



AEM Investor Update

FY2023 Results



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In this presentation, all \$ dollar amounts are in Singapore dollars unless otherwise specified.

Business & Industry Update



FY2023 Highlights

Focus on engineering development and achieving operational excellence ensures AEM will be ready for future ramps

- The Group posted revenue of **S\$481.3M** in FY2023, with profit before tax, excluding exceptional items, of **S\$38.3M**, while PBT including exceptional items was **S\$7.6M** over the same period
- Independent 3rd party consultant reporting directly to the Audit & Risk Management Committee of the Board has concluded the review of the shortfall in inventories. The year-end inventory adjustment is **S\$21.1M**. **The Consultant found no evidence of fraudulent activity**
- Management has driven improved efficiencies throughout the business by managing operational costs, reducing SG&A by 31% from S\$93.8M (FY2022) to S\$64.5M (FY2023)
- Investments into critical R&D areas continued, including active thermal control, resulting in further expansion of the Group's patent portfolio with a total of 9 new patents awarded since end June 2023
- Customer engagements remain strong with expected ramp of products in late 2024 given current visibility around customer product release schedules
- Management is providing a 1H 2024 guidance of S\$170M to S\$200M due to the timing uncertainties for new product ramps from the Group's multiple customers



FY2023 Financial Highlights

Revenue

FY2023 S\$481.3M	FY2022 S\$870.5M
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SG&A Expenses

FY2023 S\$64.5M	FY2022 S\$93.8M
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R&D Expenses

FY2023 S\$24.4M	FY2022 S\$23.1M
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PBT (including exceptional items)

FY2023 S\$7.6M	FY2022 S\$158.7M
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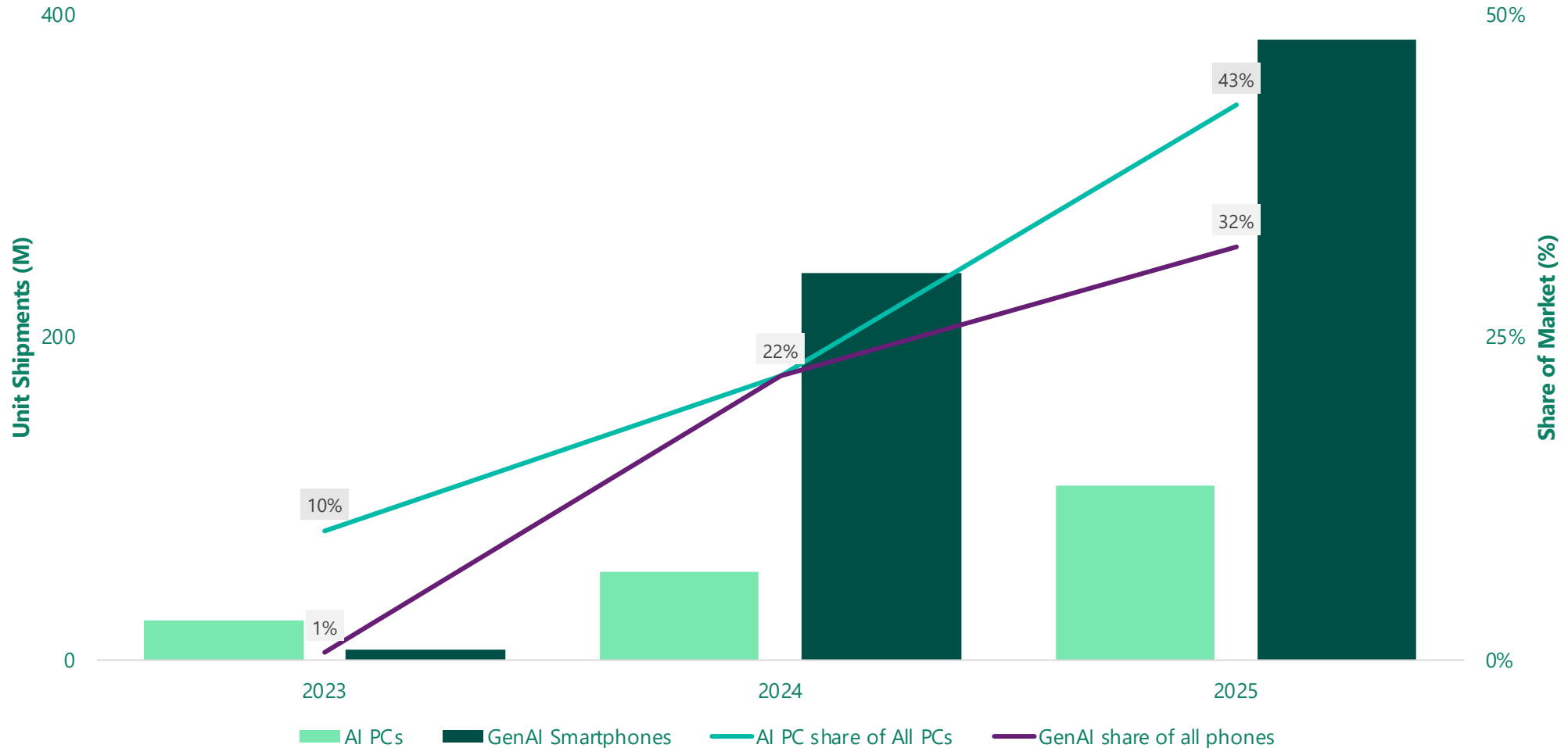
- Revenue down vs. FY2022 due to a general slowdown in end markets and excess inventory at our customers' end, causing a push-out in equipment capital expenditure
- Continued focus on keeping costs under control has resulted in a 31% reduction in SG&A year-on-year
- Slightly increased R&D expenditure to support multiple customer programs, primarily in AI chip testing
- Group remained profitable for the year despite significant industry headwinds.



