

QES INVESTOR BRIEFING Q1-2022 (20 May 2022)



QES®

Assuring you our best, always

IMEJJIWA in collaboration with





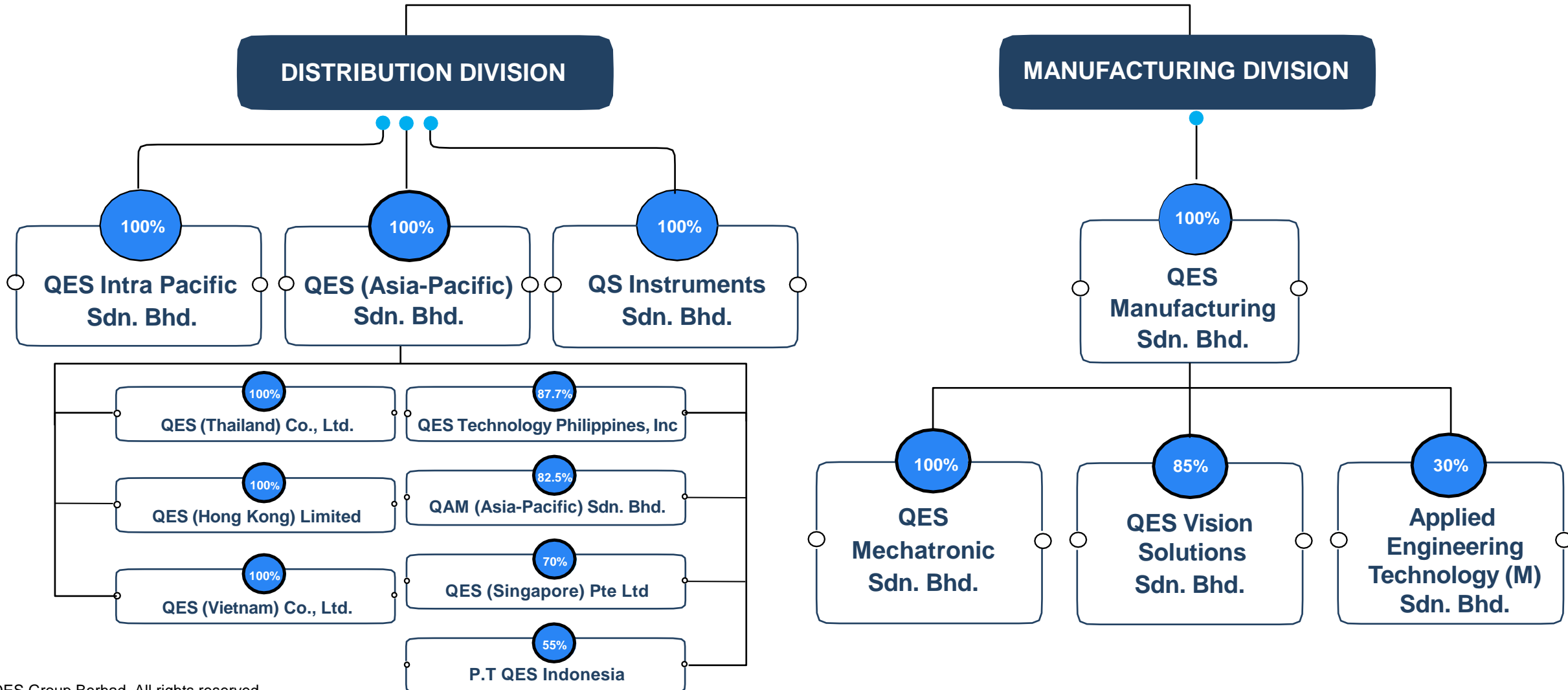
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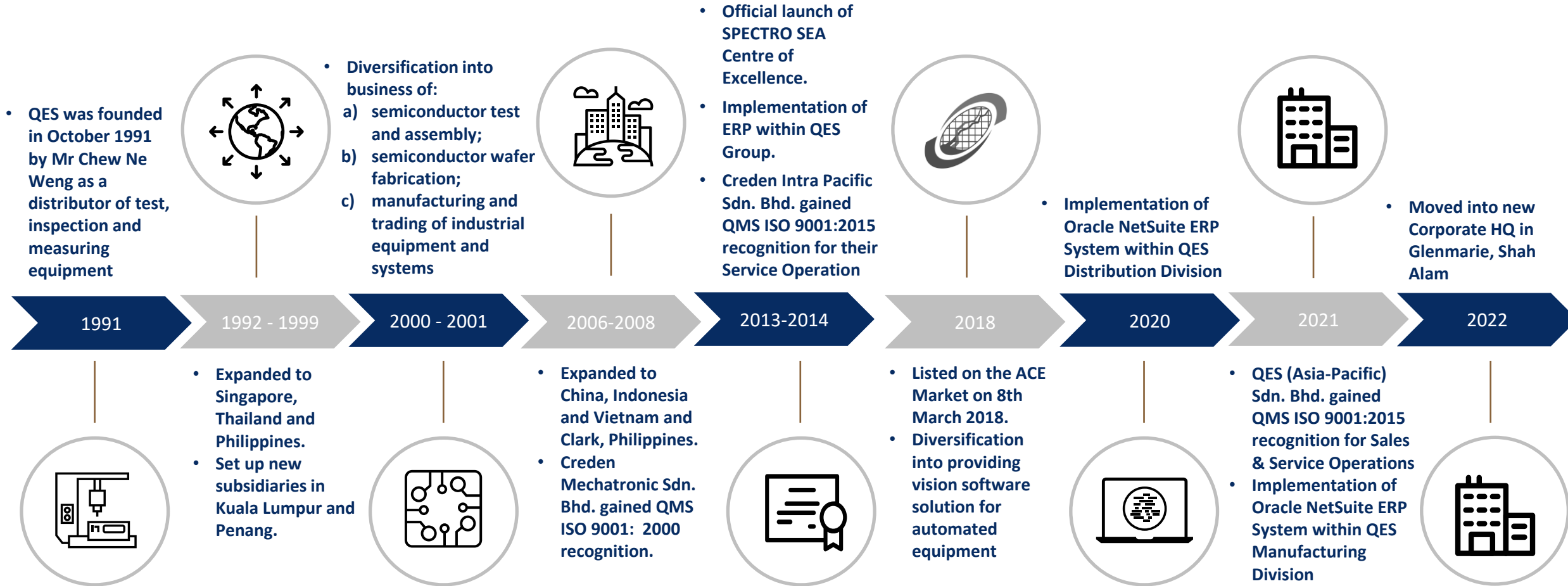
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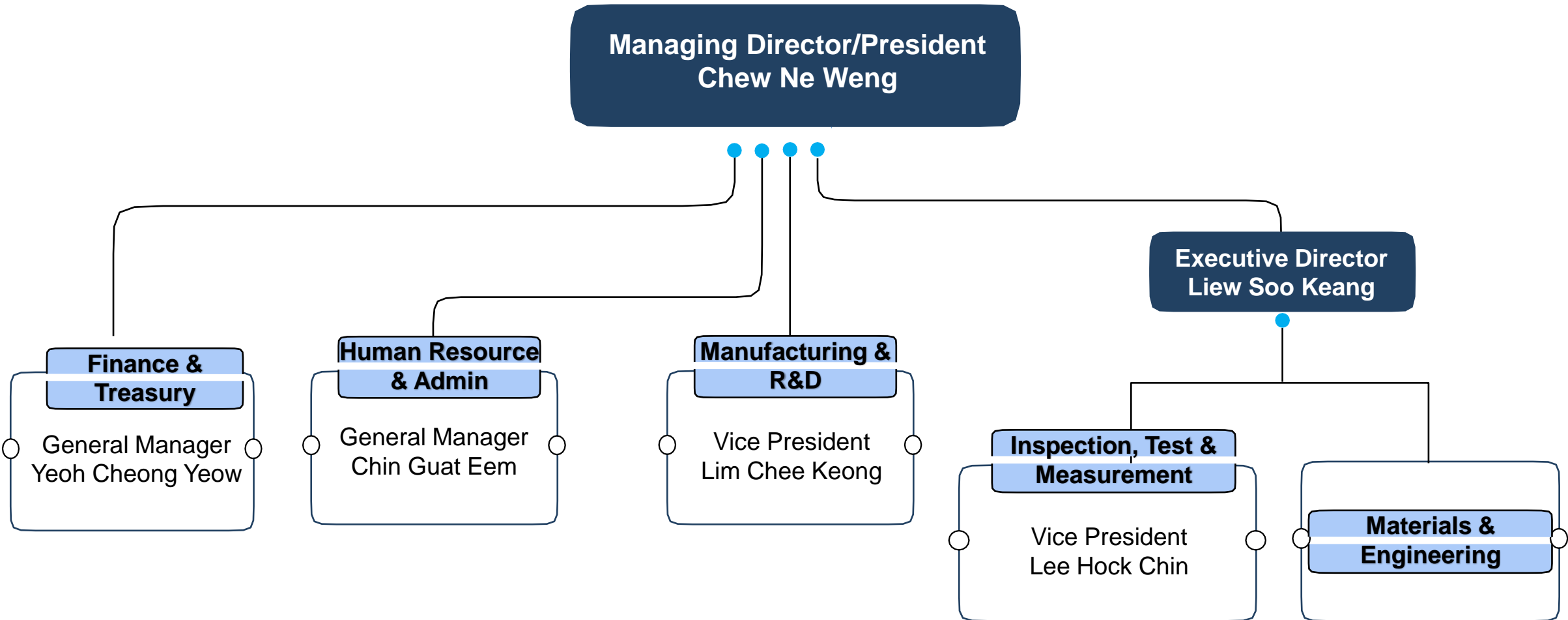
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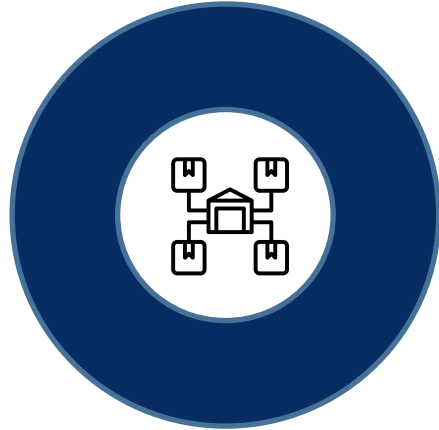


