

Saluting The Extraordinaire™



SALUTICA

SALUTICA BERHAD

Registration No. 201201040303 (1024781-T)

ANNUAL REPORT 2024



Salutica Berhad Annual Report 2024

Mission & Vision

Saluting the Extraordinaire™. To build a business where our efforts and results in whatever we do are saluted by our colleagues, partners, customers, stakeholders and even ourselves.

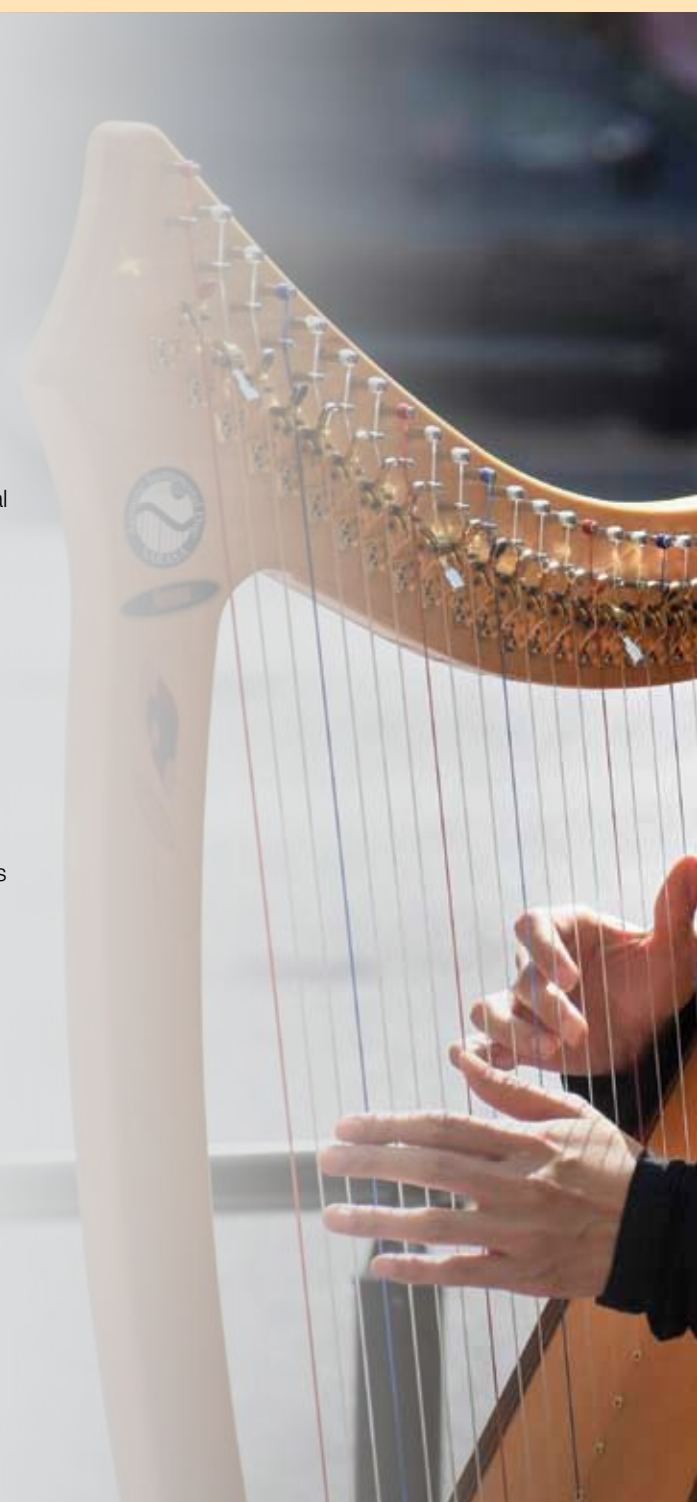
Saluting the Extraordinaire™

The harp, with its 5,000-year history, has evolved from simple beginnings in ancient Egypt and Mesopotamia to a refined instrument of intricate beauty. It has long symbolized the pursuit of mastery, continually improved by those who sought to elevate its design and sound. From ancient Greece, where it was seen as divine, to the courts of medieval Europe, each evolution reflects a dedication to perfection.

This journey mirrors the work of Salutica's innovators. Like the harp's creators, they push the boundaries of craftsmanship and technology, constantly refining their work. By saluting the extraordinaires, Salutica transforms simple ideas into extraordinary solutions, blending creativity and precision to craft products that echo the same dedication to excellence.

TABLE OF CONTENTS

02	Corporate Information	70	Statement on Risk Management and Internal Control
03	Group Structure	73	Directors' Responsibility Statement
04	Financial Highlights	74	Additional Compliance Information
05	Profile of Directors	77	Reports and Statutory Financial Statements
13	Key Senior Management	147	List of Properties
14	Chairman's Statement	148	Analysis of Shareholdings
16	CEO's Message	151	Notice of Annual General Meeting
18	Management Discussion and Analysis (MDNA)	160	Administrative Guide
22	Sustainability Statement		Form of Proxy
39	Company Highlights 2024		
49	Corporate Governance Overview Statement		
65	Audit and Risk Management Committee Report		





CORPORATE INFORMATION

CHIA CHEE HOONG

Chairman / Independent
Non-Executive Director

JOSHUA LIM PHAN YIH

Managing Director /
Chief Executive Officer

CHAN SHOOK LING

Executive Director /
Chief Financial Officer

LOW TENG LUM

Senior Independent
Non-Executive Director

LIM CHONG SHYH

Senior Executive Director

JOEL LIM PHAN HONG

Alternate Director to Lim Chong Shyh

LEOW CHAN KHIANG

Independent Non-Executive Director

TAN GIM MAY

Independent Non-Executive Director
(Appointed on 26 February 2024)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
LEOW CHAN KHIANG

Member
CHIA CHEE HOONG
(Resigned on 26 February 2024)

LOW TENG LUM

TAN GIM MAY
(Appointed on 26 February 2024)

NOMINATION AND REMUNERATION COMMITTEE

Chairman
LOW TENG LUM

Member
CHIA CHEE HOONG
(Resigned on 26 February 2024)

LEOW CHAN KHIANG

TAN GIM MAY
(Appointed on 26 February 2024)

COMPANY SECRETARIES

CHAN SHOOK LING
(SSM PC No. 202008004150)
(MIA 17167)

CHONG LAY KIM
(SSM PC No. 202008001920)
(LS 0008373)
(Appointed on 9 May 2024)

KHAW TEIK THYE
(SSM PC No. 202208000728)
(MIA 11616)
(Appointed on 9 May 2024)

WONG YEE LENG
(SSM PC No. 202108000545)
(LS 0010568)
(Resigned on 9 May 2024)

MASTURA BINTI MUHAMAD
(SSM PC No. 202308000517)
(MACS 01875)
(Resigned on 9 May 2024)

REGISTERED OFFICE

Unit 1203 Level 12, Uptown 1
No.1 Jalan SS 21/58,
Damansara Uptown
47400 Petaling Jaya, Selangor
Tel : (03) 2935 9108

HEAD/MANAGEMENT OFFICE

3 Jalan Zarib 6
Kawasan Perindustrian Zarib
31500 Lahat, Ipoh, Perak
Tel : (05) 320 6800
Fax : (05) 322 2029
Website : www.salutica.com
E-mail : invest@salutica.com.my

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad
2, Jalan Dato' Maharaja Lela
30000, Ipoh, Perak
Tel : (05) 241 2200

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA &
AF1018)
Chartered Accountants
59C, Hala Pusat Perdagangan
Canning 1
Jalan Pusat Perdagangan Canning 2
30350 Ipoh, Perak
Tel : (05) 237 8800

SHARE REGISTRAR AND ISSUING HOUSE

Tricor Investor & Issuing House
Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2783 9299
Fax : (03) 2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock name : SALUTE
Stock code : 0183



GROUP STRUCTURE

OVERVIEW

Salutica Berhad (the “**Company**”) was listed on the ACE Market on 18 May 2016 before transferred to the Main Market of Bursa Malaysia Securities Berhad on 24 March 2017. The principal activity of the Company is that of investment holding.

The Company was incorporated in Malaysia on 19 November 2012 as a private limited company under the name of Blue Ocean Genius Sdn. Bhd.

On 29 June 2015, we changed our name to Salutica Sdn. Bhd. and subsequently on 4 November 2015, we became a public limited company.

Group structure as at 30 June 2024 is as follows:-



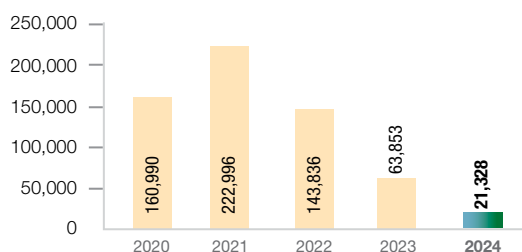
Salutica Allied was incorporated on 15 October 1990 and had adopted its current corporate name in 2013.



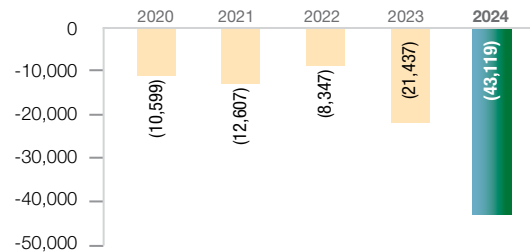
FINANCIAL HIGHLIGHTS

Financial Year Ended 30 June	2020	2021	2022	2023	2024
Revenue (RM'000)	160,990	222,996	143,836	63,853	21,328
Loss Before Tax (RM'000)	(10,599)	(12,607)	(8,347)	(21,437)	(43,119)
Loss After Tax (RM'000)	(8,060)	(9,724)	(6,584)	(28,532)	(43,119)
Weighted average number of ordinary shares in issue ('000)	384,993	384,990	418,436	423,500	423,500
Total Assets (RM'000)	191,494	193,100	195,981	143,311	92,777
Total Liabilities (RM'000)	50,254	61,584	49,482	25,344	17,928
Total Assets/Liabilities	3.81	3.14	3.96	5.65	5.17
Loss per share (sen)	(2.09)	(2.53)	(1.57)	(6.74)	(10.18)
Net assets per share (sen)	36.69	34.16	35.01	27.86	17.67

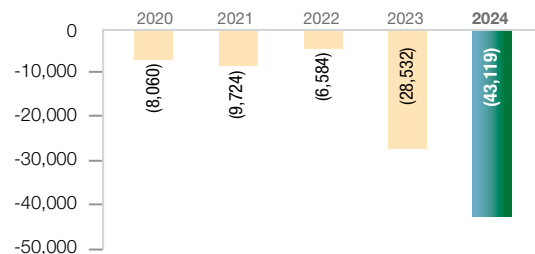
Revenue (RM'000)



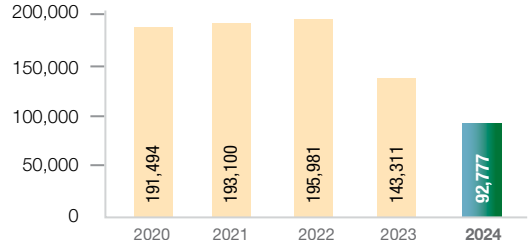
Loss Before Tax (RM'000)