Rapid adoption of AI at the edge will drive test demand

Large compute players are targeting the release of initial edge AI devices in the latter half of 2024 to early 2025

AI PCs and GenAI Smartphones Market Share, Worldwide, 2023-2024



Source: Gartner (February 2024)



Test challenges of AI devices increases AEM's secular growth potential

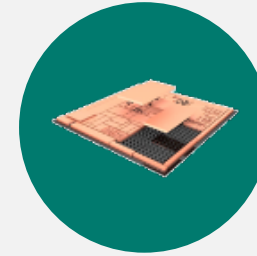
Test Challenges



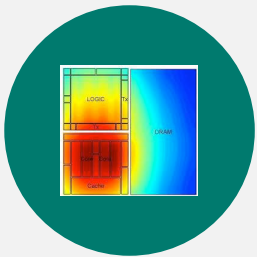
Increasing Power Requirements



Reduced Time to Market



Increasing Device Complexity



Thermal Gradients



Increasing Test Coverage Requirements



Increasing Test Times



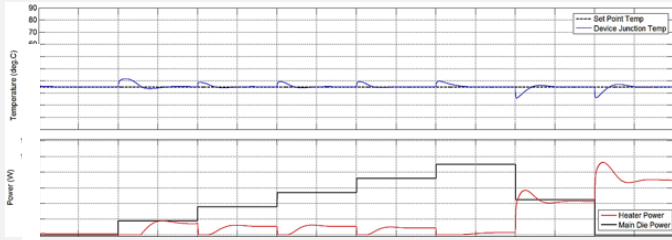
Factory Automation



AEM's investment in R&D has yielded technology leadership in core competencies critical to AI chip testing

Thermal

Industry leading thermal solutions across all test insertions enables higher yield and lower test times



Advanced Automation

Highly parallel, advanced automation platforms enable customization at scale utilizing modular building blocks



Application Optimized Test Instrumentation

In-house test instrumentation capability enables shifting BIST / DFT test content away from Final Test and into SLT+ test cells