Company Overview- Corporate Milestones

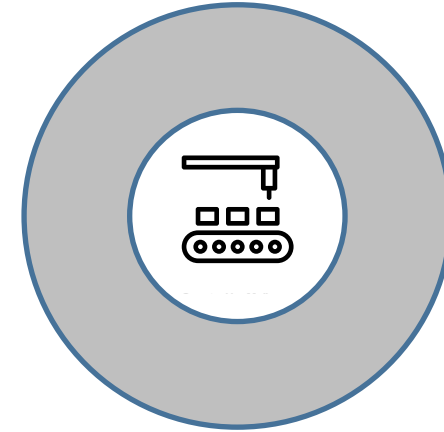




Distribution



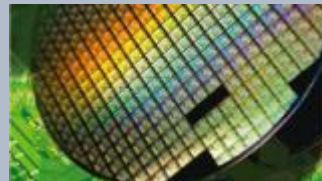
Manufacturing



**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	   	 	 

	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

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

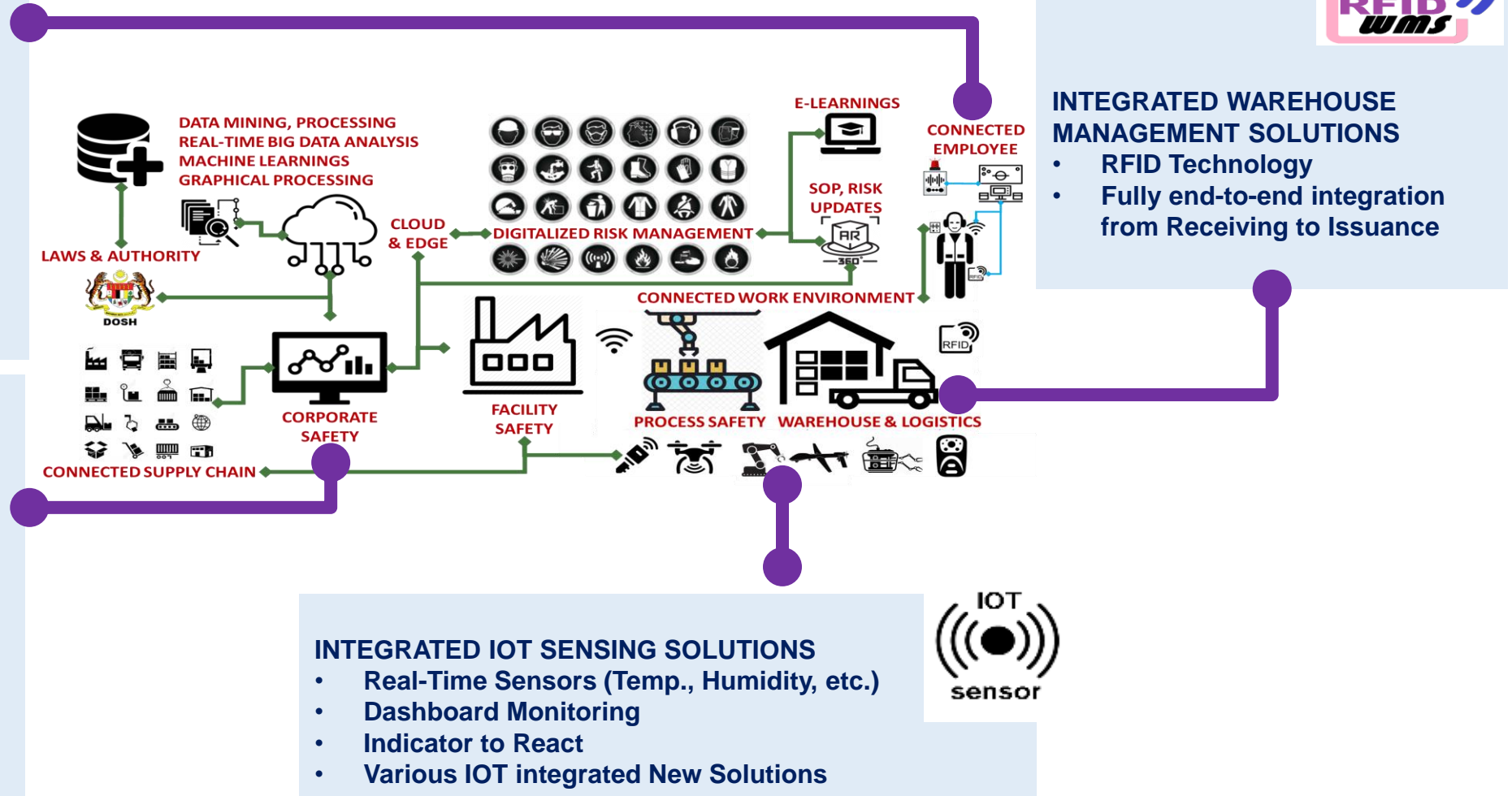
SMART VENDING SOLUTIONS

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



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



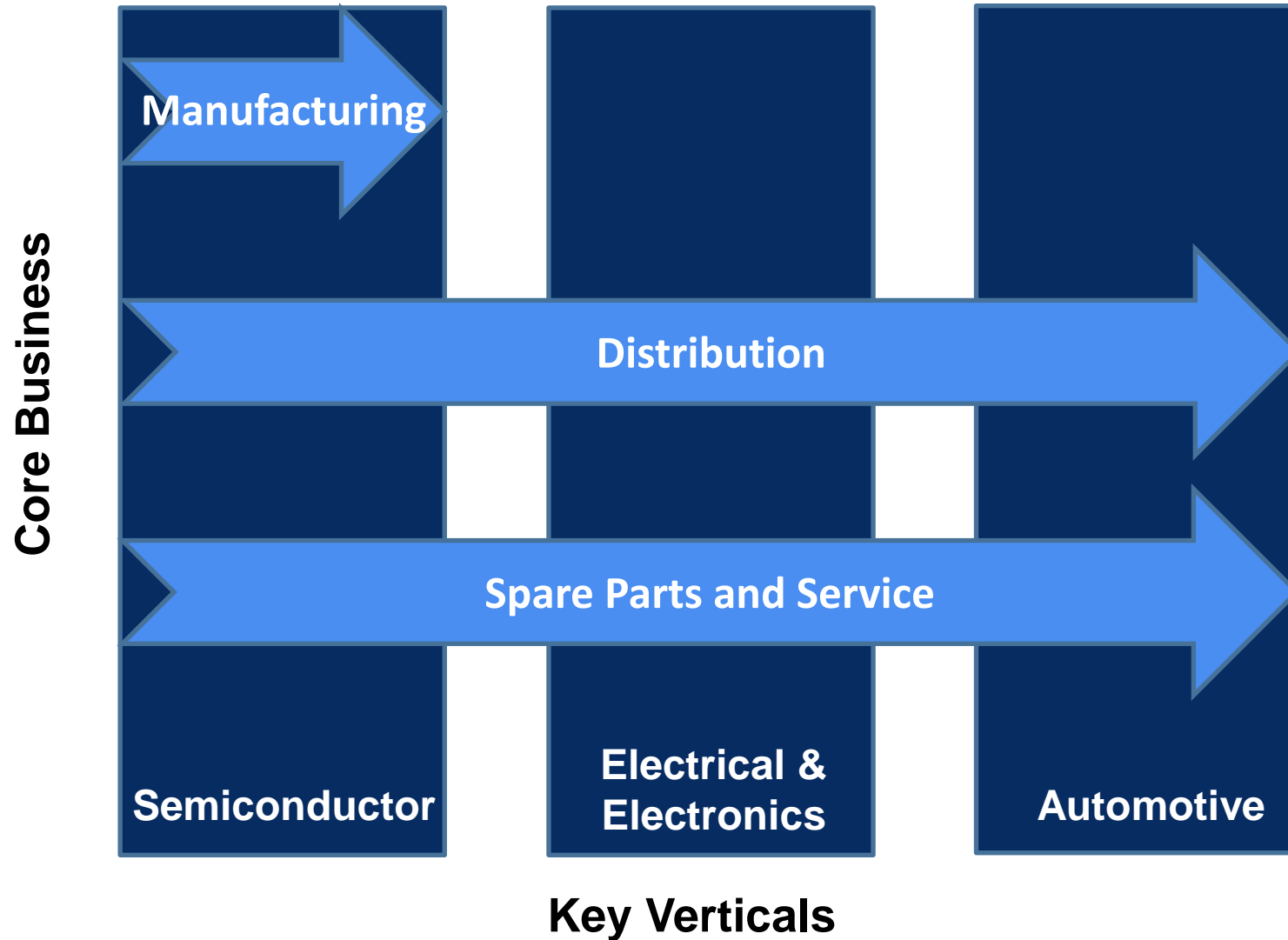
INTEGRATED WAREHOUSE MANAGEMENT SOLUTIONS

- 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

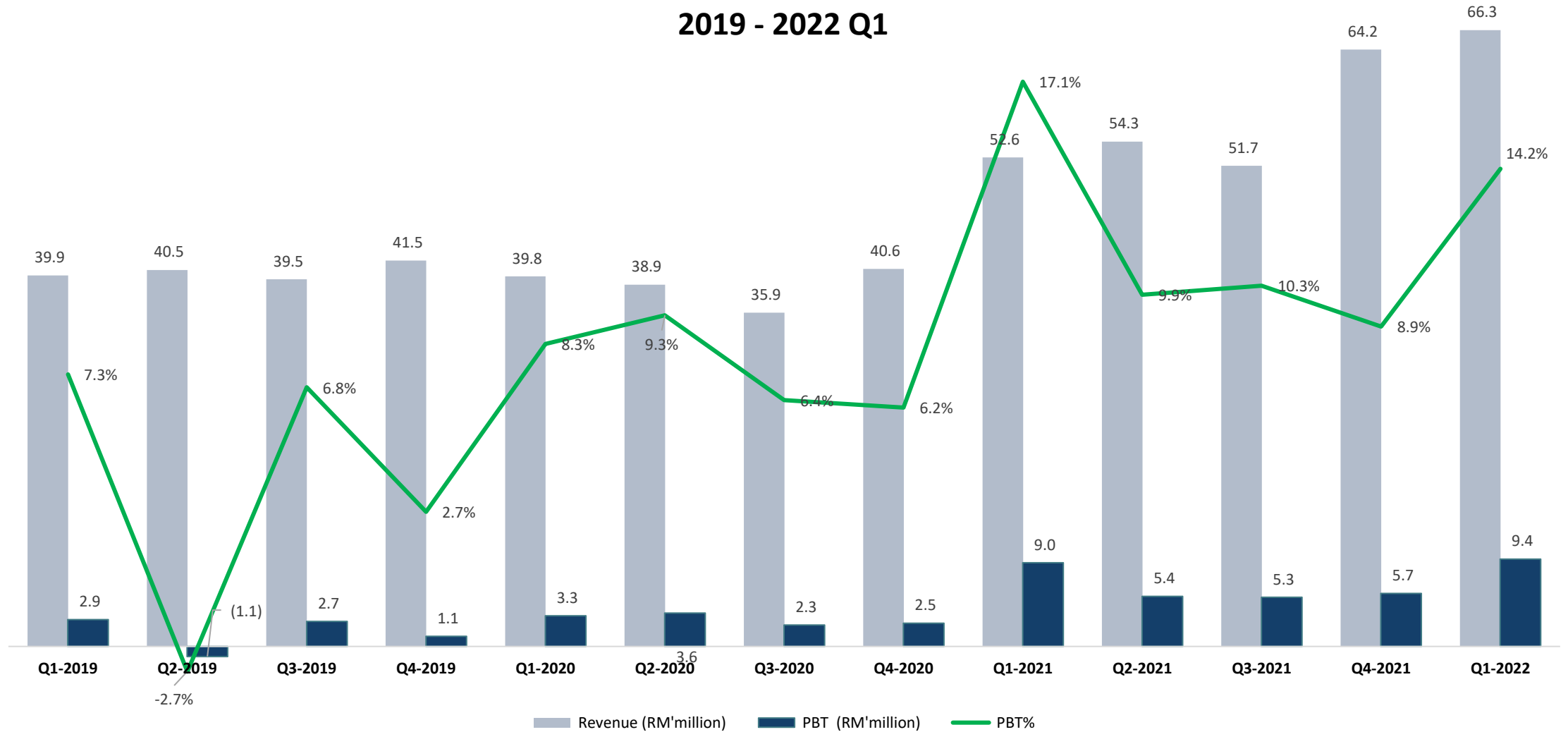
Financial Highlights - Quarterly Results QoQ and YoY

RM'mil	Q1 22	Q4 21	QoQ%	For the period ended		YoY%
				Mar 22	Mar 21	
Revenue						
Distribution	60.4	55.0	9.8%	60.4	45.3	33.3%
- Product	40.6	32.3	25.7%	40.6	29.5	37.6%
- Materials	9.4	9.2	2.2%	9.4	5.7	64.9%
- Spares & Service	10.4	13.5	-23.0%	10.4	10.1	3.0%
Manufacturing	5.9	9.2	-35.9%	5.9	7.3	-19.2%
Total Revenue	66.3	64.2	3.3%	66.3	52.6	26.0%
GP						
