

QES INVESTOR BRIEFING Q4-2021 (24 February 2022)



QES®

Assuring you our best, always

IMEJJIWA in collaboration with





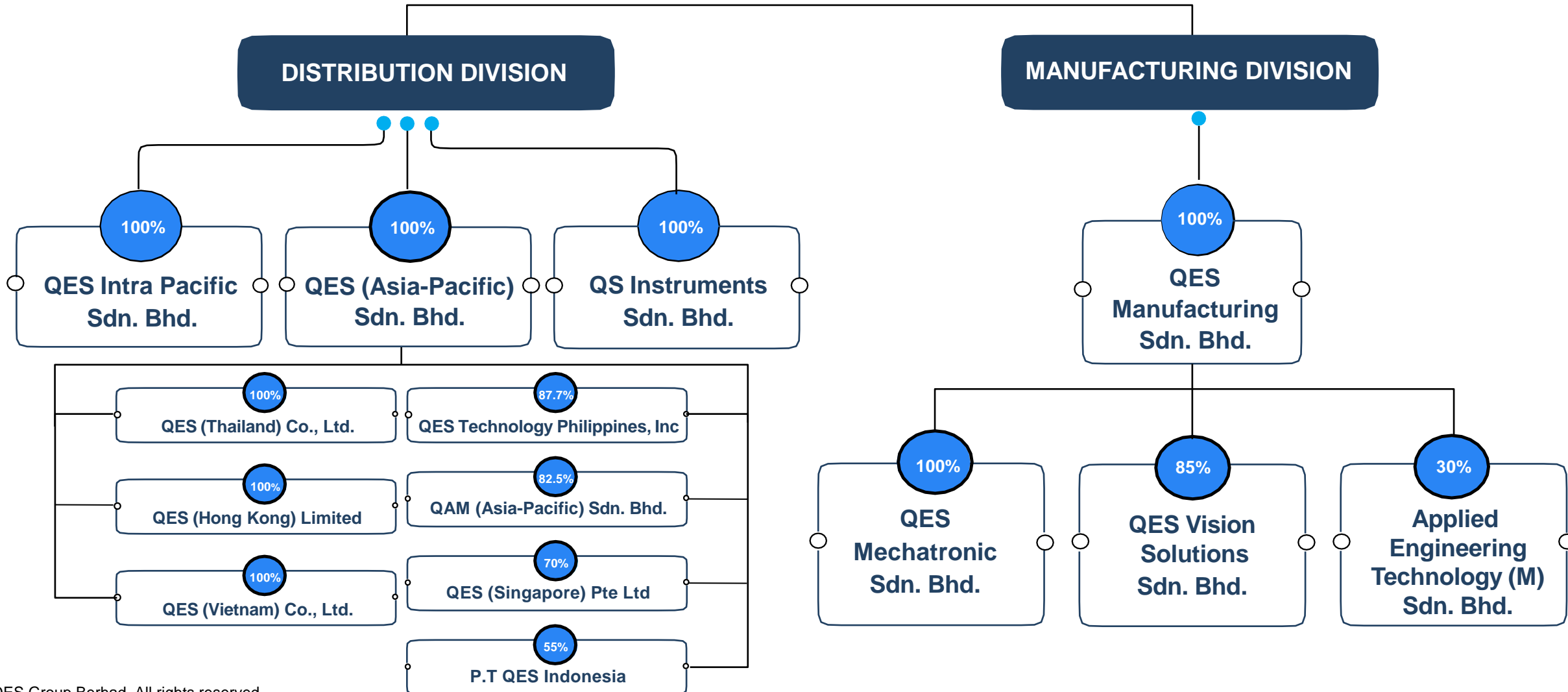
Disclaimer

This Presentation has been prepared by QES Group Berhad and is preliminary in nature and solely for information and discussion purposes and must not be relied upon for any other purpose.

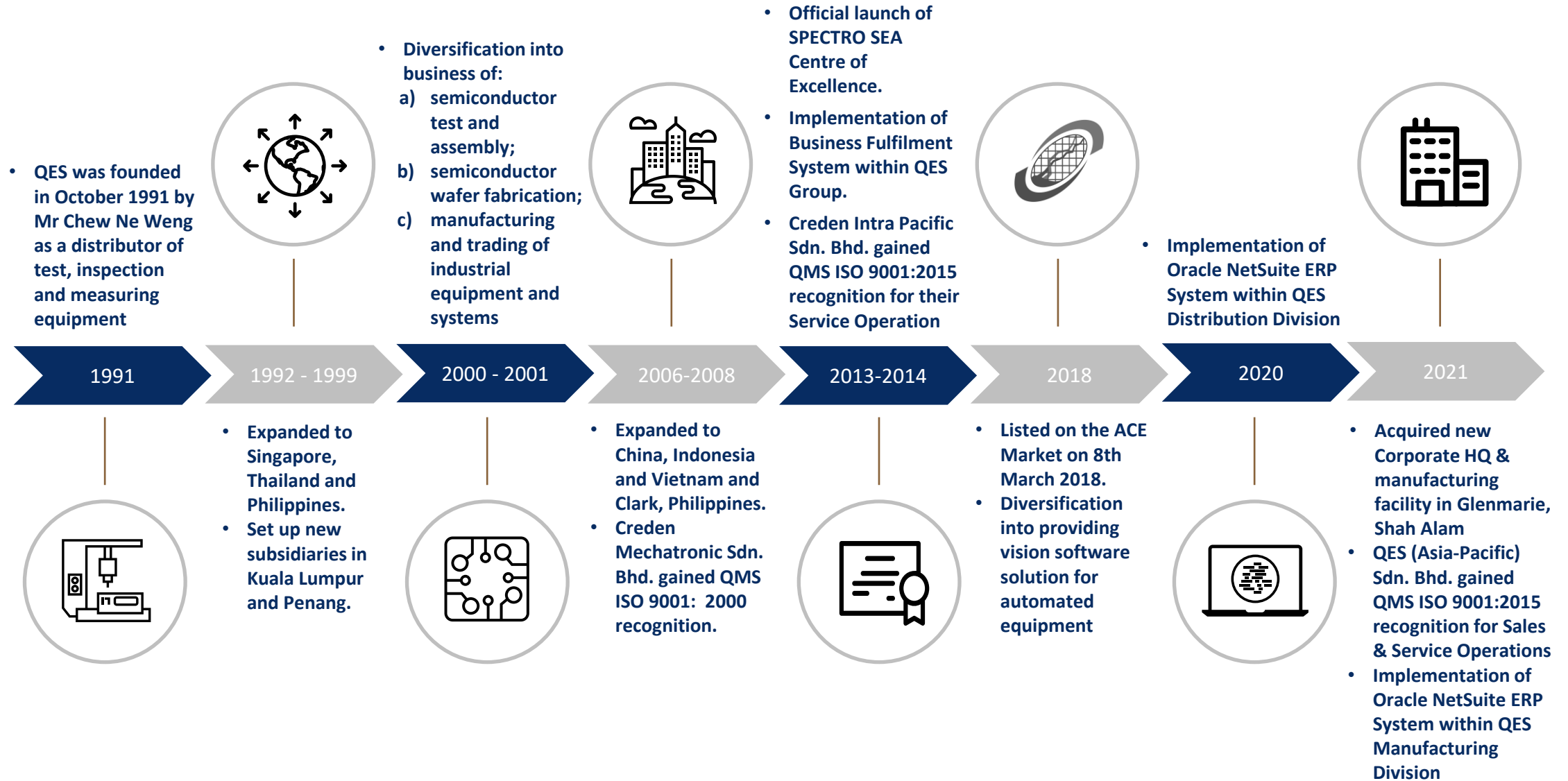
The “Presentation” that follows shall mean and include the slides that follow, the oral presentation of the slides by members of QES, or any person on their behalf, the question-and-answer session that follows that oral presentation, copies of this document and any materials distributed at, or in connection with, that Presentation. By participating in the meeting/briefing, or by reading the Presentation slides, you will be deemed to have (i) fully agreed to the following limitations and notifications and made the following undertakings and (ii) acknowledged that you understand the legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of this Presentation.

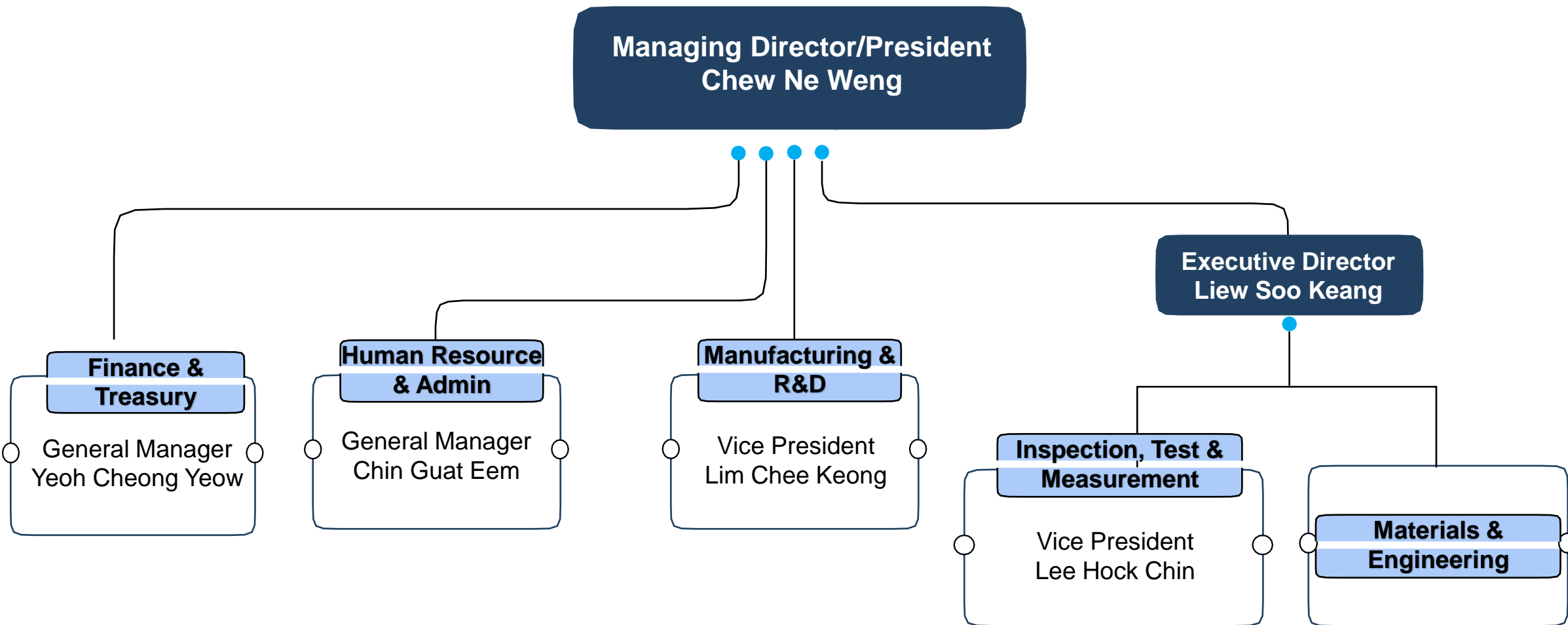
This Presentation is being delivered on a confidential basis. Neither this Presentation nor any of its contents may be disclosed or used for any purposes other than information and discussion purposes without the prior written consent of the QES. You agree that you will not copy, reproduce or distribute this Presentation, in whole or in part, to other persons or entities at any time without the prior written consent of QES.

This Presentation does not constitute an offer or invitation for the sale or purchase of the securities herein or a commitment by QES with respect to any of the foregoing, and this Presentation shall not form the basis of any contract. The forward-looking statements and outlook are subject to a number of factors, risks and uncertainties, some of which are not currently known to us.

