evolving cyber threats.

- **Financial Risks**

The Group is exposed to financial risks including credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group monitors its financial exposures and implements appropriate financial controls and risk mitigation measures in accordance with its established policies and practices.

The Group's risk management objectives and policies, together with the required quantitative and qualitative disclosures relating to financial risks, are set out in the relevant notes to the financial statements in this Annual Report.

RISK MANAGEMENT (Cont'd)

Key and Emerging Risks (Cont'd)

- **Regulatory and Compliance Risk**

  The Group's business is governed by various laws, regulations, standards and requirements applicable to its operations. Changes to laws, regulations, MMLR of Bursa Securities and other applicable requirements may result in increased compliance obligations and potential exposure to non-compliance.

  The Group manages this risk by keeping abreast of developments in applicable laws, regulations and standards through, amongst others, information and alerts from governing and professional bodies, relevant publications, seminars, training programmes and professional advice where appropriate.

  Relevant policies and procedures are updated periodically to reflect changes in regulatory requirements and the Group's operating environment.

- **Governance, Integrity and Fraud Risk**

  The Group recognises that strong corporate governance, ethical conduct and integrity are essential to maintaining stakeholder confidence and supporting sustainable business performance.

  The Group has established an Anti-Corruption and Bribery Policy and Principles of Business Conduct which set out the Group's expectations and requirements relating to ethical business conduct. These include compliance with applicable laws and regulations, anti-corruption and anti-bribery, gifts and entertainment, donations, conflicts of interest, protection of Group assets, confidentiality and appropriate conduct in the workplace.

  The Group also maintains a Whistleblowing Policy and Procedures which provides a structured channel for employees and stakeholders to raise genuine concerns regarding suspected misconduct, malpractice or other improper activities.

  The Group continues to promote awareness of its policies and ethical standards and will periodically review its governance and integrity-related controls to address emerging risks.

- **Investment and Strategic Risk**

  The Group's strategic objectives include creating additional revenue streams through new businesses, expansion of existing activities and investment in appropriate opportunities.

  The Group recognises the risks associated with new investments, business expansion, new technologies and significant capital expenditure. Poor investment decisions or failure to achieve expected commercial outcomes could adversely affect the Group's financial performance and resources.

  To manage these risks, major or material new business proposals and investments are evaluated by Management before being presented to the Board for deliberation and approval. The approval process follows the Group's Delegation of Authority ("DOA") and the matters reserved for the Board.

  Major machinery and equipment investments are similarly subject to appropriate review and approval by Management and, where applicable, the relevant committee and Board.

  For new business or production start-ups, appropriate teams and resources are assigned to facilitate implementation and transition towards stable operations and mass production, where applicable.

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ELEMENTS OF INTERNAL CONTROL

Board and ARMC Meetings

The Board and ARMC meet regularly to deliberate on matters within their respective terms of reference and responsibilities. Formal agendas are established for meetings and relevant Board papers are circulated to facilitate informed deliberation and decision-making.

The Executive Directors, together with the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and relevant members of Management, provide updates and presentations on the Group's financial performance, business operations, strategies, risks and other pertinent matters.

The Board exercises oversight over the Group's activities and requires Management to provide appropriate explanations and supporting information on matters presented for deliberation and approval.

Strategic Planning, BORRC and Management Meetings

Strategic planning sessions are conducted to establish the Group's strategies, objectives and business priorities. The process involves the Executive Directors and key Management personnel of the respective major subsidiaries, where applicable.

Regular Management meetings are held to identify, discuss and resolve operational, financial and key management issues. These meetings facilitate communication across the relevant functions and support timely escalation and resolution of significant matters.

BORRC meetings are conducted at the major subsidiaries, where applicable, and are attended by the relevant members of Management. Discussions include monthly profit and loss performance for key product lines, comparison of actual results against forecasts, business planning and strategies, productivity improvement plans, new project updates and other operational matters.

Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority

The Group maintains an organisational structure with formally defined reporting lines, responsibilities and authority levels to facilitate accountability and timely responses to changes in the business environment.

The Group's DOA framework establishes appropriate approval limits for operational and financial matters. Capital and operating expenditures, as well as significant acquisitions and disposals of investments, are subject to review and approval in accordance with the Group's established authority limits and, where required, approval by the Board.

Management and Financial Performance Review

Management reports are generated regularly to enable senior Management to monitor and review the financial and operational performance of the Group's key operating units.

The reviews encompass financial and non-financial key performance indicators, business performance, operational matters and variances between budget and actual results. Significant deviations and issues are reviewed by Management and appropriate actions are taken where necessary.

Management prepares the quarterly and annual financial results, which are reviewed by the ARMC before being tabled to the Board for approval and release to stakeholders and regulators.

The annual financial statements are audited by the external auditors and approved by the Board prior to their issuance to stakeholders and regulators.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ELEMENTS OF INTERNAL CONTROL (Cont'd)

Operational Policies and Procedures

The Group maintains documented policies and procedures as an integral part of its internal control system. These policies and procedures are designed to safeguard the Group's assets, promote operational efficiency, ensure accountability and support the completeness and accuracy of financial and operational information.