Distribution	14.9	9.6	55.2%	14.9	11.7	27.4%
- Product	10.2	6.2	64.5%	10.2	7.7	32.5%
- Materials	1.4	0.7	100.0%	1.4	0.6	133.3%
- Spares & Service	3.3	2.7	22.2%	3.3	3.4	-2.9%
Manufacturing	2.0	2.9	-31.0%	2.0	3.0	-33.3%
Total GP	16.9	12.5	35.2%	16.9	14.7	15.0%
EBITDA	10.7	6.6	62.1%	10.7	9.7	10.3%
Operating Cost	(7.2)	(6.6)	9.1%	(7.2)	(5.7)	26.3%
Share of result of an associate, net of tax	(0.3)	(0.2)	50.0%	(0.3)	-	0.0%
PBT	9.4	5.7	64.9%	9.4	9.0	4.4%
Tax	(2.6)	(1.1)	136.4%	(2.6)	(1.6)	62.5%
PAT	6.8	4.6	47.8%	6.8	7.4	-8.1%
MI	(0.1)	(0.2)	-50.0%	(0.1)	(0.5)	-80.0%
PAT Attributable (PATMI)	6.7	4.4	52.3%	6.7	6.9	-2.9%

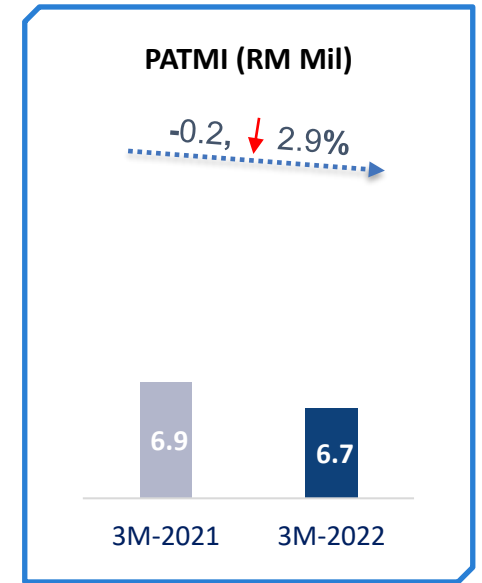
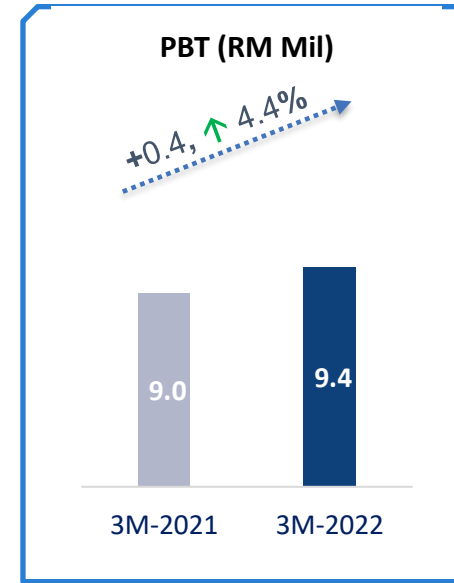
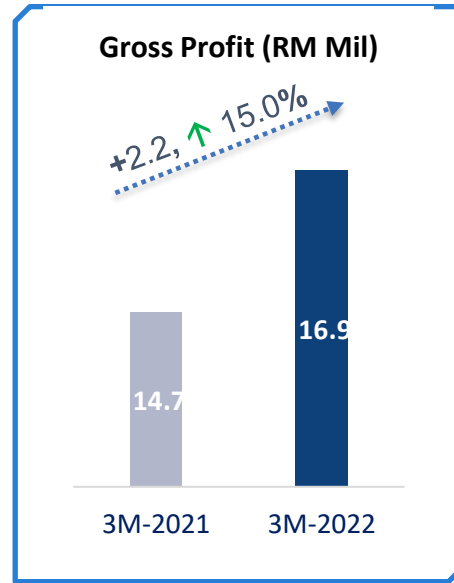
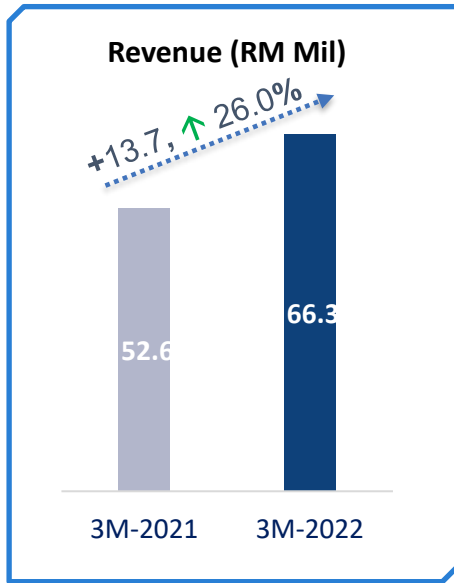
In RM 'mil

	Q1'22	Q1'21	Q4'21	Q1'22 vs Q1'21	Q1'22 vs Q4'21	For Period Ended		
						Mar'22	Mar'21	Mar'22 vs Mar'21
Revenue	66.3	52.6	64.2	↑ 26.0%	↑ 3.3%	66.3	52.6	↑ 26.0%
PATMI PATMI Margin	6.7 10.1%	6.9 13.1%	4.4 6.9%	↓ -2.9%	↑ 52.3%	6.7 10.1%	6.9 13.1%	↓ -2.9%
EBITDA EBITDA Margin	10.7 16.1%	9.7 18.4%	6.6 10.3%	↑ 10.3%	↑ 62.1%	10.7 16.1%	9.7 18.4%	↑ 10.3%