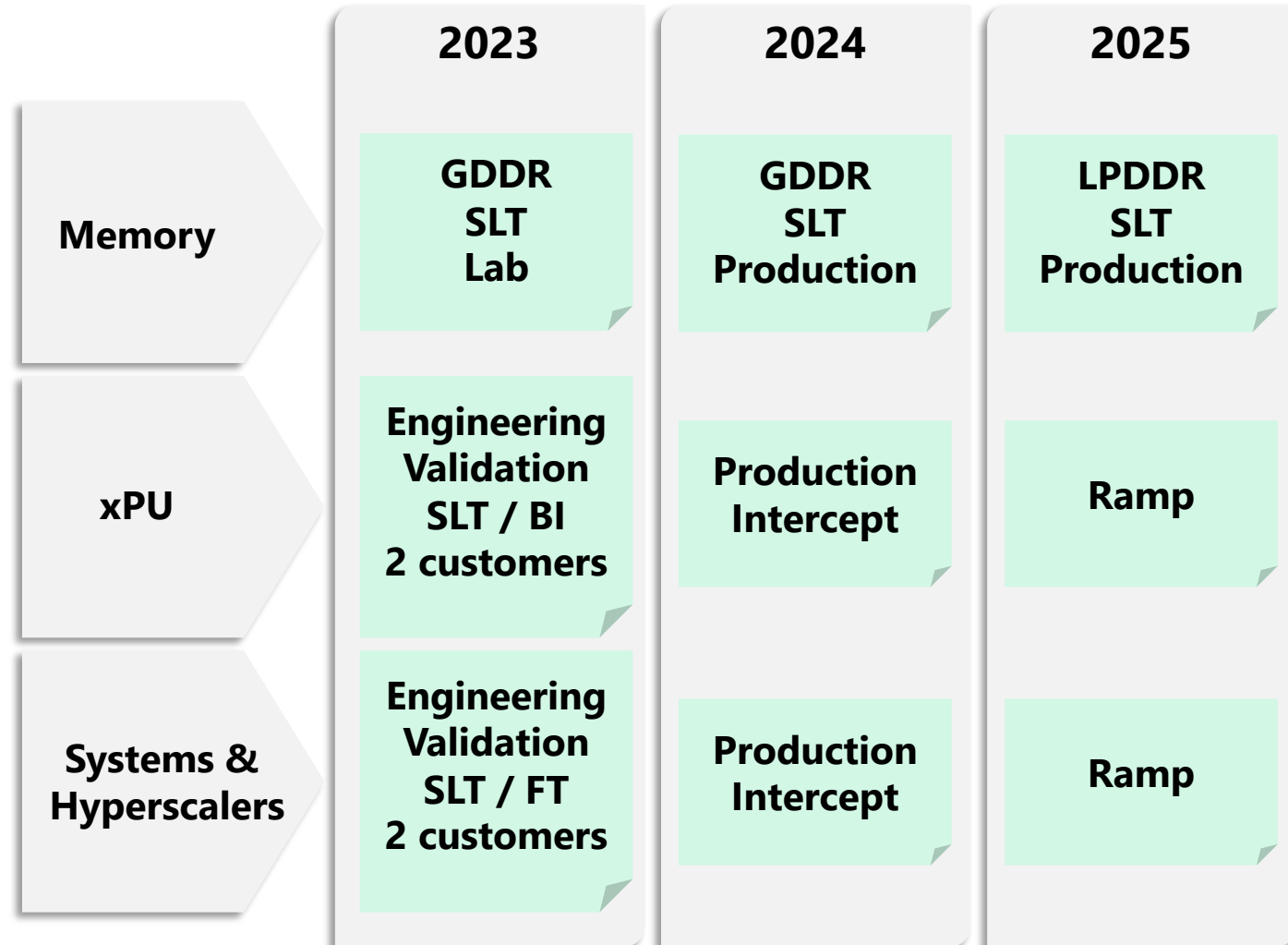