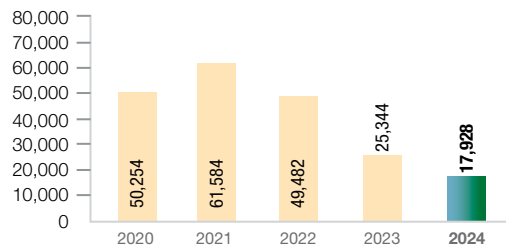
Loss After Tax (RM'000)



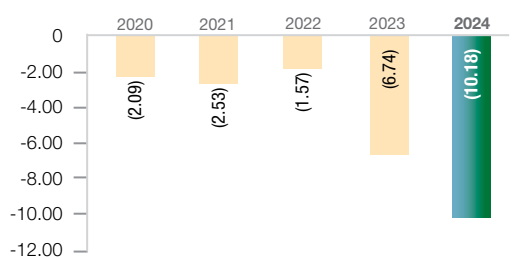
Total Assets (RM'000)



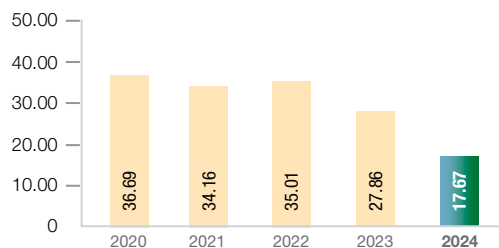
Total Liabilities (RM'000)



Loss per share (sen)



Net assets per share (sen)





PROFILE OF DIRECTORS



CHIA CHEE HOONG

CHAIRMAN / INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE

47

GENDER

Male

NATIONALITY



Mr. Chia was appointed to our Board on 15 October 2015. He had resigned as a member of the Nomination and Remuneration Committee and the Audit and Risk Management Committee respectively on 26 February 2024.

He obtained his undergraduate degree in law (LL.B) from the University of London in 1999 and his post graduate degree in law (LL.M) specialising in corporate & securities law from University College London, United Kingdom in 2004 under the auspices of the British Chevening Scholarship awarded by the Foreign and Commonwealth Office, United Kingdom. He obtained the Certificate in Legal Practice in 2000 and was called to the Malaysian Bar in 2001.

He started his career in 2001 as a legal assistant with Zain & Co. In 2008, he left Zain & Co and joined Zaid Ibrahim & Co as a senior associate. After leaving Zaid Ibrahim & Co at the end of 2009, he joined Rahmat Lim & Partners and has been a partner of Rahmat Lim & Partners since then. Starting in January 2023, he also co-heads the corporate mergers & acquisitions division of Rahmat Lim & Partners.

He is an independent non-executive director of Keyfield International Berhad as from 9 May 2023. Other than above, he does not hold any directorship in any other public companies and public listed companies.

He does not have any family relationship with any Director or major shareholder of the Company and does not have any conflict of interest with the Group.



PROFILE OF DIRECTORS (CONT'D)



JOSHUA LIM PHAN YIH
MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

AGE

40

GENDER

Male

NATIONALITY



Joshua Lim was appointed to our Board on 11 September 2013. He has been re-designated to Managing Director on 3 March 2020.

He graduated with an external LL.B (Hons) degree from the University of London and subsequently obtained the Certificate in Legal Practice in 2008. He completed his pupillage with Shearn Delamore & Co where he was confirmed as a legal assistant in 2009. From 2010 to 2013, he joined Rahmat Lim & Partners as an associate. From 1 June 2013 to 30 June 2018, he was the founding partner of the law firm Joshua Lim & Lee.

Joshua was appointed as the Chief Executive Officer ("CEO") of Salutica Allied on 3 March 2020.

He does not hold any directorship in any other public companies and public listed companies.

Joshua Lim is the son of James Lim, the Senior Executive Director of the Company. He is also the director and substantial shareholder of Blue Ocean Enlightenment Sdn. Bhd. ("BOE"). BOE, a company incorporated in Malaysia, is regarded as the Company's ultimate holding company. He is also the brother of Joel Lim Phan Hong, a substantial shareholder of BOE and an alternate director of the Company.

Other than as disclosed above, Joshua Lim does not have any family relationship with any Director or major shareholder of the Company and does not have any conflict of interest with the Group.



PROFILE OF DIRECTORS (CONT'D)



**LIM CHONG SHYH,
("JAMES LIM")**
SENIOR EXECUTIVE DIRECTOR

AGE

66

GENDER

Male

NATIONALITY



James Lim was appointed to our Board on 26 November 2012. On 3 March 2020, James Lim relinquished his position as CEO and re-designated to Senior Executive Director.

He is a trained electrical and electronics engineer with a degree (Hons) in Electrical Engineering from the University of Malaya.

He began his career as a design engineer with ASEA AB (presently known as ASEA Brown Boveri) of Sweden in 1982. He managed various senior positions from 1983 to 1995 in companies such as General Electric Malaysia Appliance Components Sdn. Bhd., Maxtor Corporation (Penang), Applied Magnetics (M) Sdn. Bhd. and Crest Ultrasonics (M) Sdn. Bhd. as managing director.

In 1995, he joined the Malaysian operations of Seagate Technology LLC as an executive director, where he was in charge of the commencement, development and growth of the company's Ipoh facility. After the closure of the Ipoh facility, he was subsequently transferred to head the Seagate removable storage solutions division in Penang as the managing director in 2000 until 2003. Thereafter, he joined Knowles Electronics (M) Sdn. Bhd. as a managing director, playing a key role in the development and growth of the company's Penang operations until 2004.

In 2004, he joined Salutica Allied where he set up the Research and Development ("R&D") division to focus on R&D of Bluetooth technology and other wireless, touchscreen and light guide technologies. He was the CEO of Salutica Allied before he relinquished his position to his son, Joshua Lim in March 2020.

James Lim is the director and substantial shareholder of BOE. BOE, a company incorporated in Malaysia, is regarded as the Company's ultimate holding company.

James Lim is the father of Joshua Lim Phan Yih, our Managing Director, is also a substantial shareholder and director of BOE. He is also the father of Joel Lim Phan Hong, a substantial shareholder of BOE and an alternate director of the Company.

Other than as disclosed above, James Lim does not have any family relationship with any Director or major shareholder and does not have any conflict of interest with the Group.



PROFILE OF DIRECTORS (CONT'D)



LOW TENG LUM SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE

70

GENDER

Male

NATIONALITY



Mr. Low was appointed to our Board on 15 October 2015. He is the Chairman of our Nomination and Remuneration Committee and a member of our Audit and Risk Management Committee.

He obtained his qualifications from the Association of Chartered Certified Accountants ("ACCA") and Institute of Chartered Secretaries and Administrators, both of the United Kingdom, in 1979. He attended the Applied Management Program of the Swedish Institute of Management in 1990. In 1996, he obtained a Masters in Public Administration from the John Fitzgerald Kennedy School of Government, Harvard University.

He is a Chartered Accountant of the Malaysian Institute of Accountants ("MIA"), a Fellow member of the ACCA and Fellow Institute of Chartered Secretaries and Administrators, and a member of the Association of Corporate Treasurers, United Kingdom. He has also served as a member of both the Taxation and Trade committees of the Malaysian International Chamber of Commerce and Industry, from 2002 and 2005 respectively until his resignation in 2011.

He started his career as an audit junior in Arthur Young & Company (presently known as Ernst & Young) in 1977 and was subsequently promoted to audit senior in 1978. He then left Arthur Young & Company in 1980 and joined Guthrie Malaysia Holdings Berhad as an internal audit manager until 1981, and subsequently joined Palmco Holdings Berhad in the same year as an internal audit manager. In 1985, he left Palmco Holdings Berhad and joined General Corporation Berhad as a group internal auditor until 1987. Then, he joined Southern Steel Berhad as a finance manager and became the chief operating officer of the steel business unit in 2000 until he left the company in 2001. Subsequently, he joined Heineken Malaysia Berhad (formerly known as Guinness Anchor Berhad) in 2001 as the finance director and a member of the board of directors (appointed on 19 August 2001) and retired in 2011.

Presently he is an independent non-executive director of QL Resources Berhad, a company listed on Bursa Securities.

Mr. Low does not have any family relationship with any Director or major shareholder of the Company and does not have any conflict of interest with the Group.



PROFILE OF DIRECTORS (CONT'D)



LEOW CHAN KHIANG
INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE

58

GENDER

Male

NATIONALITY



Mr. Leow was appointed to our Board on 20 October 2015. He is the Chairman of our Audit and Risk Management Committee and a member of our Nomination and Remuneration Committee.

He is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA") and a Fellow member of the Chartered Association of Certified Accountants, United Kingdom ("FCCA"). He also holds a Master Degree in Business Administration from Northern University of Malaysia and a Bachelor Degree in Economics from University of Malaya.

He began his career in 1991 as corporate banking executive in Hong Leong Bank Berhad and resigned in 1996 to join Malaysian International Merchant Bankers Berhad ("MIMB"). In MIMB, he was responsible for various corporate debts and fund-raising exercises as well as general advisory works. In 2001, he resigned from his position as an assistant manager of MIMB and joined a local logistic company for a short stint of one year. In 2002, he joined CAB Cakaran Sdn. Bhd. as a director of corporate finance and subsequently in 2003 appointed to the board of CAB Cakaran Corporation Berhad ("CAB") as an executive director where he was responsible for corporate planning, accounting and tax as well as joint-ventures matters. In 2007, he resigned from CAB and was subsequently appointed to the board of SLP Resources Berhad ("SLP") as a non-independent non-executive director. He resigned from the Board of SLP in March 2021 and from the Board of Iconic Worldwide Berhad in May 2024. At present, he is running his family business in the manufacture of food and confectionery.

Presently, he is an independent non-executive director of Tek Seng Holdings Berhad, a company listed on Bursa Securities.

Mr. Leow does not have any family relationship with any Director or major shareholder of the Company and does not have any conflict of interest with the Group.



PROFILE OF DIRECTORS (CONT'D)



CHAN SHOOK LING,
("MICHELLE CHAN")
EXECUTIVE DIRECTOR / CHIEF FINANCIAL OFFICER

AGE

54

GENDER

Female

NATIONALITY



Michelle Chan was appointed to our Board on 13 October 2017.

Ms. Chan is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA"). She is also a Fellow member of the Chartered Association of Certified Accountants, United Kingdom ("FCCA").

She began her career as a settlement clerk for Overseas Union Bank Ltd in Singapore in 1990. In 1992, she left Overseas Union Bank Ltd to further her studies in Tunku Abdul Rahman College, where she graduated in 1995. Then, she joined SSL Heavy Machinery Sdn. Bhd. in 1995 as an accounts supervisor.

In 1999, she joined Salutica Allied as an accountant. In 2013, she assumed her current position as our Chief Financial Officer, where she is responsible for overseeing the overall financial, accounting, compliance and internal control functions of our Group.

