

QES INVESTOR BRIEFING Q3-2021 (19 November 2021)



QES®

Assuring you our best, always

IMEJJIWA in collaboration with





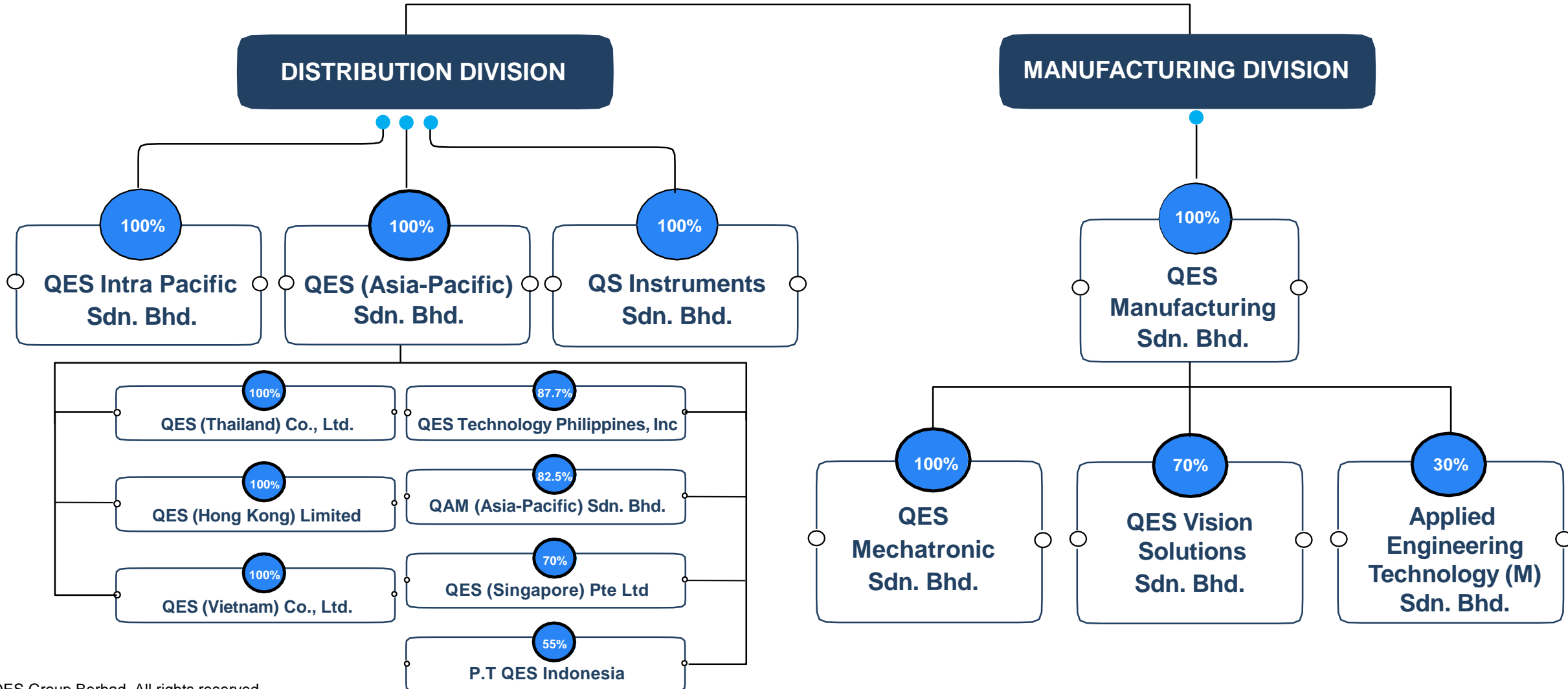
Disclaimer

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.

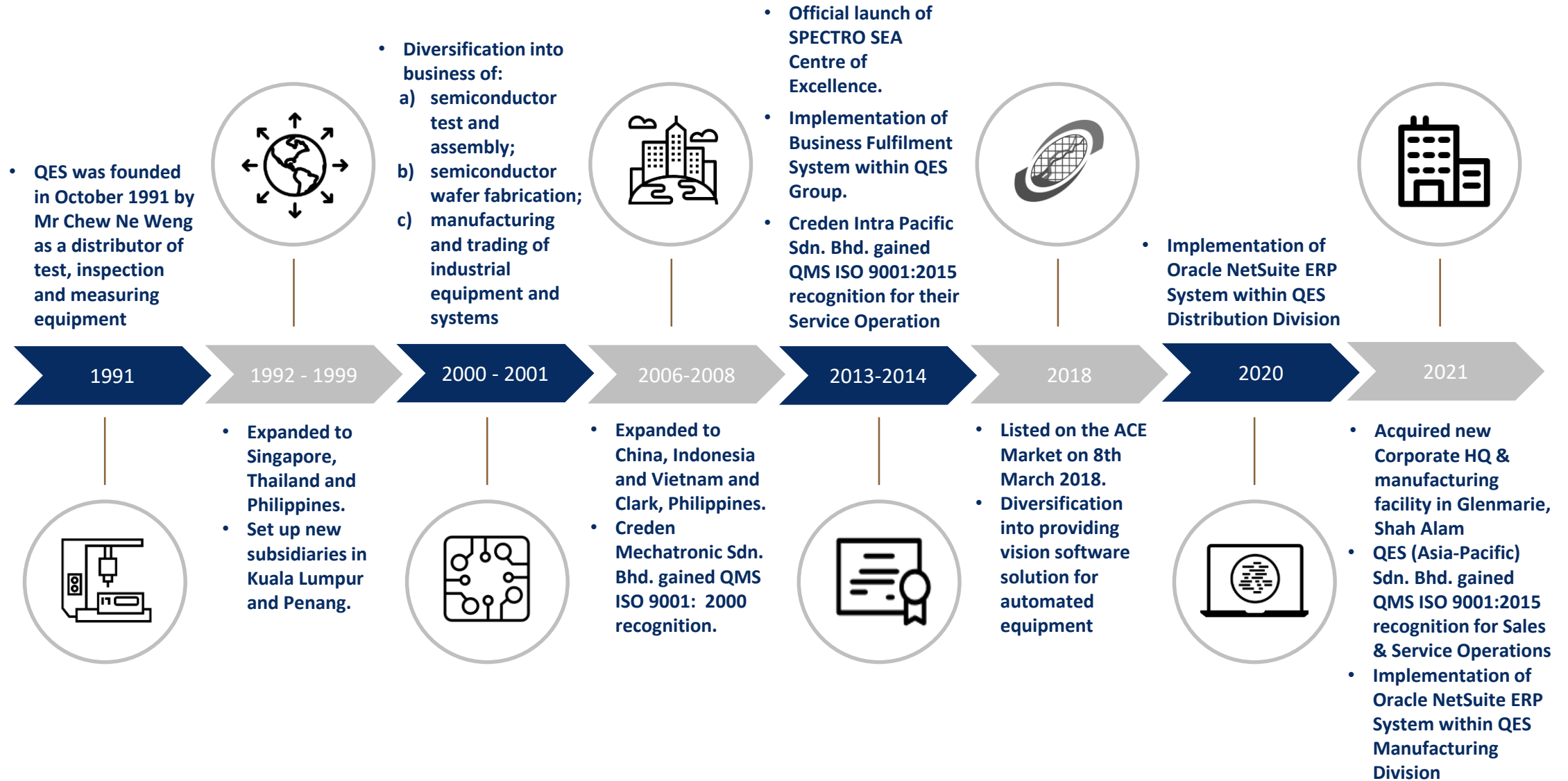
The “Presentation” that follows shall mean and include the slides that follow, the oral presentation of the slides by members of QES, or any person on their behalf, the question-and-answer session that follows that oral presentation, copies of this document and any materials distributed at, or in connection 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.

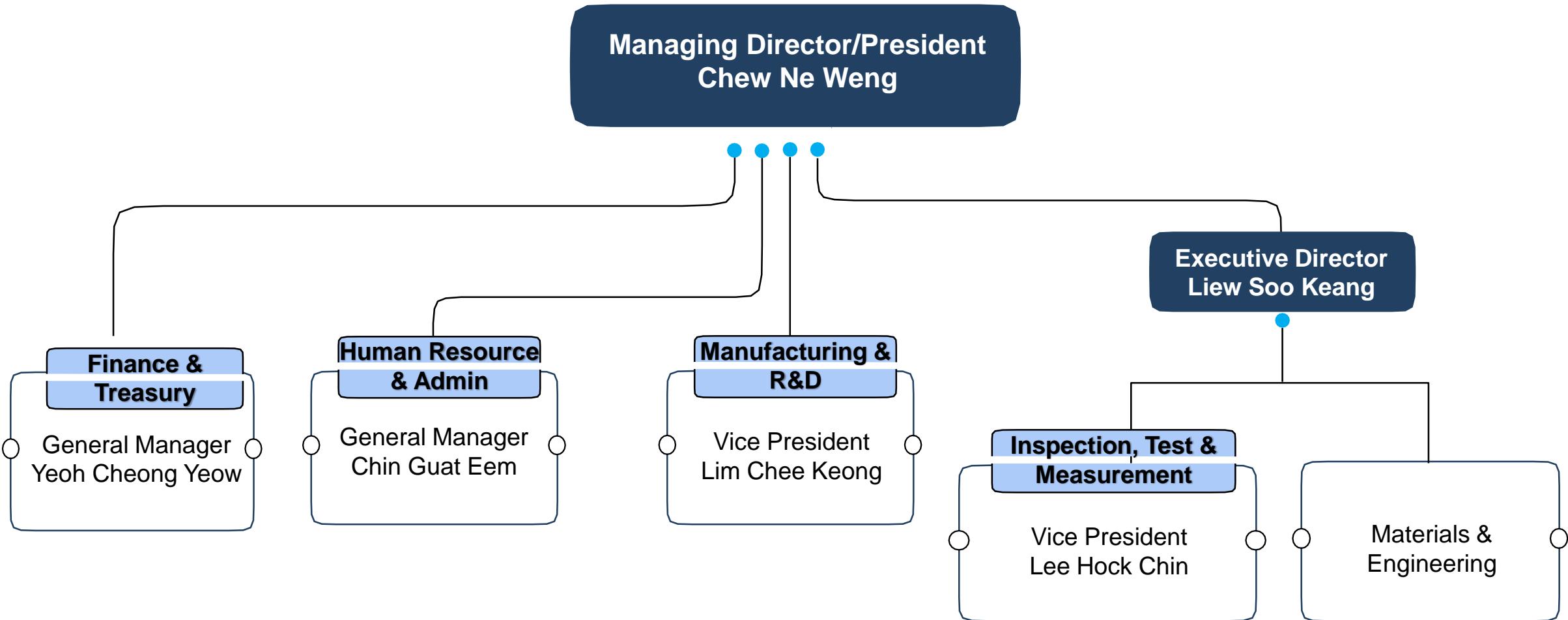
This Presentation is being delivered on a confidential basis. Neither this Presentation nor any of its contents may be disclosed or used for any purposes other than information and discussion purposes without the prior written consent of the QES. You agree that you will not copy, reproduce or distribute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