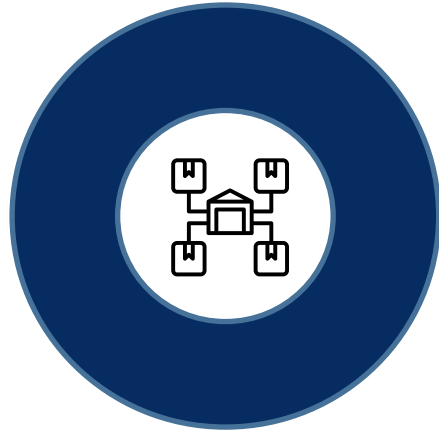


Company Overview- Corporate Milestones

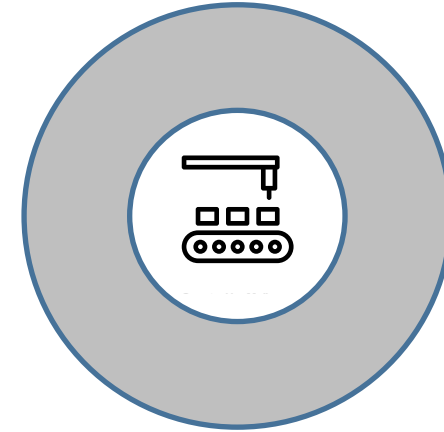




Distribution



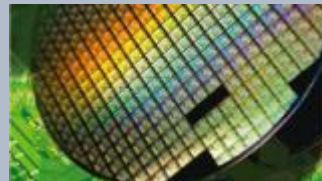
Manufacturing



**Analytical
Instruments**



**Inspection, Test
& Measurement
Equipment**












**Materials &
Engineering
Solutions**



**Semiconductor
Inspection &
Measuring
Equipment**



**Semiconductor
Automated
Handling
Equipment**

	Inspection, Test & Measurement	Materials	Engineering Solutions
Application	<ul style="list-style-type: none"> • Inspection for flaws • Test and analyse composition of materials • Measure dimensions 	<ul style="list-style-type: none"> • Consumable materials used in the semiconductor industry • Polishing pad, diffusing and etching quartz 	<ul style="list-style-type: none"> • Sub systems to process toxic gas in the fabrication process
Sector	<ul style="list-style-type: none"> • Semiconductor • Electrical and Electronics • Automotive 	<ul style="list-style-type: none"> • Semiconductor 	<ul style="list-style-type: none"> • Semiconductor
Supplier	   	  	 



Business Overview - Manufacturing Division (Semiconductor Equipment)

	Semiconductor Inspection & Measurement	Automated Handling Systems
Application	<ul style="list-style-type: none"> Automated Inspection Equipment Semi-Automated Inspection Equipment 	<ul style="list-style-type: none"> Automated Handling Equipment (Semiconductor)
	<ul style="list-style-type: none"> Wafer inspection Post probing, post dicing and post wire bonding Post die attach and post molding 	<ul style="list-style-type: none"> Wafer sorting and handling Wafer transfer Wafer packing and unpacking
Product	<p>Automatic Optical Inspection (AOI Series)</p> <ul style="list-style-type: none"> PWB (Post Wire Bond) PDA (Post Die Attach) PMI (Post Molding Inspection) <p>Semi-Automated Optical Inspection (OIS Series)</p> <ul style="list-style-type: none"> ISP3100, DIS8000, WIS1000, WIS8000 <p>Advance Metrology System (AMS Series)</p> <ul style="list-style-type: none"> MPT 1000 (Thickness and roughness) MPS 2100 (Roughness) WSM 1200 (Wafer surface metrology) 	<p>WSS Series</p> <ul style="list-style-type: none"> Wafer Sorting System <p>WTS Series</p> <ul style="list-style-type: none"> Wafer Batch Transfer System <p>WPS Series</p> <ul style="list-style-type: none"> Wafer Packing & Unpacking System <p>WID Series</p> <ul style="list-style-type: none"> Wafer Batch ID Reader System

Business Overview - Semiconductor Equipment Line Up

Manufacturing Division - Equipment for Semiconductor Processes



Automated
Wafer Sorters
(AHS Series)



1st Optical
Semi-Auto
Inspection
(OIS Series)



Chapman Wafer
Metrology (AMS
Series)



2nd Optical Semi-
Auto Inspection
(OIS Series)



Post Die Attach
Semi-Auto
Inspection
(AOI Series)



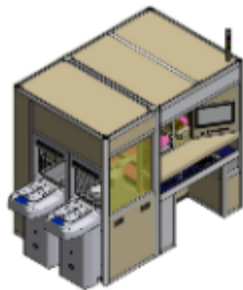
3rd Optical Semi-
Auto Inspection
(OIS Series)



Post Mold Panel
Inspection
(AOI Series)



Wafer Stocker
(AHS Series)



Post Probing
Inspection
(AOI Series)



Post Dicing
Inspection
(AOI Series)



Post Die Attach
Inspection
(AOI Series)



Post Wire Bond
AOI
(AOI Series)



Automated Wafer
Pack/Unpack (AHS
Series)



Automated Wafer ID
Print and Label
(AHS Series)



Business Overview - Manufacturing Division (IR4.0 & Smart Manufacturing)

	IR4.0 and Smart Manufacturing Solutions	Automated Vision Software
Application	<ul style="list-style-type: none">• Smart Vending Solutions• Smart Security Solutions• RFID Integrated Warehouse Management• Integrated IoT Sensing Solutions	<ul style="list-style-type: none">• Post Wire Bonding• Post Die Attach• Wafer Inspection and Post Probing• Software for AMS Series• Solar Panel Inspection
Product	<p>QES Vision Solutions</p> <ul style="list-style-type: none">• RFID WMS• IoT Sensing for IR4.0 smart manufacturing• RFID SVS (Smart Vending Solution)• RFID SSS connect ware (Smart Security Solution)• SDL (Smart Digital Locker)• DSD (Document Storage Digitalization)	<p>QES Mechatronic Equipment</p> <ul style="list-style-type: none">• Post Wire Bonding PWB2000V• Post Die Attach PDA1500V• Post Probing PPI8000• Advance Metrology System Chapman MPT1100 <p>Solar Panel Inspection Module</p> <ul style="list-style-type: none">• Add on to existing production line system



QES VENDING SOLUTIONS

SMART VENDING SOLUTIONS

- Real-Time Database
- Requirement Personalized to Employees
- Automated Issuance
- PPE Integrity Monitoring
- Automated Replenishment



connectware

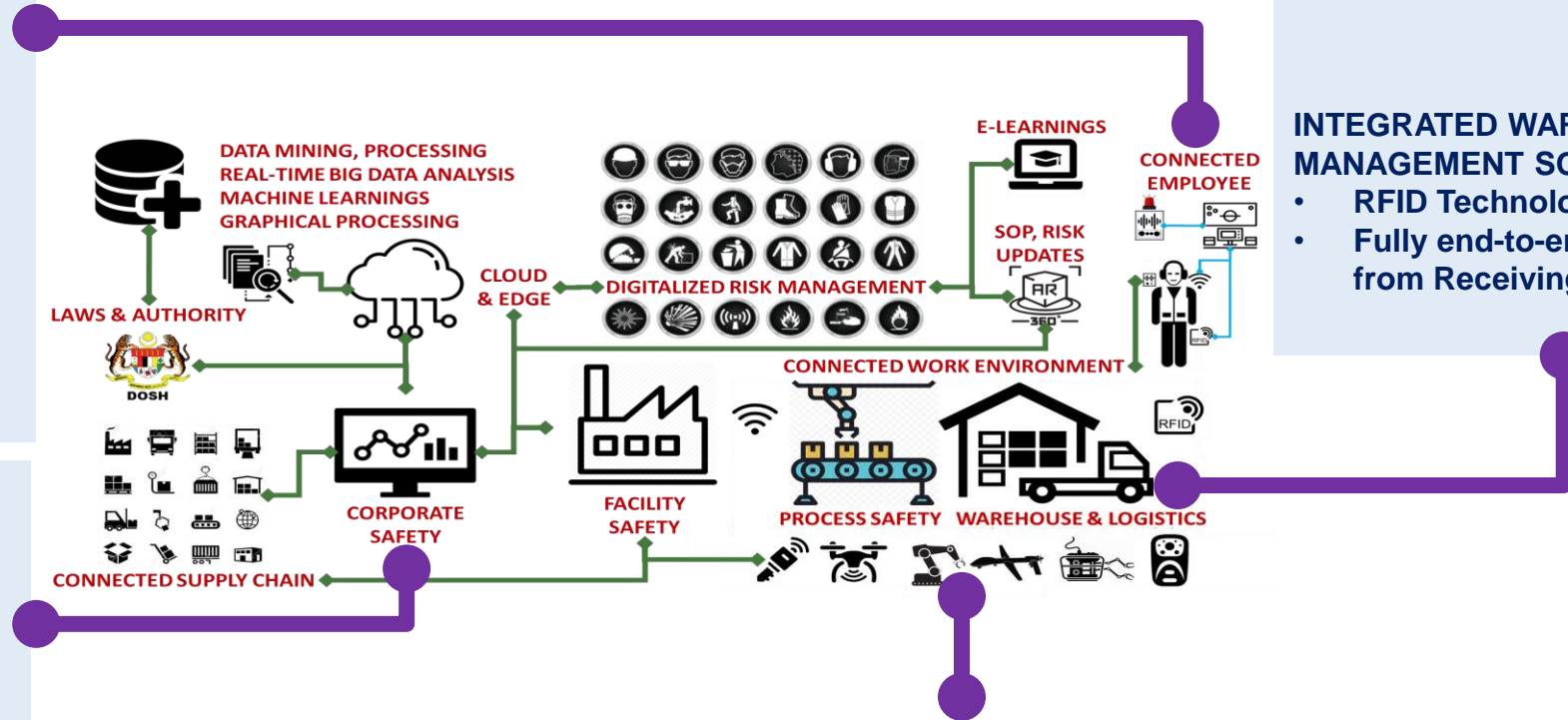
SMART SECURITY SOLUTIONS

- RFID Technology
- Zoning: High Risk Zone
- Real-time Connectivity and Monitoring/Control
- Full Awareness and Control of Employees and Visitors within Premise



INTEGRATED WAREHOUSE MANAGEMENT SOLUTIONS

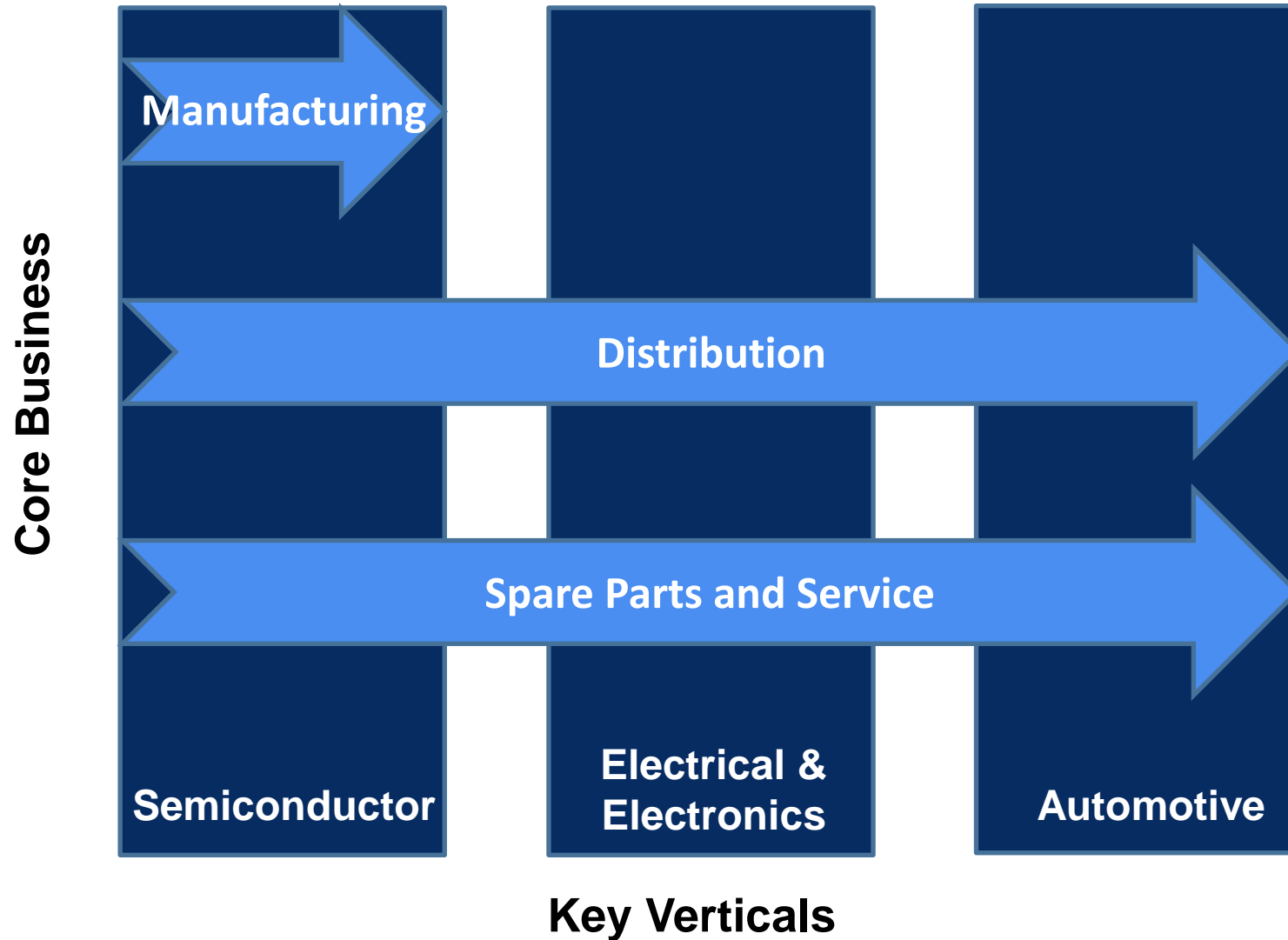
- RFID Technology
- Fully end-to-end integration from Receiving to Issuance