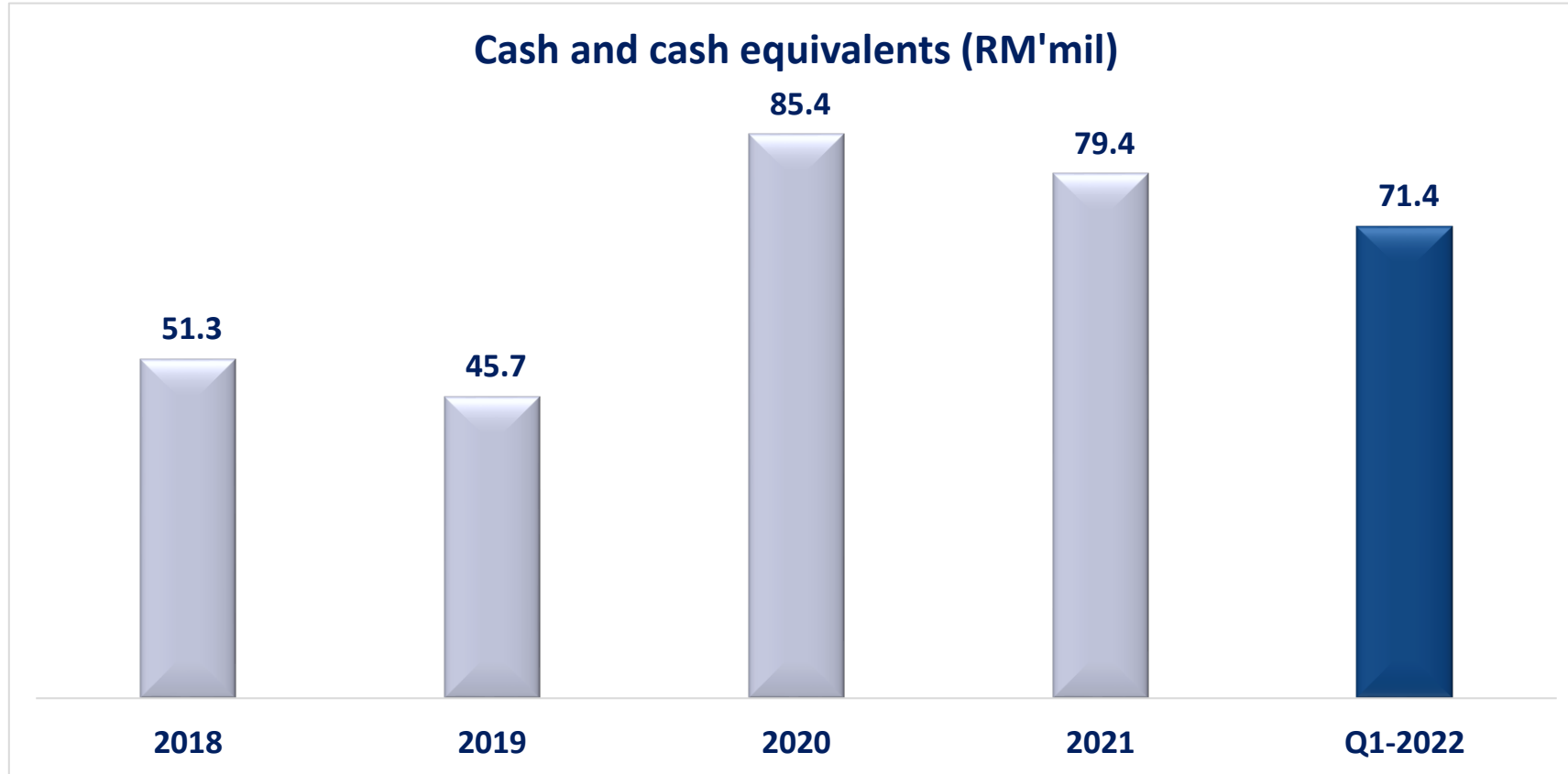
**Quarterly Financial Highlights
2019 - 2022 Q1**



Financial Highlights of FYE22 – 3M cumulative period

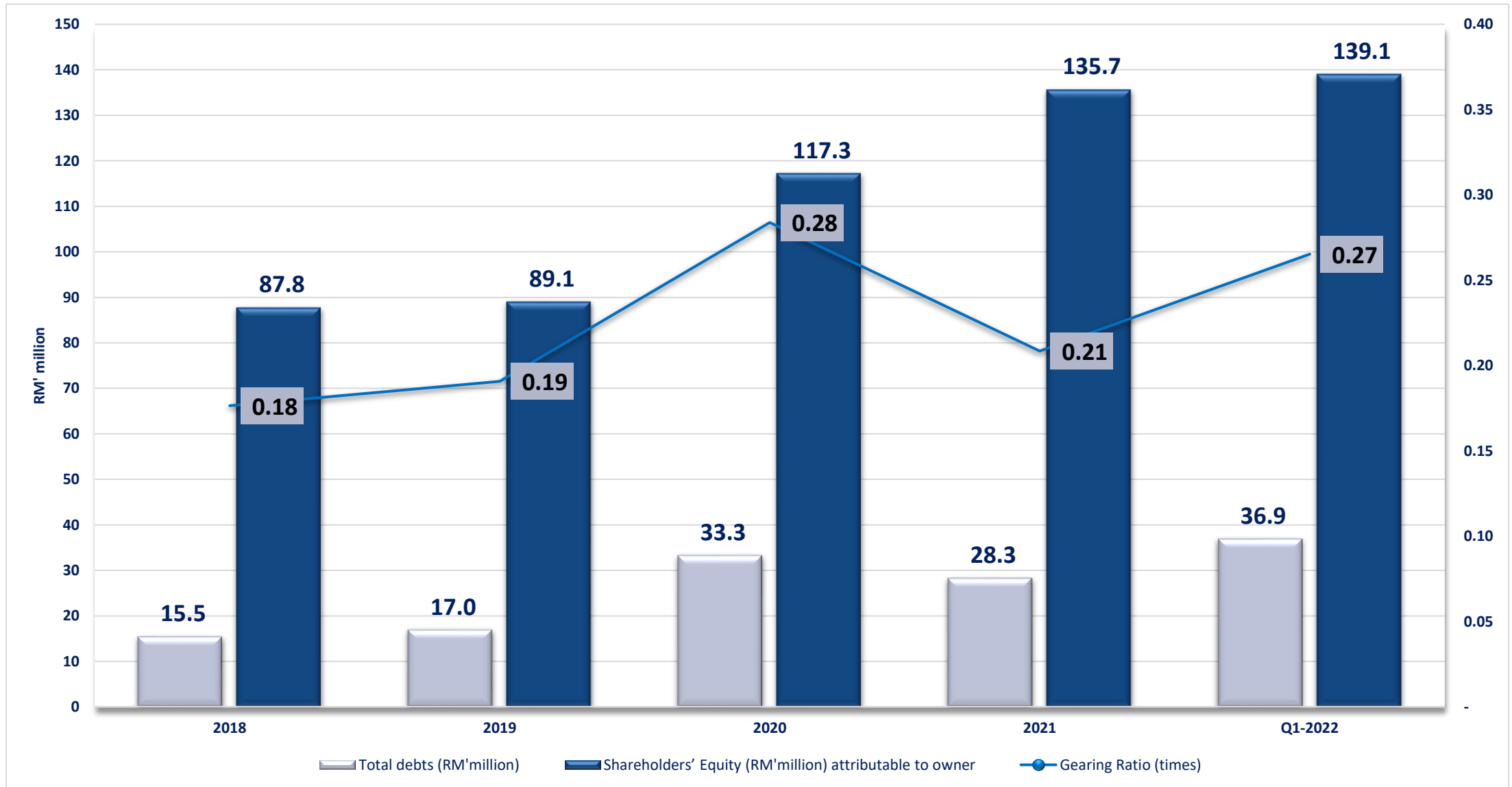


- Overall revenue increased notwithstanding a drop from the manufacturing division due to delivery issues.
 - Distribution revenue increased by 33.3% YoY mainly due to an increase of 37.6%, 64.9% and 3.0% in product, materials and spares & service respectively.
 - Manufacturing revenue decreased by 19.2% YoY, due to lower invoice revenue of inspection and handling equipment to semiconductor customers. Delivery and supply chain issues is still a concern for manufacturing.
- Group GP increased by 15.0% YoY as a result from a 27.4% jump in GP contribution from the distribution division notwithstanding a decrease of 6.9% in GP contribution by the manufacturing division.
- PBT increased in tandem with the growth of revenue and gross profit generated while PATMI decreased marginally due to under provision of tax taken up in the current quarter.



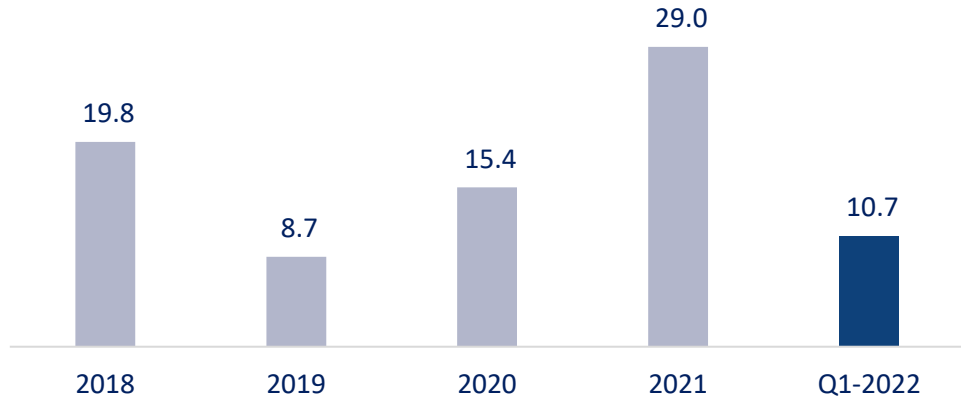
* Included in the financial year ended 2020 Cash and Bank Balances is RM17,850,000 being monies placed to vendor's financier in respect of the 5-storey detached factory property acquisition as part of the redemption sum due by the vendor to the vendor's financier. The property acquisition was completed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

Financial highlights – Gearing ratio

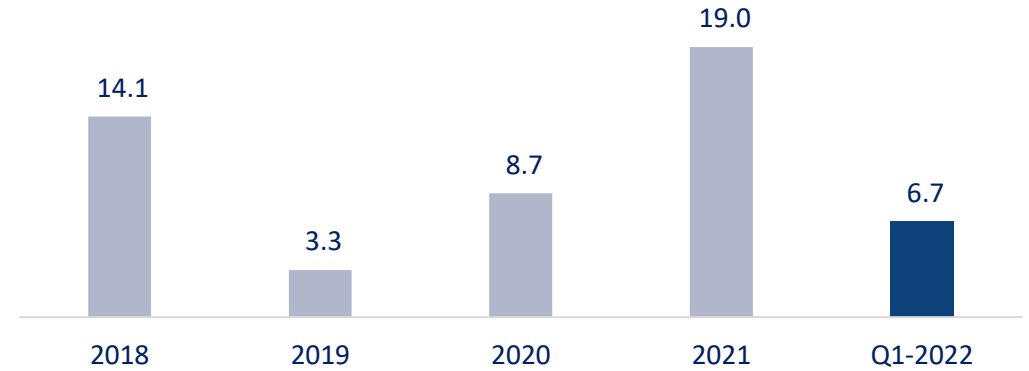


Financial highlights – Other ratios

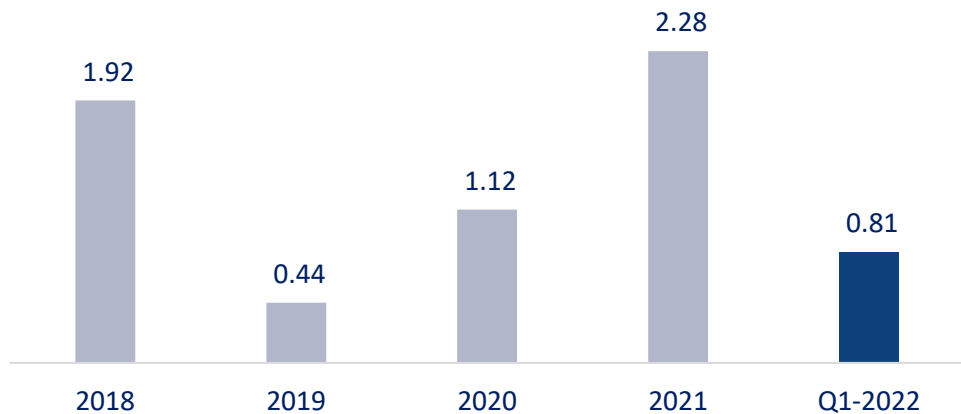
Earnings before Interest, Taxes, Depreciation and Amortisation (RM'million)