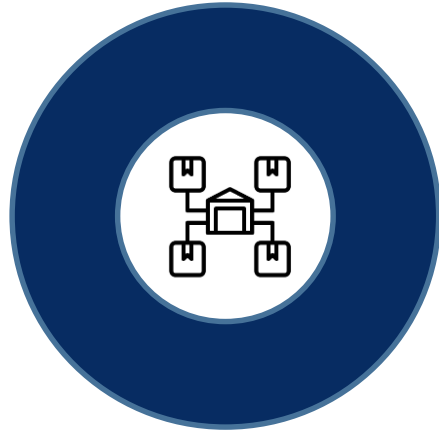


Company Overview- Corporate Milestones

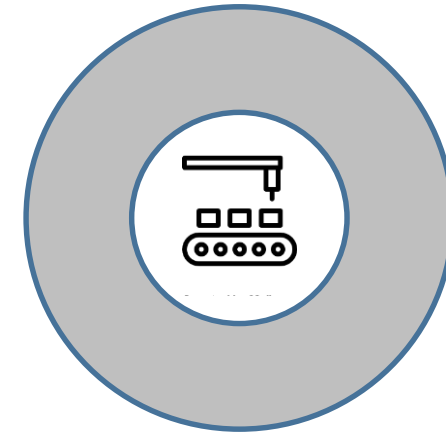




Distribution



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

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 Probing



Wafer Dicing



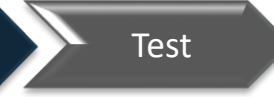
Die Attach



Wire Bonding



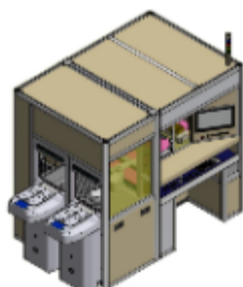
Molding



Test



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

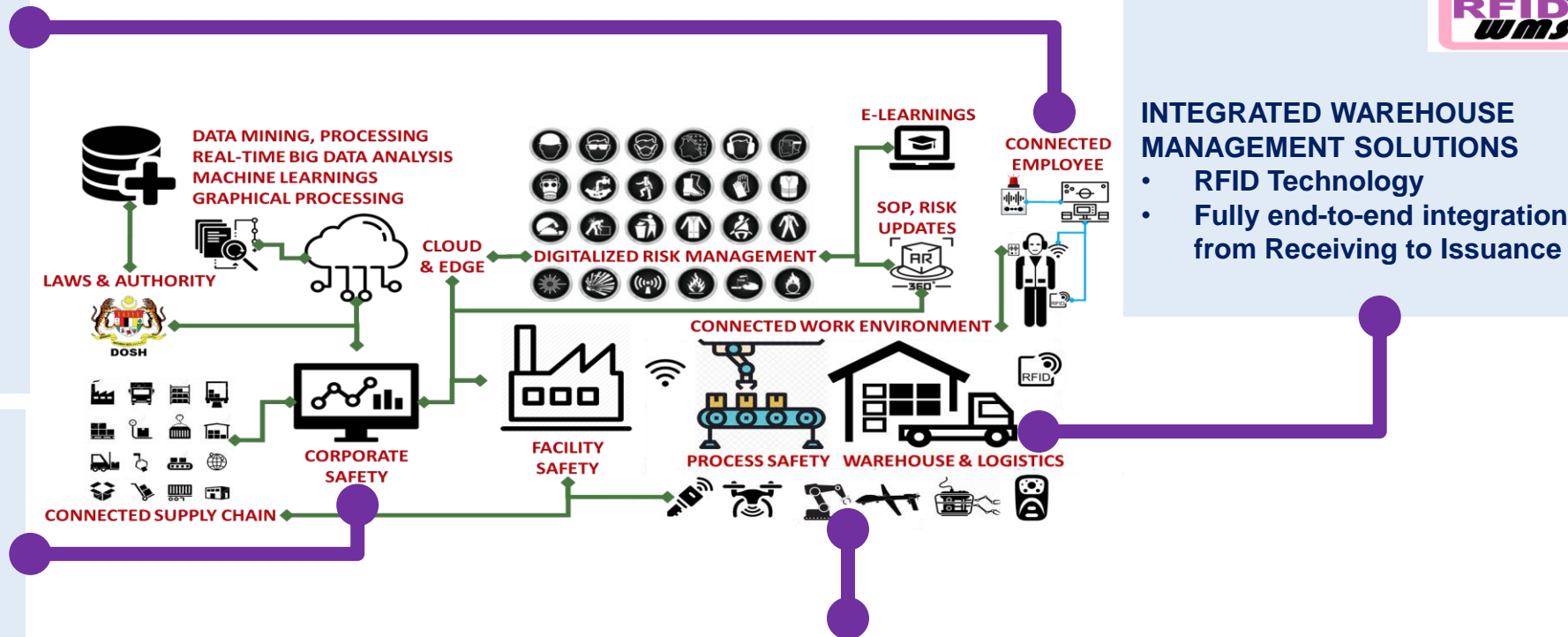
SMART VENDING SOLUTIONS

- 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



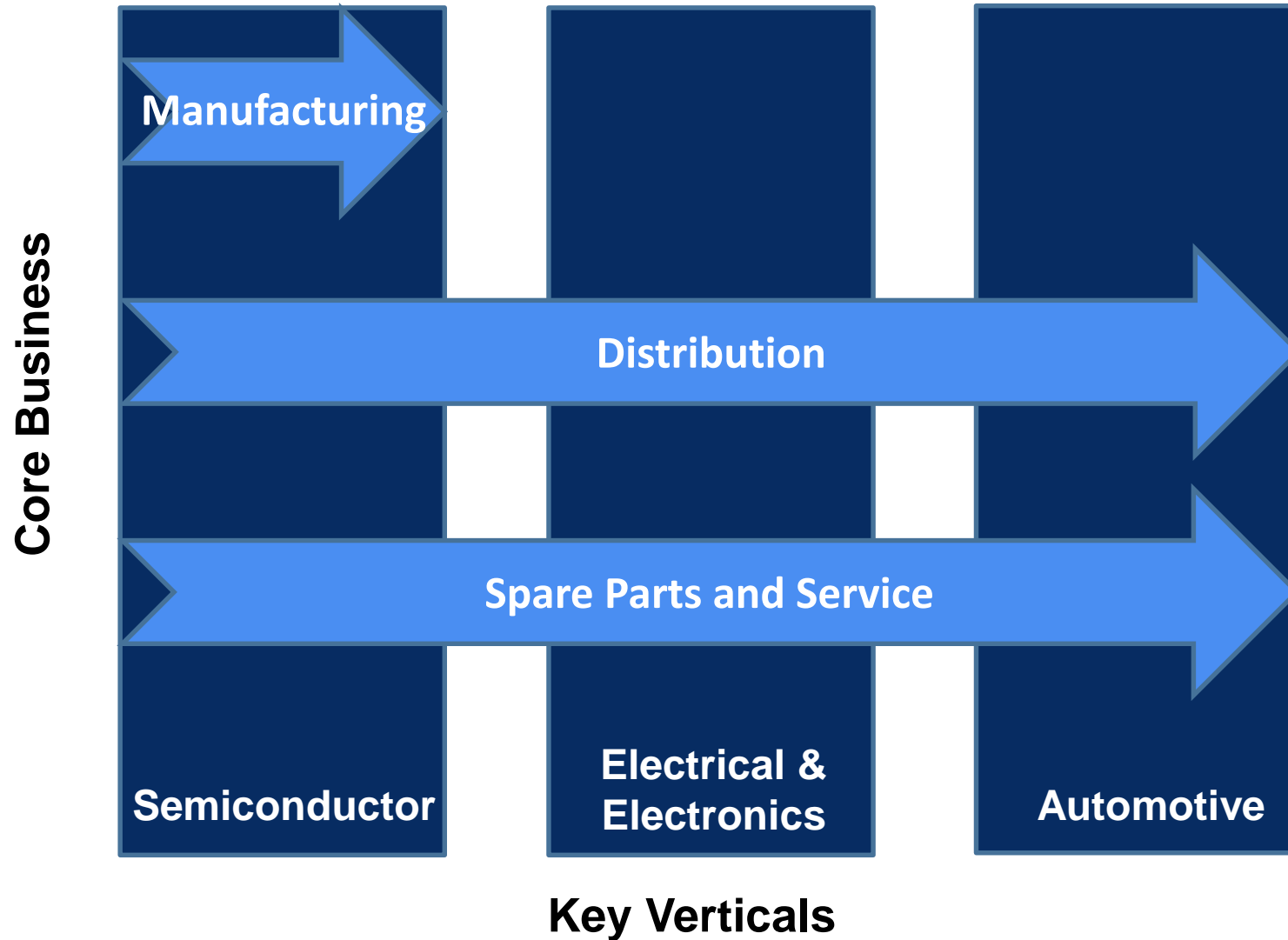
INTEGRATED WAREHOUSE MANAGEMENT SOLUTIONS

- 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

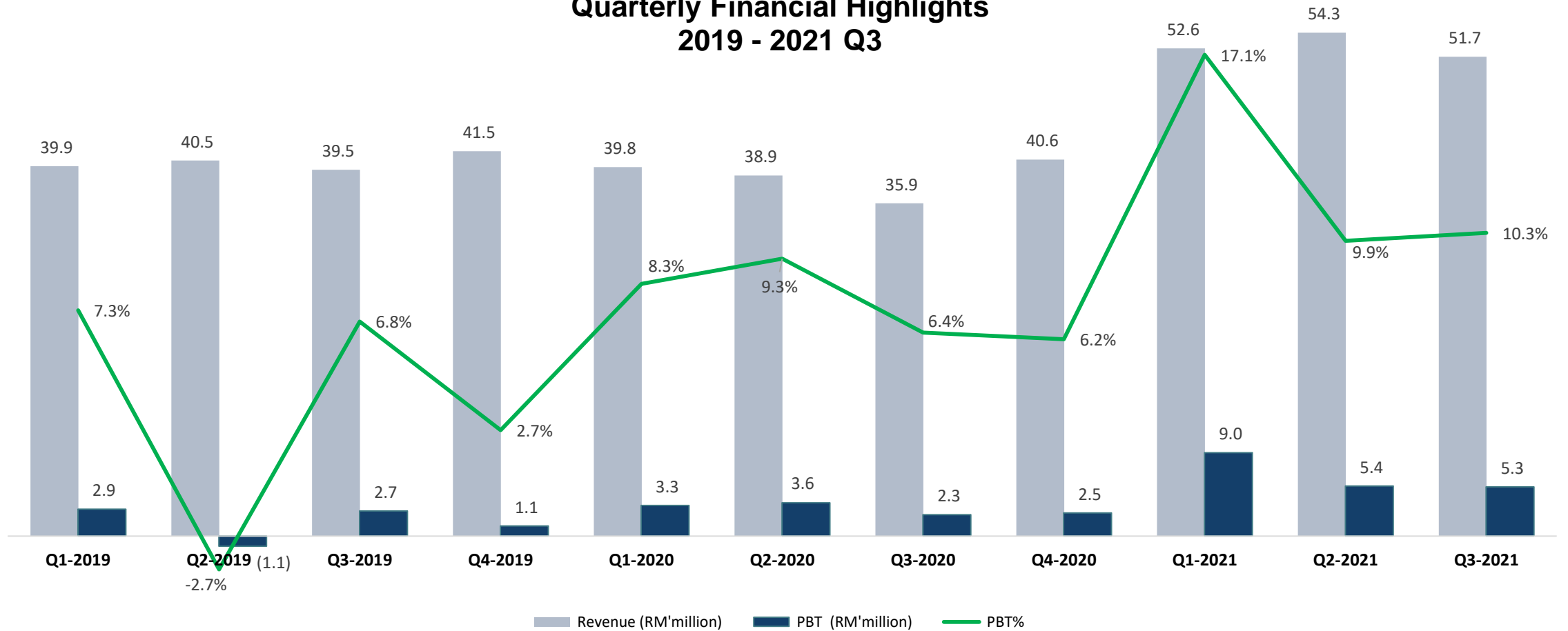
RM'mil	For the period ended					
	Q3 21	Q2 21	QoQ%	Sep 21	Sep 20	YoY%
Revenue						
Distribution	46.7	50.3	-7.7%	142.3	99.0	43.7%
- Product	31.3	31.1	0.6%	91.9	55.1	66.8%
- Materials	4.5	6.6	-31.8%	16.8	14.4	16.7%
- Spares & Service	10.9	12.6	-13.5%	33.6	29.5	13.9%
Manufacturing	5.0	4.0	25.0%	16.3	15.6	4.5%
Total Revenue	51.7	54.3	-4.8%	158.6	114.6	38.4%
GP						