The documented policies take the form of policies, manuals, procedures, memoranda, circulars and handbooks and are reviewed and updated from time to time to reflect changes in the Group's operational requirements, business environment and applicable laws and regulations.

Business Continuity and Contingency Management

The Group recognises the importance of maintaining the continuity of critical business operations in the event of significant disruptions.

Business continuity and contingency arrangements are maintained for relevant critical functions and are reviewed periodically, taking into consideration potential operational, technology, supply chain, infrastructure and other disruption scenarios.

Where appropriate, Management implements contingency measures to minimise the potential impact of disruptions on the Group's operations and customers.

Information Technology and Cybersecurity Controls

The Group's reliance on information technology in supporting its business and manufacturing operations necessitates appropriate controls over access, data security, system availability and information integrity.

The Group has implemented various IT and cybersecurity controls, including access controls, network security measures, endpoint protection, data protection, monitoring mechanisms and employee awareness programmes.

The Group continues to review its technology environment and cybersecurity controls to address emerging threats and maintain the resilience and availability of critical systems.

Integrity and Ethical Values

The Board and Executive Management set the tone at the top for corporate behaviour, integrity and ethical conduct.

The Group has formalised its Anti-Corruption and Bribery Policy and Principles of Business Conduct, which provide guidelines to Directors, employees and associated persons to act professionally, fairly and with integrity in all business dealings and relationships.

The policies cover areas including compliance with laws and regulations, anti-corruption and anti-bribery, gifts and entertainment, donations, business conduct, conduct in the workplace, protection of Group assets, conflict of interest and confidentiality.

These policies are reviewed and updated periodically to take into consideration the needs of the Group and developments in applicable laws, regulations and governance requirements.

The policies are available on the Company's website at www.globetronics.com.my.

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Whistleblowing Policy and Procedures

The Group has established a Whistleblowing Policy and Procedures which provides clarity on the oversight and responsibilities of the whistleblowing process, reporting channels, protection and confidentiality afforded to whistleblowers.

The policy provides employees and stakeholders with a structured channel to raise genuine concerns regarding suspected malpractice, misconduct, unethical behaviour or other improper activities within the Group.

Reports received through the whistleblowing channels are dealt with in accordance with the established procedures and escalated to the appropriate level of oversight, where necessary.

The Whistleblowing Policy is available on the Company's website at www.globetronics.com.my.

Group Internal Audit

The Group's internal audit function is outsourced to an external service provider, which reports functionally to the ARMC. The function provides independent and objective assurance on the adequacy and effectiveness of the Group's risk management, governance and internal control processes.

The Internal Audit Function adopts a risk-based approach in developing its internal audit plan, taking into consideration the Group's key risks, business operations, previous audit findings and areas of emerging risk. Reviews of selected business processes and controls are conducted in accordance with the approved internal audit plan. Significant audit findings, recommendations for improvement and Management's responses are reported to the ARMC for review and deliberation. Management is responsible for implementing the agreed corrective actions within the stipulated timelines. The outsourced internal auditors monitor and follow up on their implementation, with outstanding significant matters reported to the ARMC.

The internal control systems discussed in this Statement do not extend to the Group's associates. The Group's interests in its associates are generally safeguarded through its representation on their Boards of Directors, except for one associate which was newly acquired during the financial year and in respect of which the Group does not have Board representation.

Details of the internal audit activities undertaken during FYE 2026 are set out in the Audit and Risk Management Committee Report in this Annual Report.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement pursuant to the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for FYE 2026 and reported to the Board that nothing has come to their attention that caused them to believe that this Statement intended to be included in the Annual Report, in all material respects, has not been prepared in accordance with the disclosures required by Section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will remedy the problems.

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CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for FYE 2026 and up to the date of approval of this Statement for inclusion in the Annual Report. In forming its assessment, the Board considered the reviews undertaken by the ARMC, including internal audit findings, Management's responses and the status of corrective actions, together with the assurance received from the CEO and CFO.

Based on the reviews undertaken, the Board is of the view that the Group's system of risk management and internal control, comprising the risk management framework, governance structures, policies, procedures, monitoring mechanisms and internal controls, is adequate and effective to address the significant risks faced by the Group and to support the achievement of its business objectives.

The Board is satisfied that the systems of risk management and internal control instituted within the Group provide reasonable assurance against material misstatement, financial losses, fraud and breaches of laws and regulations.

The Board recognises that, as with any system of risk management and internal control, the Group's systems are designed to manage rather than eliminate risks and cannot provide absolute assurance against material loss or failure to achieve business objectives.

The Board will continue to monitor and review the effectiveness and adequacy of the Group's risk management and internal control systems and ensure that appropriate measures are implemented to address areas requiring further enhancement.

The Board has received assurance from the CEO and CFO that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Reviews of the Group's risk management and internal control procedures will continue to be carried out to ensure their ongoing effectiveness and adequacy, and to safeguard shareholders' investments and the Group's assets.

This Statement on Risk Management and Internal Control was approved by the Board on 22 October 2026.