

GENETEC TECHNOLOGY BERHAD
Registration No.: 199701030038 (445537-W)

QUESTIONS AND ANSWERS RAISED BY MINORITY SHAREHOLDERS WATCH GROUP AT THE TWENTY-FOURTH ANNUAL GENERAL MEETING OF THE COMPANY

No.	Questions	Answers
1.	In FY2022, the group achieved exceptional growth in Electric Vehicle and Energy Storage segments, primarily driven by the strong orders from an existing key customer from the USA. Customer C, as disclosed on page 89 of Annual Report FY2022, who contributed RM163.872m or 73.3% to the group's revenue for FY2022.	
(i)	For the products that the group currently supplies to Customer C, is the group the sole supplier of Customer C?	<ul style="list-style-type: none"> • Yes.
(ii)	Does the group expect the percentage of revenue contribution from Customer C to increase further in the foreseeable future?	<ul style="list-style-type: none"> • Yes, we want to continue to grow our business with key clients • At the moment, the customer is looking at their expansion plan • They are also working on their budgets to increase their production capacity and preparing to ramp-up production. This is still in-line with their initial plan to meet the 3000GWH by 2030.
(iii)	Given the high concentration of revenue contribution from Customer C, how does the group manage the customer concentration risk arising from Customer C?	<ul style="list-style-type: none"> • We do not think that there are any specific concerns. • Genetec caters to six key product segments (automotive, computer peripherals, consumer goods, healthcare, electric vehicle and battery) and we have different ongoing projects.
(iv)	What are the competitive advantages that the group possesses over other competitors which have helped the group to secure contracts/orders from Customers C?	<ul style="list-style-type: none"> • Our long experience auto industry in the last 16 years, since 2006 • Low-cost operational advantage. • We are the sole supplier for future incoming recurring orders • We have built long-term business relationships that gives us the insights and understanding of the needs and requirements of customers, including Customer C. The relationship has been continued partnership in R&D to advance the EV and Energy Storage innovations

No.	Questions	Answers
2.	<p>The group made a strong turnaround from a loss after non-controlling interests of RM4.245m for FY2021 to record a remarkable profit after non-controlling interests of RM56.400m for FY2022, benefiting enormously from the Electric Vehicle and Energy Storage segments. Are there any technical barriers or specialised skillsets that restrain any other industrial automation solution providers from entering these segments?</p>	<p>There are a few key factors.</p> <ol style="list-style-type: none"> a. The first is our track record and experience. Genetec is a company with 25-years experience in the business <ul style="list-style-type: none"> ○ We have deep knowledge and experience, and strong relationships ○ We have a strong local team with deep technical and industry knowledge, this team has been with the company for a long time ○ Our combined years of experience enables us to develop and customise, full turnkey, smart factory automation solutions for mass production that is used worldwide by our current customers b. Secondly, it is a capital intensive business – from an infrastructure and skilled talent perspective. Genetec has been investing in our facilities and training local talent. c. Thirdly, Genetec has also been servicing the automotive industry since 2006. We have been serving clients all around the world. This (more than) 16 years experience is valuable to other automotive clients and to our work. d. With these long-term, in-depth, co-operation with our customers, we are able to develop advanced solutions and technologies within the Electric Vehicle (EV) and Energy Storage space. We have established the trust and a firm relationship with our clients that enables the Group to continue receiving large replenishment orders. <p>The long-term relationship and continued R&D in EV and Energy Storage innovations puts us on the forefront and leading manufacturer in full turnkey smart factory automation. This has created a solid platform for the Group to capitalise on its business segments.</p>

No.	Questions	Answers
3.	<p>The receivables turnover ratio (revenue/average trade receivables) declined from 3.28 for FY2021 to 2.57 for FY2022. Also, the gross carrying amount for trade receivables past due more than 30 days as at 31 March 2022 has jumped to RM99.237m from RM9.084m a year ago.</p> <p>(i) What were the reasons for the increase in the collection period?</p> <p>(ii) Was the jump in the trade receivables past due more than 30 days largely arising from Customer C?</p> <p>(iii) What are the steps taken to recover the overdue receivables?</p>	<ul style="list-style-type: none"> • Genetec is engaged in turnkey projects and most of the payment mode will be in milestone payment, up to a maximum 36 weeks from the delivery of products until the products buy-off at customer site. • Moreover, the finance cost is absorbed by the customers, which resulted in the increase in collection period. • Yes. • Please refer to question 3 (i) for the reply.
4.	<p>With the gradual recovery of global economic activities, the group expects more order replenishments from existing key customers.</p> <p>(i) What is the current outstanding order book?</p> <p>(ii) What is the order book replenishment target for FY2023?</p>	<ul style="list-style-type: none"> • As at end of Q4 FY2022, our order book stands at RM270 million. • The Company is not able to share the order book status. • Any relevant updates on orders will be announced accordingly as and when details are confirmed. • Kindly look out for the announcements on the new orders secured on our website or via Bursa Malaysia, under the Company Announcements – Genetec Technology Berhad (0104).