INTEGRATED IOT SENSING SOLUTIONS

- Real-Time Sensors (Temp., Humidity, etc.)
- Dashboard Monitoring
- Indicator to React
- Various IOT integrated New Solutions





- ❖ Diversified into 3 core sectors
- ❖ Counter cyclical
- ❖ Spare parts and service provide strong recurring revenue
- ❖ Sustainable revenue growth

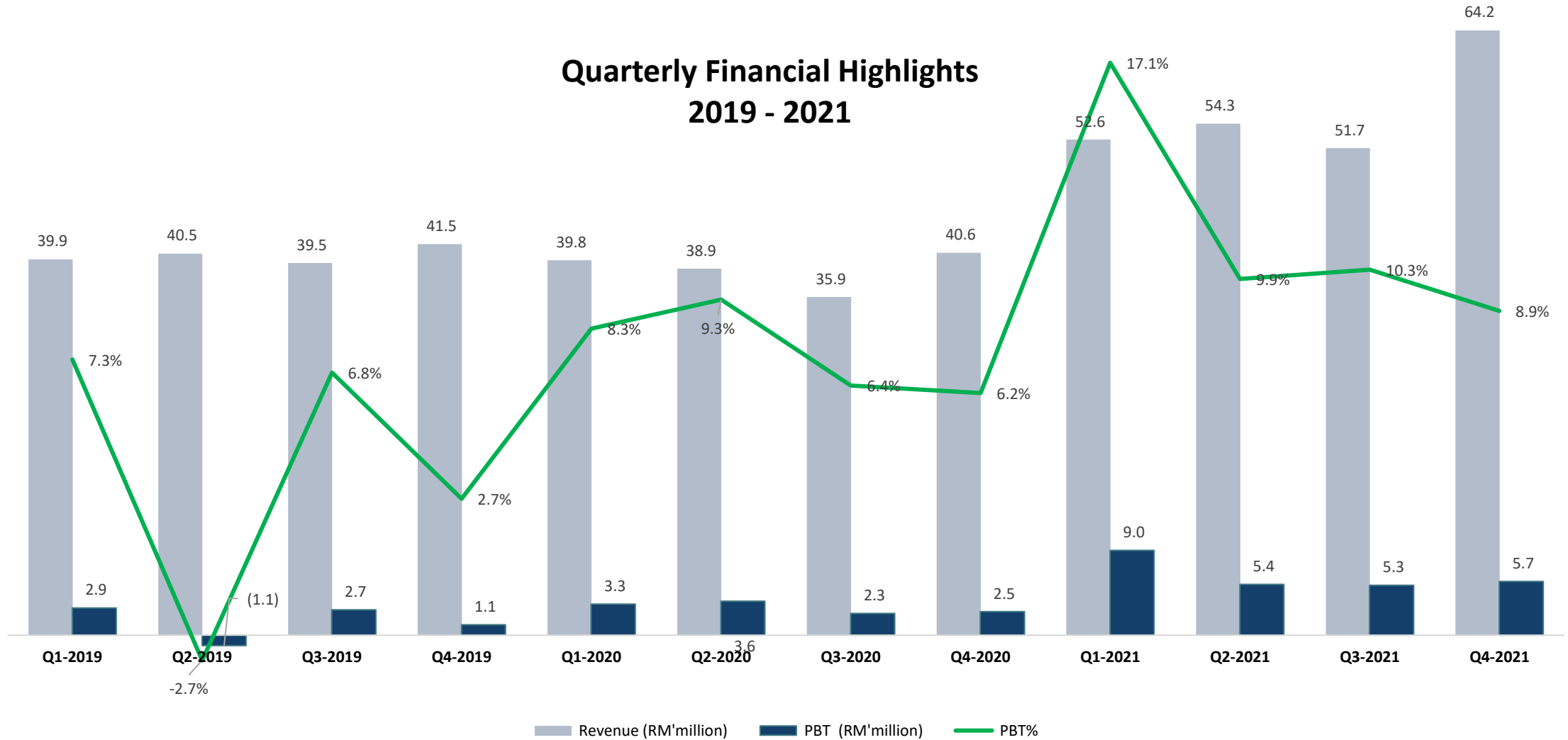
Financial Highlights - Quarterly Results QoQ and YoY

RM'mil	Q4 21	Q3 21	QoQ%	For the year ended		YoY%
				Dec 21	Dec 20	
Revenue						
Distribution	55.0	46.7	17.8%	197.3	130.1	51.7%
- Product	32.3	31.3	3.2%	124.2	72.6	71.1%
- Materials	9.2	4.5	104.4%	26.0	17.4	49.4%
- Spares & Service	13.5	10.9	23.9%	47.1	40.1	17.5%
Manufacturing	9.2	5.0	84.0%	25.5	25.1	1.6%
Total Revenue	64.2	51.7	24.2%	222.8	155.2	43.6%
GP						
Distribution	9.6	10.8	-11.1%	43.9	28.2	55.7%
- Product	6.2	6.9	-10.1%	27.8	15.0	85.3%
- Materials	0.7	0.3	133.3%	2.7	1.1	145.5%
- Spares & Service	2.7	3.6	-25.0%	13.4	12.1	10.7%
Manufacturing	2.9	1.2	141.7%	7.7	7.2	6.9%
Total GP	12.5	12.0	4.2%	51.6	35.4	45.8%
EBITDA	6.6	6.1	8.2%	29.0	15.4	88.3%
Operating Cost	(6.6)	(6.7)	-1.5%	(26.0)	(23.7)	9.7%
Shares of profit of associates, net of tax	(0.2)	-	0.0%	(0.2)	-	0.0%
PBT	5.7	5.3	7.5%	25.4	11.7	117.1%
Tax	(1.1)	(1.6)	-31.3%	(5.8)	(3.0)	93.3%
PAT	4.6	3.7	24.3%	19.6	8.7	125.3%
MI	(0.2)	0.1	-300.0%	(0.6)	-	0.0%
PAT Attributable (PATMI)	4.4	3.8	15.8%	19.0	8.7	118.4%

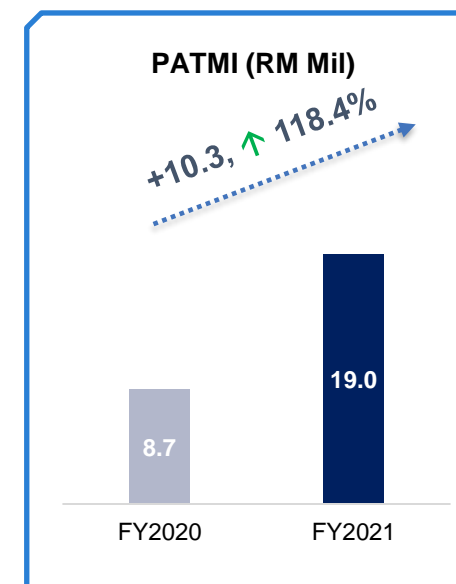
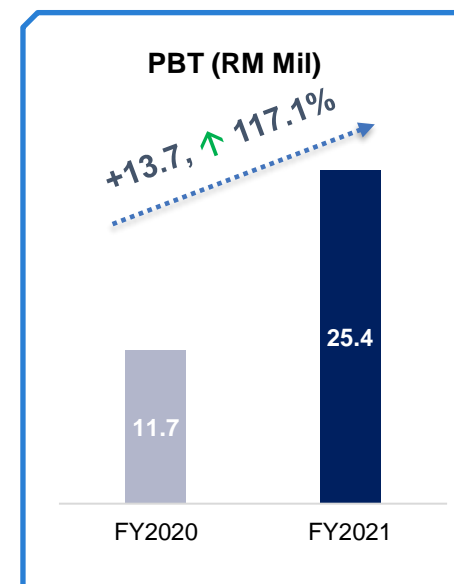
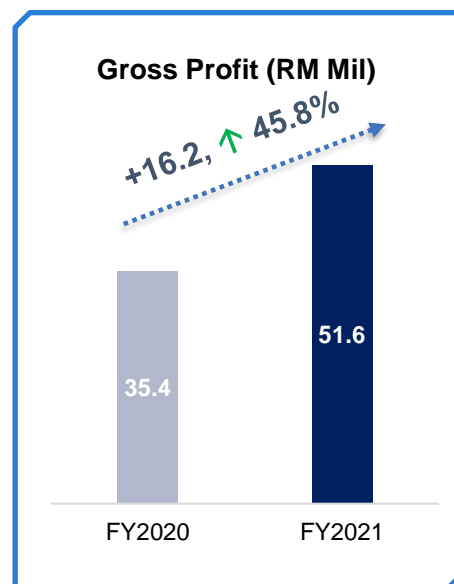
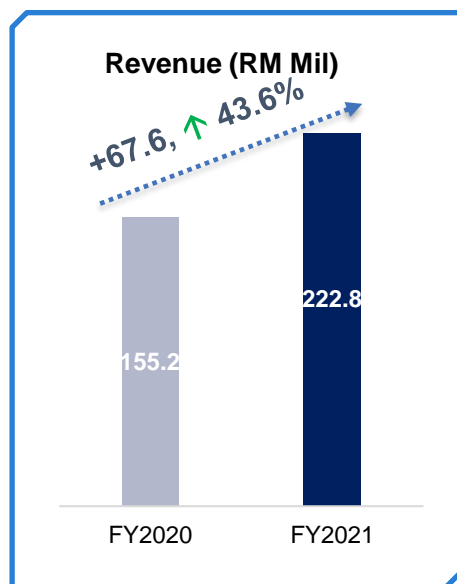
In RM 'mil

	Q4'21	Q4'20	Q3'21	Q4'21 vs Q4'20	Q4'21 vs Q3'21	For Year Ended		
						Dec'21	Dec'20	Dec'21 vs Dec'20
Revenue	64.2	40.6	51.7	↑ 58.1%	↑ 24.2%	222.8	155.2	↑ 43.6%
PATMI	4.4	2.0	3.8	↑ 120.0%	↑ 15.8%	19.0	8.7	↑ 118.4%
PATMI Margin	6.9%	4.9%	7.4%			8.5%	5.6%	
EBITDA	6.6	3.5	6.1	↑ 88.6%	↑ 8.2%	29.0	15.4	↑ 88.3%
EBITDA Margin	10.3%	8.6%	11.8%			13.0%	9.9%	