Presently, Ms. Chan does not hold any directorship in any other public companies or listed companies.

Ms. Chan does not have any family relationship with any Director or major shareholder of the Company and does not have any conflict of interest with the Group.



PROFILE OF DIRECTORS (CONT'D)



JOEL LIM PHAN HONG

ALTERNATE DIRECTOR TO LIM CHONG SHYH

AGE

38

GENDER

Male

NATIONALITY



Joel Lim was appointed as an alternate director to James Lim on 3 March 2020.

He graduated with an external LL.B (Hons) degree from the University of London in 2008 and subsequently obtained the Certificate in Legal Practice in 2009. He completed his pupillage with Skrine in 2010 and subsequently joined Sekhar & Suaran. Thereafter, he joined Kandiah & Sri in 2011 where his focus was in the area of Commercial Law and Intellectual Property. In May 2012, he became a founding partner of Joel & Mei. He is also a registered Trademark Agent and Industrial Design Agent with the Intellectual Property Corporation of Malaysia.

He does not hold any directorship in any other public companies and public listed companies.

Joel Lim is the son of James Lim, the Senior Executive Director of the Company. He is also the substantial shareholder of BOE. BOE, a company incorporated in Malaysia, is regarded as the Company's ultimate holding company. He is also the brother of Joshua Lim Phan Yih, our Managing Director, who is also a substantial shareholder of BOE.

Other than as disclosed above, Joel Lim does not have any family relationship with any Director or major shareholder of the Company and does not have any conflict of interest with the Group.



PROFILE OF DIRECTORS (CONT'D)



TAN GIM MAY
INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE

42

GENDER

Female

NATIONALITY



Gim May was appointed to our Board on 26 February 2024. She is a member of our Audit and Risk Management Committee and a member of our Nomination and Remuneration Committee.

Gim May started her career in auditing in December 2004, as an audit associate with PricewaterhouseCoopers Penang office, after completing her Bachelor of Arts in Accounting & Finance in Sheffield Hallam University. She progressed to Audit Manager position in 2010.

She completed her Association of Chartered Accountant (ACCA) examinations in 2008 and became a member of ACCA in the same year. Subsequently, she was accredited as a Chartered Accountant by the Malaysian Institute of Accountant (MIA) in 2012.

She then joined Kiat & Associates Penang in 2013 and obtained her Practising Certificate as a Chartered Accountant in 2017. She also oversees the taxation entity, KAMC (Penang) Sdn Bhd as the Director of the company. In 2019, she was appointed as Partner of Kiat & Associates.

With over 15 years working in the industry, she has acquired vast experience in accounting, auditing and taxation matters, working closely with other partners of the firm in Kuala Lumpur and Alor Setar. She has also assisted clients in adopting and converting to new accounting policies. Her clients come from various industries, ranging from small trading and investment holding companies to large manufacturing entities.

Presently she is an independent non-executive director of Zhulian Corporation Berhad, a company listed on Bursa Securities.

Gim May does not have any family relationship with any Director or major shareholder of the Company and does not have any conflict of interest with the Group.

Notes:

Conviction of Offences

None of the Directors has been convicted of any offences within the past 5 years other than possible traffic offences. There were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

Directors' Shareholding

The details of the Directors' interest in securities of the Company are set out in the Analysis of Shareholding on page 148 of the Annual Report.



KEY SENIOR MANAGEMENT



HO KEAT SOONG
CHIEF SUPPLY CHAIN OFFICER

Aged 58 | Male | Malaysian

Mr. Ho graduated with a Bachelor of Science in Business Administration from Colorado State University, United States of America ("US") and obtained his Master of Business Administration from the University of South Alabama, US.

He began his career as a production planner in Penang Seagate Industries (M) Sdn. Bhd. in 1993 before promoted to senior materials manager in 1999. In 2000, he joined Synerflex Consulting as a senior consultant specialising in the supply chain management improvement projects and consultancy services.

Subsequently, in 2003, he joined Salutica Allied as a general manager of supply chain management. He assumed his current position as our Chief Supply Chain Officer in 2015, where he is responsible for operations, quality, and supply chain management.

Presently, Mr. Ho is an executive director of Salutica Allied, which is the subsidiary of our Company. He does not hold any directorship in any public companies or listed companies.

Mr. Ho does not have any family relationship with any Director or major shareholder of the Company and does not have any conflict of interest with the Group.



CHOW WAI LEONG
DIRECTOR – OPERATIONS

Aged 47 | Male | Malaysian

Mr. Chow holds a Bachelor of Mechanical Engineering degree from Robert Gordon University, Scotland, and is a certified Project Management Professional (PMP) accredited by the Project Management Institute (PMI).

His career journey began in 1999 as a Production Supervisor at Salutica Allied, where he steadily advanced through various roles over 23 years of dedicated service. In 2023, Mr. Chow was appointed Operations Director, responsible for overseeing all factory-wide operations. Mr. Chow has played a pivotal role in Salutica Allied's transformation from a plastic moulding manufacturer to a sophisticated ODM business specializing in complex product development.

With 23 years of experience in Project, Program, and Key Account Management, Mr. Chow's expertise spans engagements with major multinational companies in the telecommunications sector. His cross-functional experience enhances his ability to streamline operations and drive efficiency in his current role as Operations Director.

Currently, Mr. Chow does not hold any directorships in public companies or listed companies.

He maintains no familial relationships with any directors or major shareholders of the company and declares no conflicts of interest within the Group.



**TAN WEE YEH
(CHEN WEI YAO) KEVIN**
DIRECTOR – KEY ACCOUNT
MANAGEMENT & INTERNAL PRODUCT
MANAGEMENT

Aged 40 | Male | Malaysian

Kevin graduated with a Bachelor of Computer Science degree from University of Melbourne.

He began his career as a key account management executive in Salutica Allied in 2006. In 2016, Kevin is promoted to Senior Manager overseeing the key account department.

Kevin is one of the pioneer of our FOBO team, instrumental in driving product innovation and securing key technology patents that underpin our FOBO product line. His innovative mindset and relentless pursuit of excellence have enriched our product offerings.

He assumed his current position as Director – Key Account Management and Internal Product Management in 2023. His adeptness at cultivating strong client relationships and his strategic acumen played a pivotal role in this achievement.

Presently, Kevin does not hold any directorship in any public companies or listed companies.

Kevin does not have any family relationship with any Director or major shareholder of the Company and does not have any conflict of interest with the Group.

Note: Conviction of Offences

None of the Key Senior Management has been convicted of any offences within the past 5 years other than possible traffic offences.

There were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Salutica Berhad (the "Company") for the financial year ended 30 June 2024 ("FYE2024").

2024 OVERVIEW AND GLOBAL ENVIRONMENT

The global economic landscape for most part of FYE2024 has been laden with persistent challenges, as businesses worldwide continued to grapple with the aftershocks of geopolitical tensions, inflationary pressures, and rising interest rates. These factors have heavily impacted consumer demand, disrupted global supply chains, and driven up costs across industries. In this environment, businesses are forced to remain agile, innovative, and focused on efficiency.

One of the significant hurdles we faced in 2024 was the impact of high interest rates, which continued to dampen consumer spending. The rise in borrowing costs, coupled with inflation, in particular for the affected consumer-centric sectors, precipitated a contraction in demand for various consumer products. These pressures, combined with increased raw material, transportation, and energy costs, have placed considerable strain on sales and profitability, and our business has not been spared.

BUSINESS OVERVIEW

In FYE2024, Salutica faced a drastic reduction in demand from existing product lines, particularly the Truly Wireless System ("TWS") headsets. Despite these challenges, we have remained focused on expanding our product offerings and venturing into new markets as a strategic pivot to diversify from the consumer electronics segment.

A key milestone for the Company in FYE2024 was receiving the letter of conformance for the IATF 16949 certification, which marks our entry into the automotive industry. This certification, alongside our existing ISO 13485 certification for medical devices, will not only enhance our competitiveness but is also aligned with our strategic goal to increase our customer base particularly in both the automotive and medical sectors. By focusing on these high-growth markets, we aim to expand our offerings and deliver innovative solutions to meet the specific needs of these industries.

We also continued to invest in our FOBO brand, further strengthening our own home grown brand offerings while expanding into new applications and markets.



Chia Chee Hoong
Chairman of the Board



CHAIRMAN'S STATEMENT (CONT'D)

FINANCIAL OVERVIEW

For FYE2024, Salutica Berhad recorded a total revenue of RM21.3 million, a decrease of approximately 66.7% compared to RM63.8 million in FYE2023. This decline in revenue was primarily due to lower order volumes from existing customers, ongoing product development delays, and the subdued demand for consumer electronics.

The Group's Loss Before Tax (LBT) widened to RM43.1 million in FYE2024, compared to a loss of RM21.4 million in the previous year. This was driven by several key factors, including:

- Low production volumes, leading to higher line setup costs and inefficient absorption of fixed overheads.
- Impairment losses on trade receivables amounting to RM7.9 million.
- Impairment of property, plant, and equipment totaling RM9.3 million.
- Legal expenses related to ongoing litigation of RM2.0 million.
- Continued investment in the development of the FOBO brand and compliance with IATF standards.

As of June 2024, the Group's equity attributable to the owners stands at RM74.8 million. While this reflects a decrease from the previous year's RM118.0 million, our gearing ratio remains low, indicating a manageable level of debt.

MOVING FORWARD

As we look ahead to 2025, Salutica Berhad is determined to reinvent and rebuild ourselves, and grow. Our key priorities include leveraging our technical expertise to expand into high-growth segments such as automotive, medical, and other industrial sectors. With the IATF 16949 certification in hand, we are confident that our entry into the automotive market will identify new direction for our business. Our strategic focus remains on expanding our customer base particularly in the automotive and medical sectors, where we see significant potential for growth. We also remain committed to enhancing our TWS headset offerings and broadening the product range under the FOBO brand into innovative applications.

Our focus on operational efficiencies, coupled with strategic investments in research and development, will position Salutica to seize opportunities in a constantly evolving market.

ACKNOWLEDGMENT

In conclusion, I extend my sincere gratitude to our shareholders, customers, partners, and regulatory authorities for their unwavering trust and support during these challenging times. I would also like to thank our CEO, Joshua Lim, and the entire management team for their relentless dedication, hard work, and commitment to guiding the Company through these difficult times. Together, we aim to innovate, adapt, and build a brighter future for Salutica Berhad.

Sincerely,

Chia Chee Hoong
Chairman of the Board
Salutica Berhad





CEO'S MESSAGE

GENERAL OVERVIEW

I would like to begin by expressing my deepest gratitude to the Salutica community for their unwavering support throughout the volatile global economic landscape of 2024. This year has been marked by numerous challenges, including persistent geopolitical tensions, surging inflation, and continued disruption to global supply chains. Despite these challenges, we have made significant progress, and I am honoured to lead such a dedicated and resilient team as we navigate these unprecedented times.

