



AEM Holdings Ltd.
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For Immediate Release

AEM reports revenue of S\$387M and profit before tax, excluding exceptional items, of S\$43M for 9M2023

- The Group posted revenue of S\$387 million in 9M2023, with profit before tax excluding exceptional items of S\$43 million over the same period.
- Continued investments into critical R&D areas, including active thermal control, expanding its patent portfolio and positioning the Group to expand current engagements and lead in addressing future test challenges.
- The Group's new customer engagements continue to progress well, with ramps expected sometime in 2H2024.
- FY2023 guidance remains at between S\$460 million to S\$490 million.

Singapore, 9 November 2023 – AEM Holdings Ltd. ("**AEM**" or "**the Group**"), a global leader in test innovation, announced its unaudited financial results for the nine months ended 30 September 2023 ("**9M2023**") today.



Financial Overview

The Group achieved revenue of S\$387.0 million and PBT of S\$10.1 million in 9M2023. In the third quarter, the Group incurred the full impact of the US\$20 million settlement of the confidential arbitration, which amounted to S\$26.7 million. Excluding exceptional items, the Group's PBT would have been S\$42.6 million, at a PBT margin of 11.0%.

The slowdown in revenue in the first nine months can be attributed to an overall sluggishness in the semiconductor industry, with most customers pushing out their capital expenditure related to test to 2024 due to lower end demand across the industry.

Despite headwinds from a semiconductor market downturn and the impact of the confidential arbitration settlement, AEM remained profitable, with its core PBT margin at 2.6% as a result of the Group's continued focus on managing operational costs and improved efficiencies throughout its business. Strategically, AEM continues to invest in developing our suite of Test 2.0 innovations and capabilities. This has resulted in AEM being awarded additional patents for its thermal capabilities in 3Q2023. The majority of the Group's customer engagements relate to next generation test requirements for advanced packaging chips used in high performance computing and AI.

Financial Highlights	9M2023	9M2022	Change
(S\$ '000)			(%)
Revenue	386,965	746,575	(48.2)
Profit before tax (" PBT ")	10,114	141,421	(92.8)
PBT margin	2.6%	18.9%	(16.3)ppts
Net profit	3,530	115,291	(96.9)
Net profit margin	0.9%	15.4%	(14.5)ppts

*Ppts: Percentage points



Balance Sheet Highlights			Change
(S\$ '000)	30-Sep-23	31-Dec-22	(%)
Inventories	358,554	367,723	(2.5)
Trade and other receivables	78,193	92,917	(15.8)
Cash and cash equivalents	106,058	127,775	(17.0)
Total assets	766,169	805,596	(4.9)
Trade and other payables	96,081	118,934	(19.2)
Total liabilities	283,020	312,146	(9.3)
Total equity	483,149	493,450	(2.1)
Net asset value per share (Singapore cents)	154.1	157.1	(1.9)

The Group maintains a strong balance sheet with total assets standing at S\$766.2 million as of 30 September 2023. Cash and cash equivalents decreased to \$106.1 million at the end of 9M2023 primarily due to changes in working capital. Capital structure is sound, with Debt / Equity ratio at 0.3X.

Business Outlook

During the 3Q2023 period, semiconductor device makers continued to reduce inventory due to a weak macroeconomic environment, compounded by a slower recovery in demand by China. Worldwide consumer purchases of electronic devices have taken a hit in the aftermath of the pandemic boom as consumers shift their spending towards services. This has driven tester utilization rates down, resulting in device manufacturers delaying the release of new devices and similarly delaying the acquisition of new test platforms.

Signs of stabilization in the smartphone and PC markets have begun to emerge, with experts forecasting 2024 to be a year of growth for PCs and smartphones. Inventory levels are reducing across the board, and the semiconductor industry appears to be passing through the trough of the cycle. PC shipments recovered sequentially in Q3 and returned to pre-pandemic levels. Although the overall growth rate for the year remains negative, the percentage decline has



moderated. Furthermore, we are starting to see the beginnings of AI in the consumer space, with OEMs demoing PCs with built-in generative AI capabilities powered by AI processors.

While the news is positive on the consumer side, analysts are of mixed views in terms of the pace and timing of recovery for the semiconductor test equipment market. Nonetheless, the Group is in a strong position to leverage the strong relationships it has fostered with its customers across a number of new programs, and is prepared to support these customers' new product releases and subsequent ramps with its Test 2.0 test solutions in 2024 and beyond.

AEM believes that the generative AI wave that gained momentum early this year, especially in the data center space, is expanding to edge computing devices, increasing the overall transistor counts and architectural complexity. As such, these devices will face extreme test challenges that will translate into longer test times due to the increased test complexity, and should provide long term tailwinds for the Group's Test 2.0 business. The Group believes demand for test solutions to address this market will be realized towards the end of 2024 and into 2025.

Notwithstanding the current downturn in the test equipment market, the secular drivers remain intact. The Group is investing prudently in R&D that will extend its technology differentiation and capture new opportunities related to advanced logic testing requirements. At the same time, the Group is selectively pursuing adjacent business opportunities that complement its core business.

AEM's CEO, Chandran Nair, commented, "The test equipment market has been challenged this year. Despite the difficulties, we have navigated the landscape with agility and thus achieved profitability through cost optimization and operational efficiency. We continue to invest in the technology pillars, which is resulting in a growing patent portfolio, that provides us with the technology differentiation that is highly sought after by our customers, and we firmly believe that we are well-positioned to take advantage of the market upswing expected in late 2024 and beyond."



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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.

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