



AVI-TECH HOLDINGS LIMITED

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Avi-Tech Reports Half-Year 2023 Results

- ***Revenue increased by 14.6% to \$17.8 million; gross profit grew by 5.8% to \$4.6 million with gross profit margin of 25.7%; net profit was maintained at \$2.0 million***
- ***Generated higher operating cash flow; maintained robust balance sheet with a cash position of \$32.8 million***
- ***Declared interim dividend of 0.75 cents per share***

SINGAPORE, 14 February 2023 – Avi-Tech Holdings Limited and its subsidiaries (“Avi-Tech” or “the Group”), which operate its core businesses in the provision of burn-in services, manufacturing and printed circuit board assembly (“PCBA”) services and engineering services for the semiconductor, electronics and life sciences industries, announced its financial results for the first half (“1H2023”) ended 31 December 2022.

Mr Lim Eng Hong, CEO and Executive Chairman of Avi-Tech stated: “Our operating environment in 1H2023 remained challenging with the unabated increase in electricity prices brought about by the energy crisis, as well as rising labour and material costs, due to supply chain disruptions. Taking these challenges into account, Avi-Tech has achieved very respectful results with an increase in both revenue and profit, and generated higher operating cash flow.”

“Segmentally, all our business segments recorded revenue growth and profit contribution. In particular, revenue from our Manufacturing and PCBA Services business segment grew 12.8% on the back of increased orders from an additional major customer while revenue from the Engineering Services business segment increased by 29.6% due to higher demand from a major customer. Geographically, our revenue contribution from China increased by 80.4% and we had incorporated Avi-Tech Electronics (Suzhou) Limited last year to better support our customers and to further expand our market presence there.”

“Taking into account the Group’s performance and in keeping with our commitment to deliver shareholder returns, the Board is pleased to declare an interim dividend of 0.75 cents per share.”

Results Highlights

S\$ Million	1H2023	1H2022	Change (%)
Revenue	17.8	15.5	14.6
Gross Profit	4.6	4.3	5.8
GP Margin (%)	25.7	27.8	-2.1ppt
Profit before income tax	2.5	2.4	4.7
Net Profit	2.0	2.0	-
Basic & Diluted EPS (cents)	1.19	1.15	
	As at 31 Dec 2022	As at 30 Jun 2022	
Net assets value per ordinary share (cents)	30.26	30.07	

The Group's revenue increased by 14.6% to \$17.8 million in 1H2023 from \$15.5 million in 1H2022 due to higher revenue contribution from all business segments. Consequently, gross profit also increased by 5.8% to \$4.6 million as compared to \$4.3 million in 1H2022. On the other hand, the Group's gross profit margin decreased slightly by 2.1ppt to 25.7% due to the significant rise in electricity costs. Despite the increase in cost of operations as well as unrealised foreign exchange losses incurred due to the stronger Singapore dollar vis-à-vis the US dollar and Renminbi, the Group maintained its net profit of \$2.0 million in 1H2023.

Segmentally, the Manufacturing and PCBA Services business segment remained the Group's largest revenue contributor with \$9.9 million in 1H2023 as compared to \$8.7 million in 1H2022. The Engineering Services business segment revenue grew to \$4.5 million from \$3.5 million while the Burn-In Services business also reported revenue growth to \$3.4 million from \$3.3 million. In terms of geographical segments, Singapore and USA continue to be major contributors to the Group's revenue while China's contribution increased by 80.4% in 1H2023 compared to 1H2022.

The Group continues to maintain a robust balance sheet with total assets of \$58.0 million against total liabilities of \$6.2 million as at 31 December 2022. The Group registered positive working capital of \$40.4 million in 1H2023, an increase from \$40.3 million in 1H2022. In terms of cash flow, the Group generated positive net cash from operations of \$2.2 million in 1H2023. Cash and cash equivalents stood at \$9.0 million and the Group closed the period with a healthy cash balance of \$32.8 million.

DECLARED INTERIM DIVIDEND OF 0.75 CENTS PER SHARE

The Board, having reviewed the Group's 1H2023 performance and taking into consideration the Group's business and operational commitments, cashflow and balance sheet, is pleased to declare an interim dividend of 0.75 cents per ordinary share.

The total expected payout of \$1.3 million for the interim dividend is equivalent to approximately 63.1% of the Group's 1H2023 profit. The interim dividend will be paid on 18 May 2023.

OUTLOOK

Although many countries have transited to living with COVID-19 (including China which has reversed its zero-COVID policy), the ongoing energy crisis, inflationary pressures and further interest rate hikes continue to weigh on the economy and dampen consumer demand and confidence. Globally, the International Monetary Fund has projected economic growth to decline from 3.4% in 2022 to 2.9% in 2023, while at home, the Ministry of Trade & Industry has forecast that Singapore's GDP growth would come in at 3.5% in 2022 and between 0.5% to 2.5% in 2023.