A major highlight of 2024 is our receipt of the letter of conformance for the IATF 16949 certification. This marks a critical milestone in our efforts to strengthen our position within the automotive industry. Achieving this certification demonstrates our commitment to upholding the highest standards of quality and reliability, a necessity for meeting the stringent demands of the automotive sector. It reflects our dedication to expanding into new markets while ensuring excellence across our operations.

In addition to our automotive expansion, we continue to explore new opportunities for our FOBO brand. We are assessing potential growth avenues in sectors beyond automotive, as part of our ongoing efforts to diversify our product offerings. While the potential is promising, we approach each new market with caution, ensuring that we remain focused on maintaining the quality and innovation that have become synonymous with Salutica.

The rising global costs, coupled with economic uncertainties, have necessitated efficiency improvements and cost-control measures across the Group. Despite these challenges, our focus on delivering higher-quality products remains unwavering. We have continued to refine our processes, ensuring that we balance cost-efficiency with our commitment to meeting the rigorous standards of the industries we serve.

As we review the fiscal year ending in 2024, we see both challenges and opportunities ahead. While our results reflect the broader economic conditions, they also highlight our readiness to bring innovative solutions to market. We are proud of our efforts to consistently exceed industry standards and our ability to secure new customers, which we believe will expand our reach and build a more resilient foundation for future growth.

OPERATIONAL REVIEW

For a detailed operational review, please refer to the Management Discussion and Analysis (MDNA) section in the Annual Report.



Joshua Lim Phan Yih
Managing Director/
Chief Executive Officer





CEO'S MESSAGE (CONT'D)

BUSINESS FORWARD

Looking ahead, Salutica will remain committed to diversifying its product categories and creating a robust, future-focused portfolio. One of our primary objectives is to leverage the critical certifications we have secured, such as ISO 13485 for medical devices and IATF 16949, to significantly grow our customer base in both the medical and automotive sectors. These certifications are central to our strategy of entering high-growth markets with unwavering dedication to quality and excellence.

Our commitment to advancing our TWS (True Wireless Stereo) roadmap continues, as we work to improve product robustness and adaptability to modern consumer lifestyles as we embark on this pivoting moment in expanding our product range beyond consumer electronics.

Additionally, we are committed to nurturing our FOBO brand and exploring new opportunities for expansion. We believe that the innovation and customer-centric design behind FOBO will continue to open doors for growth in both consumer, agricultural and industrial applications.

Alongside our focus on cost control, quality improvement, and timely delivery, these efforts will build a stronger foundation for long-term growth, sustainability, and profitability. I am excited about the future and look forward to sharing our successes with all our stakeholders.

CONCLUSION

I am confident in the Group's ability to adapt and thrive in the face of ongoing challenges. The dedication and resilience of our team have enabled us to navigate the complexities of 2024, and I believe we are well-positioned to seize the opportunities ahead. I extend my sincere appreciation to our customers, employees, shareholders, investors, suppliers, and stakeholders who have remained steadfast on this journey with us.

Joshua Lim Phan Yih

Managing Director / Chief Executive Officer
Salutica Berhad





MANAGEMENT DISCUSSION AND ANALYSIS (MDNA)

The information in the MDNA should be read in conjunction with the audited financial statements of the Group for FYE2024 as set out in the Reports and Statutory Financial Statements on page 78 to 146 of the Annual Report.

CORPORATE OVERVIEW

Salutica Berhad was listed on the ACE Market of Bursa Malaysia Securities Berhad on 18 May 2016 before being transferred to the Main Market on 24 March 2017. The Group through its subsidiary in Ipoh, Salutica Allied Solutions Sdn. Bhd. ("Salutica Allied") which commenced its operations in 1990, to carry out full product development lifecycle, from product design, product development, product testing/prototyping, product commissioning to manufacturing and assembly as well as sales and marketing.

Salutica Allied started as original equipment manufacturer principally involved in the manufacture of precision plastic parts and components for the electronics industry. We have now evolved to become a vertically integrated manufacturer, primarily focused on Bluetooth devices with capabilities and expertise to carry out a full product development lifecycle, from product design, product development, product testing/prototyping, product commissioning to manufacturing and assembly. We are also involved in the product conceptualisation, idea generation, design, development, manufacturing, assembly, marketing and sales of our in-house Bluetooth related products under the brand name "FOBO".

Our vertical integrated services have enabled us to be more responsive to the needs of our customers, allowing them to streamline their supply chain by reducing the number of suppliers/service providers that they have to engage. This strategy provides our customers with comprehensive value-added solutions which enhance our customers' effectiveness in product delivery, marketing and branding. At the same time, by providing these integrated services, we are able to benefit from multiple revenue-generating phases in the manufacturing value chain guided by our Six Sigma and lean manufacturing methodologies.

BUSINESS AND OPERATIONS OVERVIEW

In a challenging business environment, the Group remain focused in its business with the objectives of product innovation and customers/products diversification. We intend to continue positioning our Group as a one-stop solutions provider for our multinational corporations customers and continue to leverage on our proven track record, experience and technical capabilities to secure more business.

Product diversification remains the Group's long-term strategy to diversify its revenue base to reduce its dependency on TWS and other lifestyle electronic products which are relatively short in their product lifecycle.

With such plan in mind, the Group has been working towards obtaining IATF 16949 certification which is the global technical specification and quality management standard for the automotive industry. The Group obtained IATF 16949 Letter of Conformance on 23 October 2023. The Group proceeded to IATF audit Stage 1 from 1 – 2 August 2024 and Stage 2 audit from 27 – 29 August 2024 to qualify for IATF certification. With this certification, the Group hopes to secure more orders from new customers in making the component parts for the automotive industry.

The Group continue to pursue measures to upgrade technology, machinery and IT systems which are seen as strategic investments to maintain product excellence especially when developing new products and new manufacturing processes. The continuous efforts by the Group to improve process efficiencies and prudent cost management are expected to continue to mitigate the impact of operational costs.

Robust training programs ensures that all employees have easy and convenient access to training and development that upgrades skills, builds knowledge and creates a highly productive and efficient workforce. The current low sales activities meant more time for training, skills upgrading and knowledge enhancement. Hence, the IATF 16949 certification audit came at an opportune time to elevate our employees skills in relation to compliance knowledge for automotive manufacturing. During the year the Group had 37 training courses and webinars and incurred training costs of more than RM230,000 for FYE 2024 which were claimed under Human Resource Development Fund ("HRDF").

FOBO, our home-grown brand, especially FOBO Bike generated good market reviews and contributed positively to the overall FOBO revenue for FYE2024. The FOBO revenue contribution to the Group's total revenue had also risen from 6.2% in FYE2023 to 19.1% in FYE2024. During the FYE2024, the Group had spent approximately RM0.9 million on FOBO product development.



MANAGEMENT DISCUSSION AND ANALYSIS (MDNA) (CONT'D)

FINANCIAL PERFORMANCE REVIEW

Revenue

The Group operates in Malaysia under one operating segment – Consumer Electronics. Operating segment information has therefore not been prepared as the Group's revenue and operating profit before taxation are mainly confined to this operating segment.

In presenting information on the operating segment, an analysis of the revenue by geographical regions is shown below where revenue is based on geographical markets where the goods are delivered rather than the origin of the customer.

Countries	FYE 2024 (RM'000)	%	FYE 2023 (RM'000)	%	Increase/ (Decrease) (RM'000)	%
America	7,933	37.2	27,817	43.5	(19,884)	(71.5)
Asia (excluding Malaysia)	7,014	32.9	15,117	23.7	(8,103)	(53.6)
Europe	2,834	13.3	14,485	22.7	(11,651)	(80.4)
Malaysia	2,325	10.9	4,873	7.6	(2,548)	(52.3)
Australia (including New Zealand and Oceania)	1,108	5.2	1,461	2.3	(353)	(24.2)
Africa (including Middle East)	114	0.5	100	0.2	14	14
Total	21,328	100	63,853	100	(42,525)	(66.6)

For FYE2024, the Group recorded total revenue of approximately RM21.3 million compared to approximately RM63.8 million in the preceding year, a decrease of approximately RM42.5 million or 66.6%.

This was mainly attributable to the low order volume from current running products while new projects are still at developing stage. There are 3 new projects currently at various stages of product development.

For FYE2024 A substantial part of the Group revenue was derived from the Americas region representing 37.2% of total revenue for the 12 months ended 30 June 2024, of which, approximately 96.6% of revenue was attributable to United States of America. The second highest was from the Asia region representing 32.9% of total revenue, with the India contributing approximately 40.3% to this region.

Loss before Tax ("LBT")

	FYE 2024	FYE 2023	Increase
LBT (RM'000)	43,119	21,437	21,682
% over revenue	202.2	33.6	101.1

The Group posted LBT of approximately RM43.1 million for FYE2024 compared to LBT of approximately RM21.4 million for FYE2023. The increase in loss was mainly attributed by the following:

- Low order volume from current running products;
- Higher line setup-costs due to non-optimization of production line because of the low production volume;
- Inefficient absorption of fixed overheads due to low revenue;
- Allowance for Impairment loss on trade receivables amounting to RM7.9 million;
- Legal fees expenditure for the ongoing court cases amounting to RM2.0 million;
- Impairment loss on property, plant & equipment ("PPE") amounting to RM9.3 million;
- Spending on product development of in-house brand FOBO amounting to RM0.9mil; and
- Spending on IATF compliance amounting to RM0.2 million.

However, the above impact arising out of such increase in loss was partially cushioned by government grant amounting to RM1.1 million received by the Group in October 2023.



MANAGEMENT DISCUSSION AND ANALYSIS (MDNA) (CONT'D)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

Loss after Tax ("LAT")

	FYE 2024	FYE 2023	Increase
LAT (RM'000)	43,119	28,532	14,587
% over revenue	202.2	44.7	51.1

In tandem with the LBT, the Group recorded higher LAT of approximately RM43.1 million for FYE2024 compared to LAT in FYE2023 of approximately RM28.5 million.

As at 30 June 2024, the Group's unabsorbed capital allowances and unutilised tax losses were approximately RM49.0 million and RM41.6 million respectively. The continued losses indicated the uncertainty for the Group to utilise the capital allowances and tax losses, hence, no deferred tax assets were recognised in the FYE2024.

Liquidity

The Group's trade and other receivables (included contract assets) as at 30 June 2024 stood at RM2.1 million compared to FYE2023 of RM5.5 million, a decrease of RM3.4 million or 61.8%. The decrease was in tandem with the decrease in revenue in quarter four of FYE2024 compared to the same quarter in the preceding FYE2023.

During the year, an impairment was made on trade receivables of RM7.9 million on one of our customer. Substantially all of the debts due have been collected subsequent to the financial year end.

The Group's trade and other payables as at 30 June 2024 stood at RM8.6 million compared to FYE2023 of RM12.7 million, a decrease of RM4.1 million or 32.3%. The decrease was mainly due to the low revenue from a decrease in volumes from customers. This was also the reason for the lower inventories as at 30 June 2024 of RM14.4 million compared to RM29.3 million as at 30 June 2023.