Distribution	10.8	11.8	-8.5%	34.3	21.3	61.0%
- Product	6.9	7.0	-1.4%	21.6	11.2	92.9%
- Materials	0.3	1.1	-72.7%	2.0	0.7	185.7%
- Spares & Service	3.6	3.7	-2.7%	10.7	9.4	13.8%
Manufacturing	1.2	0.6	100.0%	4.8	4.0	20.0%
Total GP	12.0	12.4	-3.2%	39.1	25.3	54.5%
EBITDA	6.0	6.6	-9.1%	22.3	11.9	87.4%
Operating Cost	(6.7)	(7.0)	-4.3%	(19.4)	(16.1)	20.5%
PBT	5.3	5.4	-1.9%	19.7	9.2	114.1%
Tax	(1.6)	(1.5)	6.7%	(4.7)	(2.5)	88.0%
PAT	3.7	3.9	-5.1%	15.0	6.7	123.9%
MI	0.1	-		(0.4)	-	0.0%
PAT Attributable (PATMI)	3.8	3.9	-2.6%	14.6	6.7	117.9%

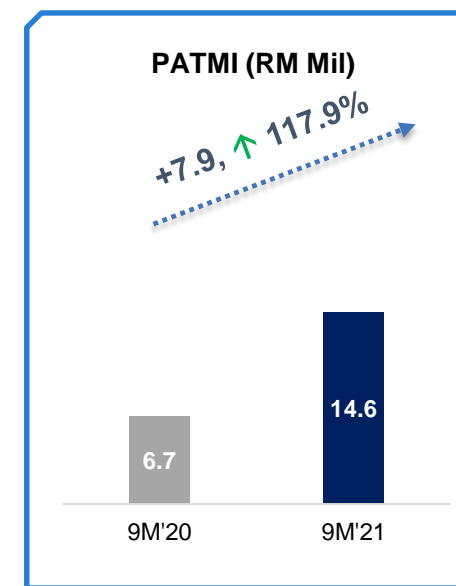
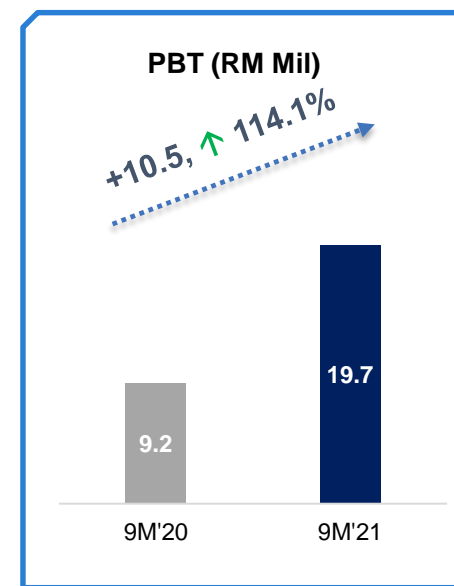
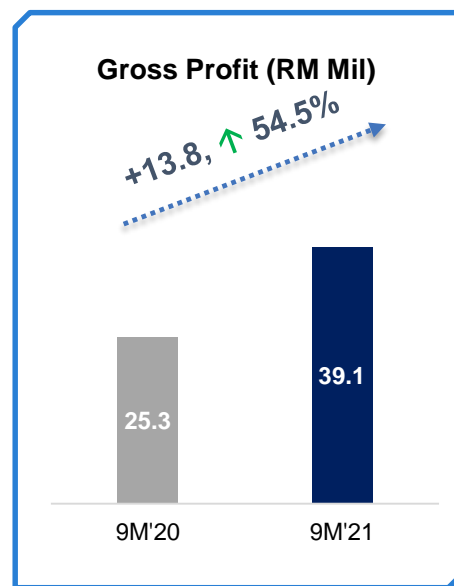
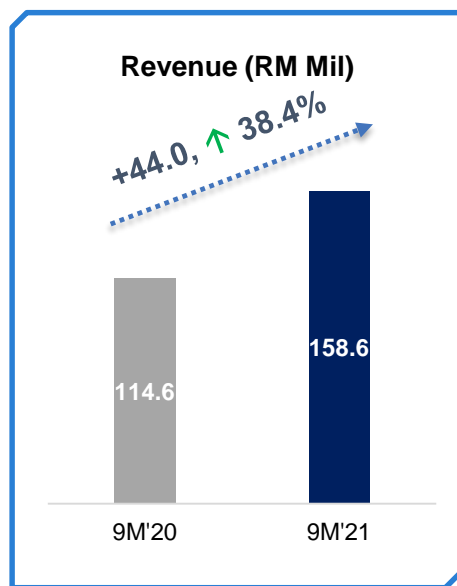
Financial Highlights – Quarterly Results Comparison

In RM 'mil

	Q3'21	Q3'20	Q2'21	Q3'21 vs Q3'20	Q3'21 vs Q2'21	For Period Ended		
						9M Sep'21	9M Sep '20	Cumulative YoY changes
Revenue	51.7	36.0	54.3	↑ 43.6%	↓ -4.8%	158.6	114.6	↑ 38.4%
PATMI	3.8	1.6	3.9	↑ 137.5%	↓ -2.6%	14.6	6.7	↑ 117.9%
PATMI Margin	7.4%	4.4%	7.2%			9.2%	5.8%	
EBITDA	6.0	3.2	6.6	↑ 87.5%	↓ -9.1%	22.3	11.9	↑ 87.4%
EBITDA Margin	11.6%	8.9%	12.2%			14.1%	10.4%	

