



For Immediate Release

AEM reports revenue of S\$275.2M and profit before tax of S\$23.9M for 1H2023

- The Group posted revenue of S\$275.2 million in 1H2023, with profit before tax of S\$23.9 million over the same period.
- The Group has updated its FY2023 guidance to be between S\$460 million to S\$490 million on the back of a pushout of next generation devices.
- Customer traction for the Group's Test 2.0 solutions continues to grow with confirmed initial orders from an additional new leading application processor customer, and an expansion of AEM's engagement with a previously announced memory customer.
- The Group continues to grow its technology leadership and has been awarded two additional patents related to its thermal control technology.
- Following 1H2023, AEM announced a US\$20 million settlement of the confidential arbitration and will recognise the impact in 3Q2023.

Singapore, 11 August 2023 – AEM Holdings Ltd. ("**AEM**" or "**the Group**"), a global leader in test innovation, announced its financial results for the six months ended 30 June 2023 ("**1H2023**") today.



Financial Overview

| Financial Highlights | 1H2023 | 1H2022 | Change (%) |
|------------------------------------|----------------|---------------|-------------------|
| (S\$ '000) | | | |
| Revenue | 275,221 | 540,483 | (49.1) |
| Profit before tax (" PBT ") | 23,853 | 102,039 | (76.6) |
| PBT margin | 8.7% | 18.9% | (10.2)ppts |
| Net profit | 19,715 | 83,061 | (76.2) |
| Net profit margin | 7.2% | 15.4% | (8.2)ppts |

*Ppts: Percentage points

The Group reported revenue of S\$275.2 million and PBT of S\$23.9 million in 1H2023. The slowdown in 1H2023 revenue vs. 1H2022 revenue can be attributed to the state of the semiconductor industry in 1H2023, where there was a surplus of inventory, leading to low test equipment utilisation and constrained test equipment capex budgets at the leading device manufacturers. This has impacted device manufacturer's next generation device release schedules, which has seen a pushout in their need for next generation test equipment to 2024 and beyond.

| Balance Sheet Highlights | 30-Jun-23 | 31-Dec-22 | Change (%) |
|--|------------------|------------------|-------------------|
| (S\$ '000) | | | |
| Inventories | 365,709 | 367,723 | (0.5) |
| Trade and other receivables | 114,897 | 92,917 | 23.7 |
| Cash and cash equivalents | 92,829 | 127,775 | (27.3) |
| Total assets | 799,676 | 805,596 | (0.7) |
| Trade and other payables | 116,757 | 118,934 | (1.8) |
| Total liabilities | 302,591 | 312,146 | (3.1) |
| Total equity | 497,085 | 493,450 | 0.7 |
| Net asset value per share (Singapore cents) | 158.7 | 157.1 | 1.0 |



The Group's balance sheet remains healthy, with total assets at S\$799.7 million as of 30 June 2023. Cash and cash equivalents decreased to S\$92.8 million at the end of 1H2023, mainly attributed to shifts in working capital along with the disbursement of the FY2022 final dividend during the period.

AEM remains focused on maintaining technology leadership in the Test 2.0 arena, where its R&D efforts remain unabated as the demand from customers for its Test 2.0 solutions remains strong despite the delay in device release timelines. The Group is pleased to announce increased customer traction with the addition of a new customer to its growing list of Test 2.0 customers, along with an expansion of AEM's engagement with a previously announced customer. Separately, AEM is committed to driving improved operational efficiency throughout the organisation and expects to see results from its efforts reflected in its 2024 earnings and beyond.

The Group announced on 28 July 2023 that it had reached a settlement to the confidential arbitration in which it was a respondent. As disclosed in the SGX announcement, AEM will be making the payment of US\$20 million to the complainants, Advantest, in two tranches (US\$9 million in 3Q2023 and US\$11 million in 3Q2024). The Group will fully recognise the settlement amount in its 3Q2023 results. This settlement firmly puts the arbitration to rest and clarifies the Group's strength in thermal-related capabilities in the market and in the eyes of its customers. The settlement also reaffirms the parties' prior understanding from the work-for-hire agreements that Advantest owns the specific work product for the 5037 Active Thermal Interposers. Further, the parties reserved all rights to their other respective intellectual property. The Group fully retains all its capabilities related to thermal control and is committed to protecting its robust and growing portfolio of intellectual property, none of which is licensed to Advantest. AEM is pleased to announce it has been awarded two additional patents related to its thermal control technology that enhances AEM's growing family of patents in thermal control and semiconductor test methods.



AEM Holdings Ltd.
52 Serangoon North Ave 4
Singapore 555853

The Group has revised its revenue guidance for FY2023 from a target of S\$500 million to a range between S\$460 million to S\$490 million on the back of reduced test capital equipment utilisation levels across the industry and delays in current customer device release schedules.

Business Outlook

The past several quarters have seen the industry going through a period of inventory digestion. Industry players have looked to weather the storm by delaying their roadmap device releases, reducing their capex spend, and renewing their focus on operational efficiency. Although the slowdown has resulted in a short-term reduction in demand for new test capability and capacity, it has provided test development groups the breathing room to plan and devise their test strategies for the AI-fuelled boom that will help drive the industry to a trillion-dollars. AEM's Test 2.0 paradigm is at the forefront of test solutions for next generation advanced logic devices, including high-performance compute, given the Group's unmatched capability in thermal and Device Under Test (DUT) power.

While the inventory digestion is expected to continue through 2023, the Group believes it is well-positioned to take advantage of the semiconductor volume growth that is expected to return to the semiconductor industry in 2024.

As the Semiconductor World embraces chiplet technologies that bring computing and high bandwidth memory blocks closer and even stacked on top of each other, the need to test and assure performance over the lifetime of those ICs have become more complex and costly. The need to rethink how chiplets are tested is now acute and represents a market inflection. AEM's disruptive solutions have been at the core of its customer engagements for the past several years. At AEM, we call it Test 2.0.

AEM's CEO, Chandran Nair, commented, "At AEM, we are laser-focused on the future and enabling our customers to embark on their Test 2.0 journey by leveraging our solutions throughout their test flows and preparing them for the challenges they will face in an AI-focused world in the years to come."



AEM Holdings Ltd.
52 Serangoon North Ave 4
Singapore 555853

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 (Ho Chi Minh City), China (Suzhou), and Finland (Lieto), South Korea, and the United States (San Jose) 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.

By Financial PR Pte Ltd

For more information please contact:

Kamal SAMUEL / Shivam SARAF
Financial PR Pte Ltd
Tel: 6438 2990 / Fax: 6438 0064

E-mail: kamal@financialpr.com.sg / shivam@financialpr.com.sg