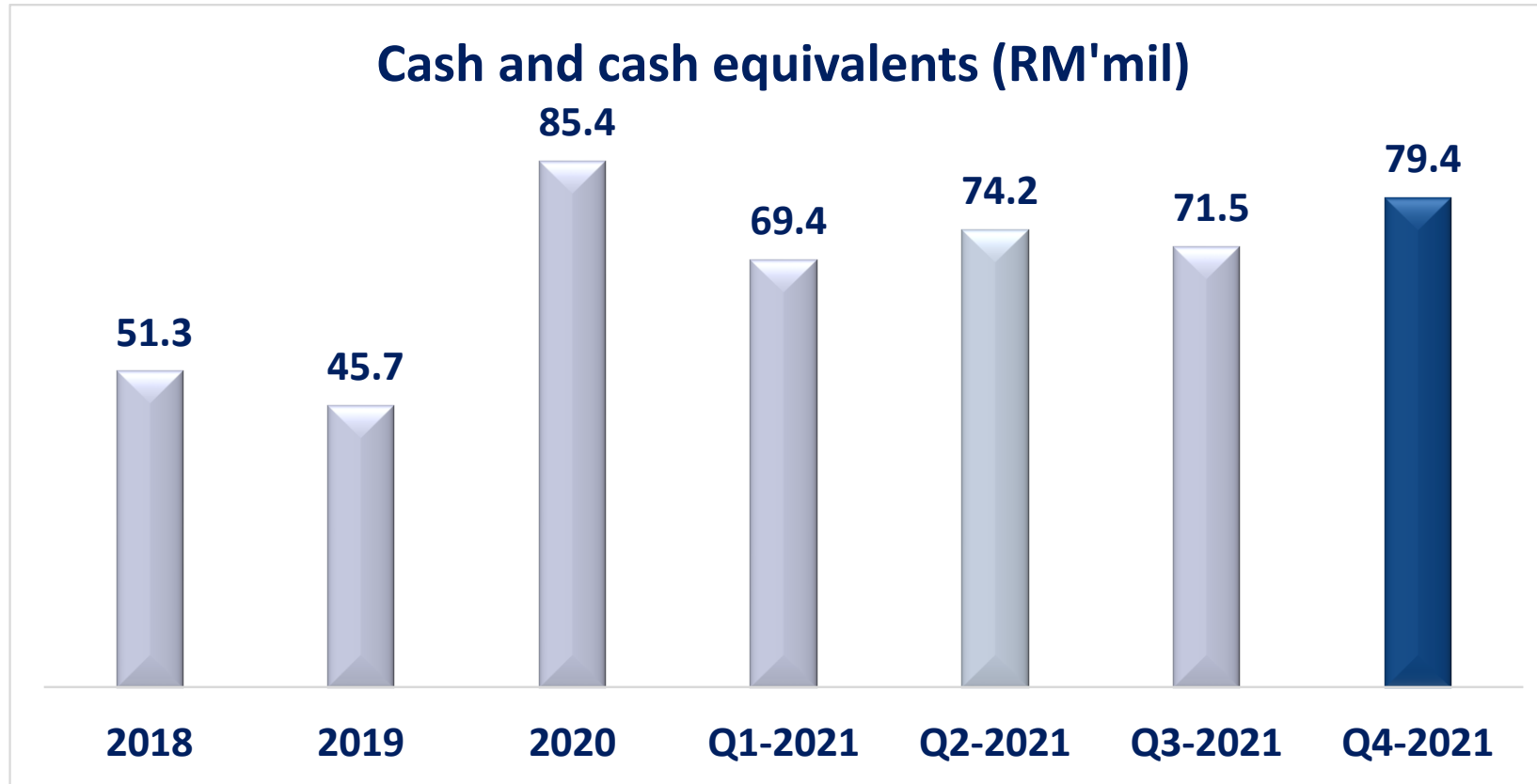
Quarterly Financial Highlights 2019 - 2021



Financial Highlights of Q4'21 – 12M cumulative period

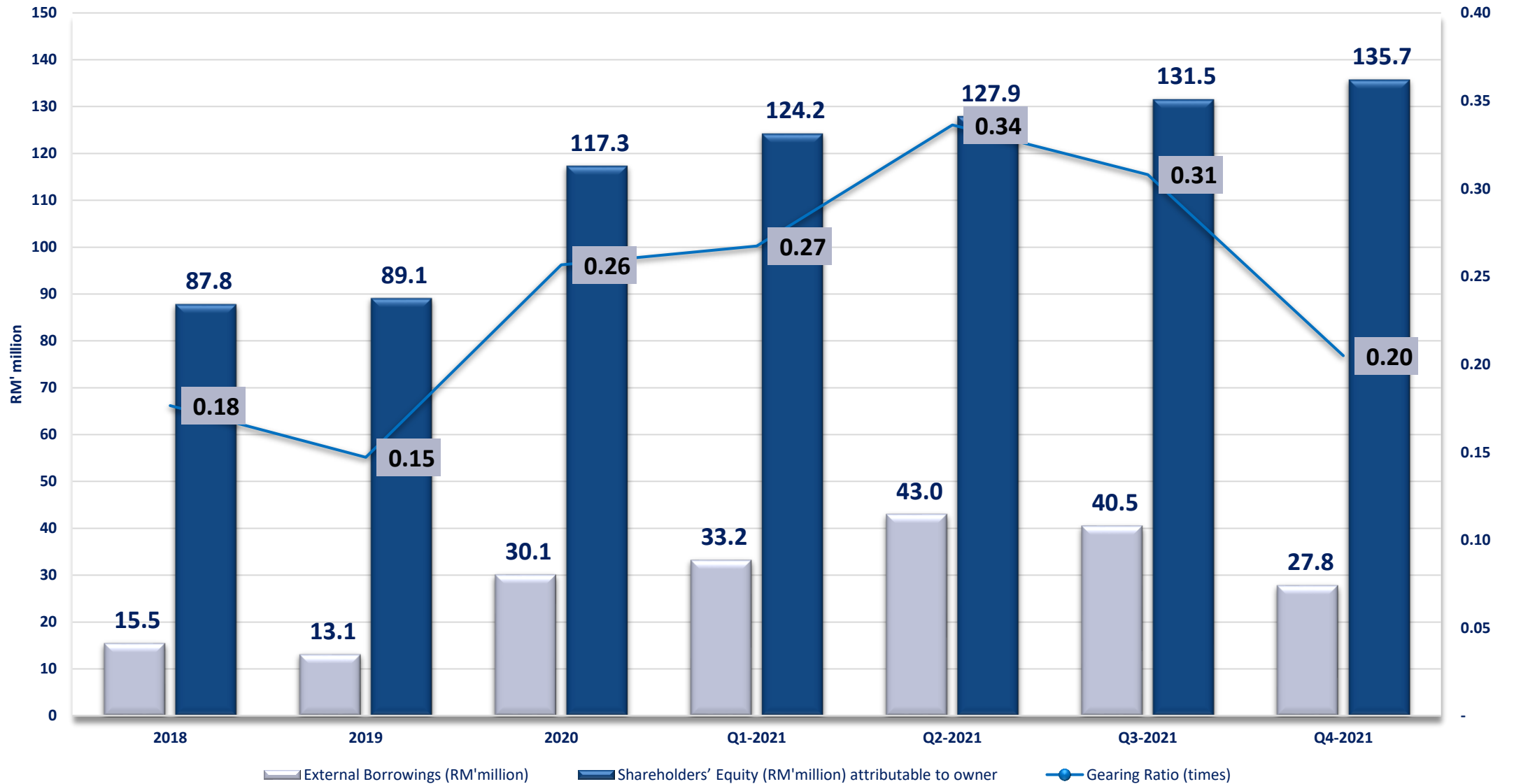


- On the back of the highest ever quarterly revenue in Q4FYE21, FYE21 revenue increased due to a jump in sales from both the distribution division and manufacturing division.
 - Distribution division revenue increased by 76.9% YoY mainly due to continued strong global demand in the semiconductor, automotive and electrical and electronic industries.
 - Manufacturing division revenue decreased slightly by 3.0% YoY, due to a decline in sales of vision software solutions as compared to the corresponding quarter last year.
- PBT and PATMI increased in tandem with the growth in revenue and a better gross profit generated by both distribution and manufacturing division.



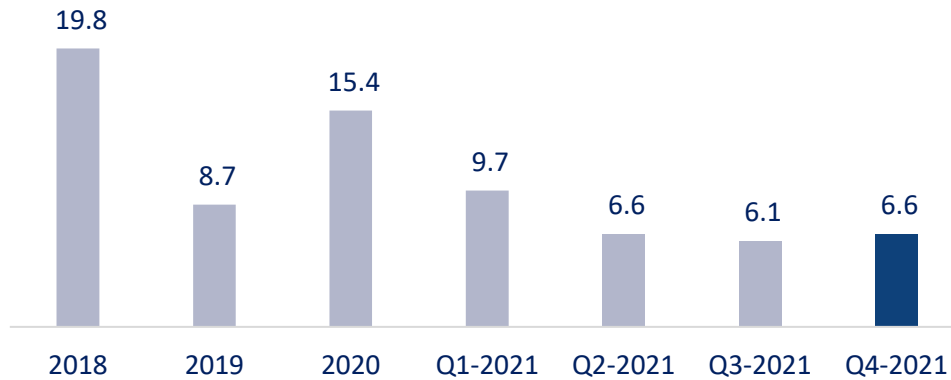
* Included in the financial year ended 2020 Cash and Bank Balances is RM17,850,000 being monies placed to vendor's financier in respect of the 5 storey detached factory property acquisition as part of the redemption sum due by the vendor to the vendor's financier. The property acquisition was completed on vacant possession being obtained on 4 January 2021.

Financial highlights – Gearing ratio

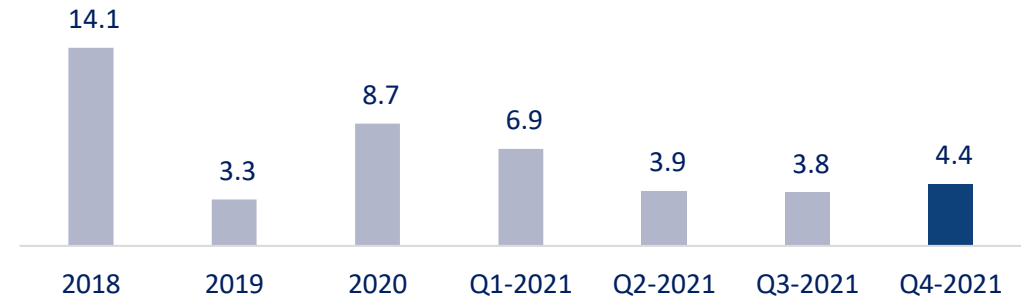


Financial highlights – Other ratios

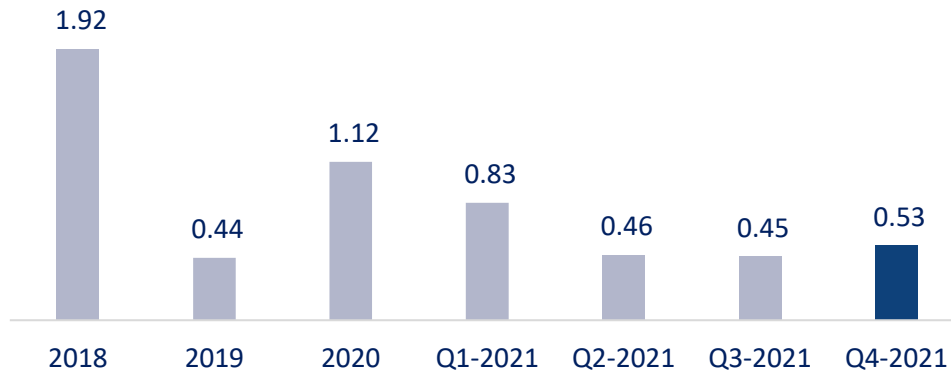
Earnings before Interest, Taxes, Depreciation and Amortisation (RM'million)



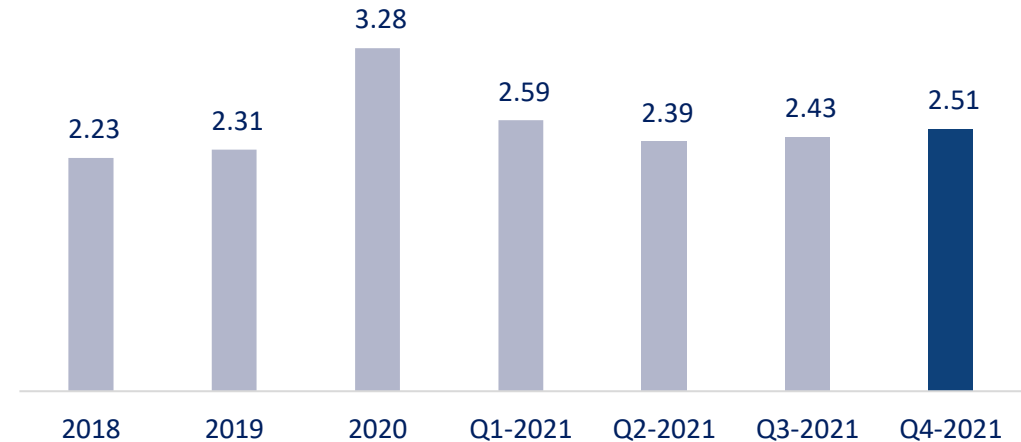
Profit attributable to Owners of the Company (RM'million)



Basic Earnings per Share (sen)



Current Ratio (times)