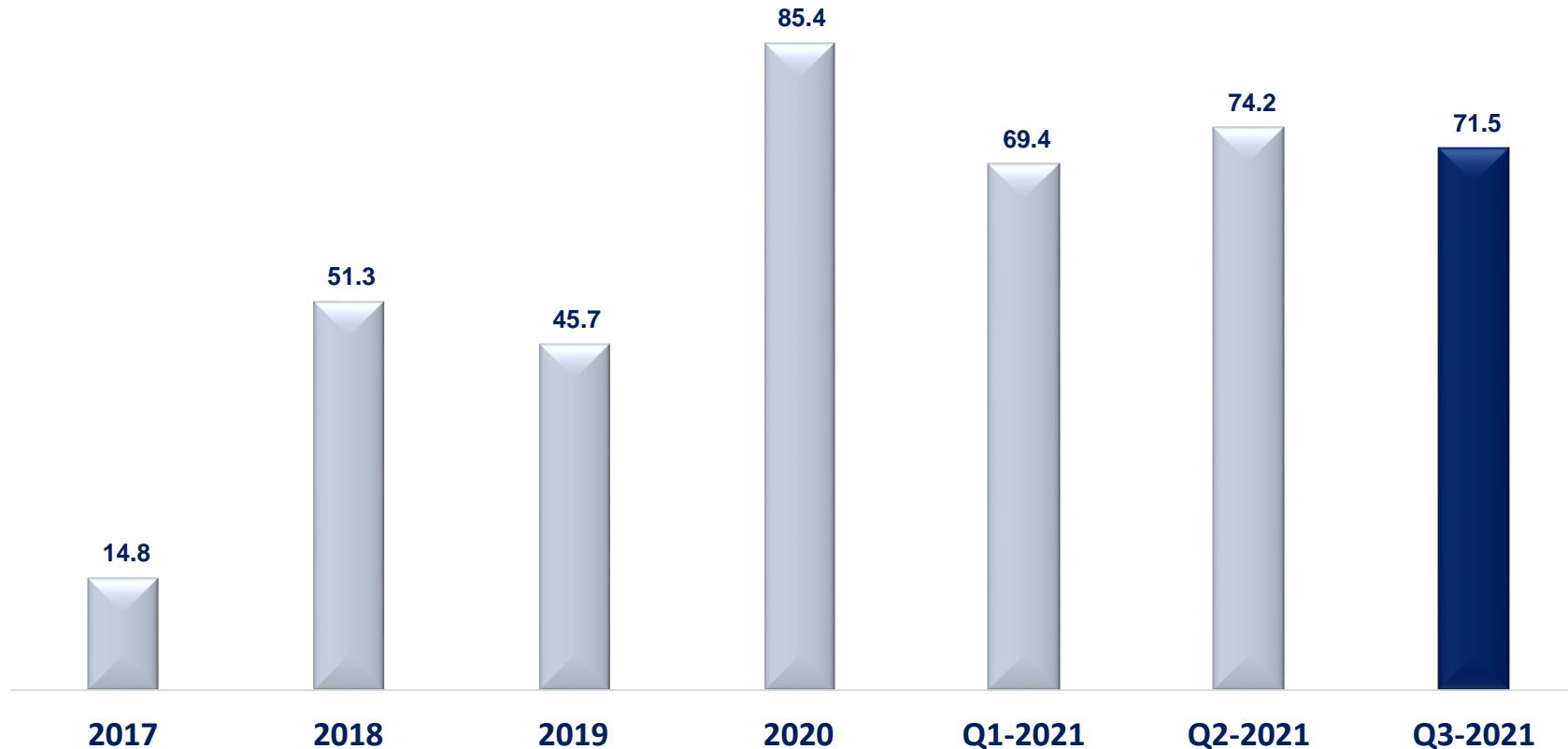
Quarterly Financial Highlights 2019 - 2021 Q3





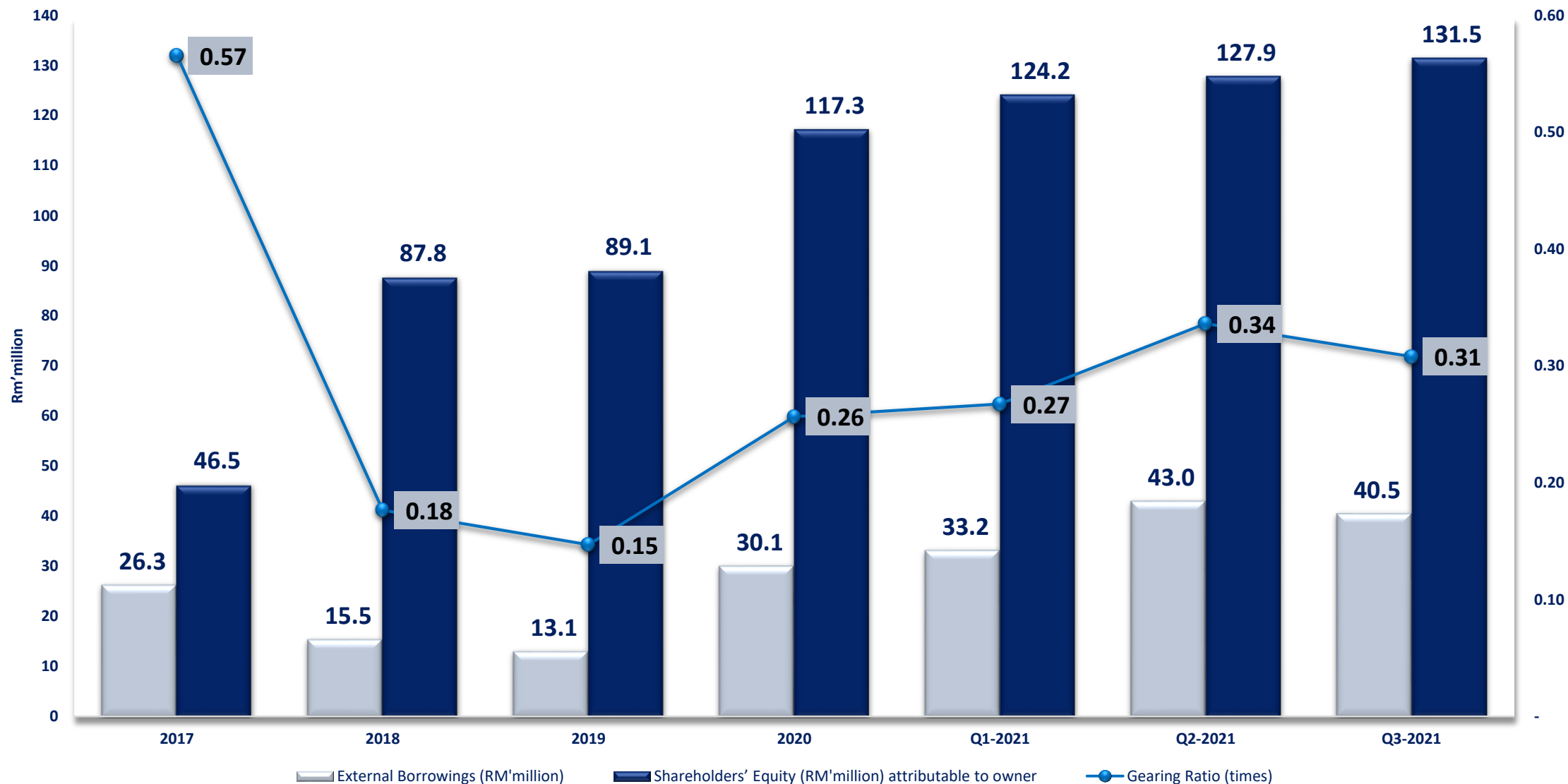
- Revenue increased due to a jump in sales from both the distribution division and manufacturing division.
 - Distribution division revenue increased by 43.7% YoY mainly due to an increase of 66.8%, 16.7% and 13.9% in product, materials and spares & service respectively.
 - Manufacturing division revenue grew by 4.5% YoY, due to better sales of automated measuring system and automated handling system from the semiconductor customers.
- Group GP increased by 54.5% YoY as a result from a 61.0% jump in GP contribution from the distribution division as well as an increase of 20.0% in GP contribution by the manufacturing division.
- PBT and PATMI increased in tandem with the growth of revenue, and gross profit margin generated by both distribution and manufacturing division.

Cash and cash equivalents (RM'mil)

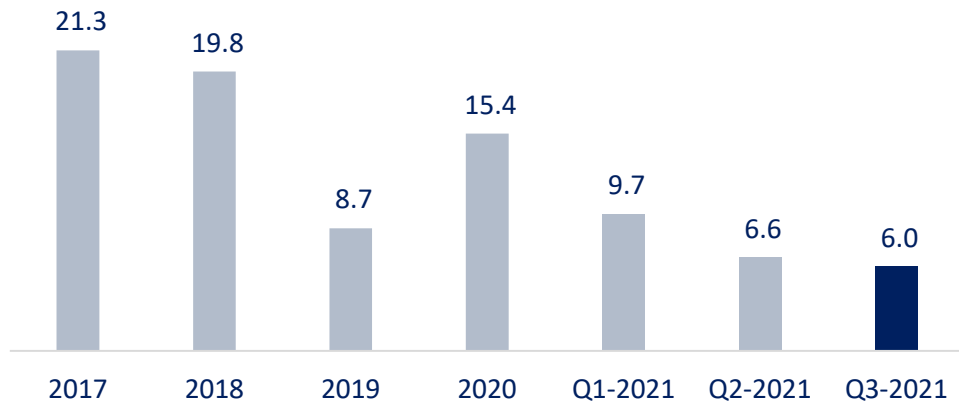


* Included in the financial year ended 2020 Cash and Bank Balances is RM17,850,000 being monies placed to vendor's financier in respect of the 5 storey detached factory property acquisition as part of the redemption sum due by the vendor to the vendor's financier. The property acquisition was completed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

