



For Immediate Release

AEM reports 1Q2024 revenue of S\$94.2M and profit before tax of S\$2.7M

- The Group recorded revenue of S\$94.2 million in 1Q2024, with profit before tax of S\$2.7 million over the same period.
- Over the first four months of the year, the Group announced two program wins in the High Performance Compute / AI space, a testament to the Group's ongoing investments in R&D and its diversification strategy with Test 2.0.
- The Group maintains its guidance for 1H2024 of S\$170 million to S\$200 million and will provide 2H2024 guidance in its 1H2024 earnings press release.

Singapore, 8 May 2024 – AEM Holdings Ltd. (“**AEM**” or “**the Group**”), a global leader in test innovation, announced a voluntary update for its business performance and outlook for the three months ended 31 March 2024 (“**1Q2024**”) today.

Financial Overview

Financial Highlights (S\$ '000)	1Q2024	1Q2023	Change (%)
Revenue	94,203	152,660	(38.3)
Profit before tax (“ PBT ”)	2,700	19,022	(85.8)
PBT margin	2.9%	12.5%	(9.6) <i>ppts</i>
Net profit	2,338	15,559	(85.0)
Net profit margin	2.5%	10.2%	(7.7) <i>ppts</i>

* *ppts: Percentage Points*

The Group achieved revenue of S\$94.2 million in 1Q2024, with PBT of S\$2.7 million, which includes a restructuring charge of S\$2.1 million, as a result of a re-organisation the Group undertook in 1Q2024. Quarter-on-quarter revenue remained flat, due primarily to the slower



than expected recovery at the Group's key customer, combined with a build-up of inventory in the life science and industrial sectors which has adversely impacted AEM's contract manufacturing revenue for the quarter.

For the quarter, the Group remained profitable as its focus on driving operational efficiency and implementing tight cost control measures yielded positive results and is preparing the Group to take advantage of the upcoming ramps that are expected when the industry fully recovers.

The Group's balance sheet remains strong, with total equity of S\$477.7 million as of 31 March 2024. NAV per share increased marginally to 152 cents, and the capital structure remains sound with a debt-to-equity ratio at 0.3x.

Balance Sheet Highlights			
(S\$ '000)	31-Mar-24	31-Dec-23	Change (%)
Inventories	326,511	328,616	-0.6%
Trade and other receivables	77,342	58,773	31.6%
Cash and cash equivalents	90,963	101,849	-10.7%
Total assets	716,459	707,527	1.3%
Trade and other payables	80,770	74,061	9.1%
Financial liabilities	123,941	126,355	-1.9%
Total liabilities	238,783	233,141	2.4%
Total equity	477,676	474,386	0.7%
Net asset value per share (Singapore cents)	152	151	0.7%
Debt/ Equity	0.3	0.3	

Recent High Volume Production Wins

The Group's continuous investments in R&D has yielded positive outcomes, with two significant high volume production wins for its test solutions in the high performance compute (HPC) / artificial intelligence (AI) space.

The first win announced was for the Group's next generation Automated Burn-In (ABI) test system, which was selected by a major fabless provider of HPC / AI semiconductor chips.



Featuring fully automated, highly parallel operation, with a sophisticated thermal engine, ABI offers the fabless customer a low cost of test for high volume burn-in testing of AI devices. The Group's powerful architecture helps accelerate the time to market by reducing the time and effort required to bring a device to high volume manufacturing test.

The second win announced was for the Group's advanced thermal engine, which was selected by a major fabless provider of HPC / AI semiconductor chips for use in their system level test insertion. The highly parallel thermal engine, tailored for high volume production, is designed to support the ramp of the customer's new device roadmap. Initial deliveries are scheduled to commence later this year, with subsequent deliveries anticipated in the following years.

Business Outlook

The Group is in the transition of two waves of growth. Surge in orders from the key customer during the pandemic years propelled the Group's revenue to a historic high in 2022. The industry has since been undergoing a prolonged cyclical downturn, the challenge from which the Group has actively managed. Yet, the Group has not lost sight of the imminent next wave of growth, which will be characterized by further expansion of cloud AI chips compounded with the proliferation of AI to the edge, which should trigger a refresh cycle across major end markets, including PC and smartphone.

Overall, the semiconductor test industry is still experiencing the strain of overcapacity and end market demand uncertainty. The recovery experienced thus far has been uneven across end markets. Demand for AI accelerators, and related High Bandwidth Memory (HBM) is booming, and has accounted for a significant amount of the revenue growth in the semiconductor industry. Despite this, the volumes being driven by the AI boom are low in comparison to the overall HPC market. PC shipments, according to Canalys, have just returned to a 3% growth in 1Q2024, after a long streak of negative growth caused by excess inventories. Furthermore, the business conditions for other end markets, including mobility, automotive, and industrials, remain challenging. Given that the visibility into the second half of the year remains limited, we expect any uptick in growth to occur only in 2025. So while the pace of the rebound is



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expected to be gradual and measured, the future years looks promising with the proliferation of AI capabilities at the edge.

Chandran Nair, CEO of AEM, commented, *"The industry is at the cusp of an AI-driven revolution, and our recent program wins are testament to the strength of our Test 2.0 solutions, and the role our test vision will play in addressing the future needs of the devices powering the next technological wave of growth."*

About AEM Holdings Ltd.

AEM is a global leader in test innovation. We provide the most comprehensive semiconductor and electronics test solutions based on the best-in-class technologies, processes, and customer support. AEM has a global presence across Asia, Europe, and the United States. With manufacturing plants located in Singapore, Malaysia (Penang), Indonesia (Batam), Vietnam, and Finland (Lieto), South Korea, and the United States (Tempe) and a global network of engineering support, sales offices, associates, and distributors, we offer our customers a robust and resilient ecosystem of test innovation and support.

AEM Holdings Ltd. is listed on the main board of the Singapore Exchange (Reuters: AEM. SI; Bloomberg: AEM SP). AEM's head office is in Singapore.

Issued for and on behalf of AEM Holdings Ltd.

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