Analysis: Revenue (QoQ and YoY) – By Countries

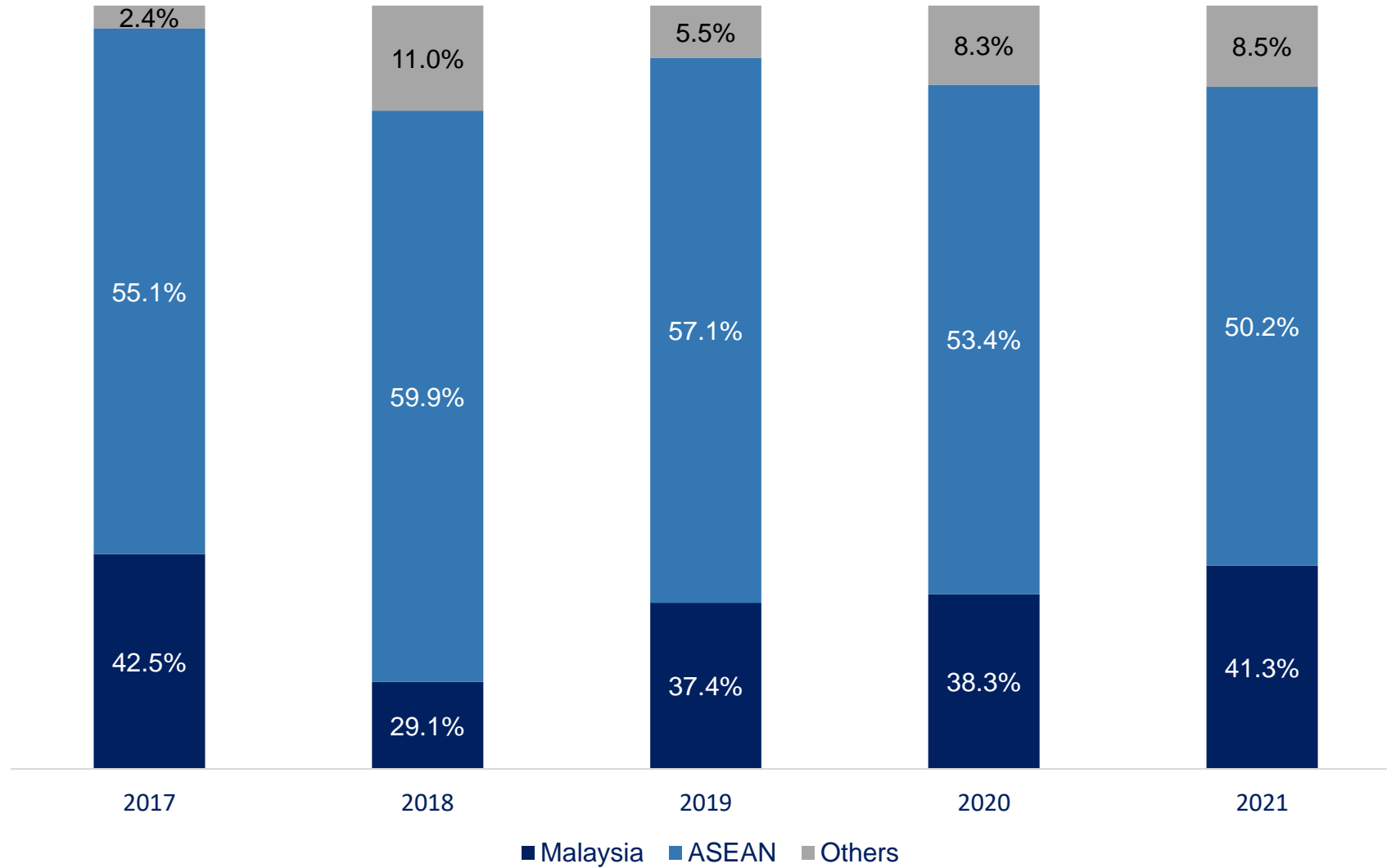
RM m	For the year ended						
	Q4 21	Q3 21	QoQ%	Dec 21	Dec 20	YoY%	
Revenue							
Malaysia	28.8	21.7	32.7%	92.0	^ 59.5	54.6%	Malaysia grew strongly
ASEAN	29.1	28.1	3.6%	111.9	82.9	35.0%	Strong ASEAN recovery
<i>Singapore</i>	7.4	9.3	-20.4%	34.3	24.7	38.9%	Semicon driven growth
<i>Vietnam</i>	9.9	7.5	32.0%	26.0	24.4	6.6%	Recovering well
<i>Thailand</i>	4.0	4.9	-18.4%	19.9	14.6	36.3%	E&E and Automotive based
<i>Philippines</i>	4.2	2.7	55.6%	16.4	11.9	37.8%	Both Indonesia and Philippines posted strong rebound from low base YoY
<i>Indonesia</i>	3.1	2.9	6.9%	13.0	7.2	80.6%	
<i>Other ASEAN *</i>	0.5	0.8	-37.5%	2.3	0.1	2200.0%	
Others	6.3	1.9	231.6%	18.9	12.8	47.7%	
<i>China</i>	0.2	0.2	0.0%	8.0	^ 5.4	48.1%	Good growth potential
<i>ROW **</i>	6.1	1.7	258.8%	10.9	7.4	47.3%	Q4 semicon driven growth from Europe
	64.2	51.7	24.2%	222.8	155.2	43.6%	

* Other ASEAN includes Myanmar, Laos, Cambodia and Brunei.

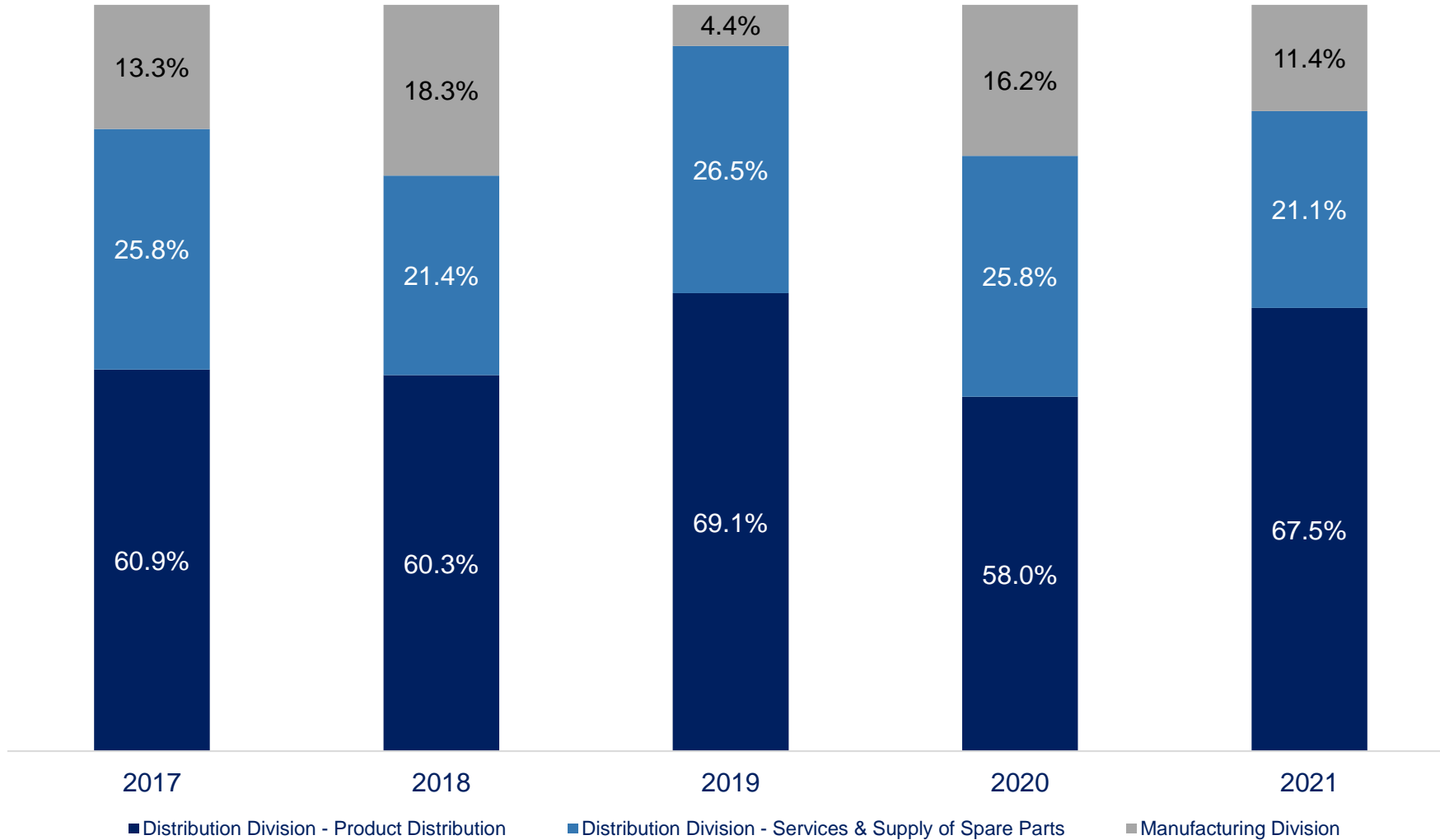
** ROW includes countries like France, Taiwan, Germany, Korea, Malta, Mexico, Morocco, India, Italy, Japan & etc.

^ Omitted elimination for inter-companies' revenue which is now corrected

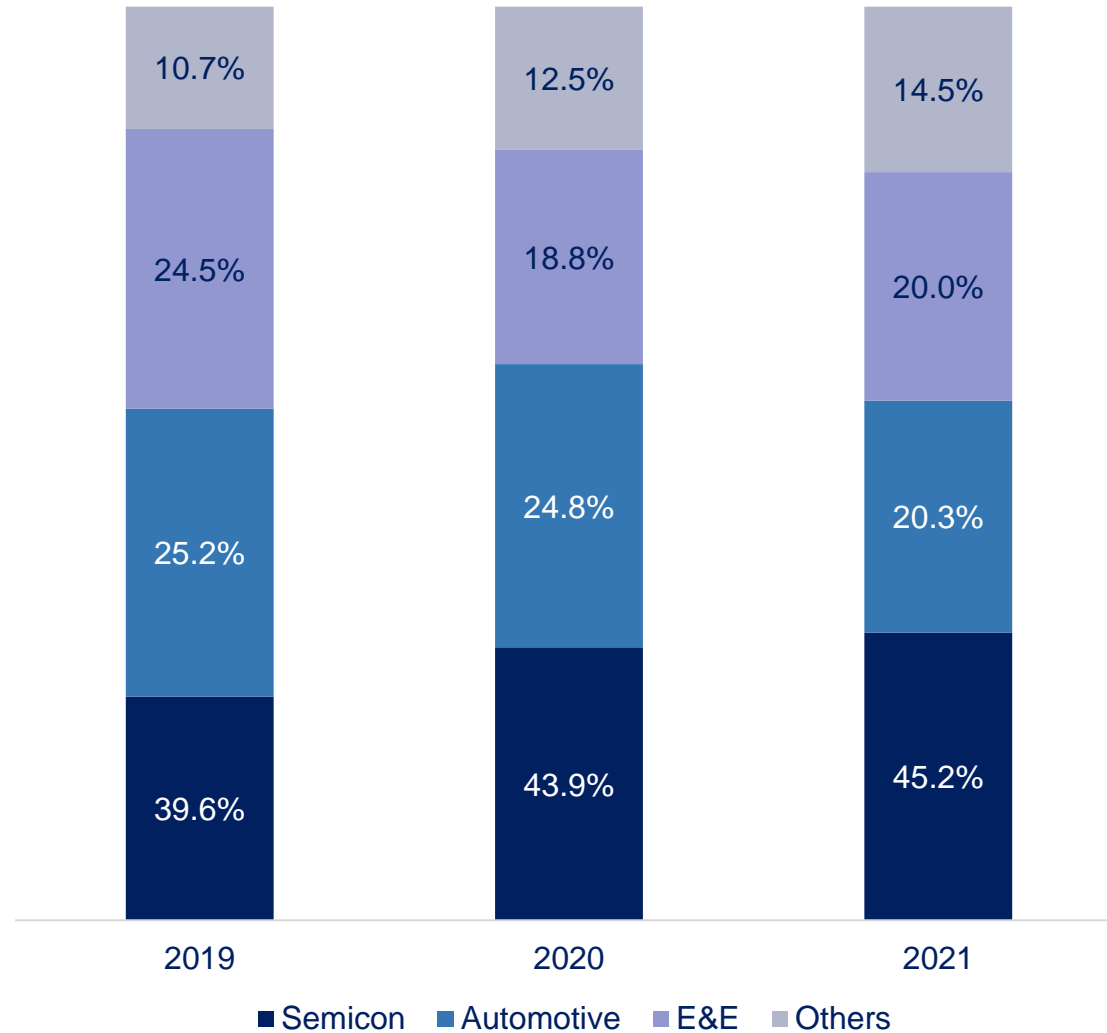
Analysis: Revenue Breakdown – By Country/Region