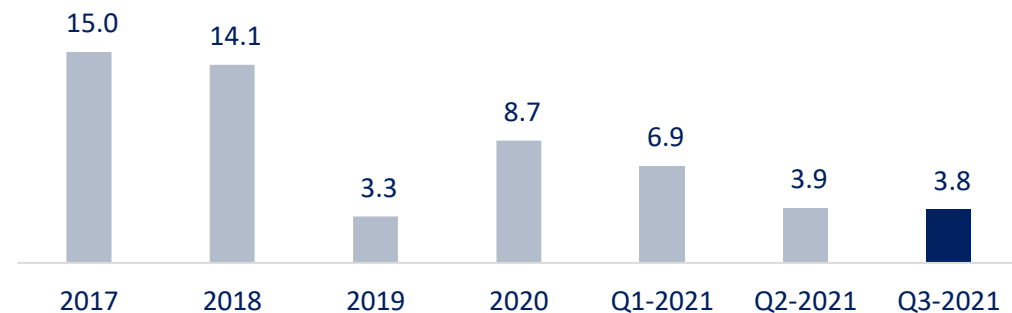
Financial highlights – Gearing ratio



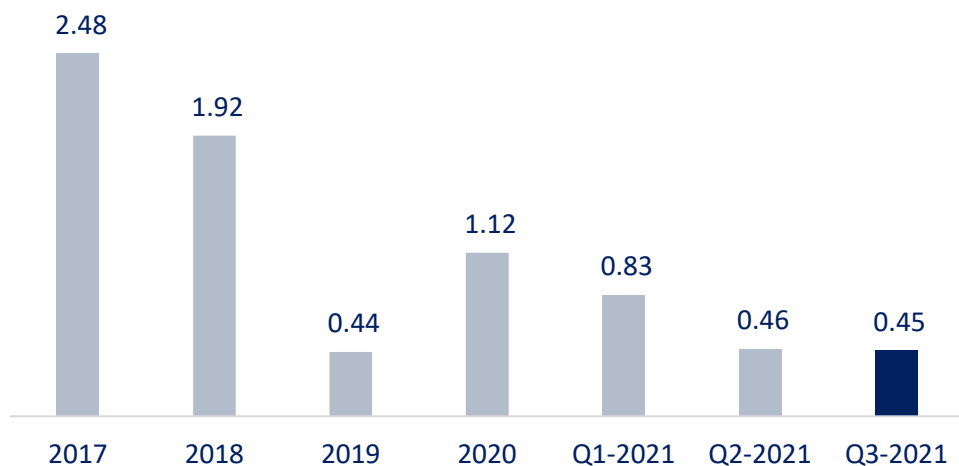
Earnings before Interest, Taxes, Depreciation and Amortisation (RM'million)



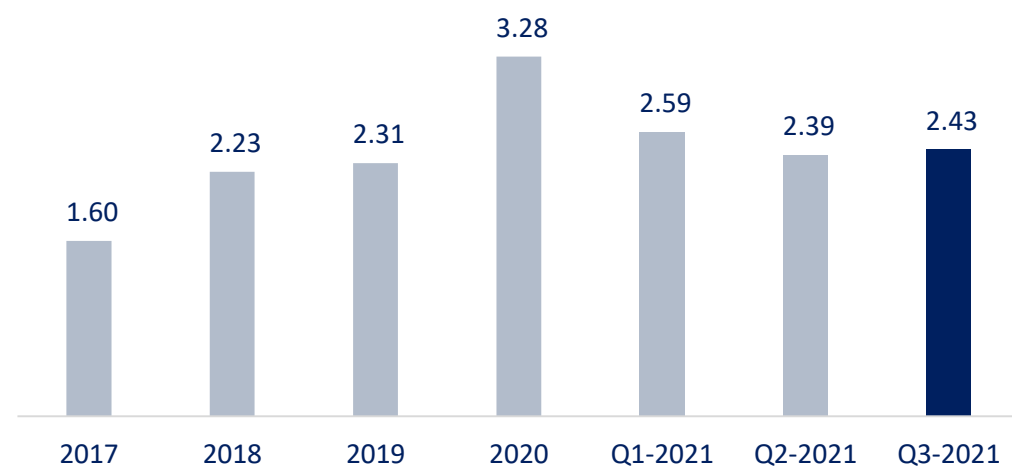
Profit attributable to Owners of the Company (RM'million)



Basic Earnings per Share (sen)



Current Ratio (times)



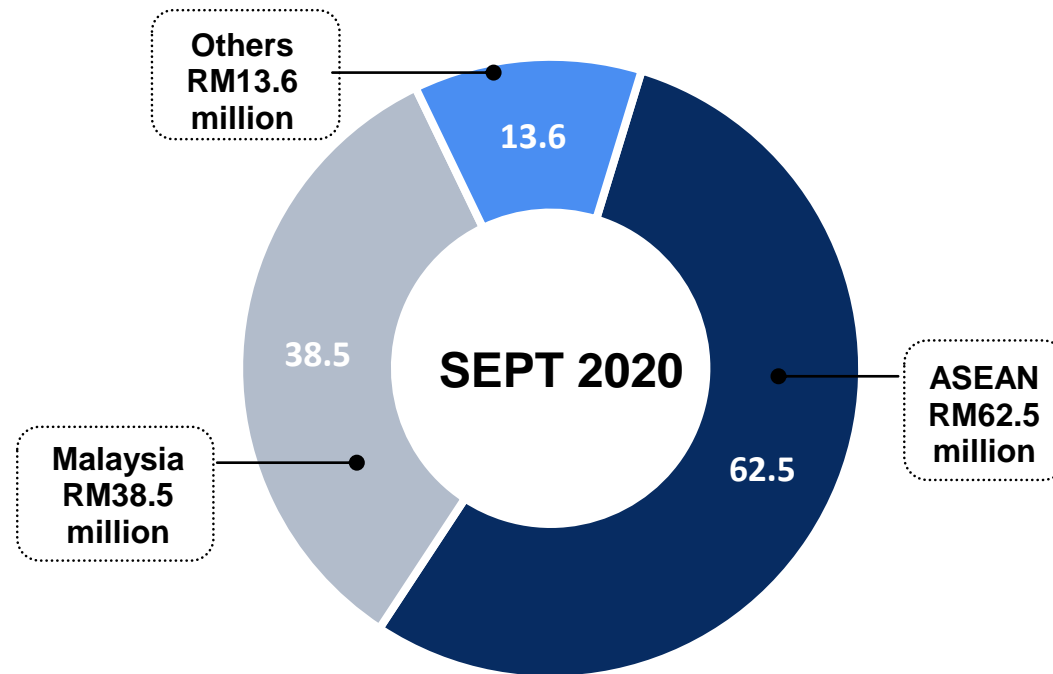
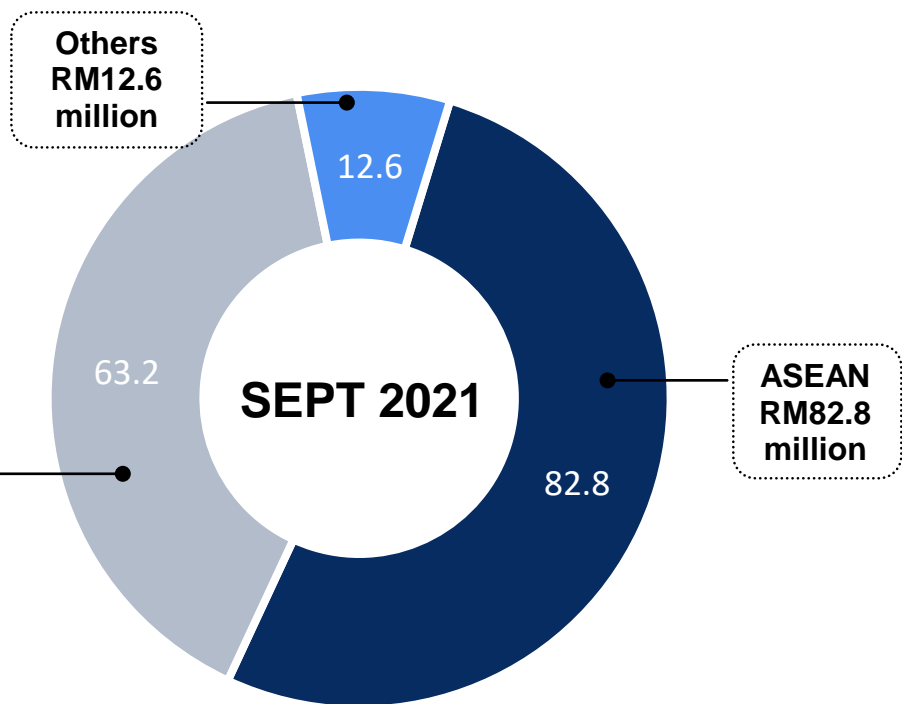
Analysis: Revenue (QoQ and YoY) – By Countries

RM m	For the period ended						
	Q3 21	Q2 21	QoQ%	Sep 21	Sep 20	YoY%	
Revenue							
Malaysia	21.7	26.1	-16.9%	63.2	38.5	64.2%	Malaysia grew strongly YoY
ASEAN	28.1	24.3	15.6%	82.8	62.5	32.5%	Strong ASEAN YoY recovery
<i>Singapore</i>	9.4	6.8	38.2%	27.0	17.2	57.0%	Semicon growth QoQ and YoY
<i>Vietnam</i>	7.5	3.6	108.3%	16.1	19.1	-15.7%	Recovering well QoQ
<i>Thailand</i>	4.9	4.7	4.3%	15.9	11.2	42.0%	E&E and Automotive based
<i>Philippines</i>	2.7	5.6	-51.8%	12.2	9.6	27.1%	Both Indonesia and Philippines posted strong rebound from low base YoY
<i>Indonesia</i>	2.8	3.0	-6.7%	9.8	5.3	84.9%	
<i>Other ASEAN *</i>	0.8	0.6	33.3%	1.8	0.1	1700.0%	
Others	1.9	3.9	-51.3%	12.6	13.6	-7.4%	
<i>China</i>	0.2	3.0	-93.3%	7.8	7.4	5.4%	One shipment delayed to Q4
<i>ROW **</i>	1.7	0.9	88.9%	4.8	6.2	-22.6%	Q3-good traction from Europe
	51.7	54.3	-4.8%	158.6	114.6	38.4%	