For the semiconductor industry, Gartner reported that worldwide semiconductor revenue reached US\$601.7 billion in 2022, up from US\$595 billion in 2021¹. However, semiconductor revenue in 2023 is projected to decrease by 3.6% in 2023² on account of the weakened consumer-driven semiconductor sector amidst an economic slowdown. For the enterprise-driven semiconductor sector, where semiconductors are used in the network, computing, medical and automotive industries and for other industrial purposes, demand remains relatively resilient. Amidst the challenges and opportunities, the Group remains cautiously optimistic.

Mr Lim stated: "Going forward, Avi-Tech will continue to keep a watchful eye on market developments and act swiftly in managing our resources and costs optimally. Avi-Tech will also respond with greater speed and dexterity in meeting changing customer demands. Though the current uncertainty in the macroeconomic environment may weaken consumer demand, the segment of the market we serve is probably less likely to be impacted by consumer sentiment as global trends such as electromobility, cloud computing and data centres are irreversible and will continue to accelerate in the future fuelled by structural drivers in digitalisation and decarbonisation. We remain cautiously optimistic for the financial year."

"On the ESG front, as part of Board renewal, we welcomed Mr Chan Yu Meng as an Independent Director, who has been elected by shareholders at the most recent AGM in October 2022 and we look forward to his support and contribution. With the increasing focus on climate change and sustainability driven by regulators and customers, we will also be actively exploring ways to pursue decarbonisation pathways to reduce our environmental impact and to be more resource-efficient and competitive."

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¹ Gartner Says Worldwide Semiconductor Revenue Grew 1.1% in 2022

<https://www.gartner.com/en/newsroom/press-releases/2023-01-17-gartner-says-worldwide-semiconductor-revenue-grew-one-percent-in-2022>

² Gartner Forecasts Worldwide Semiconductor Revenue Growth to Decline 3.6% in 2023

<https://www.gartner.com/en/newsroom/press-releases/2022-11-28-gartner-forecasts-worldwide-semiconductor-revenue-growth-to-decline-3-6-percent-in-2023>
<https://www.thenationalnews.com/business/technology/2022/11/30/semiconductor-sales-to-drop-36-in-2023-on-poor-consumer-demand-gartner-says/>

This press release is to be read in conjunction with Avi-Tech's results announcement posted on the SGXNET on 14 February 2023.

ABOUT AVI-TECH HOLDINGS LIMITED (CO. REG. NO. 202002889W.)

Avi-Tech Electronics Limited (which has been renamed as Avi-Tech Electronics Pte. Ltd.) was incorporated in Singapore in 1981 and listed on the Main Board of the Singapore Exchange Securities Trading Limited in 2007. The Group's corporate history therefore spans more than 40 years. Following the successful completion of its corporate restructuring exercise in December 2021, Avi-Tech Holdings Limited has replaced its wholly-owned subsidiary, Avi-Tech Electronics Pte. Ltd. as the listed entity.

Starting as a provider of Burn-In solutions, we have since expanded our capabilities to include manufacturing and PCBA services and Engineering services. Today, we are one of the leading total solutions providers for burn-in¹, manufacturing and PCBA and engineering services for the semiconductor, electronics, life sciences industries and other emerging industries. We also provide robotics solutions with powerful navigation and intelligent fleet management software for use in a wide range of applications including the manufacturing, logistics, healthcare, hospitality and other industries.

Headquartered in Singapore, our production facility is equipped with advanced burn-in systems, many of which are designed and fabricated in-house. Our market presence has expanded beyond Singapore to Malaysia, Thailand, Vietnam, the Philippines, Taiwan, China, Japan, Europe and the United States.

Business excellence and quality assurance are of utmost importance in our business. We are proud to be one of only a few local SMEs to be conferred the prestigious Singapore Quality Award by the SQA Governing Council in 2008. We also received the Singapore Quality Class award by SPRING Singapore in 1998 (with award renewals in 2001, 2003 and 2005) and won the Enterprise 50 award (Ranking: 1st) by the Singapore Economic Development Board in 1999. In addition, we have achieved ISO 9001, ISO 14001 and ISO 13485, and EICC certifications.

For more information, please visit our website www.avi-tech.com.sg

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements which are based on the current view of management on future events.

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i Burn-In is a reliability testing process during which semiconductor components are stress-tested by subjecting them to voltages in a burn-in oven to detect failures and weed out defective components. Semiconductor components used in fail-safe products such as automotive, networking, aviation and other critical industrial applications, must undergo burn-in tests. A burn-in board is a printed circuit board which consists of sockets. The semiconductor components are loaded onto the sockets of the burn-in boards which are then inserted into the burn-in ovens for the burn-in stress test. Avi-Tech's business covers the full-range of burn-in services including the design and manufacture of burn-in boards and the various burn-in tests such as Static, Dynamic, Test During Burn-In and High-Power Burn-In.