

JEP REPORTS NET ATTRIBUTABLE PROFIT OF S\$0.84 MILLION ON SALES OF S\$29.5 MILLION FOR 1HFY2023

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SGX Catalist-listed JEP Holdings Ltd ("JEP" together with its subsidiaries, the "Group"), a leading provider of precision machining and engineering solutions, posted a net attributable profit of S\$0.84 million on sales of S\$29.5 million for the first six months of FY2023.

Net attributable profit fell 84.7% from S\$5.5 million in 1HFY2022 as Group revenue in 1HFY2023 declined 33.7% from S\$44.6 million in 1HFY2022.

The Group's pretax profit and gross profit also dropped by 84.7% to S\$1.0 million and 61.2% to S\$3.8 million respectively.

The decrease in revenue was primarily attributed to a weaker performance from its Equipment Manufacturing and Precision Machining segments, which were impacted by the lower global demand for semiconductors. The Equipment Manufacturing segment's revenue declined S\$12.6 million (-53%) from S\$23.8 million in 1HFY2022 to S\$11.2 million in 1HFY2023. Sales in the Precision Machining segment dipped 16.6% from S\$15.8 million in 1HFY2022 to S\$13.2 million in 1HFY2023, primarily due to lower electronic component sales. These declines were partially offset by improved sales from the Trading & Others segment which edged up 4.6% from S\$4.9 million in 1HFY2022 to S\$5.1 million in 1HFY2023.

Despite the decrease in sales, all of the Group's core business segments remained profitable.

The Trading & Others segment posted an improved segment result of S\$0.7 million in the current half year compared to S\$0.6 million in the same period last year. Both the Equipment Manufacturing and Precision Machining segments reported lower segment results of S\$0.5 million and S\$0.3 million respectively in 1HFY2023.

Sales in China, USA and Canada reported improved results. China sales soared by 130.3% from S\$1.8 million in 1HFY2022 to S\$4.1 million in 1HFY2023 with increased sales in both the Precision Machining and Trading & Others segments. Canada sales grew by 117.3% from S\$0.6 million in 1HFY2022 to S\$1.3 million in 1HFY2023 with sales growth in the Precision Machining segment. The USA sales reported a 21.7% increase to S\$6.1 million from S\$5.0 million, largely attributable to the increase in sales from the Precision Machining and Equipment Manufacturing segments, partially offset by the fall in sales in the Trading & Others segment. Sales

in these three geographical markets were lifted by the robust recovery of the Aerospace industry during the period under review.

Sales in Singapore, Malaysia and Other markets declined due mainly to the slowdown in semiconductor demand.

Reflecting the Group's performance, earnings per share ("EPS") for 1HFY2023 fell 84.7% to 0.203 cents from 1.325 cents in the first half of last year. Group net asset value ("NAV") per share edged up to 18.3 cents at the end of June 2023 compared to 18.2 cents as of 31 December 2022.

Healthy Cashflow

The Group's financial position remained healthy with cash and bank balances of S\$17.9 million at the end of June 2023.

Approximately S\$1.8 million was used as capital expenditure to purchase equipment and to fund the progressive construction cost of a new factory in Penang, Malaysia.

The Group also pared down its loans and lease liabilities during the period under review.

Outlook

Commenting on the Group's latest results, JEP Executive Chairman and CEO Mr Andy Luong said, "The global slowdown in demand for semiconductors and the economic challenges such as recession led to the Group's lower 1HFY2023 performance. Despite this, the Group remained profitable with a healthy financial position. This reflects our resilience and strength to withstand global market challenges and industry risks.

Looking ahead, we will continue to focus on our twin growth engines in the Semiconductor industry and the Aerospace industry. "

While near-term uncertainties remain, longer-term prospects are more optimistic.

Market research reports have forecasted a continuous growth of the global aerospace market with a CAGR of 12.9%, reaching a market size of US\$442.25 billion by 2026.¹

The International Air Transport Association (IATA) expects the industry to become profitable in 2023, marking the fastest recovery in the industry's history given the depth of the downturn.²

The UN's aviation body - International Civil Aviation Organization (ICAO) - also expects the aviation industry to make a full recovery in 2023, with volumes exceeding the 2019 level by the end of this year. It also projected that 2024 air passenger demand would be four per cent above the level in 2019.³

Near term challenges for the semiconductor industry will persist as there is an oversupply due to uncertain economic conditions and weakening consumer demand.

However, the longer-term prospects of the semiconductor industry remain strong. According to the World Semiconductor Trade Statistics (WSTS), the Global Semiconductor Market is predicted to experience a downturn of 10.3% in 2023. However, this is anticipated to be followed by a robust recovery in 2024 when the global semiconductor market is forecasted to surge by 11.8%, amounting to US\$576 billion.⁴

Added Mr Luong, "In view of the positive outlook, we expect continued recovery of our aerospace business in the second half of 2023 which will be supported by volume production of new complex and high value-added parts from our strategic customers. The Group's new factory in Penang, Malaysia is also scheduled for completion in the second half of 2023."

With a healthy financial position, the Group is well-placed to seize new market opportunities in all of its core business segments to drive growth and profitability.

Going forward, the Group which is a 73.85% owned subsidiary of SGX-listed UMS Holdings Ltd ("UMS"), will continue to maximise operational synergies with UMS to improve overall performance and seek new growth opportunities.

¹Source: How Global Aerospace Market Players Should Strategize For 2022-2031-
<https://www.thebusinessresearchcompany.com/press-release/aerospace-market-2022>

²Source: A return to industry profitability in 2023 –
<https://www.iata.org/en/iata-repository/publications/economic-reports/a-return-to-industry-profitability-in-2023/#:~:text=We%20expect%20the%20industry%20to,profit%20of%20just%20USD%201.1.>

³ Source: UN aviation body sees recovery to pre-pandemic air travel in 2023 -
<https://www.businesstimes.com.sg/international/un-aviation-body-sees-recovery-pre-pandemic-air-travel-2023>

⁴Source: WSTS Semiconductor Market Forecast Spring 2023 –
<https://www.wsts.org/76/Recent-News-Release>

About JEP Holdings Ltd

JEP Holdings Ltd. is a leading solution provider of precision machining and engineering services. With over 30 years of operating history, we have built up a strong value chain to provide seamless manufacturing solutions to our clients. All our operations are supported by an experienced and passionate workforce, strong networks of established customers and suppliers, and stringent quality systems. The Group's main operating subsidiary, JEP Precision Engineering Pte. Ltd. ("JEPS"), was acquired by the Group in 2007. Accredited with AS9100, ISO 45001 and NADCAP, JEPS has built a track record as a reliable sub-contractor for aerospace components since beginning operations in 1990 and is now part of the global supply chain for the world's leading aircraft manufacturers.

The Group is headquartered in Singapore and operates out of three facilities equipped with state-of-the-art machinery for manufacturing and the provision of secondary processes related to engineering services. The Group also owns a large format precision engineering company, Dolphin Engineering Pte. Ltd., and a trading business, JEP Industrades Pte. Ltd., which markets cutting tools used in manufacturing activities for various industries such as aerospace, mould and die. The Group has been listed on SGX Catalist since 2004.

Issued on behalf of JEP Holdings Ltd

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