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

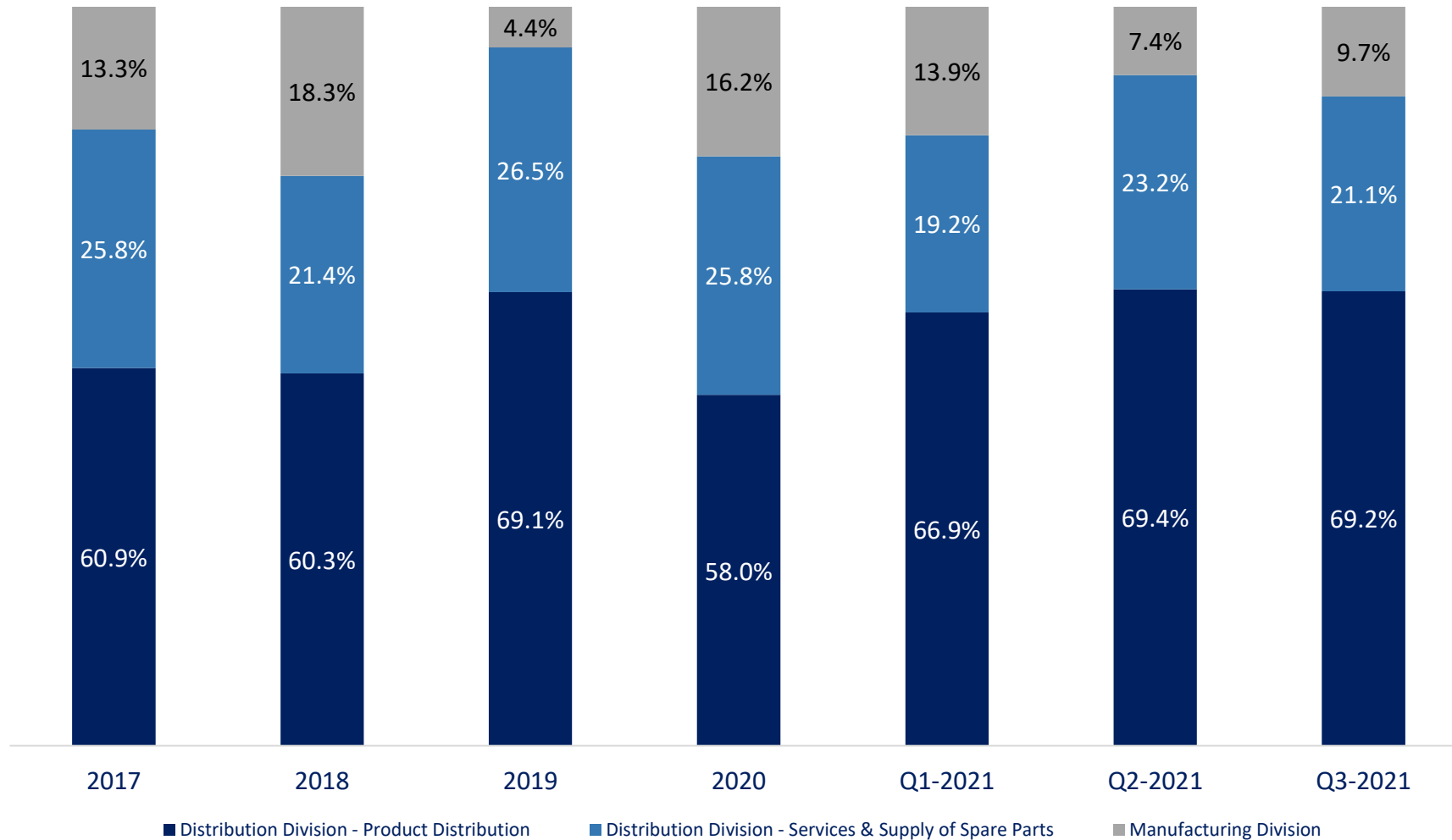
** ROW includes countries like France, Taiwan, Germany, Malta, Mexico, Morocco, Italy & etc.

Analysis: Revenue YoY – Cumulative 9M (By Country/Region)



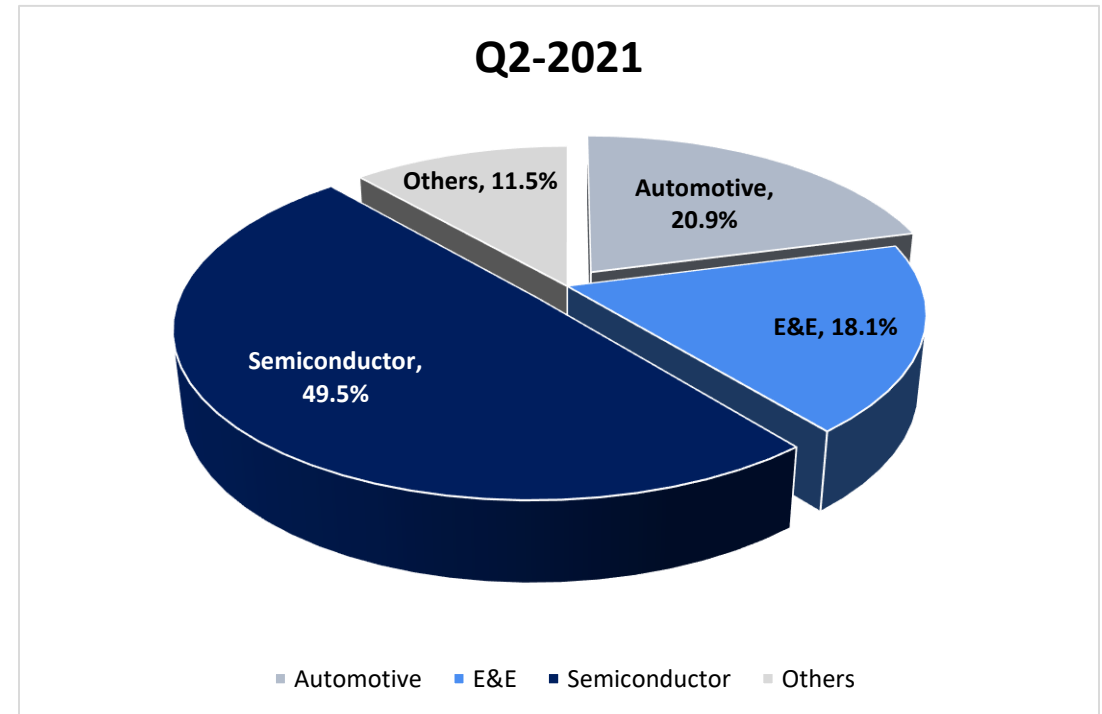
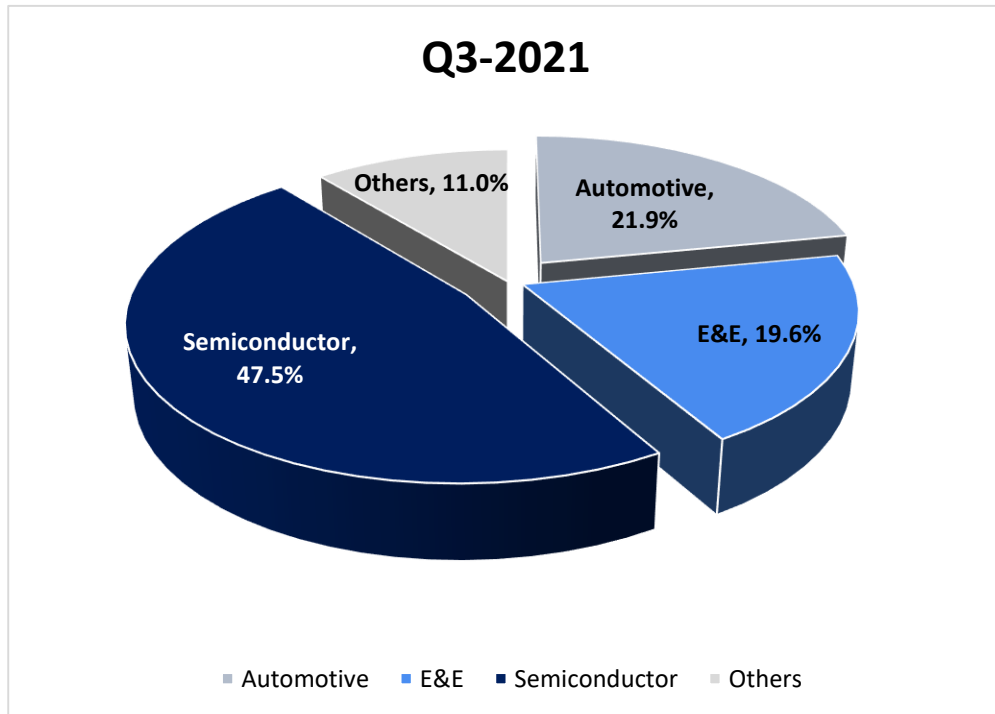
YOY growth		
ASEAN 32.5%	Malaysia 64.2%	Others (7.4%)

