

CORAZA INTEGRATED TECHNOLOGY BERHAD

[Company No : 202001039065 (1395386-M)]

(Incorporated in Malaysia)

Appendix 1 – Question and Answers

NO.	QUESTION	ANSWER
1.	Who are the Company's major equipment suppliers? Please share the rationale for such selection.	<p>The Group has selected suppliers which has stable equipment performances throughout the life cycle of the equipment and is able to meet stringent requirements on industrial needs such as consistent quality in terms of tight tolerances and predictability for the products as well as proven track records in the industry.</p> <p>The equipment suppliers are from high technology countries such as Germany, Italy and Japan.</p>
2.	<p>How many highly skilled staff in the Company? What is the action plan to retain them?</p> <p>What are the proportion of engineer and skilled technician in the Company?</p>	<p>Skilled staff includes any worker who has special skill, training, knowledge which they can then apply to their work, or have attended a college, university or technical school or may have learned their skills on the job.</p> <p>The Group has approximately fifty (50) engineers and twenty (20) technicians. The Group will continue to identify talent from the market.</p> <p>The Group is in the midst of exploring methods to reward the staff.</p>
3.	What are the criteria to provide rebate to customers? Will Company provide rebate again this year?	All businesses with customers are covered by supplier agreements which are confidential in nature. If there were to be any discounts or rebates, all the terms and conditions will be covered in the agreement.
4.	As from the Annual Report 2022, why does the Company inventories and trade receivables double in 2020 to 2021? How would Coraza tackle those overdue trade receivables with their customers?	<p>The Group has Asset Management function in place to manage the inventories.</p> <p>The Day Sales Outstanding increased by 7% and the Day Inventory Outstanding was increased by about 20% in 2021.</p> <p>The increase in inventories was due to the Group's effort in trying to maintain sufficient inventories to ensure adequate supply and to prevent supply chain disruption caused by the COVID-19 pandemic.</p>

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		The trade receivables of the Group mainly are multinational corporation and there was no overdue issue.
5.	Does Management team planning to aim for the higher margin products as the Group's net profit margin is relatively lower than its peers such as UWC Berhad and Kobay Technology Bhd. How would you increase the profit margin and what is your competitive advantages as compared to industry peers?	<p>Competitive analysis were conducted and the Management is aware of the performance of industry peers.</p> <p>The Group is constantly looking into improving cost efficiency through increase in economies of scale and through operational efficiency.</p> <p>The Group also revisit quotes with customers whenever there is a material price increase.</p> <p>The Group is currently heavily increasing its engineering resources to further strengthen the competency of the Group.</p>
6.	Is there a succession planning in place for the role of Managing Director in view of his age of 62? If yes, please describe.	<p>The Group has in place a succession plan and suitable successors has been identified.</p> <p>The Nominating & Remuneration Committee also regularly reviews the Group's Succession plan.</p>
7.	What are the types of customers that will be part of the expansion plan in the next three (3) to five (5) years?	<p>The Group plans for geographical expansion in terms of sourcing for new customers.</p> <p>The Group will also consider to have an early involvement with original equipment manufacturer ("OEM") in Silicon Valley, United States as part of the expansion plan.</p>
8.	Will there be a plan to include high valued products that could improve the profit margin? If yes, what are these products, key clients and profit margin range?	<p>The early involvement with OEM in Silicon Valley, United States was part of the plan of the Group.</p> <p>The Group is exploring opportunity to produce high valued products where the Group will embark in vertical integration in the value chain.</p> <p>The Group's differentiation strategy is to be a one-stop integrated engineering solution provider that is able to produce all the parts through internally or via outsource capabilities.</p>

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		<p>The Group will continue to invest in engineering process capability, talents, machines and infrastructures to meet the Customers' needs and expectation.</p>
9.	<p>What is the Company's overview on the global semi-conductor, airline, electric vehicles ("EV") landscape and the relation with the Company?</p>	<p>Semiconductor industry includes design phase, fabrication (front and back end) phase and equipment assembly phase. The Group is involved in two (2) of the phases.</p> <p>The Group is engaged with market leaders in the Semiconductor industry. The Group viewed that the Semiconductor industry has sustainable growth trend.</p> <p>The Group also participated in network test equipment.</p> <p>The Management views that the airline industry will soon recover due to the re-opening of countries' borders post-Covid-19 pandemic. The Group is also involved in producing parts for the aerospace industry.</p> <p>The Group is not involved in EV industry at the moment.</p>
10.	<p>Malaysia government has been sluggish in rolling out 5G, I would like to know the Management's input on the Company's operational and business.</p>	<p>The Group is of the view that Malaysia's roll-out speed on 5G has minimal impact as the Group support customers with global exposure.</p>
11.	<p>Companies such as UWC Berhad and Greatch Technology Berhad are aggressively pulling the potential talent even in Secondary school and technical school. What is the Company approach on talent sourcing?</p>	<p>The Group is collaborating with Universiti Sains Malaysia for talent sourcing.</p> <p>There were on-going career talks by the Group's senior management team in the technical school and institutional.</p> <p>There was internship programme collaborated with technical school and institutional bodies as well.</p>
12.	<p>Is the Company moving toward turnkey producer or contractor for better profit margin?</p>	<p>The Group is actively looking for opportunity to engage in full turnkey products.</p> <p>The Group is moving towards early product engagement with OEM customers in Silicon Valley, United States.</p>