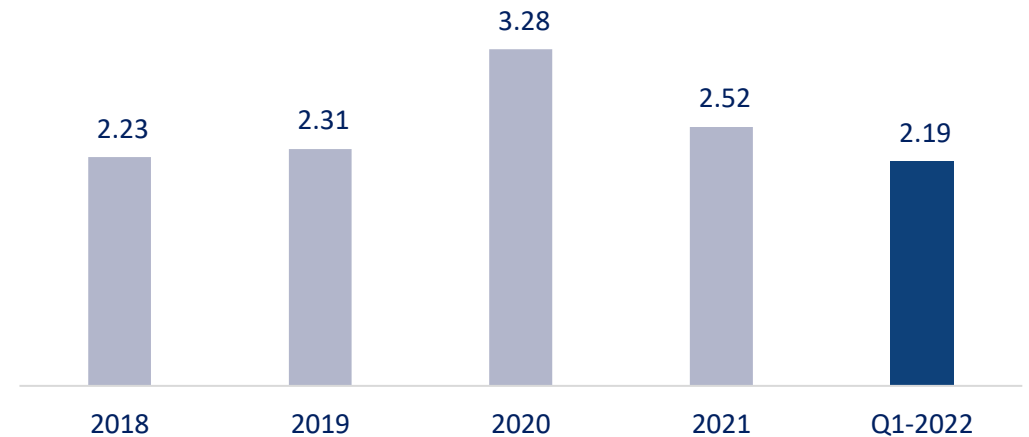
Profit attributable to Owners of the Company (RM'million)



Basic Earnings per Share (sen)



Current Ratio (times)



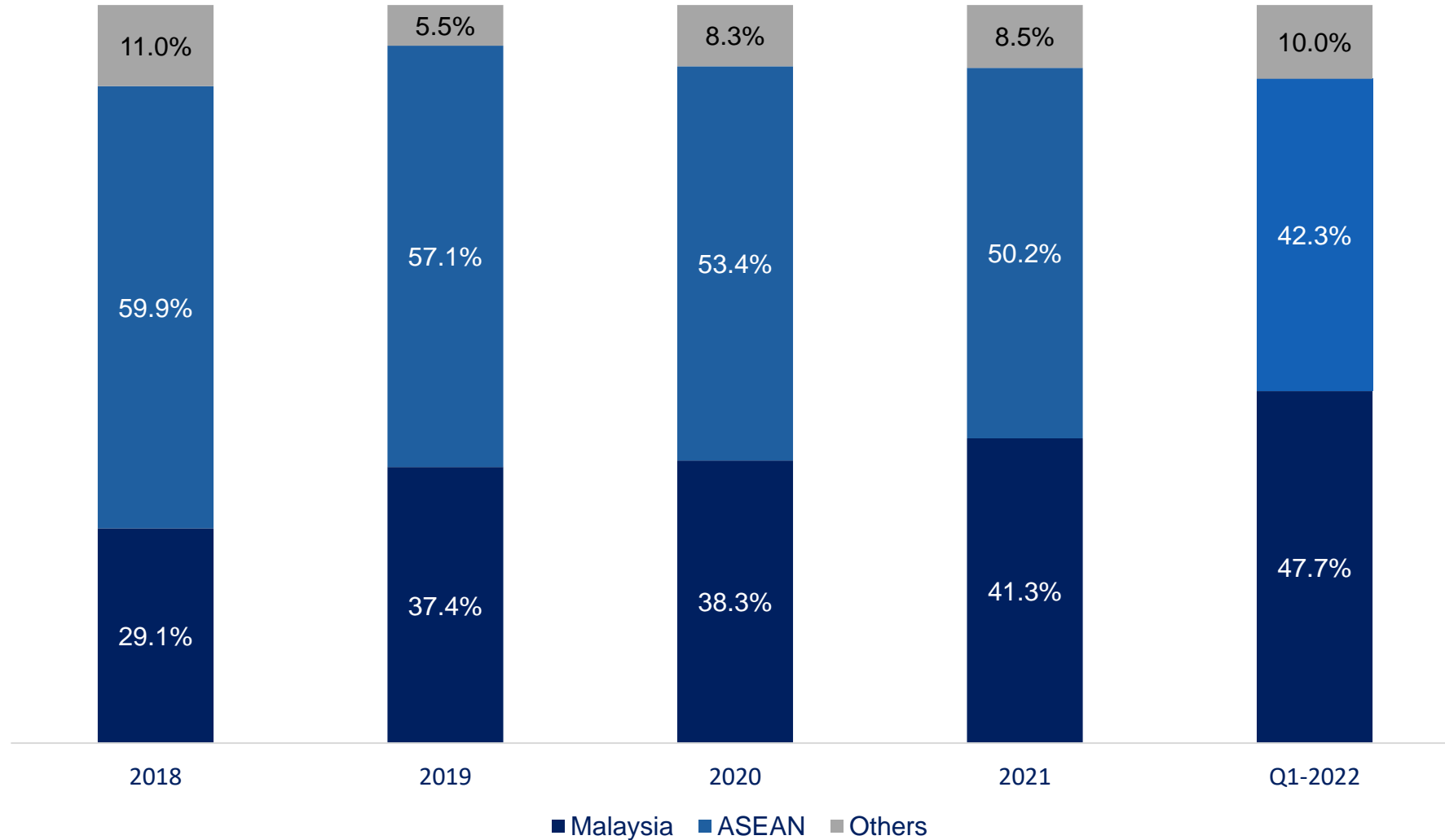
Analysis: Revenue (QoQ and YoY) – By Countries

For the period ended							
RM m	Q1 22	Q4 21	QoQ%	Mar 22	Mar 21	YoY%	
Revenue							
Malaysia	31.6	28.8	9.7%	31.6	15.4	105.2%	Malaysia grew strongly YoY due to Distribution
ASEAN	28.1	29.1	-3.4%	28.1	30.4	-7.6%	Slight dip from a high benchmark from Indonesia and Philippines
<i>Singapore</i>	9.2	7.4	24.3%	9.2	10.8	-14.8%	Semicon still doing well QoQ
<i>Vietnam</i>	6.5	9.9	-34.3%	6.5	5.0	30.0%	Recovering well
<i>Thailand</i>	5.8	4.2	38.1%	5.8	3.9	48.7%	E&E and Automotive based
<i>Philippines</i>	4.2	4.0	5.0%	4.2	6.3	-33.3%	Semicon projects from Philippines still pending. Indonesia still grappling with lock downs effects
<i>Indonesia</i>	2.0	3.1	-35.5%	2.0	4.0	-50.0%	
<i>Other ASEAN *</i>	0.4	0.5	-20.0%	0.4	0.4	0.0%	
Others	6.6	6.3	4.8%	6.6	6.8	-2.9%	
<i>China</i>	6.5	0.2	3150.0%	6.5	4.6	41.3%	Good growth potential
<i>ROW **</i>	0.1	6.1	-98.4%	0.1	2.2	-95.5%	Strong order intake but delivery is very slow due to supply chain issues
	66.3	64.2	3.3%	66.3	52.6	26.0%	

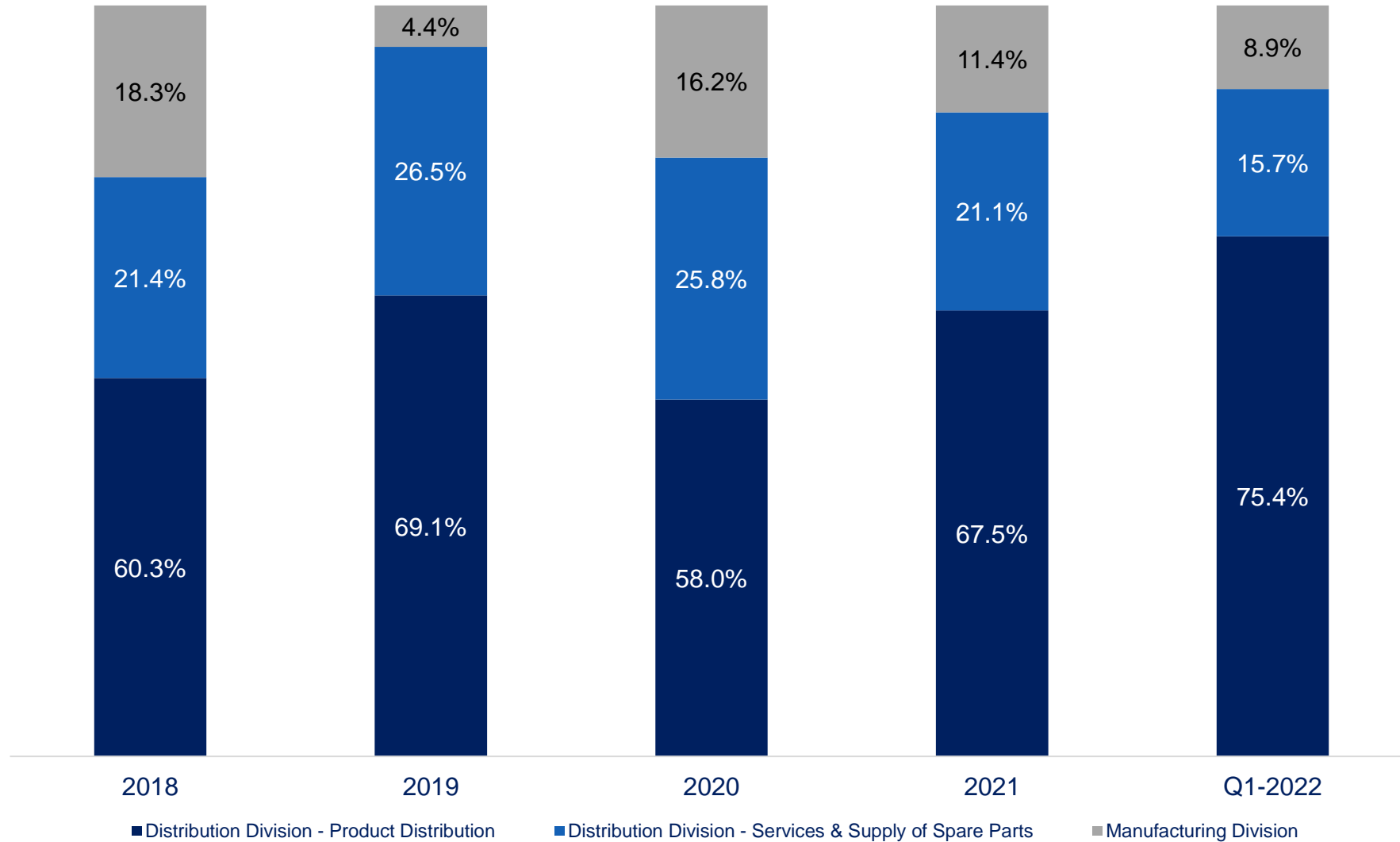
* Other ASEAN includes Myanmar, Laos, Cambodia and Brunei.