Analysis: Revenue Breakdown – By Division

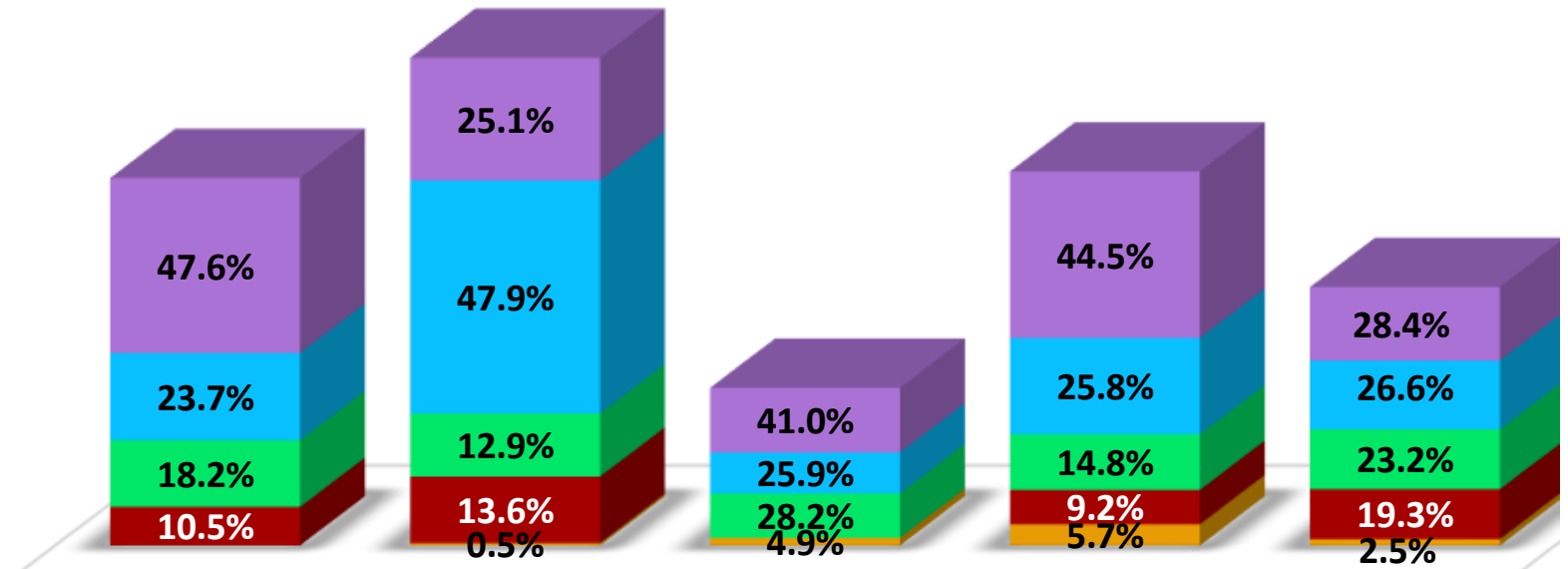


Analysis : Revenue Breakdown - By Industry

	Q3-2021	Q2-2021
Automotive	21.9%	20.9%
E&E	19.6%	18.1%
Semiconductor	47.5%	49.5%
Others	11.0%	11.5%

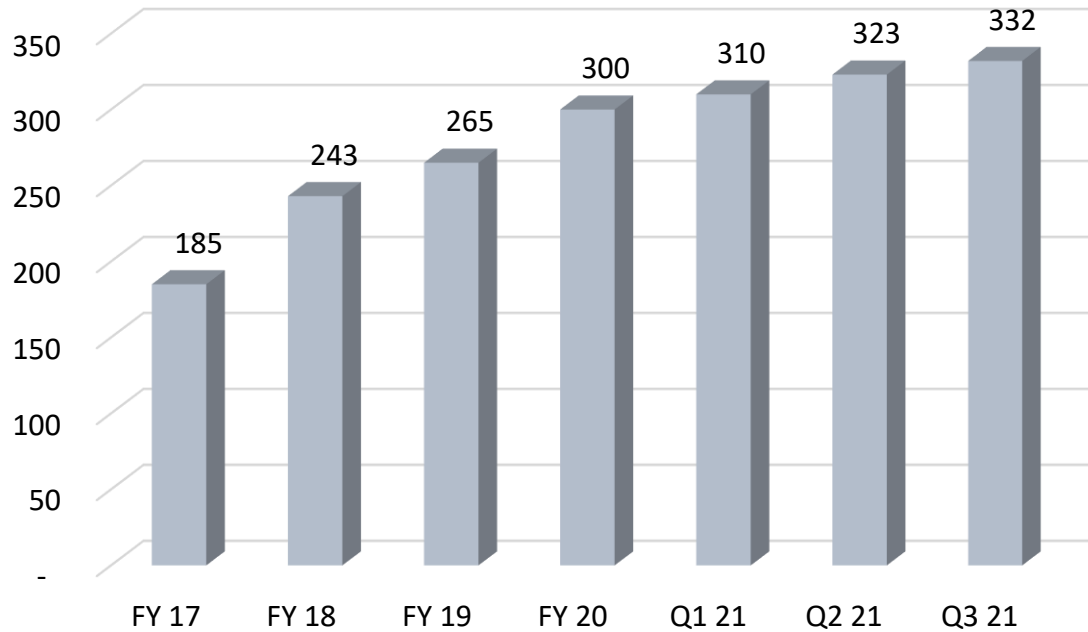


Manufacturing Division - Revenue Breakdown (YoY) by Product Series

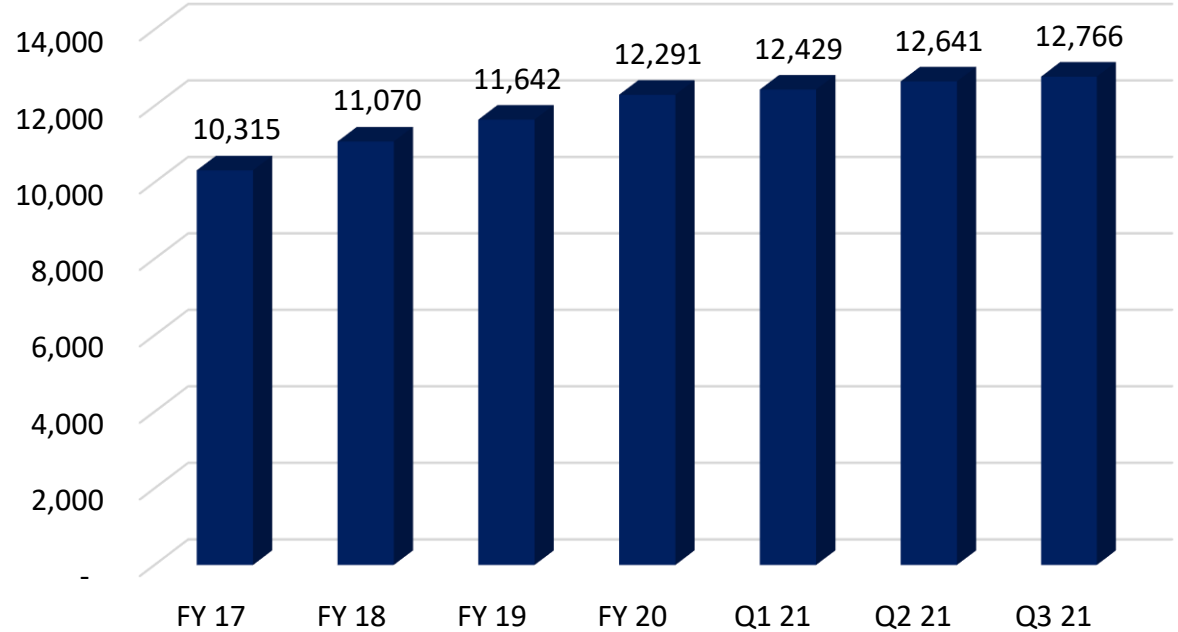


Revenue RM'000	FY 17	FY 18	FY 19	FY 20	9M-2021
OIS series	11,026	7,724	4,077	10,482	4,632
AOI series	5,496	14,693	2,575	6,081	4,332
AHS series	4,205	3,972	2,803	3,496	3,772
AMS series	2,437	4,185	-	2,169	3,146
SMS series	-	161	484	1,340	401

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 71.5 million as of 30-Sept 21
- Gearing ratio of 0.31
- 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

Event	Planned activities and updates
<p>Renovation of new factory @ Hicom-Glenmarie, Shah Alam</p>	<ul style="list-style-type: none"> ❖ FMCO will delay move in to end of Q1-2022 instead of mid-Nov 21 ❖ 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
<p>Applied Engineering Technology (M) Sdn Bhd (AETM)</p>	<ul style="list-style-type: none"> ❖ A joint venture between Applied Engineering Inc, USA (70%) and QES Group (30%) ❖ Already started employment of management staff and the initial team of engineers ❖ Rented a detach factory at Batu Kawan Industrial Park ❖ Currently renovating and expect to be completed by end Dec 2021 ❖ Expecting to start operation by Q1-2022 and employment to reach > 10 staffs
<p>QES Group acquisition of 2 acres land @ Batu Kawan Industrial Park, Penang</p>	<ul style="list-style-type: none"> ❖ Completed SPA between PDC and QES ❖ Planned to build QES 2nd factory there from Q2-2022 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 least 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 to be ready by end of Dec 2021
<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 as shown in the 9M YTD 2021 ❖ Recurring income continues to be steady at ~21% of total revenue 9M YTD 2021

Event	Planned activities and updates
<p>Overall FY2021</p>	<ul style="list-style-type: none"> ❖ QES Group is set to record a strong double digit revenue growth FY2021 over FY2020 ❖ Q4-2021 shipments (especially manufacturing division) expected to increase due to some delayed shipments originally planned in Q3-2021 ❖ Continue to mitigate supply chains issues through: <ul style="list-style-type: none"> ○ Advance purchases of critical components and machine structures ○ Work closely with customers on the delivery through PO in advance ○ Manpower resources and capacity planning very critical ❖ With ASEAN and other parts of the world gradually opening up, we opined and expect continuation of good order intake momentum
<p>FY2022 and beyond</p>	<ul style="list-style-type: none"> ❖ Expecting book to bill ratio towards end of 2021 to be much higher than parity ❖ AETM JV company to start full swing ❖ Planned to start building QES 2nd plant @ BKIP from 2H2022 onwards ❖ QES China expansion hopefully to yield positive results by 2H2022 ❖ 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

Event	Planned activities and updates
<p>Environmental</p>	<ul style="list-style-type: none"> ❖ Installation of solar panels on roof top of both the current Hicom Glenmarie factory and future QES Batu Kawan factory ❖ Rain harvesting systems to be installed at both sites ❖ Complete digitalization to reduce paper and energy wastage ❖ Inverter based air-conditioners to reduce energy consumption
<p>Social</p>	<ul style="list-style-type: none"> ❖ Gender and race diversity ❖ Work place improvements for all QES staffs ❖ Volunteer work to assist the poor and handicapped ❖ Donation drive activities to assist old folks homes, orphanage and the poor
<p>Governance</p>	<ul style="list-style-type: none"> ❖ Separation of roles between Chairman and Managing Director/President ❖ Majority Independent Directors on Remuneration Committee, Nomination Committee and Audit Committee ❖ To set up dedicated ESG Committee and Task Force in the coming FY2022

