



INVESTOR BRIEFING – Q2 2021 Financial Results

TOPICS COVERED:

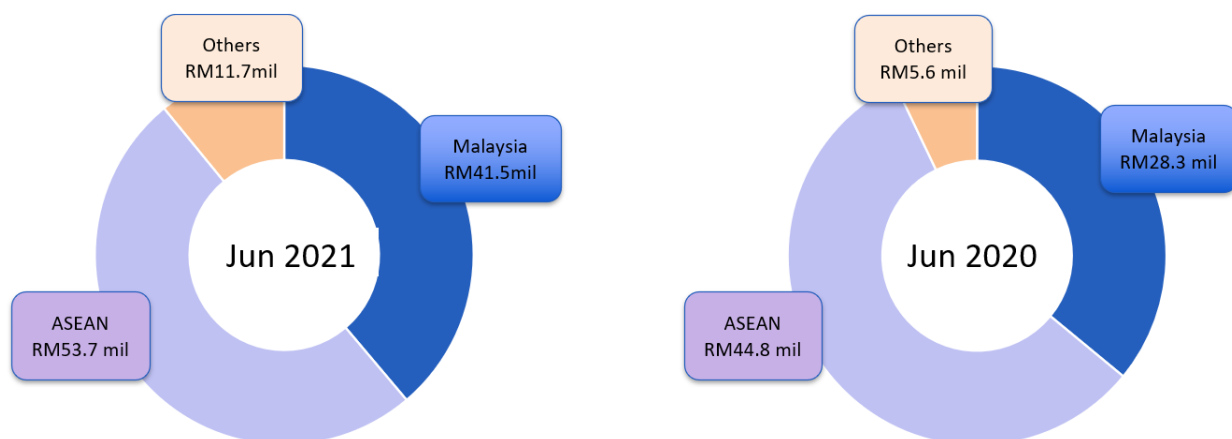
1. Second Quarter (“Q2”) 2021 Financial Results

- Revenue for Q2 grew by 39.6% to RM54.3mil as compared to RM38.9mil in the preceding year due to the increase of sales by both distribution and manufacturing division.
- Of the RM54.3mil, RM50.4mil was from the distribution division and RM3.9mil was from the manufacturing division.
- QoQ comparison saw a minor growth by 3.2% in the Group’s revenue.
- Manufacturing division revenue for the period ended 30 June 2021 increased by 33.3% YoY, due to better sales of Automated Measurement System and Automated Inspection Equipment from the semiconductor customers.
- Distribution revenue for the period ended 30 June 2021 increased by 36.1% YoY mainly due to an increase of 52.3%, 18.8% and 8.8% in product, spares & service and materials revenue respectively.
- Group GP increased by 54.5% YoY as a result from a 71.4% jump in GP contribution from the manufacturing division as well as an increase of 52.2% in GP contribution by the distribution division.
- Malaysia remains the largest revenue contributing country which makes up for 48.0% of Q2 total revenue which marked an increase of 46.6% YoY for the period ended June 2021. Contribution of revenue from the ASEAN region excluding Malaysia increased from RM44.8mil to RM53.7mil YoY due to the economic recovery from the Covid-19 pandemic.
- Total installed base as at Q2 ‘21 stood at 12,641.