During FYE2024, the Group made repayment of its short-term revolving credit by RM1.5 million resulted in closing balance of RM2.0 million as at 30 June 2024. There was no new capital expenditure financing during the year. As at 30 June 2024, the hire purchase creditors balance was approximately RM0.01 million.

As at 30 June 2024, the Group's deposits, cash and bank balances amounted to RM36.2 million which also includes short term investments in respect of placements in Islamic money market instrument. As at 30 June 2023, the deposits, cash and bank balances were RM52.3 million.

Other key financial indicators are listed on the "Financial Highlights" of the Annual Report.

Capital Expenditure

During FYE2024, the addition to the Group's property, plant & equipment ("PPE") was RM1.9 million and the closing carrying amount of the Group's PPE for the FYE2024 was RM30.5 million. The major capital spending in FYE2024 comprising, amongst others, the commissioning of second solar system, testing/reliability equipment and computers hardware/software's purchases. The Group will continue to invest in capital expenditure to improve production efficiencies and new technology requirements in new products.

Potential Risks and Mitigating Factors

The Board is fully committed to a strong risk management framework. The current global economic situation creates uncertainties, complexities and unprecedented stresses and making it a challenge to manage risks effectively. Nonetheless, the Board is fully committed to ensure opportunities are seized as it arises so that business disruptions are mitigated.

Risks relating to our business and operations:

(a) Dependence on few customers

The loss of any customers, if not replaced, may adversely affect our financial condition and results of our operations. In the past, our Group's major customers comprise mainly multinational corporations dealing in TWS Bluetooth devices. Post-Covid pandemic had changed that landscape where niche market for TWS faces stiff competition from well-known brands.

However, our Board is of the view that these risks are mitigated to a certain extent, by product and customer diversification. In the midst of navigating the current global economic tepid situation that has been dampened by the current conflict in Gaza, the Group continues to drive effort in engaging new customers in new product segments such as automotive and medical.



MANAGEMENT DISCUSSION AND ANALYSIS (MDNA) (CONT'D)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

Potential Risks and Mitigating Factors (Cont'd)

(b) Credit risk of our customers

As a result of customer diversification, the Group is also aware of the increased credit risk of less established or large multi-national companies. Our financial performance is dependent, to a certain extent, on the creditworthiness of our customers. If circumstances arise that affect our customers' ability or willingness to pay us, we may experience payment delays or in more severe circumstances, we may not be able to collect payment from our customers. Accordingly, we would have to make allowance for doubtful debts, or incur debt write-offs, which may have an adverse impact on our profitability. During the FYE2024, we have made allowance for impairment loss on trade receivables amounting to RM7.9 million.

The abovementioned credit risk may be mitigated on the basis that the Group imposed payment in advance for certain new customers prior to shipment of goods. In addition, we monitor the outstanding balance and collection of our trade receivables closely. If it exceeds the due date without justifiable reason, we may pursue legal recourse to recover our debt. The Group is currently pursuing legal suit against two customers to recover its debts.

Risk relating to our industry:

The market for telecommunications and electronic products is inextricably linked to the continuing evolution in technology and evolving industry standards. In addition, consumers demand more sophisticated technology, user-friendliness as well as comprehensive functionality of products to meet their needs and expectations. As such, it is imperative that our Group keeps abreast with the latest technology and respond to the market trends and development through the adoption, customisation and integration of new technology in a timely and cost effective manner. We risk our existing customers switching to other competitors if we are unable to keep up with the change in technology and market demand. This may adversely affect the operational and financial performance of our business. We believe that such risks may be mitigated as we have more than fifteen (15) years of experience in manufacturing capabilities. Hence, the Group is focusing on product diversification and this led to the Group working toward obtaining IATF 16949 certification which is the global technical specification and quality management standard for the automotive industry. The Group had already been awarded the Letter of Conformance ("LOC") on 23 October 2023.

FORWARD-LOOKING STATEMENT

The Group is consistently looking for new business opportunities to further improve the financial performance of the Group. Hence, the Group will continue to pursue growth and put effort in developing new products and new processes through its research and development capabilities. The continuous efforts by the Group to improve process efficiencies and prudent cost management are expected to continue to mitigate the impact of operational costs.

Besides the existing models running mass production, we have also secured 3 new projects that should contribute to our revenue growth in the near future. These projects, which are currently at various stages of product development, are the handheld video game console, coffee machine and automotive tool for diagnostic.

The Board will continue to take proactive steps to manage the Group's financial resilience.

DIVIDEND PAYMENT POLICY

The Group have a dividend payment policy of not less than 30% of the Group's annual net profit attributable to shareholders but actual dividend payment may be varied depending on the Group's financial performance and cash flow and may be waived if the payment of dividends would adversely affect our cash flow and operations.

During the Eighth Annual General Meeting ("AGM") in November 2020, the Group received approval to established a dividend reinvestment plan ("DRP") to provide flexibility to shareholders with an opportunity to enhance and maximise the value of their shareholdings in the Company by using the cash dividends received to invest in new shares that may be issued at a discount to the prevailing market price.



SUSTAINABILITY STATEMENT

SCOPE OF THE STATEMENT

The Board of Directors (“Board”) is pleased to present this Sustainability Statement (“Statement”) which is aligned with the Group’s strategy and commitment to conducting our business operations in a sustainable, responsible, and ethical manner.

This Statement for the FYE2024 provides a formal account of the Group’s sustainability actions and accomplishments and covers the Group’s sustainability performance and progress of our business operations in Malaysia from 1 July 2023 to 30 June 2024. Where possible, historical data has been included to provide a meaningful comparison for our stakeholders in understanding the Group’s sustainability performance over the years.

Our Group includes our subsidiary – Salutica Allied. Our subsidiary offers a ‘one stop’ vertically integrated solutions covering product design and development, and manufacturing of mobile communication products, wireless electronics, embedded computing devices and lifestyle devices.

OUR COMMITMENT TO SUSTAINABILITY

The Board is primarily responsible for the Group’s sustainability practices and performance and is supported by the ARMC and Management in managing sustainability related activities including sustainability strategies, priorities and targets.

To achieve the sustainable development economically, the Group endeavours to carry out its activities in a sustainable manner and promote responsible and ethical practices. Through Sustainability Statement, we disclose our commitments across the Economic, Environmental and Social (“EES”) pillars of sustainability and provides better understanding and balanced view on EES aspects to our stakeholders.

APPROACH

This Statement has been prepared according to Appendix 9C Part A (29) Practice Note 9 of the Main Market Listing Requirements (“MMLR”) and guided by Sustainability Reporting Guide and Toolkits issued by Bursa Securities Malaysia Berhad and Global Reporting Initiatives (“GRI”).

SUSTAINABILITY GOVERNANCE

A sustainable business requires the concerted effort across all levels of the organisation, from senior management to ground-level employees.

We embrace a holistic approach to sustainability, which is focused on continuous improvement and meaningful positive economic, social and environmental impact through active engagement with both internal and external stakeholders. We have put together the principles of good governance standards, which are adopted throughout the Group’s business operations, with the objective to strive and uphold good governance.

The Board oversees the Group’s sustainability efforts to ensure that the Group’s practices meet our corporate objectives and sustainability goals. We have established Sustainability Management Committee (“SMC”) who is led by CEO as Sustainability Chairman and comprised of Senior Management and Heads of Department (“HOD”). The SMC oversees the formulation and champion the sustainability activities and report sustainability activities progress to the Board.

SUSTAINABILITY POLICY

The Group has established a Sustainability Policy (“Policy”) and a committee has been established since 1 January 2018 to carry out the objectives of the Policy. The Policy is reviewed annually to remain consistent with changes in legislation and market.

The Sustainability Policy is developed to meet our customer and market needs in a responsible and holistic manner, by balancing the economic, environmental, and social needs of our stakeholders. Its aim is to achieve the following objectives:

- Comply with current environmental legislation;
- Consider, assess and take actions where necessary to continuously improve environmental practices;
- Emphasize to employees at all levels their own responsibility to the environmental well-being, giving training and information where applicable;
- Display and provide this policy to all employees including business partners;
- Audit environmental and sustainability performance; and
- Review this policy taking into consideration any audit findings annually as a minimum.



SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDERS' ENGAGEMENT

We regularly engage with our stakeholders through various channels to ensure that the Group addresses stakeholders' concerns and stays ahead of the challenges and trends in the fast-changing sustainability landscape. As such, we maintain an ongoing dialogue with our stakeholders to solicit their perspectives, feedback, and priorities on our focus key material issues. This engagement helps in formulating our business plans and in steering the strategic direction of the Group.

No	Stakeholders	Sustainability Topic	Engagement platform
1	Investors/Shareholders 	- Financial performance - Ethical and responsible Management team - Corporate governance	- Continuously engaging in Investors/Analyst briefings - Annual reports and Annual General Meetings - Financial Statements and Bursa Malaysia announcements - Continuous update on the Company website
2	Customers 	- Customer's satisfaction - Product Quality - Pricing - On-time delivery - Innovation	- Continuously engage in customer feedback - Regular meetings - Customer satisfaction survey form
3	Suppliers 	- Supply chain management - Compliance with applicable standards on hazardous substances - Competitive pricing	- Annual supplier evaluation form - Annual supplier Declaration form - Ad-hoc meetings or when required
4	Regulators and government bodies 	- Compliance with law and legislation - Audit matters - Climate change - Compliance with main market Listing Requirements	- Annual verification and compliance audit - Meetings/visits - Quarterly announcements - Regulatory disclosures as per listing requirement
5	Employee 	- Career development - Salary & benefits scheme - Health, safety & environment - Job security	- Ad-hoc CEO communication sessions - Annual performance appraisals - Company events such as annual dinners, and off-site team building - Learning development programmes
6	Local community 	- Community development projects - Social & environmental issues	- Ad-hoc community programs - Institution/University internship programme - Continuous update on the Company website - Annual report



SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

The Board, together with Management, takes responsibility for the governance of ESG or sustainability within the Group, including the setting of strategies, targets and allocation of resources. We conduct yearly reviews of our material sustainability matters for applicability and prioritize them according to their importance for business as well as to our stakeholders. Material assessment serves as one of our important steps in developing our corporate sustainability strategies by identifying and highlighting the material sustainability matters that are most relevant to our stakeholders and business operations.

The materiality assessment process starts from our internal Sustainability Committee, which comprises key Management staff and divisional or departmental Heads, who meet at least once monthly, to assess and review ESG matters that are pertinent and relevant to the Group. Our Sustainability Officer is responsible for organizing these meetings, collating data, monitoring and presenting key findings for the Committee's review and assessment. The process typically involves interactive participation from the members as ESG matters are deliberated and assessed on the basis of their importance or impact to the stakeholders of the Group.

Following the Materiality Assessment Process, the findings are summarised, ranked from low to high in terms of their impact to the Group. Understandably, and as with previous year, our assessment has resulted in no change in terms of the material sustainability matters, emphasizing the importance of these sustainability matters to the Group in the FYE2024.

