



Company Registration No. 200100340R

UMS Holdings Limited and its subsidiaries

Unaudited Condensed Interim Financial Statements
For the Three Months and Full Year Ended 31 December 2022

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

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UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim consolidated income statement For the three months and full year ended 31 December 2022

| | Group | | | | | |
|---|----------------------|----------------------|-------------|----------------------|----------------------|-------------|
| | 4Q | | | 12 Months Ended | | |
| | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 | Change % | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 | Change % |
| Revenue | 100,976 | 87,251 | 16% | 372,389 | 271,220 | 37% |
| Net finance expense (Note 6.1) | (238) | (214) | 11% | (891) | (750) | 19% |
| Changes in inventories | 987 | (15,272) | N.M | 25,312 | 16,373 | 55% |
| Raw material purchases and subcontractor charges | (55,039) | (26,540) | 107% | (211,949) | (144,509) | 47% |
| Employee benefits expense | (10,576) | (11,310) | -6% | (42,102) | (35,261) | 19% |
| Depreciation expense | (4,297) | (4,273) | 1% | (15,611) | (12,425) | 26% |
| Amortisation of intangible asset | (75) | (75) | 0% | (300) | (200) | 50% |
| Other expenses (Note 6.2) | (6,100) | (4,849) | 26% | (21,594) | (16,795) | 29% |
| Other (charges) / credits (Note 6.3) | (6,724) | (2,334) | 188% | (2,038) | 1,385 | N.M |
| Share of profit of associate | - | - | 0% | - | 361 | -100% |
| Profit before income tax | 18,914 | 22,384 | -16% | 103,216 | 79,399 | 30% |
| Income tax expense (Note 7) | (2,767) | (15,173) | -82% | (1,241) | (21,817) | -94% |
| Net profit for the year from continuing operations | 16,147 | 7,211 | 124% | 101,975 | 57,582 | 77% |
| Profit attributable to: | | | | | | |
| Owners of the parent | 16,141 | 5,686 | 184% | 98,169 | 53,103 | 85% |
| Non- controlling interest | 6 | 1,525 | -100% | 3,806 | 4,479 | -15% |
| | 16,147 | 7,211 | 124% | 101,975 | 57,582 | 77% |
| Earnings per share attributable to owners of the Company (cents per share) | | | | | | |
| Basic | 2.41 | 0.85 | | 14.71 | 7.96 | |
| Diluted | 2.41 | 0.85 | | 14.71 | 7.96 | |

N.M - Not meaningful

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statement of comprehensive income As at 31 December 2022

| | Group | | | | | |
|--|----------------------|----------------------|-------------|----------------------|----------------------|-------------|
| | 4Q | | | 12 Months Ended | | |
| | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 | Change % | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 | Change % |
| Net Profit for the year | 16,147 | 7,211 | 124% | 101,975 | 57,582 | 77% |
| Other comprehensive (loss)/income, net of income tax | | | | | | |
| <i>Items that may be classified subsequently to profit and loss:</i> | | | | | | |
| Exchange differences on translation of foreign operations | (990) | 33 | N.M | (4,948) | (938) | 428% |
| Total comprehensive income for the year | 15,157 | 7,244 | 109% | 97,027 | 56,644 | 71% |
| Attributable to: | | | | | | |
| Equity holders of the Company | 14,799 | 5,677 | 161% | 93,020 | 52,121 | 78% |
| Non- controlling interests | 358 | 1,567 | -77% | 4,007 | 4,523 | -11% |
| | 15,157 | 7,244 | 109% | 97,027 | 56,644 | 71% |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statement of financial position