As at 30 September 2021

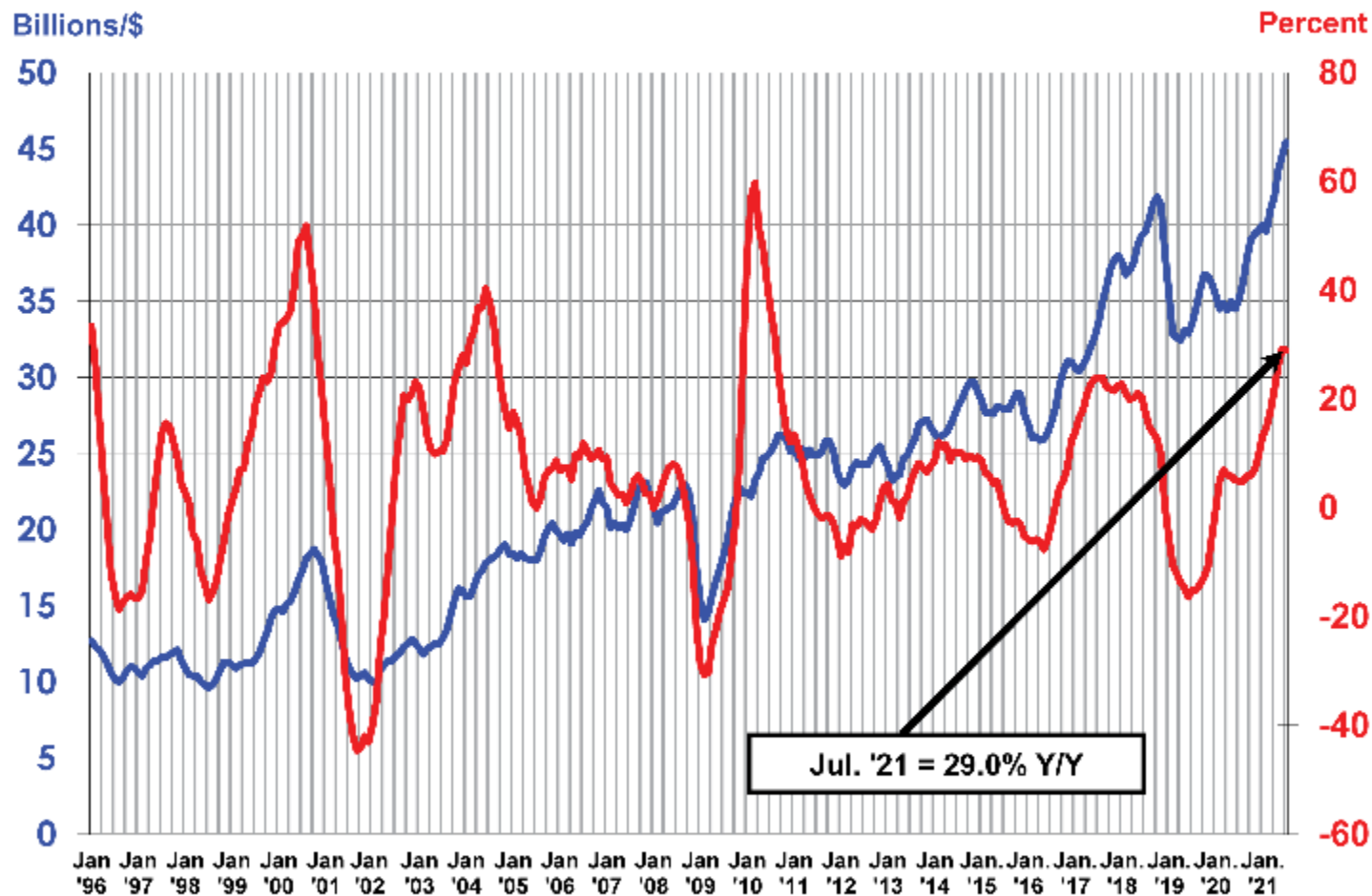
Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Expected Timeframe for Utilisation
(i) Factory capacity expansion	8,200	165	8,035	Within 18 months from 30 Oct 2020
(ii) R&D on future product expansion	5,300	359	4,941	Within 24 months from 30 Oct 2020
(iii) Market expansion to China	1,500	97	1,403	Within 18 months from 30 Oct 2020
(iv) Future working capital and acquisition related investment	4,595	221	4,374	Within 24 months from 30 Oct 2020
(v) Estimated expenses in relation to the proposed private placement	500	500	-	Immediately
	20,095	1,342	18,753	

Global Semiconductor Sales in July Up 29.0% Year-to-Year, 2.1% Month-to-Month

“Global semiconductor sales remained strong in July, with robust demand across all major regional markets and semiconductor product categories,” said John Neuffer, SIA president and CEO. “Chip production and shipments have reached all-time highs in recent months as the industry works to address sustained high demand.”

Worldwide Semiconductor Revenues

Year-to-Year Percent Change



Source: WSTS

— Revenue — Y/Y % Change

IC Insights Raises Its 2021 Worldwide IC Market Forecast to +24%

SHANNON DAVIS - 2 WEEKS AGO

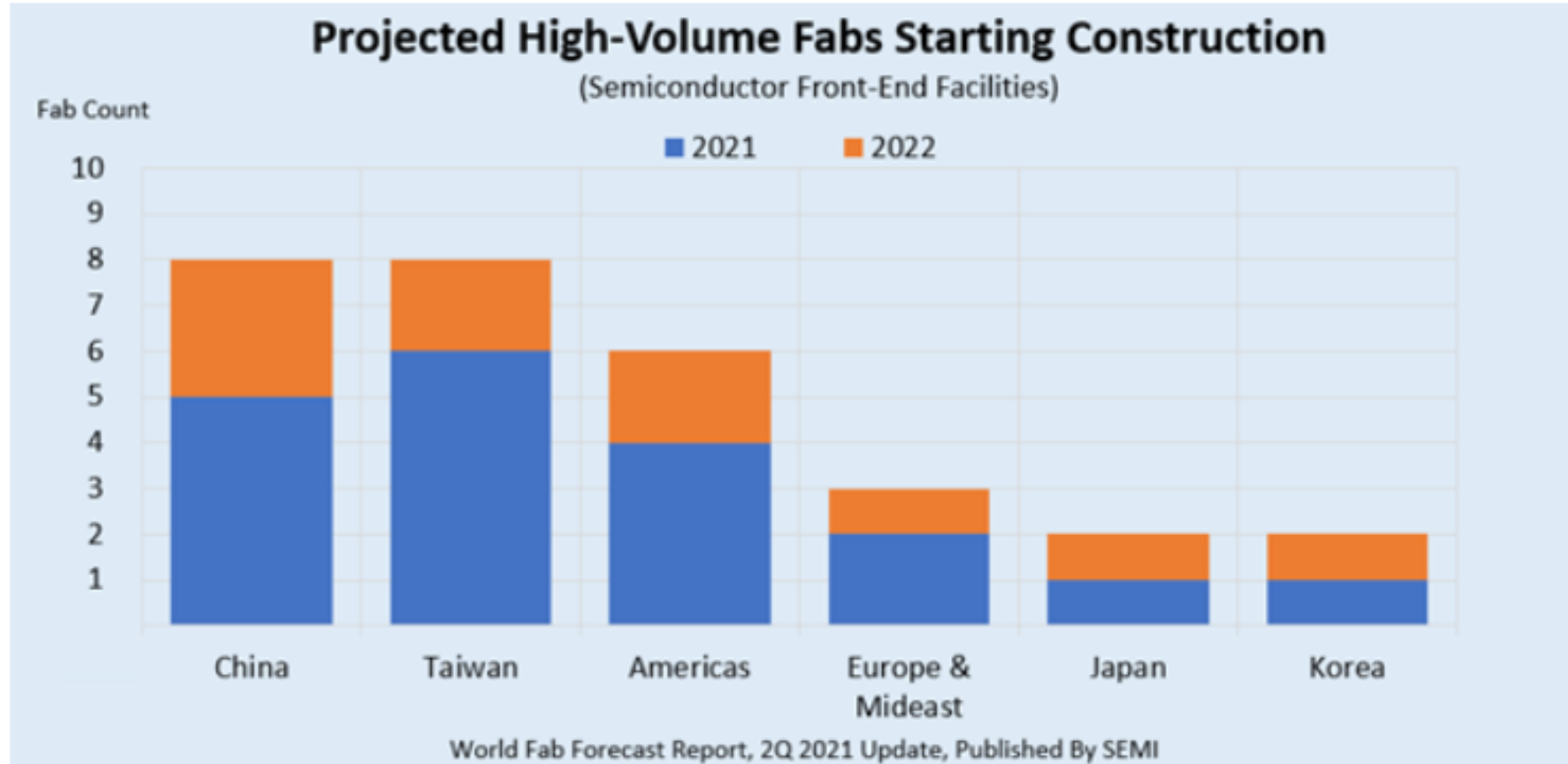
0 100 VIEWS

Top-10 IC Products Ranked by 2021F Sales Growth Rate

Rank	Product Category	2020	2021F
1	<i>Industrial/Other—Spcl Purpose Logic</i>	12%	47%
2	<i>DRAM</i>	8%	41%
3	<i>Auto—Spcl Purpose Logic</i>	10%	39%
4	<i>Consumer—Special Purpose Logic</i>	8%	38%
5	<i>Cellphone Application MPUs</i>	24%	34%
6	<i>Auto—App-Specific Analog</i>	-7%	31%
7	<i>Display Drivers</i>	13%	31%
8	<i>Wireless Comm—App-Specific Analog</i>	8%	28%
9	<i>Wireless Comm—Spcl Purpose Logic</i>	24%	26%
10	<i>Consumer—App-Specific Analog</i>	8%	25%

Source: IC Insights

The worldwide IC market is now expected to display an increase of 24% this year, driven by a 21% jump in unit shipments and a 2% increase in ASP. A growth rate of 24% would be the third largest increase in the global IC market over the past 16 years, being surpassed only by the 33% surge displayed in 2010 and the 25% increase registered in 2017.





New Glenmarie Factory – Artist Impression



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