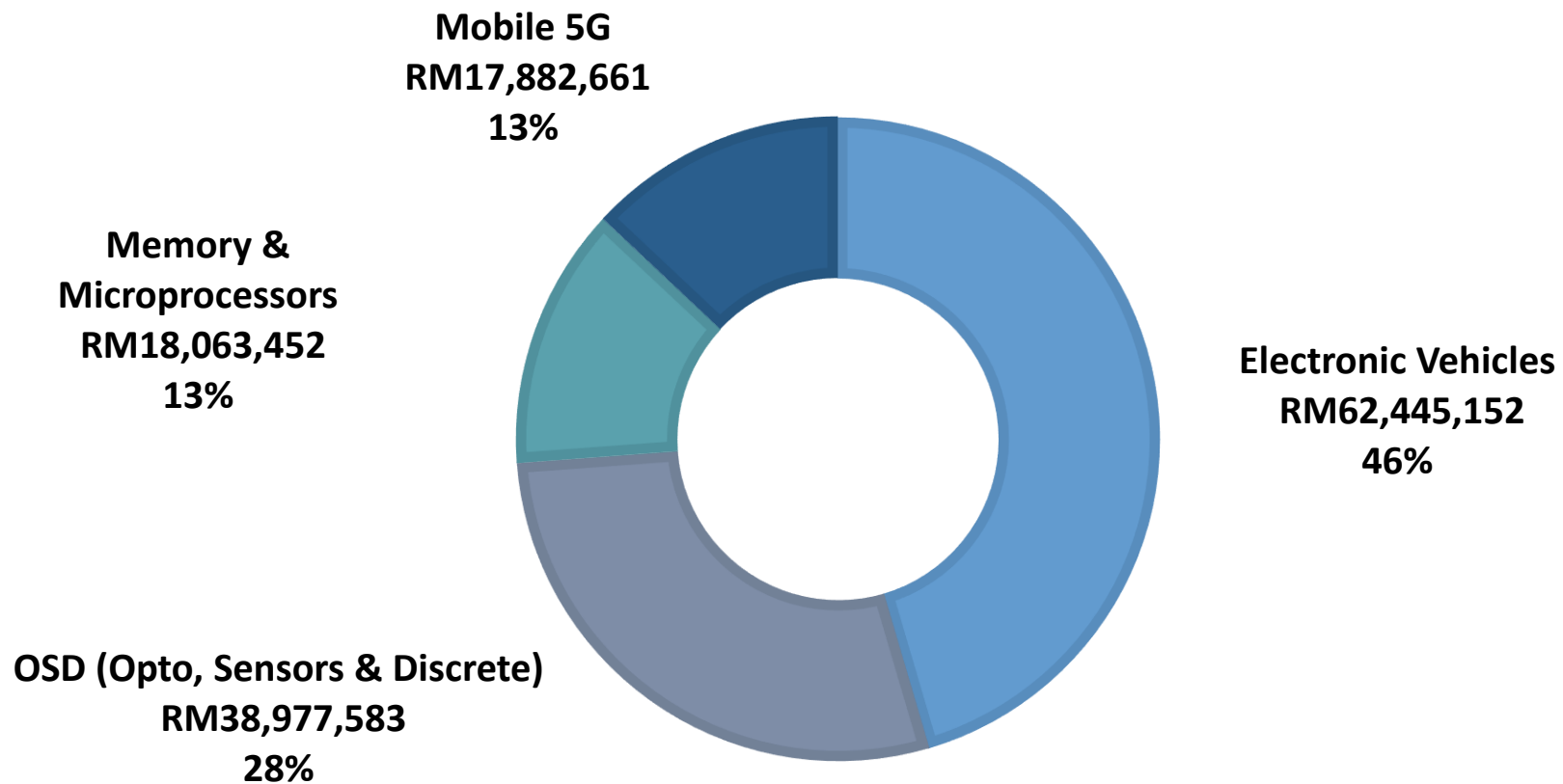
Analysis: Revenue Breakdown – By Division



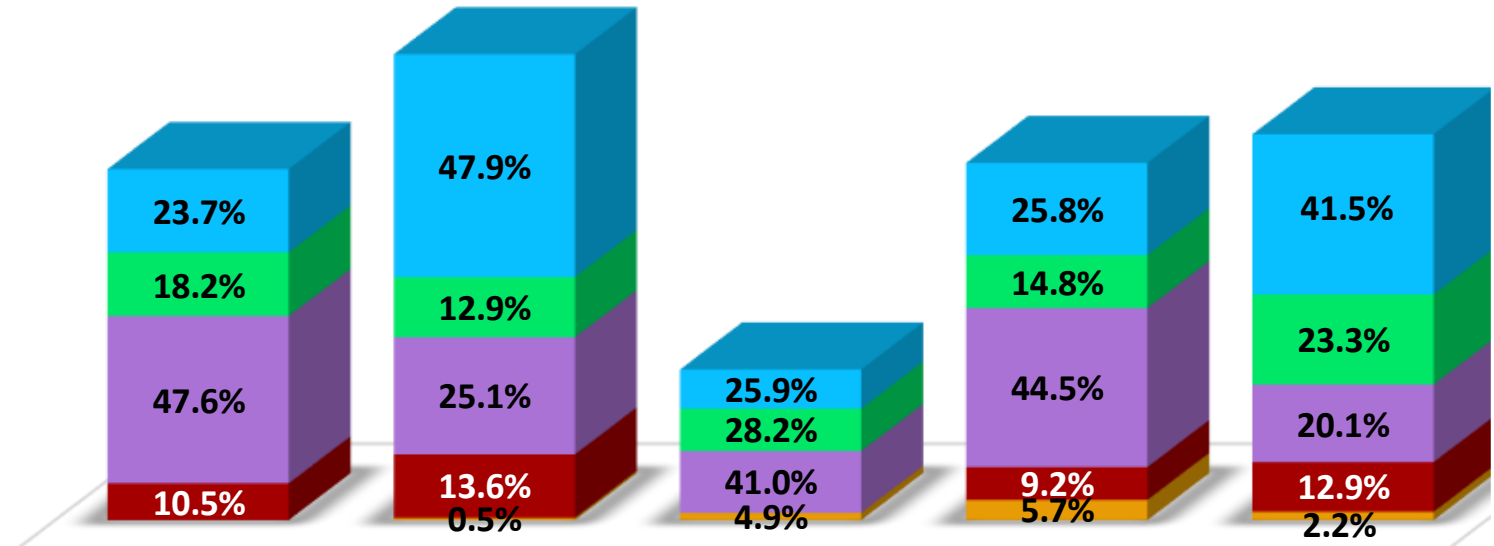
Analysis: Revenue Breakdown – By Industry



REVENUE BREAKDOWN BY SEMICONDUCTOR APPLICATIONS (FY2021)

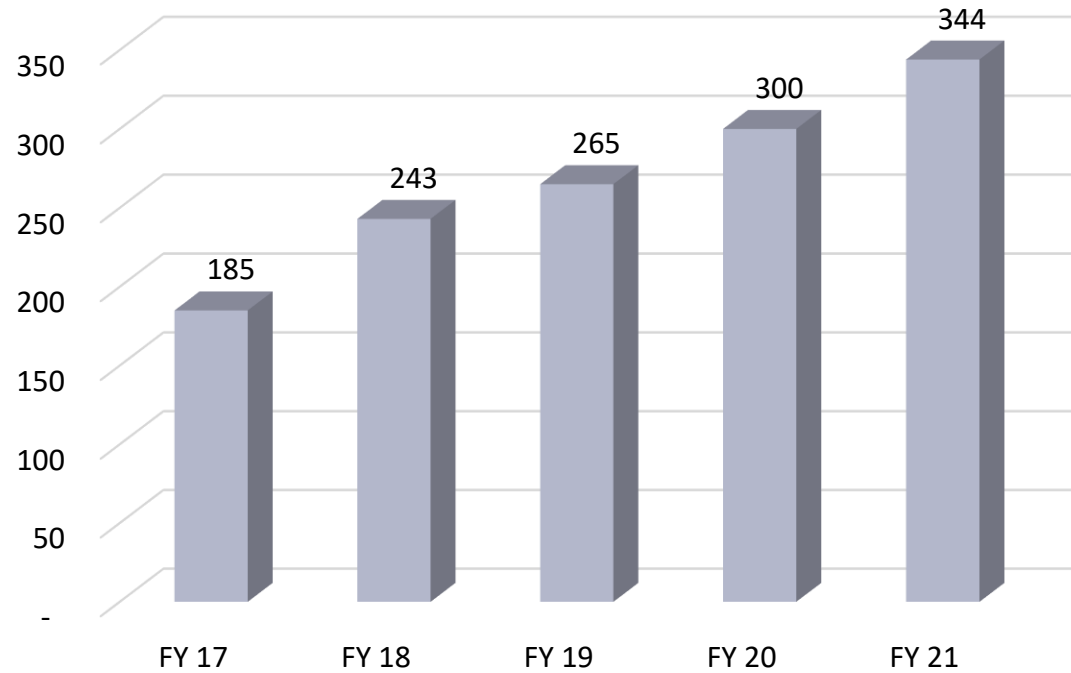


Manufacturing Division - Revenue Breakdown (YoY) by Product Series

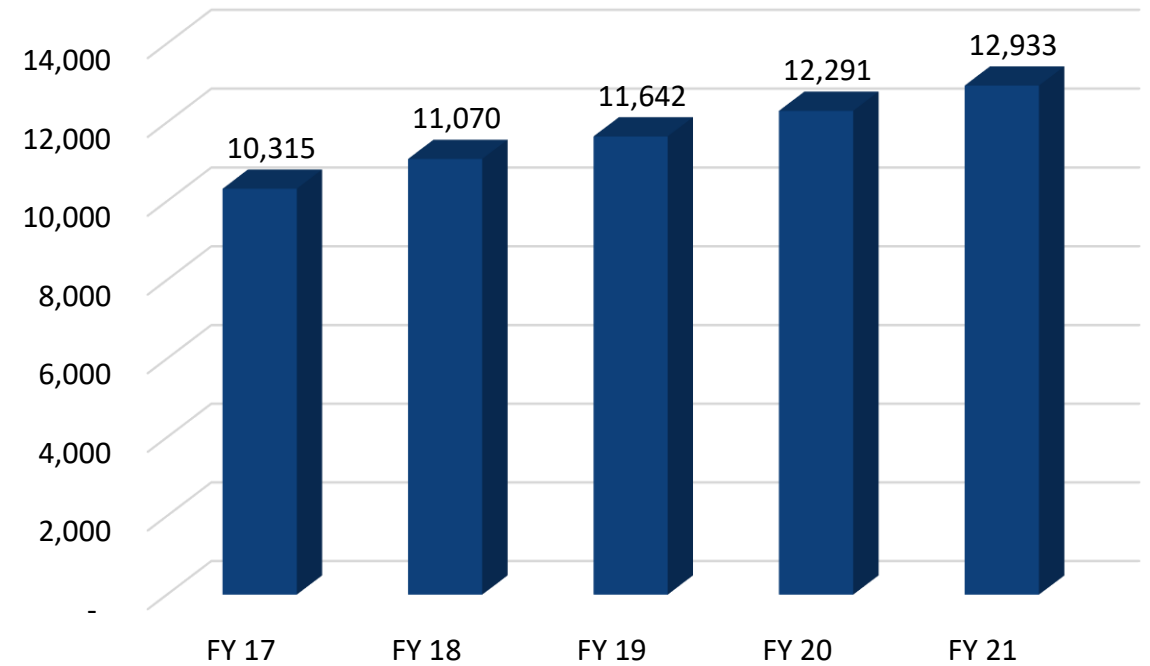


Revenue RM'000	FY 17	FY 18	FY 19	FY 20	FY 21
AOI series	5,496	14,693	2,575	6,081	10,564
AHS series	4,205	3,972	2,803	3,496	5,943
OIS series	11,026	7,724	4,077	10,482	5,120
AMS series	2,437	4,185	-	2,169	3,274
SMS series	-	161	484	1,340	556

Manufacturing



Total QES Group



Installed base continues to grow for manufacturing and distribution products

** Some machines which are more than 10 years old might not be active.*

Well established own subsidiaries regional infrastructure across ASEAN

Large installed base of more than 12,000 machines worldwide

Diversified base of more than 3,800 customers primarily from semiconductor, E&E, Metal & Automotive sectors

Large pool of more than 280 experience engineers and technicians

Extensive R&D on Semiconductor Equipment and IR4.0 Smart Manufacturing Solutions

One stop solution provider covering major industrial sectors

Diverse Products and Market Segments

- 30 years experience of being a one stop specialist in manufacturing, distribution and services of test, inspection and measuring equipment, materials and engineering solutions.
- Diversified market segments - electrical & electronics, metal, automotive & semiconductor.