As at 31 December 2022

| | Group | | Company | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 31-Dec-2022 S\$'000 | 31-Dec-2021 S\$'000 | 31-Dec-2022 S\$'000 | 31-Dec-2021 S\$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and bank balances | 61,672 | 65,086 | 1,073 | 6,273 |
| Trade receivables and other current assets | 78,678 | 67,177 | 17,730 | 12,411 |
| Financial assets through profit and loss | 967 | 322 | 967 | 322 |
| Loan to subsidiary | - | - | 5,486 | 6,337 |
| Inventories | 110,666 | 87,110 | - | - |
| Total Current Assets | 251,983 | 219,695 | 25,256 | 25,343 |
| Non-Current Assets | | | | |
| Investment in subsidiaries | - | - | 262,863 | 260,459 |
| Property, plant and equipment (Note 12) | 135,428 | 112,115 | - | - |
| Right-of-use assets | 10,952 | 14,660 | - | - |
| Investment property (Note 13) | 1,497 | 1,657 | - | - |
| Intangible assets (Note 11) | 88,251 | 88,551 | - | - |
| Deferred tax assets | 97 | 76 | - | - |
| Total Non-Current Assets | 236,225 | 217,059 | 262,863 | 260,459 |
| Total Assets | 488,208 | 436,754 | 288,119 | 285,802 |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Bank borrowings (Note 14) | 11,549 | 11,601 | 9,000 | 2,500 |
| Trade and other payables | 56,735 | 56,079 | 53,269 | 60,915 |
| Loan from related parties (Note 14) | 909 | 1,403 | - | - |
| Lease liabilities | 761 | 1,179 | - | - |
| Income tax payable | 11,083 | 19,151 | - | 157 |
| Total Current Liabilities | 81,037 | 89,413 | 62,269 | 63,572 |
| Non Current Liabilities | | | | |
| Bank borrowings (Note 14) | 18,361 | 22,685 | - | - |
| Deferred tax liabilities | 10,611 | 9,818 | - | - |
| Long-term provision* | 405 | 405 | - | - |
| Lease liabilities | 9,426 | 10,159 | - | - |
| Total Non-Current Liabilities | 38,803 | 43,067 | - | - |
| Total Liabilities | 119,840 | 132,480 | 62,269 | 63,572 |
| Capital and Reserves | | | | |
| Share Capital (Note 15) | 136,623 | 136,623 | 136,623 | 136,623 |
| Treasury shares (Note 15.1) | (891) | (2,064) | (746) | (1,919) |
| Reserves | (16,814) | (11,665) | - | - |
| Retained earnings | 221,552 | 156,009 | 89,973 | 87,526 |
| | 340,470 | 278,903 | 225,850 | 222,230 |
| Non-controlling interest | 27,898 | 25,371 | - | - |
| Total Equity | 368,368 | 304,274 | 225,850 | 222,230 |
| Total Liabilities and Equity | 488,208 | 436,754 | 288,119 | 285,802 |

* Provision for reinstatement of leased premises.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statements of changes in equity For the three months and full year ended 31 December 2022

| | Attributable to owners of the Company | | | | | | |
|---|---------------------------------------|-------------------------------|---------------------|---------------------------------|------------------|---|------------------|
| | Share Capital S\$'000 | Treasury Shares S\$'000 | Reserves S\$'000 | Retained Earnings S\$'000 | Total S\$'000 | Non- controlling Interests S\$'000 | Total S\$'000 |
| Group | | | | | | | |
| Balance at 1 January 2022 | 136,623 | (2,064) | (11,665) | 156,009 | 278,903 | 25,371 | 304,274 |
| Changes in equity for first quarter | | | | | | | |
| Net profit for the period | - | - | - | 19,371 | 19,371 | 1,318 | 20,689 |
| Other comprehensive loss for the period- Exchange differences on translation of foreign operations | - | - | (319) | - | (319) | (17) | (336) |
| Total comprehensive (loss)/ income for the quarter | - | - | (319) | 19,371 | 19,052 | 1,301 | 20,353 |
| Effect on non-controlling interest on acquisition of a subsidiary | - | - | - | (114) | (114) | (261) | (375) |
| Balance at 31 March 2022 | <u>136,623</u> | <u>(2,064)</u> | <u>(11,984)</u> | <u>175,266</u> | <u>297,841</u> | <u>26,411</u> | <u>324,252</u> |
| Changes in equity for second quarter | | | | | | | |
| Net profit for the period | - | - | - | 20,175 | 20,175 | 1,086 | 21,261 |
| Other comprehensive loss for the period - Exchange differences on translation of foreign operations | - | - | (1,529) | - | (1,529) | (20) | (1,549) |
| Total comprehensive (loss)/ income for the quarter | - | - | (1,529) | 20,175 | 18,646 | 1,066 | 19,712 |
| Dividend paid | - | - | - | (13,336) | (13,336) | - | (13,336) |
| Effect on non-controlling interest on acquisition of a subsidiary | - | - | - | (925) | (925) | (1,057) | (1,982) |
| As at 30 June 2022 | <u>136,623</u> | <u>(2,064)</u> | <u>(13,513)</u> | <u>181,180</u> | <u>302,226</u> | <u>26,420</u> | <u>328,646</u> |
| Changes in equity for third quarter | | | | | | | |
| Net profit for the period | - | - | - | 42,482 | 42,482 | 1,396 | 43,878 |
| Other comprehensive loss for the period- Exchange differences on translation of foreign operations | - | - | (1,959) | - | (1,959) | (114) | (2,073) |
| Total comprehensive (loss)/ income for the quarter | - | - | (1,959) | 42,482 | 40,523 | 1,282 | 41,805 |
| Dividend paid | - | - | - | (6,668) | (6,668) | - | (6,668) |
| Sale of treasury shares | - | 1,173 | - | 1,883 | 3,056 | - | 3,056 |
| Effect on non-controlling interests on acquisition of a subsidiary | - | - | - | (85) | (85) | (162) | (247) |
| As at 30 September 2022 | <u>136,623</u> | <u>(891)</u> | <u>(15,472)</u> | <u>218,792</u> | <u>339,052</u> | <u>27,540</u> | <u>366,592</u> |
| Changes in equity for fourth quarter | | | | | | | |
| Net profit for the period | - | - | - | 16,141 | 16,141 | 6 | 16,147 |
| Other comprehensive (loss)/ income for the period - Exchange differences on translation of foreign operations | - | - | (1,342) | - | (1,342) | 352 | (990) |
| Total comprehensive (loss)/ income for the quarter | - | - | (1,342) | 16,141 | 14,799 | 358 | 15,157 |
| Dividend paid | - | - | - | (13,381) | (13,381) | - | (13,381) |
| As at 31 December 2022 | <u>136,623</u> | <u>(891)</u> | <u>(16,814)</u> | <u>221,552</u> | <u>340,470</u> | <u>27,898</u> | <u>368,368</u> |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statements of changes in equity
For the three months and full year ended 31 December 2022