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

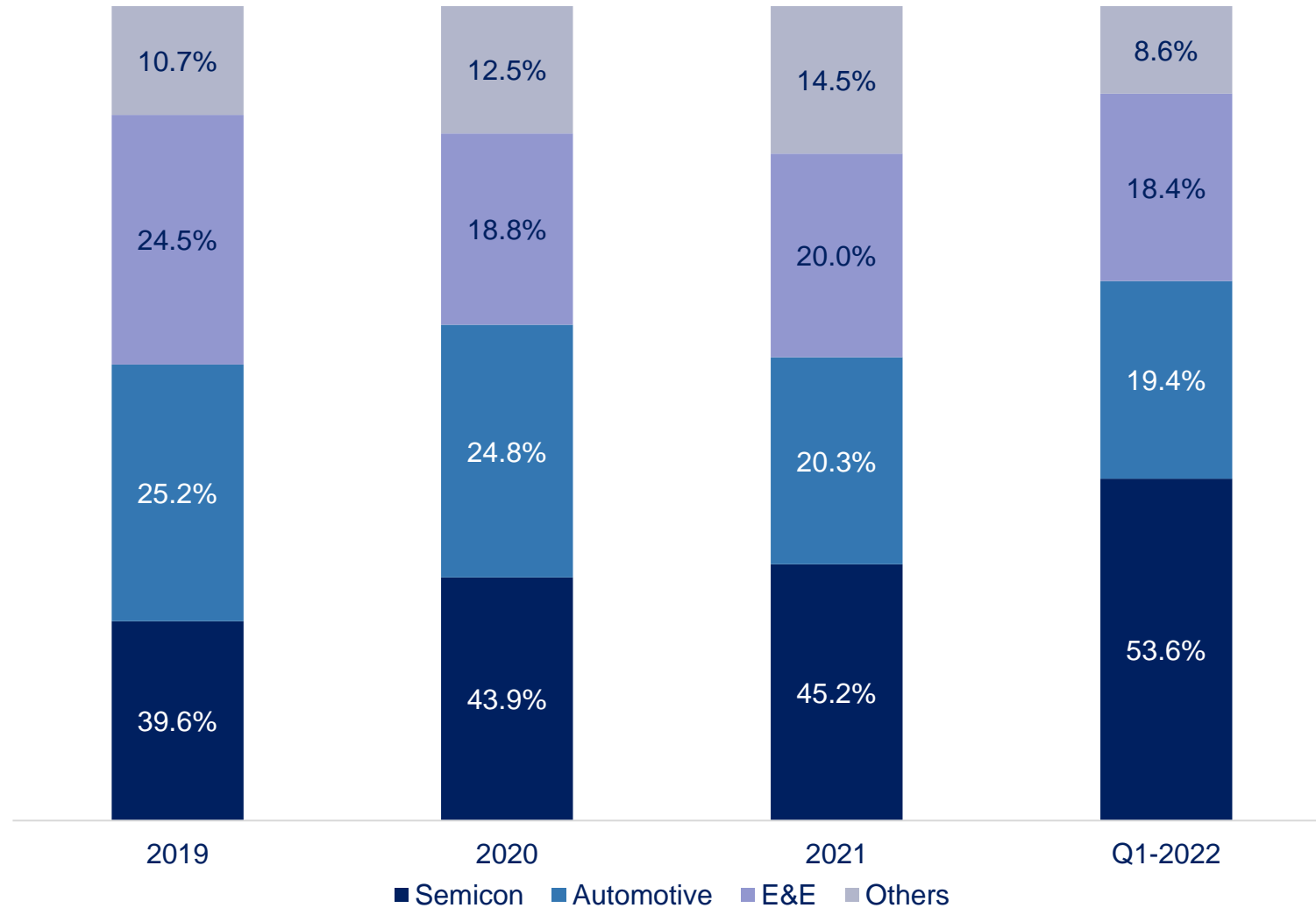
Analysis: Revenue Breakdown – By Country/Region



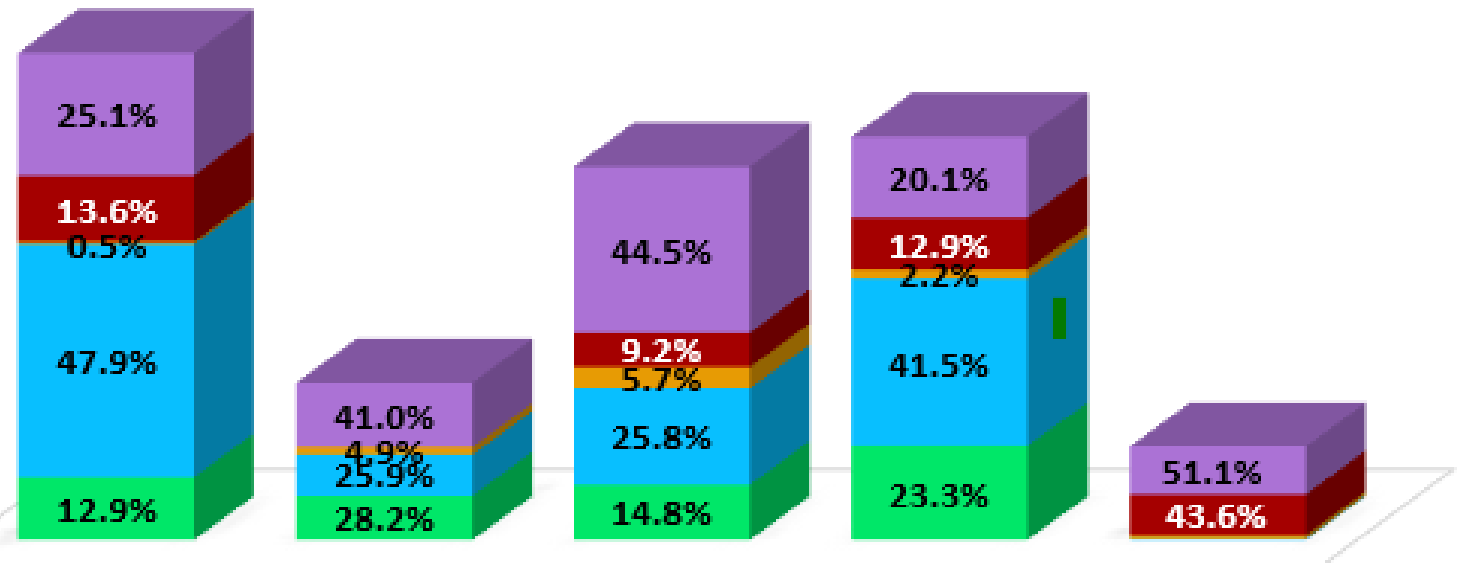
Analysis: Revenue Breakdown – By Division