The material sustainability matters identified are:

- **Business Performance & Growth**
- **Quality and Customer Satisfaction**
- **Corporate Governance and Ethical Behaviour**
- **Environmental**
- **Workplace Management**

ECONOMIC

○ **Business Performance & Growth**

The Group's financial performance and strategic growth are important to our sustainability journey as they have a direct beneficial impact to all our stakeholders such as our employees, business partners, government, local communities and investors.

The core of the Group's business operations is to generate profits and create sustainable values for our shareholders. That said, the Group had just emerged from its financial losses, where LAT had widened from RM28.5 million previously to RM43.1 million in FYE2024. The Board believes that financial strength and good sustainability practices are important in growing a profitable business. As such, the Group is committed to strengthening the financial position by strengthening the Group's market position with diversification and competitive advantage.

We conduct regular management meetings to monitor and analyse our financial performance, budgets and forecasts. This allows us to gain valuable insights into our financial position which contribute to important decision-making aligned with our business objectives.

The Group will remain committed to diversifying its product categories and creating a robust, future-focused portfolio. With the ISO 13485 certification for medical devices and audit certification stage for the IATF 16949 for automotive, we would significantly put in resources to grow these two industries. Furthermore, the Group commitment to advancing our TWS roadmap will continue as we embark on this pivoting moment in expanding our product range beyond consumer electronics.

The Group has been awarded three (3) projects from three (3) new customers. These projects, which are currently at various stages of product development, are the handheld video game console, coffee machine and automotive tool for diagnostic.



SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (CONT'D)

Business Performance & Growth (Cont'd)

As for our in-house brand FOBO, we are committed to nurturing and exploring new opportunities for expansion. We believe that the innovation and customer-centric design behind FOBO will continue to open doors for growth in both consumer, agricultural and industrial applications. Continuous innovations and process solutions have driven the Group's success for the FOBO products.

Environmental impact and social responsibility influence our product design and manufacturing processes. With this in mind, we continue to deliver smarter and faster solutions that increase value, reduce adverse environmental impact, enhance product safety and extend product life.

A summary of our key Financial Performance for FYE2024 are as follows:

Revenue: RM21.3 mil (FYE2023: RM63.8 mil)



Loss after tax: RM43.1 mil (FYE2023: RM28.5 mil)



Loss per share: 10.18 sen (FYE2023: 6.74 sen)



Net assets per share: 17.67 sen (FYE2023: 27.86 sen)



The Group will continue to strive towards a long-term business profitability and sustainable growth to provide the most innovative and cost-effective products with excellent quality to our customers through technology and process innovation. Product & customer diversification will remain the focus for the Group's long-term growth.

For more information on the Group's economic performance, please refer to the Management Discussion and Analysis ("MDNA") disclosed in this Annual Report.

○ Quality and Customer Satisfaction

Certifications and accreditations accord the Group due recognition of the high standards, reliability and quality of the products, services or systems it holds. They are a mark of commitment and accountability of the Group towards its customers, business partners, public and shareholders with respect to best practices, enduring excellence and reputation. We invest time and resources in our effort to ensure excellent product quality designs using innovative processes.

We take heed of the feedback and will strive to further improve our product quality by reviewing our quality control procedures and implementing more effective processes, improve our delivery times and provide training to our staff to improve their customer service and communication skills.



SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (CONT'D)

Quality and Customer Satisfaction (Cont'd)

For the FYE2024, we maintain that the Group's operations are duly certified with the following accreditations:

- ISO 9001:2015 (Quality Management System)
- ISO 14001:2015 (Environmental Management System)
- ISO 45001:2018 (Occupational Health and Safety Management System)
- EN ISO 13485:2016 (Quality Management System for Medical Devices)
- ANSI/ESD S20.20-2021 (Electrostatic Discharge Control program)

We enforce stringent quality controls from product design and development to manufacturing processes. Our rigorous procurement and quality inspection processes involving incoming raw material, in-process control and finished goods ensures our products meet high quality specifications.

Great quality starts with prioritising our procurement of goods and services from local suppliers while taking into consideration the need to establish a secure, reliable and cost-effective supply chain management that conforms to the highest standards of quality and delivery. With this in mind, our Purchasing department carries out annual performance evaluation assessment on our suppliers to ensure they meet our Quality and On-Time-Delivery requirement. The result is presented in a score card to the suppliers.

In our quest to support local and reduce reliance on imports, the Group consciously sources for its materials and supplies from within Malaysia. In FYE2024, the ratio of the Group's local procurement is as follows:

Purchases from local suppliers	%
FYE2023	17.05%
FYE2024	15.97%

The slight reduction in the local suppliers in FYE2024 was due to the different product mix where certain items were sourced by our foreign customers overseas under their global procurement channel.

It is also worth noting that our emphasis on local procurement naturally implies lower transportation costs, highlighting the Group's efforts in further reducing our emissions and carbon footprint as well.

In our efforts to keep quality defects and issues at the lowest level possible, our Group place great importance on risk and impact analysis. We also place great importance on On-Job-Training ("OJT") as we believe that our workforce will be able to gain more from first hand technical experience. To ensure that our products are of the highest quality, we have annual training on quality improvement tools to educate our employees on latest development in quality management systems. Every potential process failure and risk is evaluated and procedures are developed to mitigate impact severity on the product.

In the FYE2024, our Incoming Quality Control ("IQC") check for Defective Parts Per Million ("DPPM") on raw materials and parts from our suppliers are as follows:

IQC – DPPM	FYE2024	FYE2023
Inspected Quantity	77,782	138,094
Rejected Quantity	18	3
DPPM	231.4	21.7

The FYE2024 DPPM although had increased compared to FYE2023, it is still below the internal target of 400 DPPM.

The Group strive to achieve long-term growth through excellent customer relationships and the satisfaction from long-term customers while we continue to expand our customer base. Our quality policy plays an important role in guiding and enabling the Group to gain trust and confidence in our customers who demand high quality standard. The number of customer complaint is as follows:

Customer complaint	FYE2024	FYE2023
No of cases	5	5



SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (CONT'D)

○ Corporate Governance and Ethical Behaviour

Corporate governance is effectively a system that aims to inculcate accountability through the installation of policies, rules and frameworks that help maintain the cohesiveness of an organization. A strong and effective corporate governance fosters a culture of integrity and responsibility where the interests of all stakeholders are aligned with economic success; it is vital in building trusts, promoting financial viability and ultimately securing the long-term sustainability of any organization. Therefore, the Board is guided by legislative and regulatory requirements, including corporate governance best practices published by relevant authorities.

In leading corporate governance, the Board is tasked with this pivotal role of directing the principles of transparency, fairness, ethical behavior and risk management within the Group. On 26 February 2024, the Company appointed one (1) new female member to the Board of the Company; this represented a gender diversity ratio of 28.57% in FYE2024 (FYE2023: 16.67%).

Details of the Group's corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement contain in this Annual Report.

Our business practices are governed by the following:

a. Code of Conduct and Ethics

The Group's Code of Conduct & Ethics ("the Code") is aimed to enhance the standard of corporate governance and corporate behaviours with the intention of achieving the following objectives:

- To establish a standard of ethical behaviours for Directors based on acceptable beliefs and values; and
- To uphold the spirit of professionalism, objectivity, transparency and accountability in line with the legislation, regulations and environmental and social responsibility guidelines governing the Group.

This Code provides guidance for proper standards of conduct and sound and prudent business practices and to promote ethical values and standards amongst employees based on the following principle.





SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (CONT'D)

Corporate Governance and Ethical Behaviour (Cont'd)

b. Anti-Corruption and Bribery Policy

The Group does not tolerate corruption or bribery activities, and this is considered in the Anti-Corruption and Bribery Policy ("Policy") established by the Board. The policy is publicly available on Salutica's corporate website. In addition, the Policy provides guidance with respect to the use of higher-risk transactions such as gift, entertainment, hospitality, facilitation payments, donation and political contribution. The Group has taken significant steps, including raising awareness and implementing controls, to prevent such practices among its directors, employees, and third-party service providers acting on behalf of or for the Group. This necessitates strict adherence by all parties across the Group's supply chain and procurement process such as supplier selection, tendering process and due diligence of new suppliers to the system of internal controls and risk management.

All our employees per the category defined below, have received awareness training on Anti-corruption and Bribery by employee category during the FYE2024.

Category	%
Management	100%
Executive	100%
Non-Executive/ Technical Staff	100%
General Workers	100%

The Group takes a zero-tolerance approach to bribery and corruption and the management is committed to act professionally, fairly and with integrity in all the Company's relationships and business dealings wherever we operate and to implement and enforce an effective system to counter bribery and corruption.

The Group's Anti-Corruption and Bribery Policy has been adequately communicated to all Directors, employees and associated third parties through various communication channels and is published on our corporate website at <https://www.salutica.com/corporate-governance>. We have conducted trainings and awareness on the Policy to the Directors, senior management and employees and also incorporated in our induction training program for all new employees.

There were no corruption-related cases and ethical concerns reported in FYE2024 (FYE2023: Zero incidents).

c. Whistle-blowing Policy

In order to encourage the reporting of misconduct or unethical behaviour in a transparent and safe manner, the Group has implemented a whistleblowing mechanism in accordance with our Whistleblowing Policy. This mechanism allows employees, third parties associated with the Group, and the general public to report any unethical practices or wrongdoing without fear of retaliation. To ensure impartial handling of whistleblowing cases, all reports will be directed to the ARMC Chairman, Mr. Leow Chan Khiang, who is an Independent Non-Executive Director.

The Whistleblowing Policy is available on our corporate website. The Group's Whistleblowing Policy stated its commitment on maintaining the highest standards of integrity, openness and accountability in the conduct of its business and operations as well as promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

No cases of breaches in ethics and integrity practices were reported during the FYE2024 (FYE2023: Zero incident reported).



SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT

○ Green initiatives

Environmental sustainability covers all efforts taken to maintain an ecological balance in our planet's natural environment including conservation of natural resources to support the wellbeing of current and future generations. Businesses are increasingly affected by major environmental issues such as climate change, pollution, greenhouse gas emissions and water scarcity and sustainability challenges need to be addressed to protect our Earth.

The Group is committed to ensuring sustainable energy practices within the Group, recognizing the importance of conscientious and efficient electrical energy usage. While we pursue ongoing enhancements in this regard, we had commissioned the use of our second solar photovoltaic ("PV") panels to cover a bigger area in November 2023. The Group will continue its quest to monitor and ensure continuous progress in the Group's energy efficiency efforts.

Our Group is committed to managing our operations in an environmentally sustainable way. Our employees are also trained to practise other conservation measures like recycling of office stationery and paper, switching off the lights and air conditioners when not in use. We also send such items to a social welfare organisation which collects items for recycling or charity purposes.

At our manufacturing facilities, we have established processes and procedures to conserve energy, handling of industrial waste comprising sludge, contaminated rags and containers and non-hazardous wastes such as food and office waste.

The Group has put in place several ways and measures adopted to reduce its carbon footprint to make our operations more sustainable. We monitor greenhouse gas ("GHG") emissions and energy reduction efforts, in order to play a meaningful role in the reduction of GHG emissions each year.