| | Attributable to owners of the Company | | | | | | |
|---|---------------------------------------|----------------------------|---|------------------------------|------------------|--------------------------------------|------------------|
| | Share Capital S\$'000 | Treasury Shares S\$'000 | Foreign Exchange Translation Reserve S\$'000 | Retained Earnings S\$'000 | Total S\$'000 | Non-controlling Interests S\$'000 | Total S\$'000 |
| Group | | | | | | | |
| Balance at 1 January 2021 | 136,623 | (1,919) | (10,683) | 127,265 | 251,286 | 1,663 | 252,949 |
| Changes in equity for first quarter | | | | | | | |
| Net profit/(loss) for the period | - | - | - | 15,369 | 15,369 | (312) | 15,057 |
| Other comprehensive (loss)/ income for the period- Exchange differences on translation of foreign operations | - | - | (885) | - | (885) | 20 | (865) |
| Total comprehensive (loss)/ income for the quarter | - | - | (885) | 15,369 | 14,484 | (292) | 14,192 |
| Balance at 31 March 2021 | 136,623 | (1,919) | (11,568) | 142,634 | 265,770 | 1,371 | 267,141 |
| Changes in equity for second quarter | | | | | | | |
| Net profit for the period | - | - | - | 16,904 | 16,904 | 2,342 | 19,246 |
| Other comprehensive income for the period- Exchange differences on translation of foreign operations | - | - | 401 | - | 401 | 341 | 742 |
| Total comprehensive income for the quarter | - | - | 401 | 16,904 | 17,305 | 2,683 | 19,988 |
| Dividend paid | - | - | - | (5,334) | (5,334) | - | (5,334) |
| Purchase of treasury shares by a subsidiary | - | (78) | - | - | (78) | - | (78) |
| Effect on non-controlling interests on acquisition of a subsidiary | - | - | - | (4,065) | (4,065) | 22,399 | 18,334 |
| As at 30 June 2021 | 136,623 | (1,997) | (11,167) | 150,139 | 273,598 | 26,453 | 300,051 |
| Changes in equity for third quarter | | | | | | | |
| Net profit for the period | - | - | - | 15,144 | 15,144 | 924 | 16,068 |
| Other comprehensive loss for the period- Exchange differences on translation of foreign operations | - | - | (489) | - | (489) | (359) | (848) |
| Total comprehensive (loss)/ income for the quarter | - | - | (489) | 15,144 | 14,655 | 565 | 15,220 |
| Dividend paid | - | - | - | (5,335) | (5,335) | - | (5,335) |
| As at 30 September 2021 | 136,623 | (1,997) | (11,656) | 159,948 | 282,918 | 27,018 | 309,936 |
| Changes in equity for fourth quarter | | | | | | | |
| Net profit for the period | - | - | - | 5,686 | 5,686 | 1,525 | 7,211 |
| Other comprehensive (loss)/ income for the period - Exchange differences on translation of foreign operations | - | - | (9) | - | (9) | 42 | 33 |
| Total comprehensive (loss)/ income for the quarter | - | - | (9) | 5,686 | 5,677 | 1,567 | 7,244 |
| Dividend paid | - | - | - | (12,002) | (12,002) | - | (12,002) |
| Purchase of treasury shares by a subsidiary | - | (67) | - | - | (67) | - | (67) |
| Effect on non-controlling interest on acquisition of a subsidiary | - | - | - | 2,377 | 2,377 | (3,214) | (837) |
| As at 31 December 2021 | 136,623 | (2,064) | (11,665) | 156,009 | 278,903 | 25,371 | 304,274 |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statements of changes in equity
For the three months and full year ended 31 December 2022