Analysis: Revenue Breakdown – By Industry

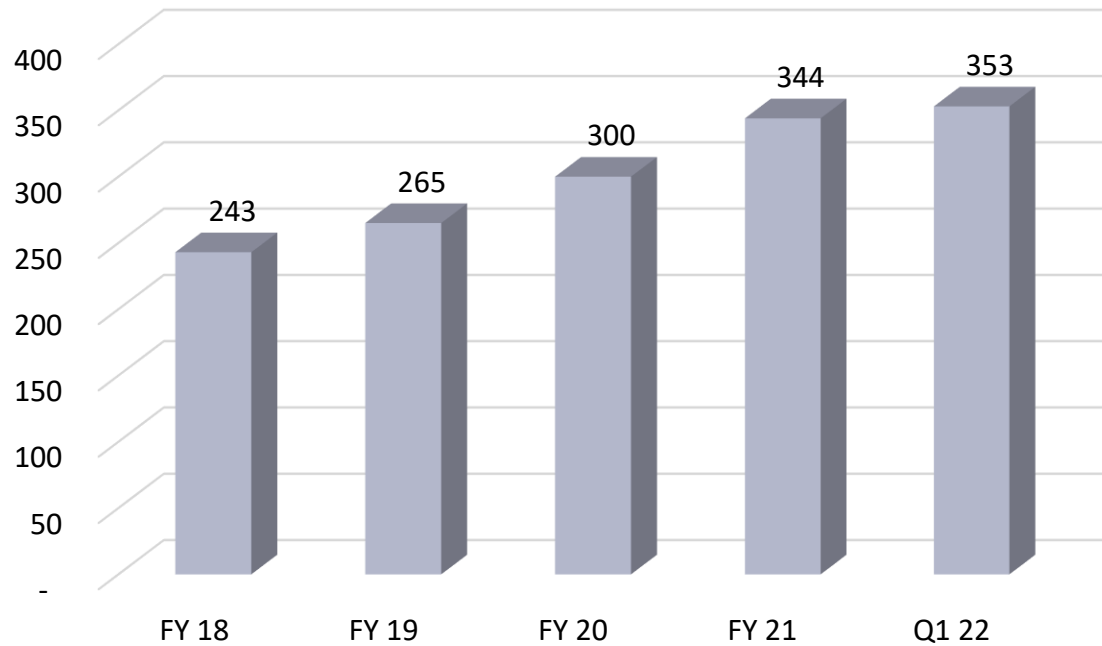


Manufacturing Division - Revenue Breakdown (YoY) by Product Series

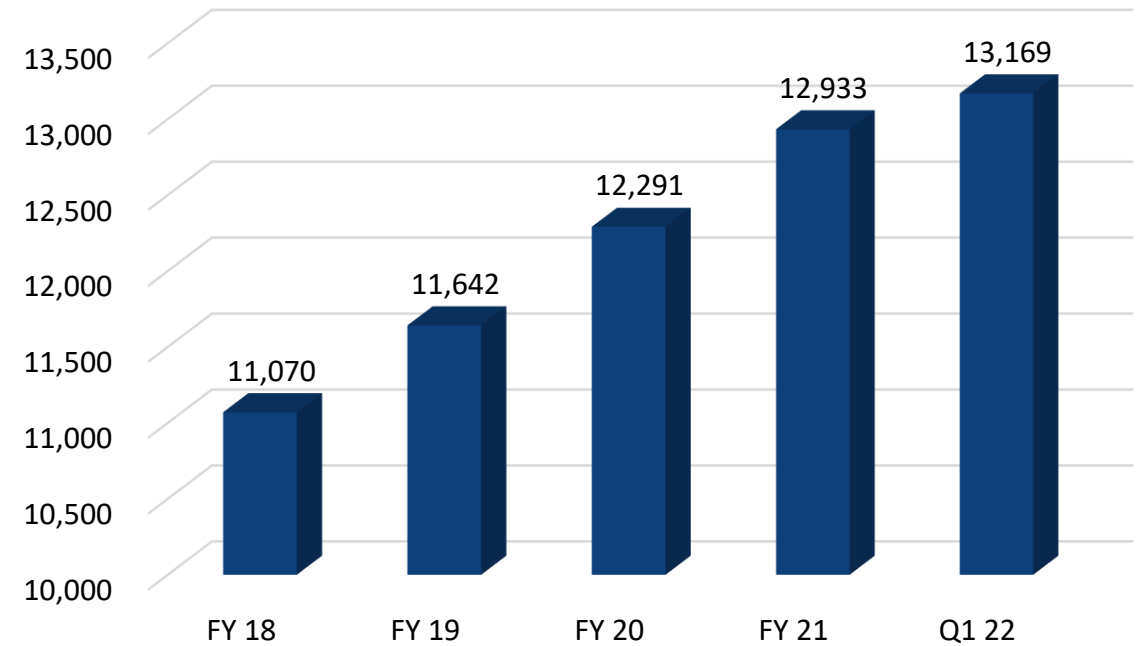


Revenue RM'000	FY 18	FY 19	FY 20	FY 21	3M-2022
OIS series	7,724	4,077	10,482	5,120	3,022
AMS series	4,185	-	2,169	3,274	2,577
SMS series	161	484	1,340	556	234
AOI series	14,693	2,575	6,081	10,564	58
AHS series	3,972	2,803	3,496	5,943	16

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

- Cash and cash equivalents of > RM 71.4 million as of 31-Mar-22.
- Gearing ratio of 0.27.
- 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
QES @ Glenmarie	<ul style="list-style-type: none">❖ Almost 90% completed and moved in as announced on 23-Mar-22.❖ Have begun to accept visits from customers, suppliers and fund managers.❖ Target to conduct official opening ceremony in Aug/Sep 22.
QES @ Batu Kawan	<ul style="list-style-type: none">❖ Fully paid to PDC as at 16th March 2022.❖ PDC has received the alienation approval of the land from the Penang State on 29th March 2022.❖ We will initiate the start of construction for QES @Batu Kawan by July 22 where we will appoint a consultant to monitor and update progress status to management team.❖ Expect to award the construction contract by Sep/Oct 22.❖ Ground breaking by early Dec 22.
Semicon SEA @ Spice Arena (Penang)	<ul style="list-style-type: none">❖ QES will participate in this Semicon SEA exhibition (21-June to 23-Jun 2022) after a long hiatus of none physical exhibition since Covid-19 started early 2020.❖ We will have a soft launch of our long delayed Wafer Inspection AOI (PPI 3300) during the Semicon SEA.



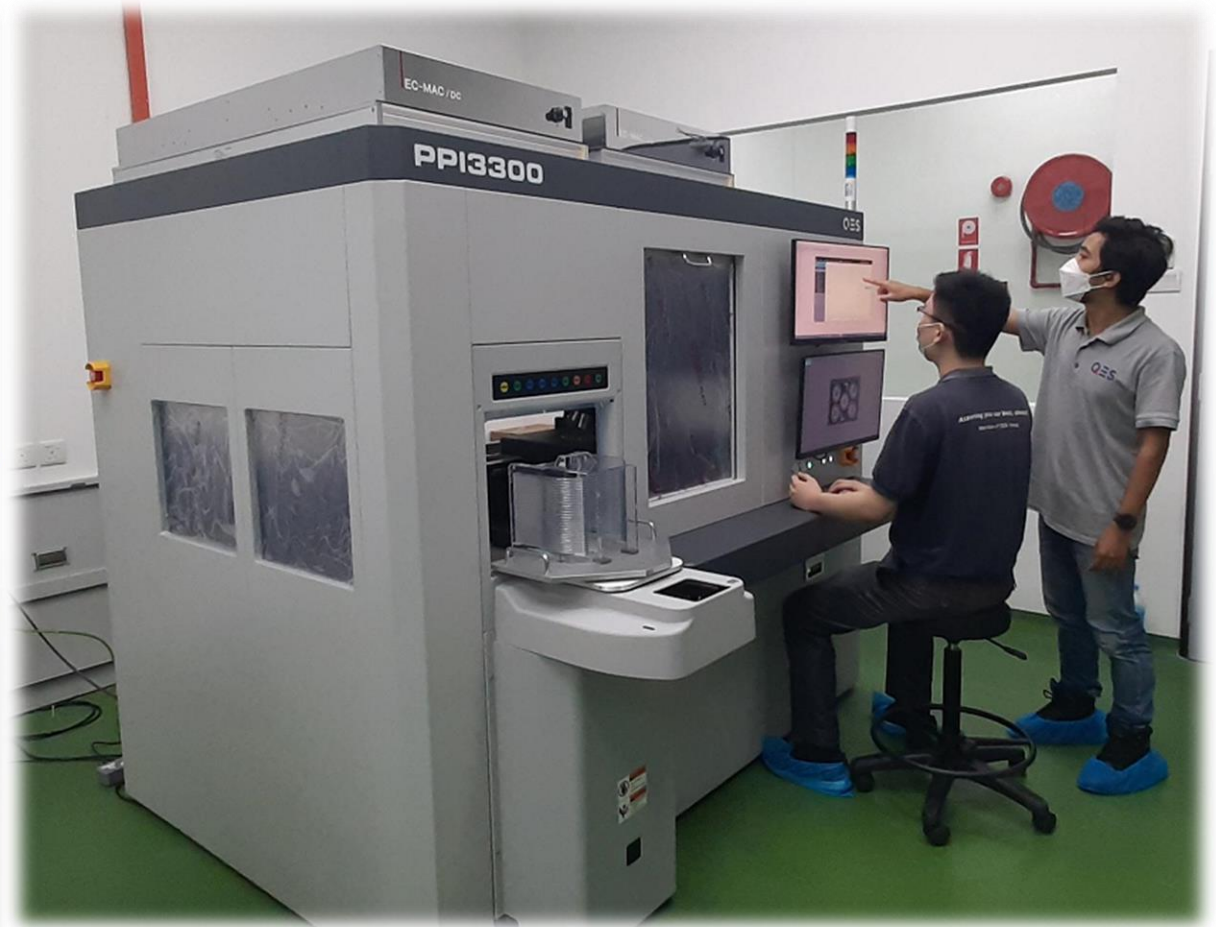
Outlook Summary for FY2022 and beyond

Event	Planned activities and updates
Manufacturing Division	<ul style="list-style-type: none">❖ Order intake from semiconductor customers continues to be very strong.❖ Same issues plaguing us since 1.5 years ago where deliveries severely impacted by supply chain issues and shortage of critical components.❖ Will officially launch Wafer Inspection AOI PPI 3300 during Semicon SEA @ Penang Spice Arena from 21-June till 23-June 2022.❖ Secured repeat orders for PDA1000V (AOI Series) automated inspection machines for IGBT power device (extensively use inside EV).❖ Order intake from our China activities gaining tractions. Received USD 750K orders from newly appointed distributor there.
Distribution Division	<ul style="list-style-type: none">❖ Strong order intake from semiconductor & E&E segments as well.❖ Continue to received multiple large orders from both front-end wafer fab and back-end test assembly customers but shipments could be lengthy due to delivery lead time concerns.❖ Recurring income remains very steady even though dipped during the 1Q-22 due to CNY holidays and many plants shutdowns. Expecting to rebound in 2Q-22.

Event	Planned activities and updates
<p>2H 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 between Jan to Apr 2022. ❖ QES Group is cautiously optimistic to see growth in FY2022 over FY2021 both top and bottom line amidst geopolitical tension in Europe and high inflation globally especially the USA. ❖ On the progress of migration to the Mainboard of Bursa, we have obtained BOD approval, appointed investment bank and submitted initial consultation paper to SC recently. Subject to meeting all the requirements and barring any other unforeseen circumstances, we expect to migrate from ACE to Main market by Oct/Nov-2022.
<p>5 years road map (FY2022 to FY2026)</p>	<ul style="list-style-type: none"> ❖ AETM JV company already fully operating in Apr 2022. ❖ To begin construction of QES @Batu Kawan from Dec 22. ❖ Target to start operations of QES @Batu Kawan from 3Q-23 onwards. ❖ Continue to penetrate into China - QES China has aggressive expansion plans. ❖ Continue to actively look out for M&A as part of inorganic expansion plans.



