



AVI-TECH HOLDINGS LIMITED

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Avi-Tech Reports Full-Year 2024 Results

- ***Despite Very Challenging Conditions, the Group Remains Profitable with Increased Operating Cash Flow of \$8.2 Million and Strong Cash Balance of \$37.0 Million***
- ***Committed to Shareholders: Proposed Final Dividend of 0.75 Cents per Share***

SINGAPORE, 27 August 2024 – Avi-Tech Holdings Limited and its subsidiaries (“Avi-Tech” or “the Group”), which operate a core business 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 full-year ended 30 June 2024 (“FY2024”).

Mr. Lim Eng Hong, Executive Chairman and CEO of Avi-Tech, said, “In the second half of FY2024, the semiconductor industry has faced mounting challenges, with notable declines reported by key players serving the enterprise segment, including our customers. This downturn, which has impacted business sentiment, is anticipated to eventually affect the consumer segment as well, reflecting a period of market uncertainty and reduced capital expenditure and spending.”

“Despite these challenges, Avi-Tech delivered a reasonable performance for FY2024, demonstrating resilience and maintaining profitability. Our strong balance sheet and healthy cash position enable us to deliver returns to our investors. Even in this challenging environment, we remain committed to our shareholders, and the Board has proposed a final dividend of 0.75 cents per share.”

RESULTS HIGHLIGHTS

S\$ Million	FY2024	FY2023	Change (%)
Revenue	25.1	34.9	-28.1
Gross Profit	6.5	8.0	-18.4
GP Margin (%)	25.9	22.9	+3ppt
Profit before income tax	3.4	4.1	-16.9
Profit for the year	2.8	3.3	-13.7
Basic & Diluted EPS (cents)	1.65	1.90	
	As at 30 Jun 2024	As at 30 Jun 2023	
Net assets value per ordinary share (cents)	30.12	30.22	

In FY2024, the Group reported total revenue of S\$25.1 million, a 28.1% decrease from FY2023's revenue of S\$34.9 million. Consequently, the Group's gross profit declined from S\$8.0 million to S\$6.5 million. This drop in gross profit was due to lower sales across all business segments, which led to higher underlying fixed costs. Notwithstanding these challenges, the Group improved its gross profit margin from 22.9% in FY2023 to 25.9% in FY2024, largely due to the performance of the Engineering Services business segment. The Group ended the year with a net profit of S\$2.8 million, demonstrating resilience amidst challenging market conditions.

In terms of business segments, the Burn-In Services business segment reported a decrease in revenue to S\$5.4 million in FY2024 compared to S\$6.2 million in FY2023. The Manufacturing and PCBA Services business segment, the primary revenue generator for the Group, reported a decrease in revenue to S\$12.6 million in FY2024 from S\$20.3 million in FY2023. The Engineering Services business segment reported a decrease in revenue to S\$7.1 million in FY2024 from S\$8.4 million in FY2023. In terms of geographical segments, Singapore and the USA continued to be significant contributors to the Group's revenue.

As of 30 June 2024, the Group maintains a strong balance sheet with total assets of S\$57.6 million, total liabilities of only S\$6.1 million, and positive working capital of S\$41.0 million. In terms of cash flow, the Group generated net cash from operating activities of S\$8.2 million for FY2024. The Group also maintains a robust cash balance of S\$37.0 million at the end of the period.

PROPOSED FINAL DIVIDEND OF 0.75 CENTS PER SHARE

Following a comprehensive review of the Group's performance in FY2024, including an evaluation of its business operations, cash flow, and balance sheet, the Board is pleased to propose a final dividend of 0.75 cents per ordinary share. This proposed dividend represents a total payout of S\$1.3 million, which is approximately 45.6% of the Group's FY2024 profit and is comfortably covered by the net cash generated during the reporting period. Shareholders can look forward to receiving the dividend on 26 November 2024.

OUTLOOK

In the coming months, the economic environment remains uncertain, with macroeconomic factors such as a potential recession in the US and ongoing economic difficulties in China. Additionally, inflationary pressures are slow to ease and are expected to continue impacting the broader economic landscape.

In the semiconductor industry, major players serving the electric vehicles ("EV") segment have been affected by the automotive industry's reduced focus on EVs. This pullback has been driven by higher interest rates, weaker-than-expected economic growth, and rising unemployment fears, which are likely to influence both business and consumer sentiment.

Mr Lim added, "The second half of FY2024 presented us with challenging operating conditions. The chip inventory glut has impeded market recovery and contributed to a sluggish rebound in chip demand, which was further exacerbated by a weak EV market and excess inventory among customers. Additionally, widespread job cuts reported by major semiconductor players have underscored the broader industry struggles."

"Although we anticipate challenging times ahead, we are confident in our strategic approach and steadfast in our commitment to long-term success. In response to these challenges, the Group is focused on strengthening our core competencies, practising prudent financial management, and enhancing operational efficiency to drive sustainable performance. Additionally, we remain committed to exploring growth opportunities through mergers, acquisitions, and partnerships to expand our business and enhance shareholder returns."

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This press release is to be read in conjunction with Avi-Tech's results announcement posted on the SGXNET on 27 August 2024.

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-inⁱ, 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 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.