Highlights of Q2 ‘21 Financial Results

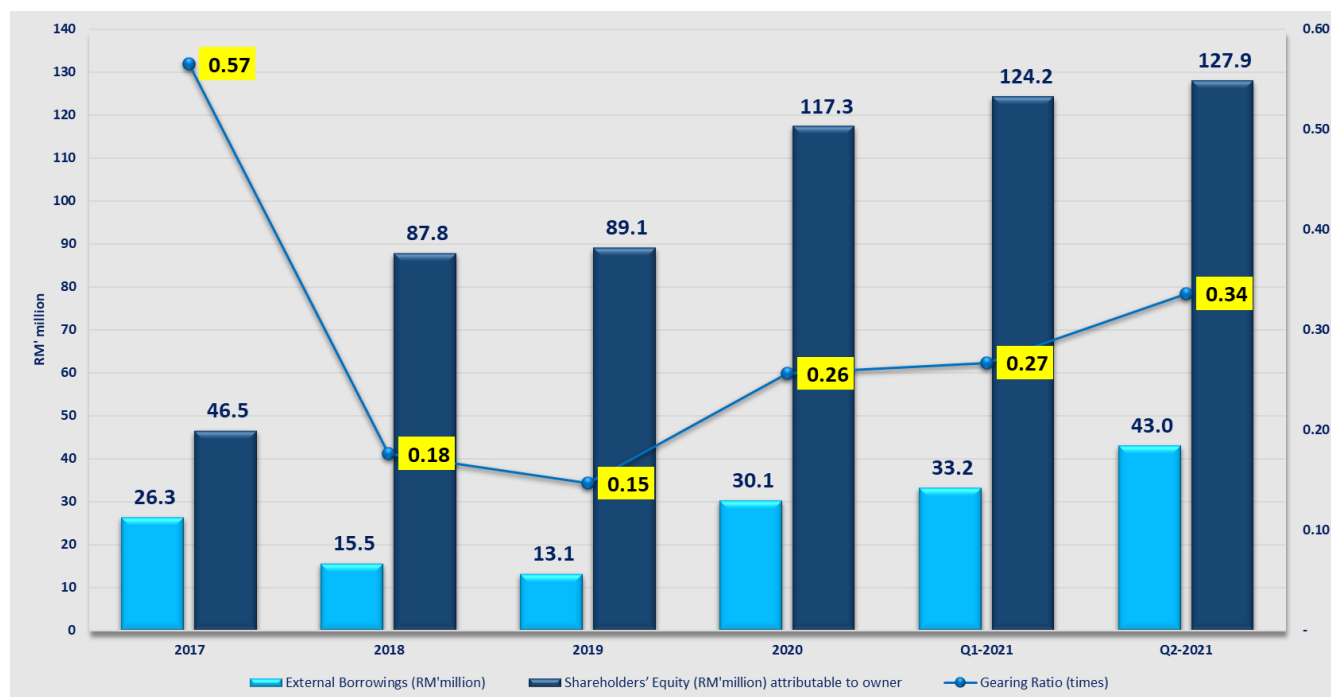
Revenue (RM)	Gross Profit (RM)	PBT (RM)	PATMI (RM)
106.9 mil	27.5 mil	14.4 mil	10.8 mil
▲ 35.8% YoY	▲ 54.5% YoY	▲ 108.7% YoY	▲ 111.8% YoY