Our Group continues to focus on green initiatives as follows:

- Lightings in our office and production floor are installed with light-emitting diode ("LED") light bulbs which have a longer lifespan and more energy-efficient compare with iridescent or fluorescent lamps.
- "Last out – lights off" practices in our workplace.
- Adoption of 3Rs ("Reduce, Reuse and Recycle") practices by maintaining recycling bins around our offices to ensure proper segregation of non-hazardous waste such as paper, plastic, aluminium, and glass.
- Rain water harvesting for gardening purpose.
- For hazardous waste, we appointed a licensed disposal contractor to treat hazardous waste and dispose responsibly.
- Encourage our business operation to use electronic media whenever possible.
- Installation of solar photovoltaic ("PV") panels on the factory rooftops to harvest solar energy to power the factory electricity needs since August 2019.

We have effectively reduced a total of 1,391 ton of carbon dioxide (CO₂) emission with the installation of the second solar system in November 2023:-

	FYE2024 (added 2 nd solar)	FYE2023
Electricity consumption (megawatt)	2,818.90	4,558.80
Carbon dioxide reduction (tonne)	811.9	579.3



SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT (CONT'D)

○ Waste Management and Water Security

The Group's environmental management system is certified with ISO 14001:2015 which is a structured waste management program with systematic monitoring and improved material utilisation, that promotes the principles of reuse, recovery and recycle method via its 3R program.

In FYE2024, there were no reported case of environmental violations or fines from the local authorities (FYE2023: zero incident) and we will continue to maintain such results. Robust management systems at our operations effectively monitor and manage hazardous and non-hazardous waste generated.

The Group acknowledge that water is a very important yet limited resource. We are committed to managing and using water in the most cost-effective way that also promotes the long-term sustainability of the environment as well.

	FYE2024	FYE2023
Water consumption (megalitres)	41.292	61.252

The reduction in the water consumption in FYE2024 was attributed by the changes in the product mix which uses less water in the production processes.

One of the water saving initiatives that we plan to put in place is a rain water harvesting system for non-critical usages such as for toilet flushing, general cleaning or gardening purposes.

○ Non-Hazardous wastes

For the Group's non-hazardous wastes that do not exhibit any material toxic characteristics are collected for recycling or disposed in designated bins as general waste.

The non-hazardous wastes generated in the FYE2024 are as follows:



General waste generated
FYE2024:3,500kg
(FYE2023:7,625kg)



Recycling waste generated
FYE2024:38,084kg
(FYE2023:30,683.6kg)

The reduction in general waste and the increased in recycling waste for FYE2024 compared to FYE2023 are a testament to the continuous effort by the Group to be sustainable in all their operating activities.

○ Hazardous wastes

Hazardous waste comes from chemical-related sources that are harmful to humans and the environment. Therefore, the Group is committed to manage its waste efficiently by complying with all the required environmental regulatory rules.

Besides pollution and emission controls, the Group's effluent discharges are effectively treated, this includes ensuring our hazardous waste is properly stored and managed from its collection point to its final disposal according to the environmental regulatory requirement, by appointed third-party contractors licensed by the Department of Environmental ("DOE").

The hazardous wastes generated by our production are as follows:

Hazardous Wastes	FYE2024 (kg)	FYE2023 (kg)
Total	15,009.6	23,408.7

The reduction in the hazardous waste in FYE2024 was attributed by the changes in the product mix which required less processes that generated the hazardous by-product. They were disposed through a waste collector with valid waste disposal and waste transport license issued by DOE.



SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT (CONT'D)

○ Environmental compliance

The Group is dedicated to protecting the environment and abiding by all applicable environmental laws and regulations in its business operations. To practice environmental control and enhance its environmental performance, the group has an environmental policy in place that is in accordance with ISO 14001:2015 Environmental Management System and in compliance to the Environmental Quality Act 1974 ("EQA").

All our employees, suppliers and consultants are encouraged to be proactive in managing and reporting environment related issues and complaints. There was no incident of non-compliance reported during the period under review.

SOCIAL

○ Workplace Management

In order to ensure long term business continuity, we acknowledge that our employees are vital strategic assets of the Group; we support, protect and nurture our employees in terms of their career and personal development.

Our employees are our most crucial asset in our operational structure. Hence, our workplace management initiatives are aimed at securing the long-term sustainability of our human capital. We recruit and retain the best talent available in order to attain our strategic objectives. It is also crucial that we foster the right mindset and code of conduct to ensure that they fit in with our corporate culture and represent us well in their dealings with stakeholders.

The Group foster an inclusive and diverse work environment by adopting a management focus objective to nurture and develop its people by leveraging on the employees' unique skills and capabilities. By giving employees a greater sense of purpose and motivation, the Group will be in a better position to attract young talent and add to its diversity.

○ Occupational Health and Safety

Our employees' comfort, physical and mental wellbeing are a priority and workers' safety is never compromised. The Group has in place an established Environment, Occupational, Health and Safety Policy that governs all employees, contractors, customers, visitors and related parties adherence of applicable national and international health, safety and environmental laws.

We are committed to provide a safe and healthy workplace for its employees. We uphold strong health, safety and security standards within the Group's areas of operations, whether it is within the premises or offsite to reduce opportunities for health or safety hazards and prevent workplace fatalities.

We rigorously manage the potential risks associated with hazardous activities and processes, such as those activities with potential to result in injuries related to fire, explosions or sudden release of toxic materials. Therefore, we emphasis on preventive measures and have a robust safety management system in place.

The Group adhere strictly to the Environment, Occupational, Health and Safety Policy which guides our operations. We have established an Environment, Health and Safety ("EHS") committee comprising of the Chairman, Management Representatives, employee representatives and Health & Safety Officer, to safeguard, manage, discuss and report areas related to EHS performance and ensure our health and safety practices are according to the EHS Management system. Our EHS committee would identify and establish all safety and environmental related regulatory and rules that is applicable to the Group's operation.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Occupational Health and Safety (Cont'd)

On top of assisting in the development of safety and health systems and reviewing the effectiveness of safety and health programmes, the following are some of the key roles and responsibilities of the EHS committee:

- Prevention of Injury & ill health.
- To perform hazard identification, risk assessment and risk control of the business activities, process, products and services.
- To design and develop products that meets the environmental and safety requirements.
- To comply with regulations including stakeholders' requirements.
- To provide training and communication so that all our employees shall have the environmental, health and safety awareness and competency in whatever they do.
- To assign clear safety and environmental responsibilities to our employees as a fundamental part of their routine duties.
- To attain consultation & participation from employees to minimise hazards from environment, occupational health and safety.
- To establish and carry out environmental, occupational health & safety objectives/target based on evaluation of the environmental impacts and occupational health and safety hazard and risk assessed on our business activities, process, products and services.

The EHS Committee carried out meetings to discuss workplace condition matters, EHS programmes and EHS performance. Our health and safety performance have been reported with the following data:

Year	LOST TIME INJURY RATE (LTIR)	LTI
2023	0.13	1
2024	0	0

For FYE2024, there was no accident case reported.

Overall, our EHS team has made progress in relation to the safety and health of our employees. In the FYE2024, there was no audit conducted by Jabatan Keselamatan dan Kesihatan Pekerjaan Perak ("JKKP"). We obtained Compliance Level Grade A when JKKP conducted an audit in June 2023.

There were several activities carried out at our factory site in 2024 such as the following:

- ✓ health screening
- ✓ basic occupational first aid, CPR & AED training
- ✓ blood donation campaign
- ✓ fire drill
- ✓ chemical safety management
- ✓ Hazard Identification, Risk Assessment and Risk Control ("HIRARC") with ISO 45001:2018 requirements training
- ✓ ergonomic awareness training
- ✓ workplace noise & hearing conservation training



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

○ Human Capital Development

a. Diversity

The Group celebrates diversity and practice equality and inclusion in our hiring practices. We prioritise employment practices that are fair, non-discriminatory and merit-based. It upholds human rights, offers competitive remuneration and develops its employees, based on performance, ability and skills.

The recruitment of staff and workers during the year were carried out to satisfy vacant positions and job functions within our operations. Contractors and/or temporary staff includes those on short-term work agreement contracts with the Group and whose services were terminated upon completion.

In the FYE2024, the voluntary turnover rate for FYE2024 was as follows:

Category	Headcount
Management	5
Executive	22
Non-Executive/ Technical Staff	52
General Worker	0
Total	79

The people pool of our Group has always been culturally diverse with a harmonious blend of nationalities, talents and age groups. All employees and potential candidates are given equal opportunities in our hiring and selection practices for career growth and development, regardless of age, gender, race, ethnicity, or religion. As at 30 June 2024, the Group had 28.11% of its workforce made up of temporary workers (foreign workers) compared to 33.76% as at 30 June 2023.

In terms of gender balance, we do not set any targets. All employees are treated equally and given competitive salary regardless of gender. However, we do strive to achieve a balance of gender at departmental and Group level. We aim to build an inclusive environment for our employees and as such, there was no discrimination, bullying and harassment complaints received in FYE2024. (FYE2023: Zero case).

The majority of our Group's workforce is relatively young and dynamic, with the highest proportion of employees in the 30-50 years age group. Sustainability for the Group is assured from a ready pool of willing and motivated learners, guided by the right balance of experienced managers.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Human Capital Development (Cont'd)

a. Diversity (Cont'd)

For the FYE2024, our Group's age and gender profile are as follows:

Age Group by Employee Category	%
Management under 30	0.43
Management Between 30-50	6.23
Management Above 50	4.29
Executive under 30	9.01
Executive Between 30-50	8.80
Executive Above 50	4.72
Non-executive/ Technical Staff under 30	30.47
Non-executive/ Technical Staff Between 30-50	30.26
Non-executive/ Technical Staff Above 50	5.58
General Workers under 30	0.00
General Workers Between 30-50	0.00
General Workers Above 50	0.21

Gender Group by Employee Category	%
Management Male	7.73
Management Female	3.22
Executive Male	14.59
Executive Female	7.94
Non-executive/ Technical Staff Male	22.96
Non-executive/ Technical Staff Female	43.35
General Workers Male	0.21
General Workers Female	0.00

A performance-based appraisal system has been established to review our employees' performance against specific performance indicators. The Group has an annual Management by Objective ("MBO") programme which sets the key performance indicators to drive for success. Welfare compensation and benefits are strategically devised to promote the general well-being of our employees besides recognising their performance. Through these appraisals, we provide merit-based recognition and rewards which in turn will boost employees' morale and motivate the team for continuous improvement.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Human Capital Development (Cont'd)

a. Diversity (Cont'd)

The Group also valued loyalty among its employees and long service awards were granted to employees who have been with the Group for at least ten years. In the FYE2024, a total of 43 employees were rewarded and presented with tokens of appreciation for their continuous services to the Group:

No of employees presented with 10-year service awards	19
No of employees presented with 15-year service awards	12
No of employees presented with 20-year service awards	3
No of employees presented with 25-year service awards	8
No of employees presented with 30-year service awards	1
Total	43

b. Training and Career Development

The Group has always been a strong advocate of employee training and development. These programs are held throughout the year and may be conducted in-house or off-site, virtual or physical. All employees of the Group are mandated to undergo anti-corruption and bribery training conducted internally by our Human Resources (HR) department upon recruitment; each employee also formally acknowledges their understanding and adherence to the Group's Anti-Corruption and Bribery policy by signing a staff declaration form.