| | Attributable to owners of the Company | | | |
|---|---------------------------------------|-------------------------------|---------------------------------|------------------|
| | Share Capital S\$'000 | Treasury Shares S\$'000 | Retained Earnings S\$'000 | Total S\$'000 |
| Company | | | | |
| Balance at 1 January 2022 | 136,623 | (1,919) | 87,526 | 222,230 |
| Changes in equity for first quarter | | | | |
| Net loss for the period | - | - | (949) | (949) |
| Total comprehensive expenses for the quarter | - | - | (949) | (949) |
| Balance at 31 March 2022 | 136,623 | (1,919) | 86,577 | 221,281 |
| Changes in equity for second quarter | | | | |
| Net profit for the period | - | - | 24,111 | 24,111 |
| Total comprehensive income for the quarter | - | - | 24,111 | 24,111 |
| Dividend paid | - | - | (13,336) | (13,336) |
| As at 30 June 2022 | 136,623 | (1,919) | 97,352 | 232,056 |
| Changes in equity for third quarter | | | | |
| Net profit for the period | - | - | 4,046 | 4,046 |
| Total comprehensive income for the quarter | - | - | 4,046 | 4,046 |
| Sale of treasury shares | - | 1,173 | 1,883 | 3,056 |
| Dividend paid | - | - | (6,668) | (6,668) |
| As at 30 September 2022 | 136,623 | (746) | 96,613 | 232,490 |
| Changes in equity for fourth quarter | | | | |
| Net profit for the period | - | - | 6,741 | 6,741 |
| Total comprehensive loss for the quarter | - | - | 6,741 | 6,741 |
| Dividend paid | - | - | (13,381) | (13,381) |
| As at 31 December 2022 | 136,623 | (746) | 89,973 | 225,850 |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Condensed interim statements of changes in equity
For the three months and full year ended 31 December 2022

| | Attributable to owners of the Company | | | |
|---|---------------------------------------|-------------------------------|---------------------------------|------------------|
| | Share Capital S\$'000 | Treasury Shares S\$'000 | Retained Earnings S\$'000 | Total S\$'000 |
| Company | | | | |
| Balance at 1 January 2021 | 136,623 | (1,919) | 84,716 | 219,420 |
| Changes in equity for first quarter | | | | |
| Net profit for the period | - | - | 6,081 | 6,081 |
| Total comprehensive income for the quarter | - | - | 6,081 | 6,081 |
| Balance at 31 March 2021 | 136,623 | (1,919) | 90,797 | 225,501 |
| Changes in equity for second quarter | | | | |
| Net profit for the period | - | - | 13,679 | 13,679 |
| Total comprehensive income for the quarter | - | - | 13,679 | 13,679 |
| Dividend paid | - | - | (5,334) | (5,334) |
| As at 30 June 2021 | 136,623 | (1,919) | 99,142 | 233,846 |
| Changes in equity for third quarter | | | | |
| Net profit for the period | - | - | (2,503) | (2,503) |
| Total comprehensive income for the quarter | - | - | (2,503) | (2,503) |
| Dividend paid | - | - | (5,335) | (5,335) |
| As at 30 September 2021 | 136,623 | (1,919) | 91,304 | 226,008 |
| Changes in equity for fourth quarter | | | | |
| Net profit for the period | - | - | 8,224 | 8,224 |
| Total comprehensive income for the quarter | - | - | 8,224 | 8,224 |
| Dividend paid | - | - | (12,002) | (12,002) |
| As at 31 December 2021 | 136,623 | (1,919) | 87,526 | 222,230 |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Condensed interim consolidated cash flow statement
For the three months and full year ended 31 December 2022**