Revenue YoY by Country/Regions



YoY Growth		
MALAYSIA	ASEAN	OTHERS
46.6%	19.9%	108.9%

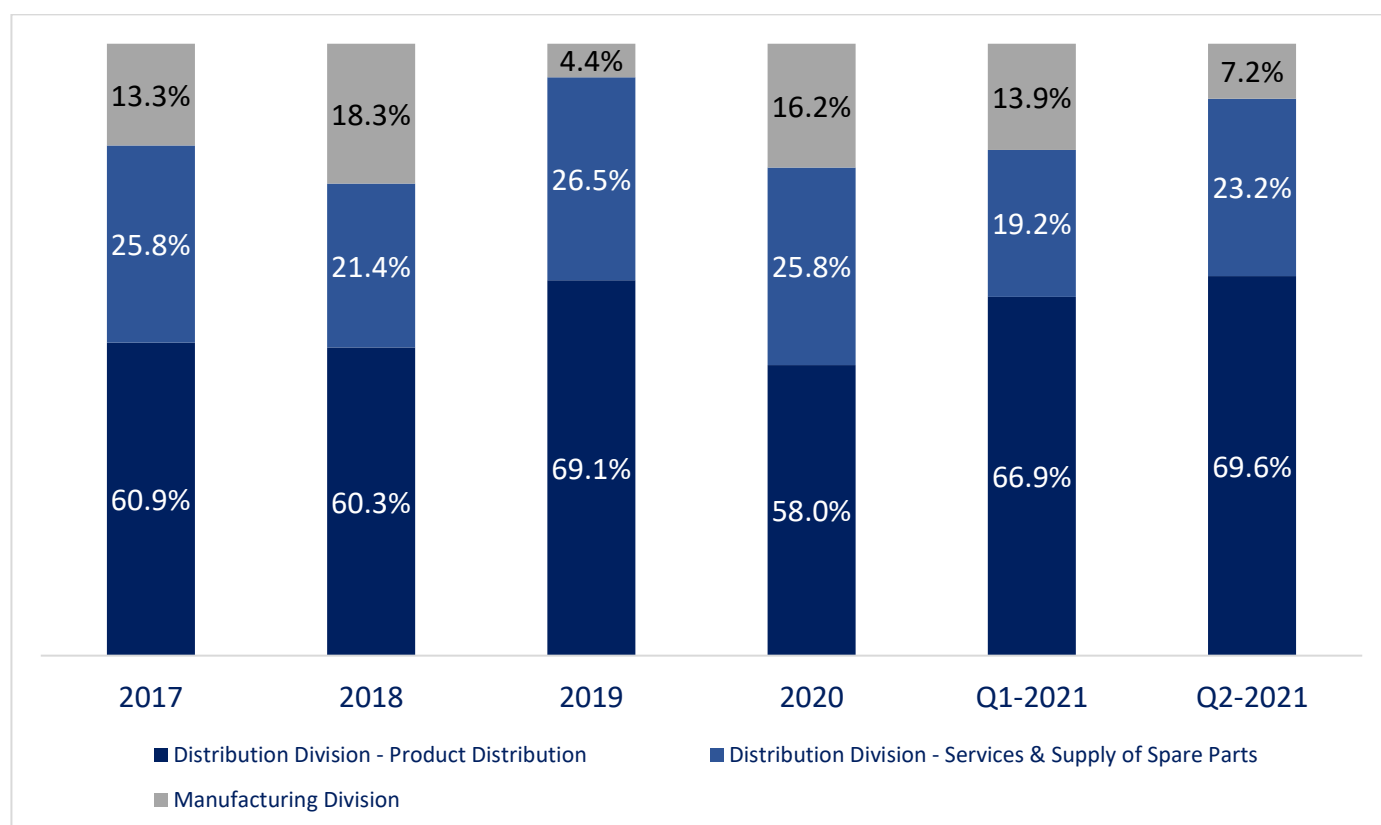
Borrowings/Shareholders' Equity & Gearing Ratio Comparison



2. Business Outlook & Prospects

- Growing multiple revenue streams especially for the Manufacturing Division
 - New AOI series products completed
 - New AMS series product completed
 - New SMS series solutions completed
 - New AOI series – wafer inspection machine (85% in progress)
 - Appointed 5 new sales channel partners in China
- Applied Engineering JV updates – signing of the JV agreement completed on 13 July 2021 and planning to move into a rented factory in Batu Kawan by early September 2021.
- Manufacturing Division also showing good growth from Europe – received good orders in Q3 2021.
- Overall market sentiments in ASEAN is positive with the roll out of vaccines which we expect will reflect a positive growth for 2H 2021 and FY 2022.
- Order intake momentum for both manufacturing and distribution division is still strong, however there are some delivery concerns due to the extended delivery lead times of some critical components.
- Currently undergoing renovation plans of the new Hicom-Glenmarie Shah Alam factory
 - Capacity of manufacturing division increases from 25,000 sq ft to 35,000 sq ft.
 - Move in of new factory has been delayed to early 2022 due to FMCO as the construction sector was not allowed to operate.
- Submitted application to Penang Development Corporation (“PDC”) for the future expansion into Batu Kawan, Penang – expected to complete the SPA between PDC by mid-September 2021.
- Vaccination status of QES Group
 - Malaysia > 96% vaccinated on 1st dose and > 66% on 2nd dose as of 22 Aug 2021.
 - Manufacturing Division already 73% 2nd dose and will start operating 80% capacity from 23-Aug-21.
 - Overall QES Group including ASEAN is 90% 1st dose and 52% completed 2nd dose.

Revenue Breakdown by Division



3. Utilisation of Private Placement Proceeds as at 30 June 2021

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Expected Timeframe for Utilisation
(i) Factory capacity expansion	8,200	7	8,193	Within 18 months from 30 Oct 2020
(ii) R&D on future product expansion	5,300	241	5,059	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	94	4,501	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>939</u>	<u>19,156</u>	