Continuous training and learning programs provide opportunities for employees to acquire new skill sets as well as improve their knowledge base, productivity, confidence and morale. This leads to increased job satisfaction, lower employee turnover and promotes a performance-based culture that is encouraging, supportive and sustainable.

In the FYE2024, the Group recorded a total of 19,420 training hours spent as follows:

Total Hours Of Training	FYE2024
Manager	2,380
Executive	6,725
Non-Executive/ Technical Staff	10,312
General Worker	2
Total	19,420

Developing skills and competency for its employees are part of the Group's commitment towards its employees' well-being. All new employees are given Employee Handbook and undergo orientation programme as part of the initiation to the company's work culture.

We conduct annual Training Needs Analysis ("TNA") to understand the development needs of our employees. This allows us to identify the knowledge and skill gaps within the organisation against external factors such as employee expectation and latest technological advancement.

The Group remains committed to investing in training and development programs, utilizing both the physical and online channels of communications for the conduct of these trainings where applicable. In FYE2024, the Group invested approximately RM232,969 in various training programs, encompassing those that were both knowledge-based and skill-based; to address workforce competency gaps, skills upgrade and enrich professional development of our employees.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Human Capital Development (Cont'd)

b. Training and Career Development (Cont'd)

During the FYE2024, there was a total of 37 trainings conducted (FYE2023: 36) on various topics ranging from technical courses to updates on Employment Act Amendment 2022 and also training on soft skills such as effective communications and negotiations skills. There were also several trainings on IATF16949 in preparation for the audit. During the year under review, there were a total of 479 employees trained on health and safety, amongst others, on fire safety and fire drills.

c. Labour Practice

We believe that human capital is the greatest asset for any company. Therefore, we are committed to upholding the labour rights of our employees. Our Code of Conduct and other labour policies protect labour rights and is based on the Malaysian Employment Act 1955, and relevant industry standards such as the RBA Code of Conduct Version 8.0. Some of the labour rights we uphold include the following:

- No child labours
- No forced labour
- Worked hours
- Fair wages
- Non-Discrimination/ Non-Harassment
- Safe workplace

The Employee Handbook with the latest revision 9 dated 23 March 2022 has been designed to incorporate the terms of conditions of employment for all employee outlining the Human Resource policies and procedures as well as the benefits and services available for the employees in accordance with the local regulations.

In the FYE2024, there was no complaint received from our employees in regard to labour practices concern and non-compliance to the laws and regulations.

○ Community Investment

As responsible community members and business operators, the Group carries out its corporate social responsibilities (CSR) in good faith, contributing monetary support and assistance to various deserving charities and organizations. During the FYE2024, amongst others, the Group donated to the Perak Women for Women Society, a charity organisation, to sponsor for free breakfast for less privileged students.

The Group continues to focus in developing the next generation of STEM graduates and business leaders through our internship programmes. Hiring interns have been a long focus for our Group because it provides employment opportunities for the local communities. During the FYE2024, we hired 21 interns (FYE2023: 35 interns) with an investment of RM141,618 (FYE2023: RM188,327) in the salary payout to the interns.

The Board remain dedicated to fulfil its role as a responsible corporate citizen by ensuring the creation of sustainable value and benefits through our economic activities. We understand our role in economic development and believe that we have a responsibility in bringing a positive impact to the community and the areas in which we operate. We contribute to the development of local economies by creating jobs, boosting skills, sourcing supplies from local suppliers (wherever possible) and paying taxes to the Government.



SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY PERFORMANCE REPORT

The following performance data table provides a summary of our FYE2024 ESG quantitative mandatory indicators downloaded from the Bursa ESG Reporting Platform as per the requirements and format prescribed by Bursa Securities.

This report has not been subjected to an assurance process.

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	100.00	100.00
Executive	Percentage	100.00	100.00
Non-executive/Technical Staff	Percentage	100.00	100.00
General Workers	Percentage	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	188,327.00	141,618.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	35	21
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	0.00	0.43
Management Between 30-50	Percentage	5.72	6.23
Management Above 50	Percentage	3.32	4.29
Executive Under 30	Percentage	7.75	9.01
Executive Between 30-50	Percentage	8.67	8.80
Executive Above 50	Percentage	2.95	4.72
Non-executive/Technical Staff Under 30	Percentage	36.72	30.47
Non-executive/Technical Staff Between 30-50	Percentage	29.89	30.26
Non-executive/Technical Staff Above 50	Percentage	4.80	5.58
General Workers Under 30	Percentage	0.00	0.00
General Workers Between 30-50	Percentage	0.00	0.00
General Workers Above 50	Percentage	0.18	0.21
Gender Group by Employee Category			
Management Male	Percentage	6.27	7.73
Management Female	Percentage	2.77	3.22
Executive Male	Percentage	12.36	14.59
Executive Female	Percentage	7.01	7.94
Non-executive/Technical Staff	Percentage	24.36	22.96

Internal assurance External assurance No assurance

(*)Restated



SUSTAINABILITY STATEMENT (CONT'D)

Indicator	Measurement Unit	2023	2024
Bursa (Diversity)			
Male			
Non-executive/Technical Staff	Percentage	47.05	43.35
Female			
General Workers Male	Percentage	0.18	0.21
General Workers Female	Percentage	0.00	0.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	83.33	71.43
Female	Percentage	16.67	28.57
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	33.33	42.86
Above 50	Percentage	66.67	57.14
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	4,558.80	2,818.90
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.13	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	534	479
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	3,361	2,380
Executive	Hours	6,325	6,725
Non-executive/Technical Staff	Hours	4,724	10,312
General Workers	Hours	1	2
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	33.76	28.11
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	11	5
Executive	Number	61	22
Non-executive/Technical Staff	Number	103	52
General Workers	Number	0	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	17.05	15.97
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	61.252000	41.292000

Internal assurance

External assurance

No assurance

(*)Restated



COMPANY HIGHLIGHTS 2024

COMPANY ACTIVITIES

15 September 2023

- 1) **Malaysian Cocoa Board visit**
Salutica Allied Solutions Sdn Bhd



10 October 2023

- 2) **Long Service Staff Award**
Salutica Allied Solutions Sdn Bhd



26 October 2023

- 3) **Letter of Conformance to IATF 16949:2016 award ceremony**
Salutica Allied Solutions Sdn Bhd





COMPANY HIGHLIGHTS 2024 (CONT'D)

COMPANY ACTIVITIES (CONT'D)

31 January 2024

- 4) **Management By Objective Meeting (MBO)**
Meru Valley Golf Resort, Perak



17 April 2024

- 5) **Advancing Beyond Boundaries, Break Into The US - Unlocking Global Market Potential with MATRADE and Amazon.Com**
Menara MATRADE, Kuala Lumpur



9 May 2024

- 6) **Hari Raya buffet organised by the in-house employees' union**
Salutica Allied Solutions Sdn Bhd





COMPANY HIGHLIGHTS 2024 (CONT'D)

COMPANY ACTIVITIES (CONT'D)

19 June 2024

- 7) **Career Fest @ PUO 2024**
Politeknik Ungkur Omar, Perak



22 July 2024

- 8) **Management By Objective Meeting (MBO)**
Meru Valley Golf Resort, Perak



6 August 2024

- 9) **Project Improvement Team (PIT 2024)**
Six Sigma, Lean Manufacturing, FMEA, QCC



CORPORATE SOCIAL RESPONSIBILITIES

11 August 2023

- 1) **Free Pap Smear and HPV DNA tests**
Salutica Allied Solutions Sdn Bhd





COMPANY HIGHLIGHTS 2024 (CONT'D)

CORPORATE SOCIAL RESPONSIBILITIES (CONT'D)

15 – 16 August 2023

2) First Aid Training

Conducted by external training provider



23 October 2023

3) Ergonomic Awareness Training

Salutica Allied Solutions Sdn Bhd



27 October 2023

4) Blood Donation Campaign

Salutica Allied Solutions Sdn Bhd





COMPANY HIGHLIGHTS 2024 (CONT'D)

CORPORATE SOCIAL RESPONSIBILITIES (CONT'D)

1 November 2023

- 5) **Fire Evacuation Drill**
Salutica Allied Solutions Sdn Bhd



14 – 15 December 2023

- 6) **Fire Safety Prevention at Workplace**
Conducted by external training provider



22 January 2024

- 7) **Health Screening Program**
Salutica Allied Solutions Sdn Bhd





COMPANY HIGHLIGHTS 2024 (CONT'D)

CORPORATE SOCIAL RESPONSIBILITIES (CONT'D)

29 – 30 January 2024

- 8) **Chemical Safety Management Program**
Conducted by external training provider



22 February 2024

- 9) **Hazard Identification, Risk Assessment and Risk Control Program (HIRARC)**
Conducted by external training provider



6 March 2024

- 10) **RBA, Anti-Bribery & Corruption and Ergonomics refreshment training**
Salutica Allied Solutions Sdn Bhd





COMPANY HIGHLIGHTS 2024 (CONT'D)

CORPORATE SOCIAL RESPONSIBILITIES (CONT'D)

10 May 2024

- 11) **Fire Evacuation Drill**
Salutica Allied Solutions Sdn Bhd



15 May 2024

- 12) **Workplace Noise and Hearing Conservation Training**
Conducted by external training provider



22 May 2024

- 13) **Basic Occupational First Aid, CPR & AED**
Conducted by external training provider





COMPANY HIGHLIGHTS 2024 (CONT'D)

EXHIBITION & TRADE SHOW

7 – 9 July 2023

- 1) **Auto-City Car Carnival 2023**
Auto City, Juru, Penang



24 – 27 August 2023

- 2) **Kuala Lumpur Bike Show 2023 (KLBS 2023)**
World Trade Centre Kuala Lumpur



22 – 24 September 2023

- 3) **Desaru International Bike Week 2023**
Desaru Beach, Johor





COMPANY HIGHLIGHTS 2024 (CONT'D)

EXHIBITION & TRADE SHOW

4 – 5 November 2023

- 4) **Retro Mania Auto Show**
MAEPS Serdang, Selangor



16 – 19 November 2023

- 5) **Malaysia International AutoParts Expo 2023 (MIAPEX)**
Mines International Exhibition & Convention Center (MIECC), Selangor



COMPANY HIGHLIGHTS 2024 (CONT'D)

CERTIFICATIONS

1) ISO 9001:2015 (Quality Management System)



2) ISO 14001:2015 (Environmental Management System)



3) ISO 45001:2018 (Occupational Health and Safety Management System)



4) EN ISO 13485:2016 (Quality Management System for Medical Devices)



5) ANSI/ESD S20.20-2021 (Electrostatic Discharge Control program)