Stable Recurring Income

- Consistent recurring annual income of ~RM40 million (20% to 25% of group revenue) via maintenance and service of large equipment installed base.

Regional Presence in ASEAN Market With Overseas Expansion Plans

- Extensive subsidiaries network in ASEAN region
- Expansion plans China via QES Hong Kong
- Sales channel partners worldwide

Highly Qualified and Experienced Management

- Long-standing management team with an average length of more than 10 years in key technical and operational functions.

Strong financial balance sheet

- Net cash of > RM 79.4 million as of 31-Dec 21
- Gearing ratio of 0.20
- Cash flow positive

Extensive R&D

- 7%~8% of manufacturing division revenue allocated for R&D
- Focus semiconductor equipment, IR 4.0 and Smart Manufacturing Solutions



Corporate Updates

Event	Planned activities and updates
Renovation of new QES factory @ Hicom-Glenmarie, Shah Alam	<ul style="list-style-type: none">❖ On track and almost completed❖ Overall space increase from 39,000 sq ft to ~81,000 sq ft❖ Capacity of manufacturing increases from 25,000 sq ft to 35,000 sq ft
Applied Engineering Technology (M) Sdn Bhd (AETM)	<ul style="list-style-type: none">❖ A joint venture between Applied Engineering Inc, USA (70%) and QES Group (30%)❖ Renovation estimated to be fully completed by end Feb 2022❖ Production readiness by mid-Mar 2022❖ AE USA will begin product transfers by mid-Apr 2022
QES Group acquisition of 2 acres land @ Batu Kawan Industrial Park, Penang	<ul style="list-style-type: none">❖ Completed SPA between PDC and QES❖ Paid 50% (~RM 2.4 mil) of the SPA price to PDC as of 15 Jan 2022❖ Construction of QES 2.0 @BKIP to start from 2H-2022 onwards

Event	Planned activities and updates
<p>QES Penang Expansion</p>	<ul style="list-style-type: none"> ❖ QES 2nd factory will house a combined QES Mechatronic, QES Vision, AETM and QES Distribution Penang operations ❖ Manufacturing space of at approximately 100,000 sq ft ❖ Total employment forecasted to be at least 100 staffs within 3 years from moving in
<p>QES Penang leveraging ecosystem of Semiconductor, E&E and Medical Technology sectors</p>	<ul style="list-style-type: none"> ❖ Leverage existing matured supply chain within Penang ❖ QES Mechatronic to further enhance our high technology equipment development through collaborations with Semiconductor and E&E customers ❖ AETM joint venture to support high technology investment from MNCs especially in Semiconductor, Medical Technology and Aerospace sectors ❖ QES Vision to continuously developing IR4.0 and Smart Manufacturing Solutions for the large MNCs and the SME companies

Event	Planned activities and updates
<p>Manufacturing Division</p>	<ul style="list-style-type: none"> ❖ Order intake from semiconductor customers continues to be strong ❖ Deliveries impacted by supply chain issues and shortage of critical components ❖ Launched PDA1000V (AOI Series) automated inspection machines for IGBT power device (extensively use inside EV) ❖ Launched WSM1200 (AMS Series) automated metrology inspection for both bump wafer and SiC wafer (extensively use for EV semiconductor IC production) ❖ Wafer Inspection AOI (PPI series) 1st prototype is ready
<p>Distribution Division</p>	<ul style="list-style-type: none"> ❖ Strong order intake from semiconductor as well ❖ Received multiple large orders from both front-end wafer fab and back-end test assembly customers but shipment will be next year due to lengthy delivery lead time ❖ Record revenue recorded from all Business Units for FY 2021 ❖ Recurring income continues to be steady at ~21% of FY 2021 revenue



Pictures taken at QES Hicom-Glenmarie factory on 13 Feb 2022

Event	Planned activities and updates
<p>FY2022</p>	<ul style="list-style-type: none"> ❖ Estimated 5~6 months to clear backlog of orders (~RM 92 mil) from FY 2021 ❖ Order intake momentum remains strong for Jan and Feb of 2022 ❖ QES Group is optimistic to see growth in FY2022 over FY2021 ❖ Subject to meeting all the requirements, approval of BOD and relevant authorities, we plan to apply to migrate from Ace to Main market by 3Q-2022
<p>5 years road map (FY2022 to FY2026)</p>	<ul style="list-style-type: none"> ❖ AETM JV company to start full swing by end FY2022 ❖ Planned to start building QES 2nd plant @ BKIP from 2H2022 onwards ❖ Target to start operations of QES 2.0 @BKIP from 2H2023 onwards ❖ QES China expansion to yield positive results next 2H2022 onwards ❖ With EV, 5G, IoT, Cloud, Edge Computing and AI continue to flourish, we expect demand for our products and services to be trending upwards over the next 5 years ❖ Forecasting CAGR of double-digit growth over the next 5 years based on the potentials outlined above



Environmental

- QES promoting **WEEE/ROHS analytical equipment** to check and monitor hazardous elements (lead, mercury, cadmium etc) coming into consumer electronic products. Playing our part to ensure planet Earth is environmentally free from these hazardous elements. QES has installed more than 1,600 equipment to monitor these ozone depleting and hazardous elements
- **Rain harvesting systems** to be installed at both new QES @Hicom-Glenmarie & QES 2.0 @BKIP
- Complete **digitalization** to reduce paper and energy wastage (FY2021 – 1626 reems, we aim to cut it down by **50%** for FY2022).
- **Installation of solar panels** QES @Hicom-Glenmarie will improve carbon footprint as per illustration



313 metric tonnes

of carbon avoidance per annum



68

passenger vehicles taken off the road for 1 year



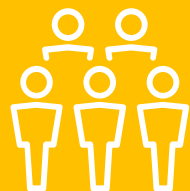
5177

tree seedlings grown for 10 years



57

Number of homes' average electricity use for 1 year



Social

- Gender and racial diversity within employees. Approximately **30%** female; **70%** male employee in the entire Group.
- Donation and contributions to university sponsorships and recent flood victims (Total donation was **RM42,728** to universities and flood relief) for FY2021.
- **Clean, vibrant** and **happy** workplace at the newly renovated QES HQ @ Hicom-Glenmarie scheduled to move in by end of Mar 2022.

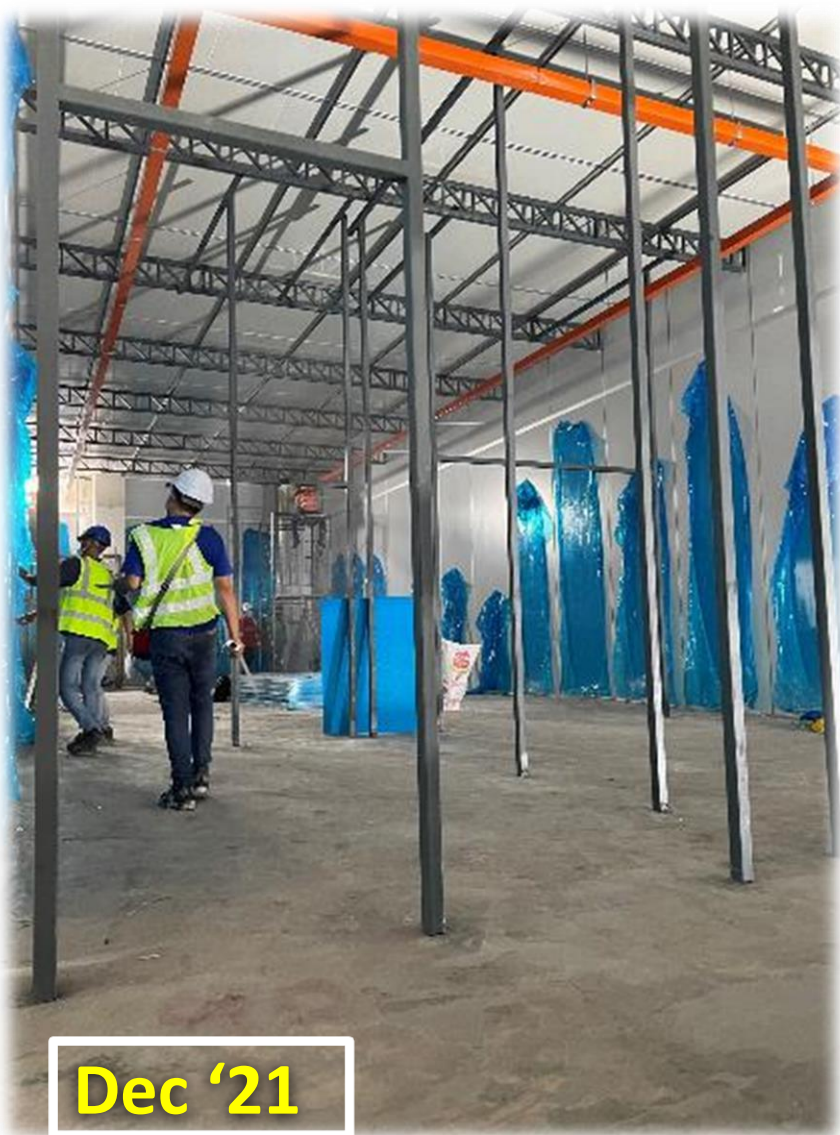


Governance

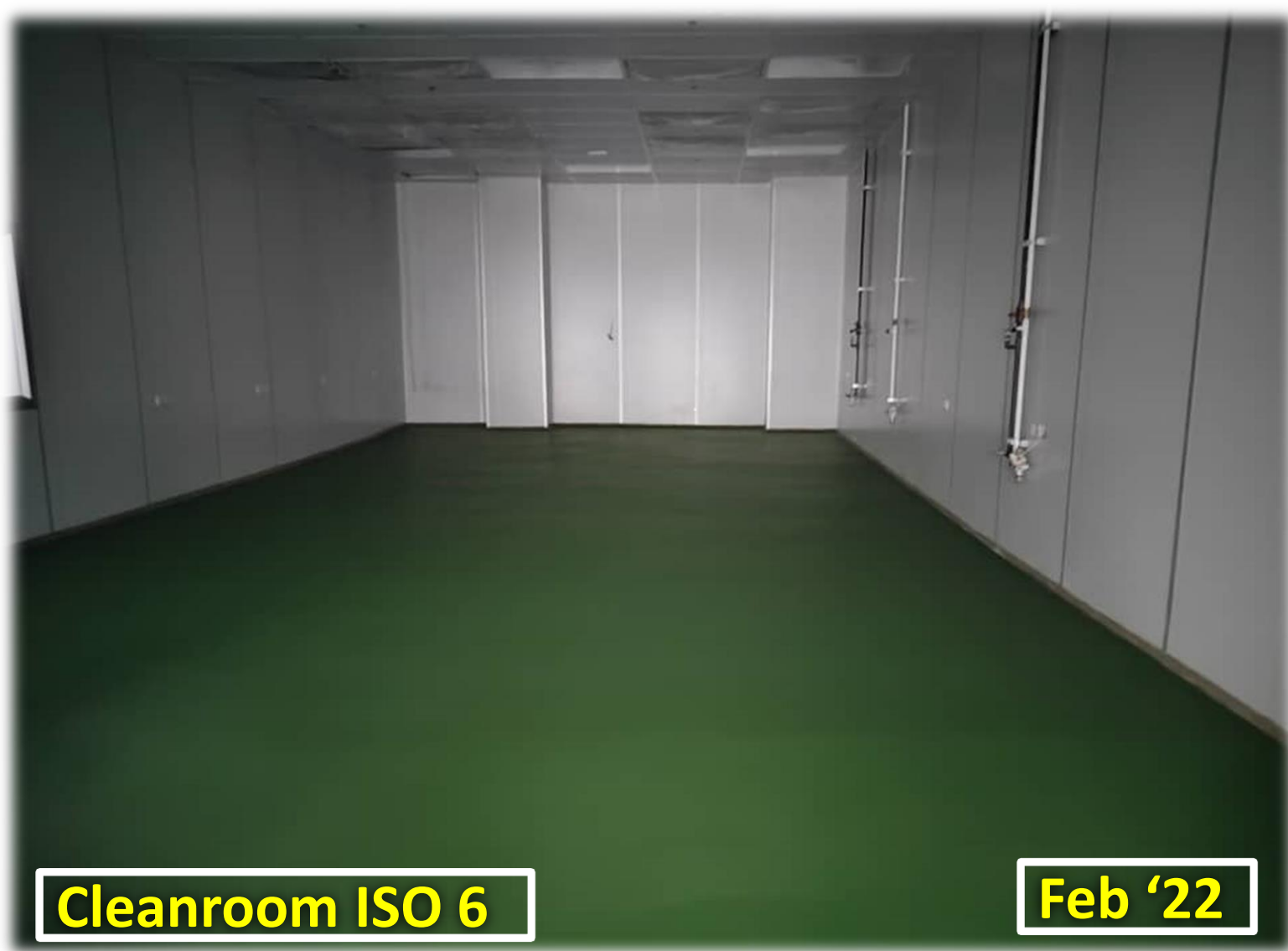
- Appropriate checks and balance via separate roles and functions of **Chairman** and **Managing Director / President**
- Strong oversight and accountability on QES' board – majority of **independent directors (4)** and **executive directors (2)**.
- Consistent quarterly investor relations updates to **shareholders** e.g institutional fund managers and high net worth individual shareholders.