| | Group | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 4Q | | 12 Months Ended | |
| | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 |
| Cash flows from operating activities | | | | |
| Profit before income tax | 18,914 | 22,384 | 103,216 | 79,399 |
| Adjustments for: | | | | |
| Depreciation expense | 4,297 | 4,273 | 15,611 | 12,425 |
| Loss on deemed disposal of an associate | - | - | - | 2,015 |
| Waiver of loans from a related party | - | (16) | - | (3,904) |
| Property, plant and equipment written off | 2 | - | 3 | 19 |
| Write back provision for doubtful debts (trade) | (96) | - | (96) | - |
| Write-back allowance for non-trade debts | - | (13) | - | (13) |
| Bad debts written off (trade) | - | 37 | - | 37 |
| Allowance for project loss | - | 3 | - | 729 |
| Allowance for inventories obsolescence | 438 | - | 647 | 404 |
| Write-back of inventories obsolescence | (267) | (2,667) | (267) | (3,130) |
| Gain on disposal of property, plant and equipment | (33) | (10) | (213) | (7) |
| Interest income | (80) | (68) | (230) | (184) |
| Interest expense | 318 | 282 | 1,121 | 934 |
| Inventories written down | - | 3,303 | - | 3,303 |
| Amortisation of intangible assets | 75 | 75 | 300 | 200 |
| Share of profit of associate | - | - | - | (361) |
| Gain on lease modification | (102) | - | (102) | - |
| Fair value loss/(gain) on financial assets through profit and loss | 697 | (7) | 697 | (7) |
| Fair value adjustment on inventories arising from acquisition of a subsidiary | 1,500 | 2,000 | 1,500 | 2,000 |
| Unrealised foreign exchange loss/(gain) | 2,494 | (62) | 2,606 | (226) |
| Operating cash flows before working capital changes | 28,157 | 29,514 | 124,793 | 93,633 |
| Changes in working capital: | | | | |
| Trade receivables and other current assets | 12,377 | (14,117) | 382 | (29,966) |
| Inventories | 211 | (3,167) | (25,436) | (17,001) |
| Trade and other payables | (4,661) | 9,727 | 3,553 | 23,966 |
| Cash generated from operations | 36,084 | 21,957 | 103,292 | 70,632 |
| Income tax paid | 110 | (837) | (7,963) | (4,470) |
| Net cash generated from operating activities | 36,194 | 21,120 | 95,329 | 66,162 |
| Cash flows from investing activities | | | | |
| Proceeds from disposal of property, plant and equipment | 70 | 80 | 770 | 183 |
| Purchase of property, plant and equipment (Note A) | (20,452) | (3,399) | (53,520) | (9,977) |
| Investment in quoted shares | - | (315) | (1,343) | (315) |
| Consideration paid for acquisition of non-controlling interest | (36) | (744) | (2,304) | (15,402) |
| Improvement to investment property | - | - | - | (65) |
| Net cash (outflow)/inflow on acquisition of a subsidiary | - | - | - | 4,367 |
| Interest received | 80 | 68 | 230 | 184 |
| Net cash generated used in investing activities | (20,338) | (4,310) | (56,167) | (21,025) |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Condensed interim consolidated cash flow statement
For the three months and full year ended 31 December 2022**

| | Group | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 4Q | | 12 Months Ended | |
| | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 |
| Cash flows from financing activities | | | | |
| Proceeds from bank borrowings | 9,000 | 8,500 | 35,917 | 25,000 |
| Repayment of bank borrowings | (4,630) | (1,177) | (40,294) | (33,634) |
| Interest paid | (183) | (161) | (647) | (489) |
| | (4,813) | (1,338) | (40,941) | (34,123) |
| Repayment of lease liabilities | (131) | (490) | (1,637) | (1,515) |
| Repayment of loan from related parties | (495) | - | (495) | - |
| Purchase of treasury shares | - | (68) | - | (145) |
| Proceeds from sale of treasury shares | - | - | 3,056 | - |
| Dividend paid | (13,381) | (12,002) | (33,385) | (22,671) |
| Net cash used in financing activities | (9,820) | (5,398) | (37,485) | (33,454) |
| Net increase in cash and cash equivalents | 6,036 | 11,412 | 1,677 | 11,683 |
| Net effect of exchange rate changes | (2,844) | (52) | (5,091) | (384) |
| Cash and cash equivalents at beginning of the period | 58,480 | 53,726 | 65,086 | 53,787 |
| Cash and cash equivalents at end of the period | 61,672 | 65,086 | 61,672 | 65,086 |

The reconciliation of purchase of property, plant and equipment ("PPE") is presented below:

| Note A | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 |
|--|----------------------|----------------------|
| Purchase of property, plant and equipment | | |
| Total additions | 38,533 | 9,977 |
| Add: Movement in downpayment to suppliers of PPE | 14,987 | - |
| Net cash outflow | 53,520 | 9,977 |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

1. Corporate information

UMS Holdings Limited (the “Company”) is a public limited company incorporated and domiciled in Singapore, and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The controlling shareholder of the Company is Mr Luong Andy.