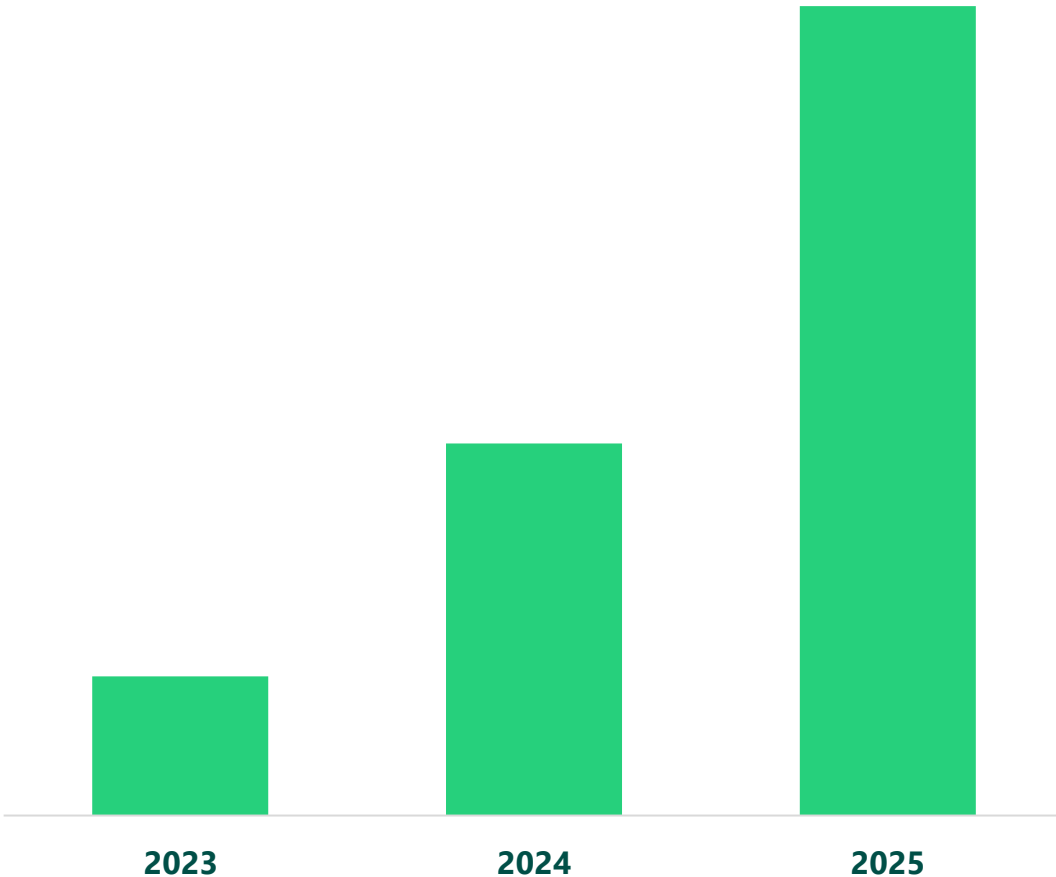