QES Glenmarie Factory Progress – Dec '21/Feb '22



Dec '21



Cleanroom ISO 6

Feb '22



QES Glenmarie Factory Progress – Dec '21/Feb '22



Dec '21

Manufacturing Floor



Feb '22



QES Group New Factory Progress – Feb '22



Demo Room



Building Facade



QES Glenmarie Progress – Feb '22



Building Façade



QES2@BKIP – Batu Kawan Industrial Park, Penang

Land Area: 2 acres

Amount: RM4,791,600

Investment: RM20 mil

Job Opportunities: Provide jobs for 100 engineers, technicians, administrative & executive personnel within 3 years from operation





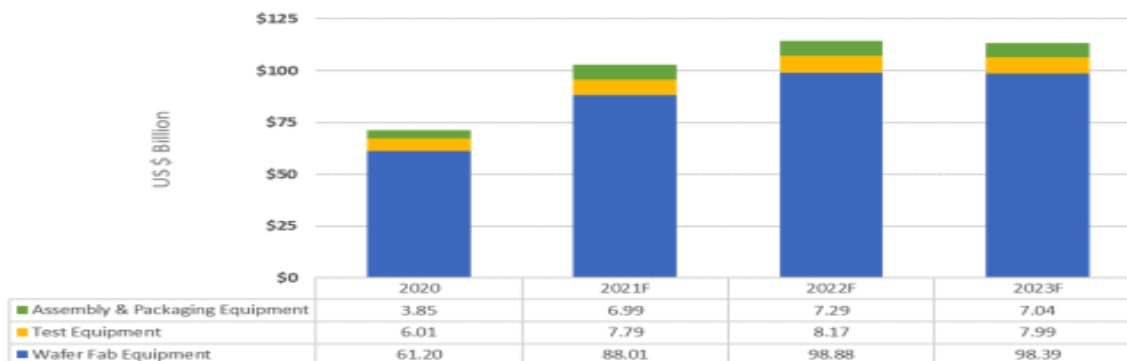
QES2@BKIP – Batu Kawan Industrial Park, Penang



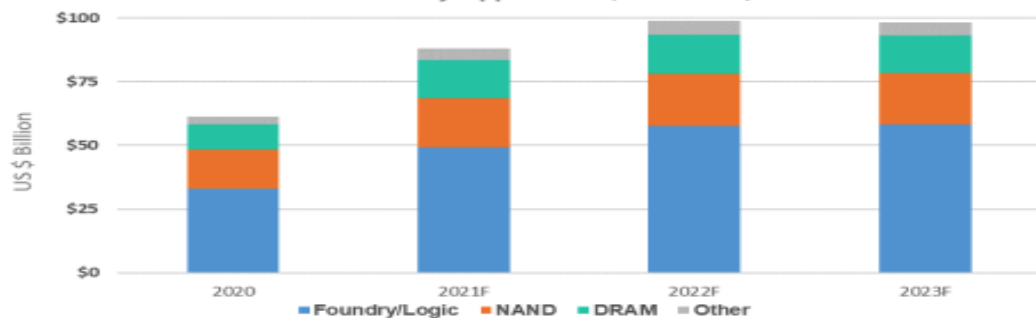
As at 31 December 2021

Purposes		Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Expected Timeframe for Utilisation
(i)	Factory capacity expansion	8,200	1,641	6,559	Within 18 months from 30 Oct 2020
(ii)	R&D on future product expansion	5,300	440	4,860	Within 24 months from 30 Oct 2020
(iii)	Market expansion to China	1,500	97	1,403	Within 18 months from 30 Oct 2020
(iv)	Future working capital and acquisition related investment	4,595	3,816	779	Within 24 months from 30 Oct 2020
(v)	Estimated expenses in relation to the proposed private placement	500	500	-	Immediately
		<u>20,095</u>	<u>6,494</u>	<u>13,601</u>	

SEMI 2021 Year-End Total Equipment Forecast by Segment (US \$ Billion)



SEMI 2021 Year-End Wafer Fab Equipment Forecast by Application (US \$ Billion)



Worldwide Semiconductor Revenues

Year-to-Year Percent Change

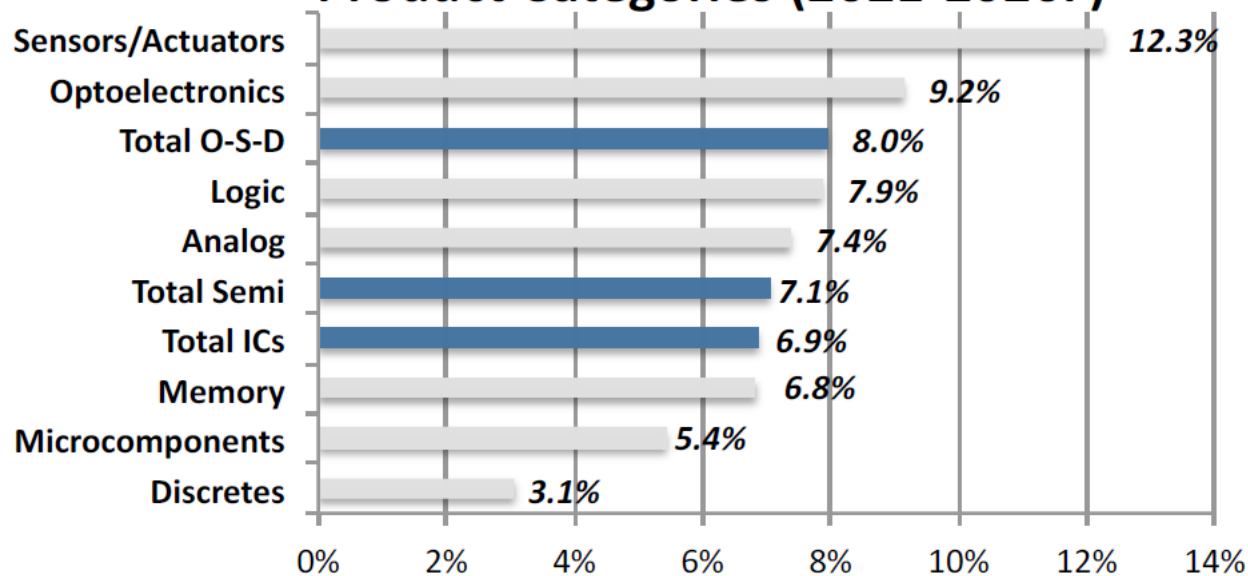


Source: WSTS

Source: SEMI December 2021, Equipment Market Data Subscription

Total equipment includes new wafer fab, test, and A&P. Total equipment excludes wafer manufacturing equipment. Totals may not add due to rounding

CAGR Sales Growth of Major Semiconductor Product Categories (2021-2026F)

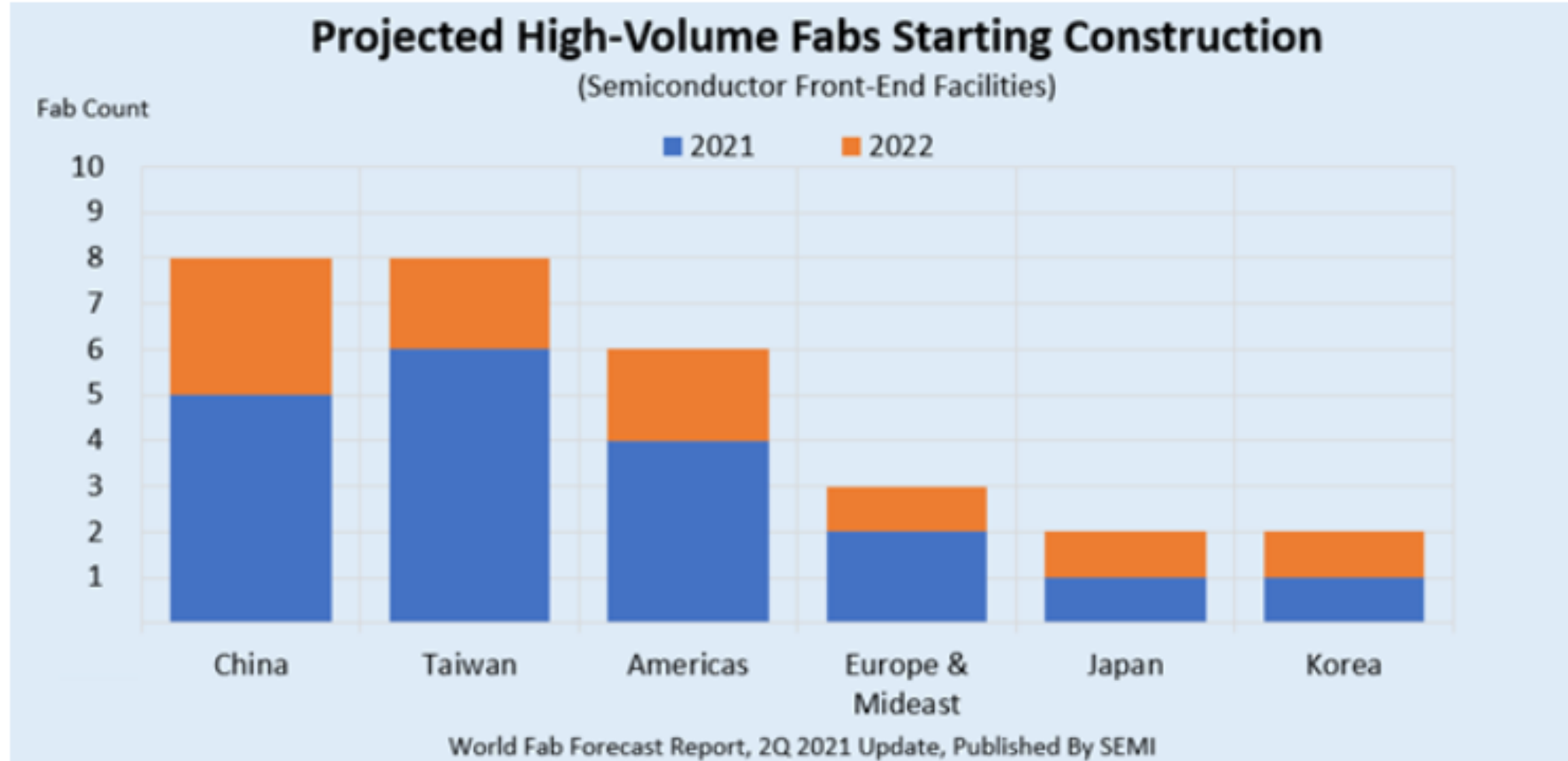


Source: IC Insights

Figure 1

As a result, IC Insights now forecasts total semiconductor sales will rise over the next five years at a more moderate compound annual growth rate of 7.1% (Figure 1).
Feb 10, 2022

The 2021-2026 CAGR for total opto, sensor, discretives (O-S-D devices) is projected to rise at a healthy rate of 8.0% and total IC sales are expected to increase at a slightly lower pace of 6.9%. CAGRs among major semiconductor product categories are forecast to range from a high of 12.3% for sensors/actuators to 3.1% for discretives.



THANK YOU

QES Group Berhad
No 9, Jalan Juruukur U1/19, HICOM
Glenmarie Industrial Park, Seksyen U1,
40150 Shah Alam, Selangor, Malaysia

Tel: (603) 5882 6668
Fax: (603) 5567 0811
Email: investor.relations@qesnet.com
Website: www.qesnet.com