AOI Series - Wafer Inspection (PPI Series) Updates



Pictures taken at QES' new Hicom-Glenmarie factory



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.



237 metric tonnes

of carbon avoidance per annum



912,209km

Cars mileage taken off the road for one year



10,782

Number of trees that absorb CO2



2,926

Number of lightbulbs powered for one 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.



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 Group New Factory – May '22





QES Group New Factory – May '22





Cleanroom ISO 6 – May'22







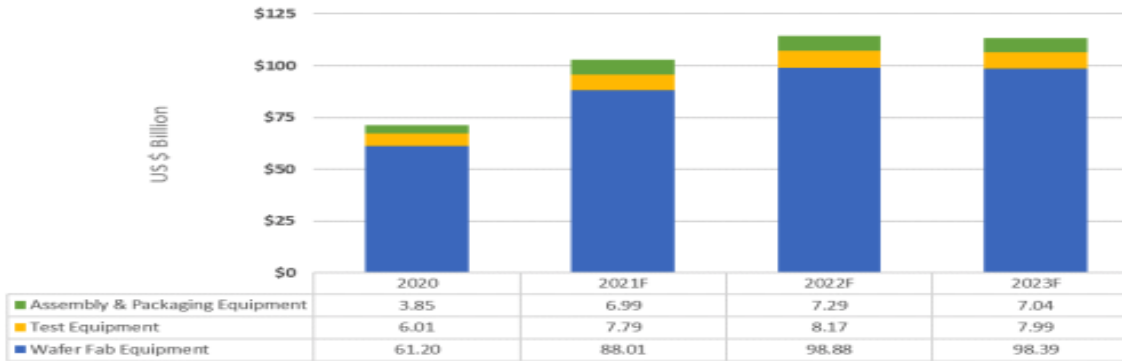
Moving In New Corporate HQ – March '22



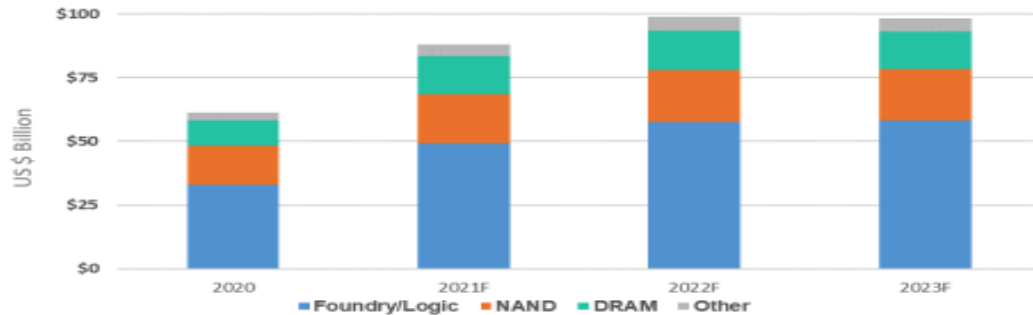
As at 31 March 2022

Purposes	Revised Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Revised Expected Timeframe for Utilisation
(i) Factory capacity expansion	8,200	7,033	1,167	Within 18 months from 30 Oct 2020
(ii) R&D on future product expansion	5,300	557	4,743	Within 36 months from 30 Oct 2020
(iii) Market expansion to China	97	97	-	Within 18 months from 30 Oct 2020
(iv) Future working capital and acquisition related investment	5,998	4,770	1,228	Within 36 months from 30 Oct 2020
(v) Estimated expenses in relation to the proposed private placement	500	500	-	Immediately
	<u>20,095</u>	<u>12,957</u>	<u>7,138</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

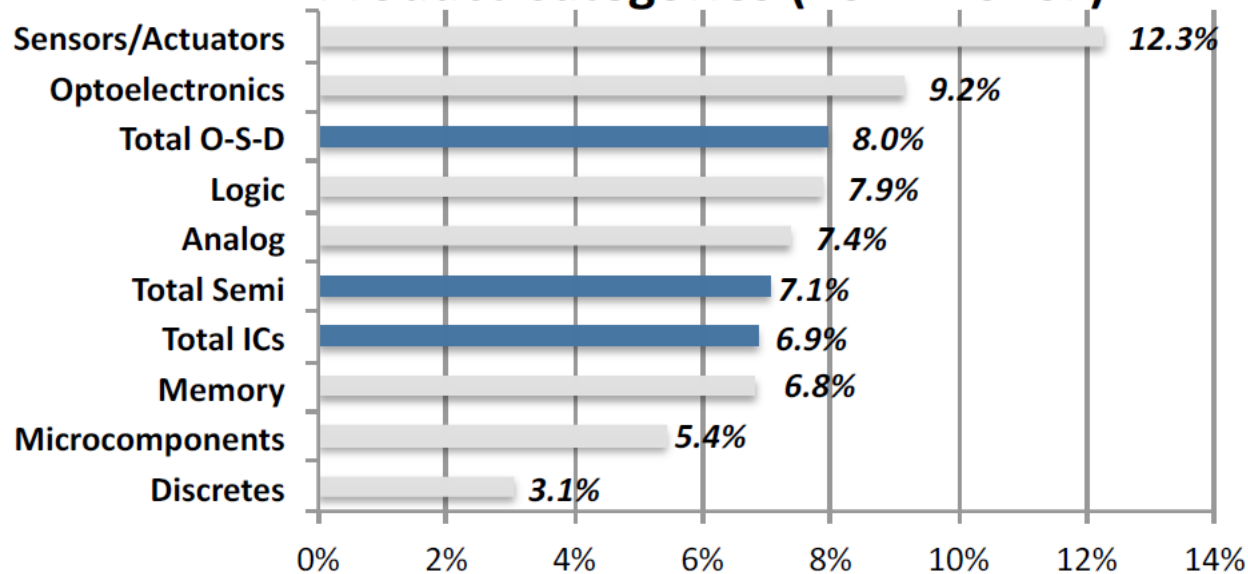
Year-to-Year Percent Change



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)

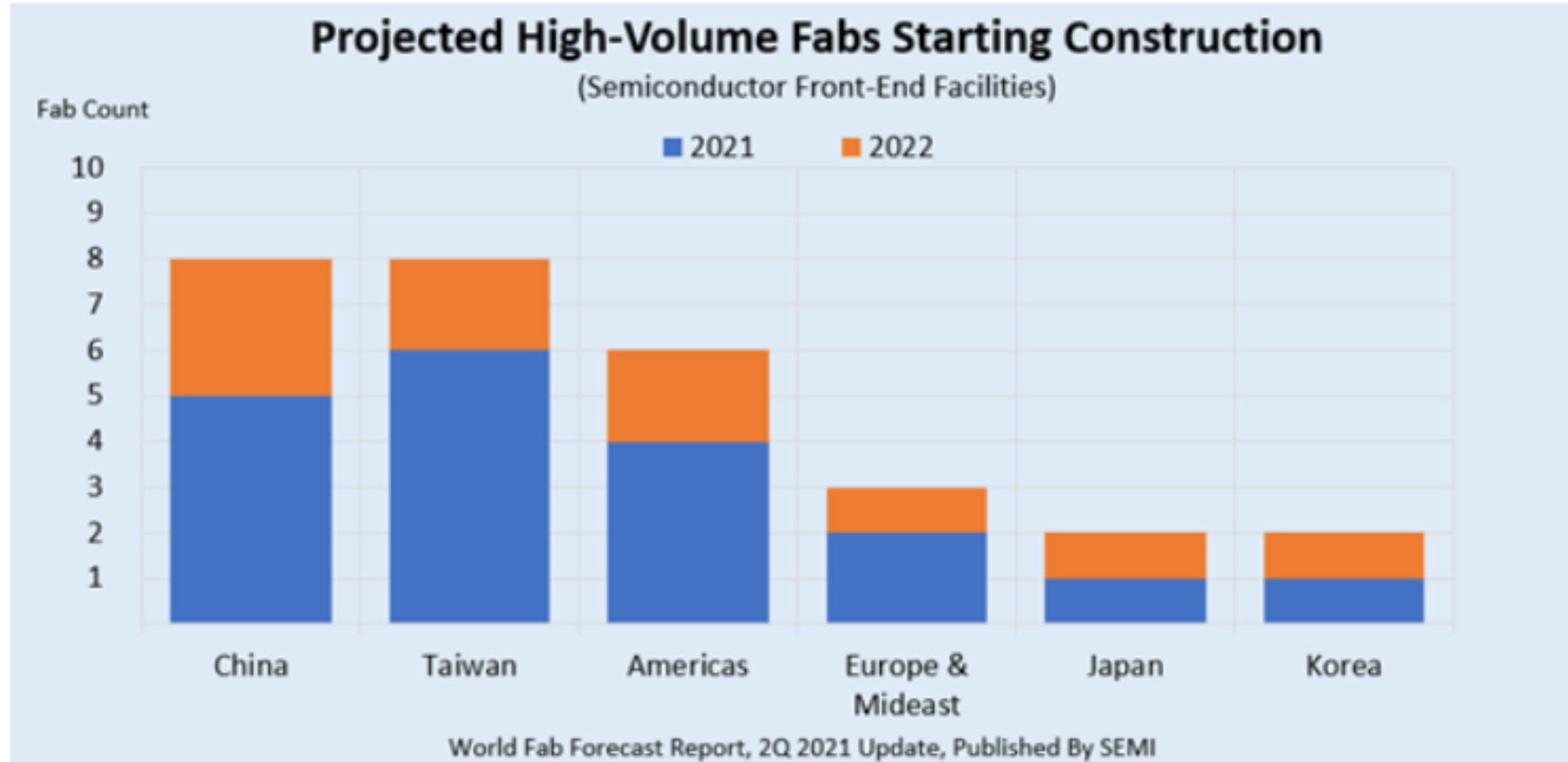


Source: IC Insights

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

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