New test insertion wins across traditional xPU manufacturers & Systems / Hyperscalers driving growth

Revenue from new test insertion wins is expected to drive more than 5x revenue increase from FY2023 to triple digit millions in FY2025

New Test Insertion Wins from 2023 to 2025



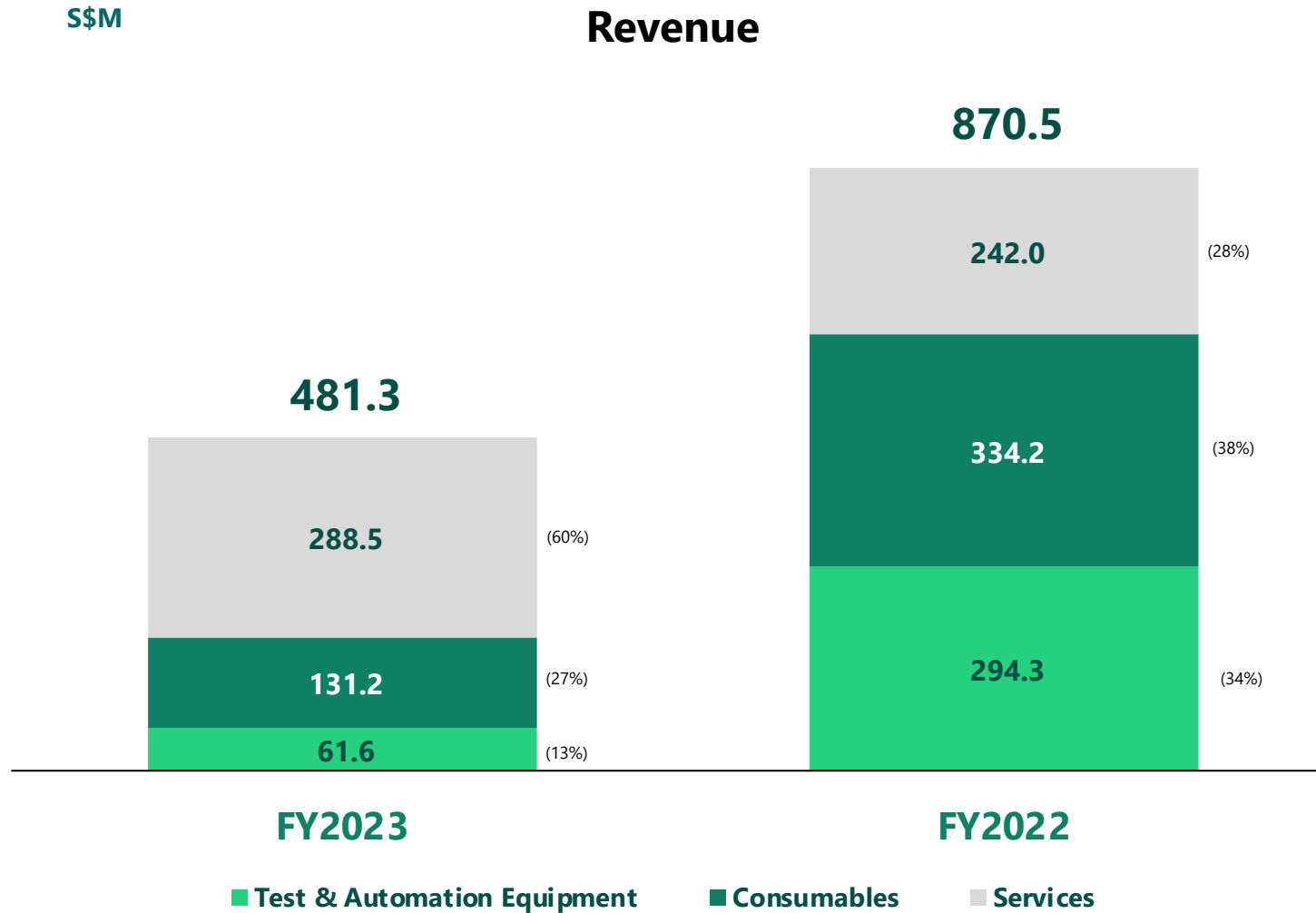


Financial Update



Revenue Mix

AEM's revenue from Services increased year-on-year on the back of increased NRE and CM revenues



Services comprises manufacturing, engineering, and FSE revenue



Balance Sheet

Sound capital structure, with a Debt / Equity ratio of 0.3x

	As at	
	Dec'23	Dec'22
	S\$M	S\$M
Cash	101.8	127.8
Inventories	328.6	367.7
Trade and other receivables	60.1	92.9
Total assets	708.9	805.6
Trade and other payables	75.4	118.9
Financial liabilities	126.4	143.3
Total equity	474.4	493.4
in SG cents		
NTA per share	110.8	119.6
NAV per share	151.3	157.1
Debt / Equity	0.3x	0.3x
No. of shares less treasury shares ('000)	308,901	308,753

Trade and other receivables (-S\$32.8M)

Decreased mainly due to lower revenue towards the end of period

Total equity (-S\$19.0M)

Decreased mainly due to:

- Final dividend for FY2022 payment of S\$11.1M
- Loss after tax for FY2023 of S\$1.2M
- Translation reserve movement of S\$4.8M



Thank You

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