The principal activity of the Company is investment holding. The principal activities of the Group are:

- (a) Manufacture of precision machining components, assembly and integration of equipment modules for semiconductor equipment manufacturers;
- (b) Precision engineering works for parts used mainly in the aerospace, oil and gas industries, and other general engineering and machinery work; and
- (c) Manufacture of water disinfection systems, trading of non-ferrous metal alloys and cutting tools.

2. Basis of Preparation

The condensed financial statements for the three month and full year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements, which are expressed in Singapore Dollar (“S\$”), are rounded to the nearest thousand dollar (S\$’000), except as otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In the application of the Group’s accounting policies, which are described in Note 3 to the consolidated financial statements (“Annual Report 2021”), management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

2. Basis of preparation (cont'd)

2.3 Use of judgements and estimates (cont'd)

(a) Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Useful lives of property, plant and equipment and investment property

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment and investment property. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and investment property of a similar nature and function. It could change significantly as a result of technical innovations and competitor actions. Management will increase the depreciation charge where the useful lives are less than previously estimated, or it will write-off or write-down technically obsolete assets that have been abandoned or sold.

There is no change in the estimated useful lives of property, plant and equipment and investment property during the financial year. The carrying amounts of property, plant and equipment and investment property of the Group as at 31 December 2022 amounted to S\$135,428,000 (Dec 2021: S\$112,115,000) and S\$1,497,000 (Dec 2021: S\$1,657,000) respectively.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loan and receivables

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECLs"). The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables according to historical loss patterns (e.g. customer rating or product or by geographical location) and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward-looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables and contract assets. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

2. Basis of preparation (cont'd)

2.3 Use of judgements and estimates (cont'd)

(b) Critical Judgements in applying Accounting Policies

In the process of applying the Group's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the interim consolidated financial statements are discussed below.

Allowance for inventories obsolescence

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. The Group writes down the cost of inventories whenever the net realisable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Allowances are recorded against the inventories based on historical obsolescence of slow-moving inventories.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Financial Information by Segments

The Group is organised into the following main **business segments**:

- (a) Semiconductor: Manufacture of precision machining components, assembly and integration of equipment modules for semiconductor equipment manufacturers;
- (b) Aerospace: Precision engineering works for parts used mainly in the aerospace, oil and gas industries, and other general engineering and machinery work; and
- (c) Others: Manufacture of water disinfection systems, trading of non-ferrous metal alloys and cutting tools.

Management monitors the operating results of its segments separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is monitored based on revenue and gross profit. Selling expenses, administrative expenses, finance costs, assets and liabilities are managed on a legal entity basis.

The Group operates in five principal **geographical regions** - Singapore, Malaysia, Taiwan, the United States of America ("USA") and Others. Other key geographical areas include People's Republic of China and South Korea. Sales to external parties in the individual country grouped under "others" did not contribute more than 5% of the total sales of the Group.

In presenting information on the basis of geographical segments, segment revenue is based on the countries of domicile of the customers. Segment assets are based on the geographical location of the assets.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

4.1 Revenue by Business Segments and Geographical Areas

Revenue

12 Months 2022 vs 2021

| | Group | | |
|---------------------------------|------------------------|------------------|---------------|
| | 12 Months Ended | | |
| | 31-Dec-22 | 31-Dec-21 | Change |
| | S\$'000 | S\$'000 | % |
| Business Segments | | | |
| Semiconductor (Semicon) | 322,379 | 242,293 | 33% |
| Aerospace | 14,958 | 9,952 | 50% |
| Others | 35,052 | 18,975 | 85% |
| | 372,389 | 271,220 | 37% |
| Geographical Regions | | | |
| Singapore | 258,552 | 189,914 | 36% |
| United States of America ('US') | 35,377 | 31,481 | 12% |
| Taiwan | 39,184 | 27,990 | 40% |
| Malaysia | 19,979 | 11,517 | 73% |
| Others | 19,297 | 10,318 | 87% |
| | 372,389 | 271,220 | 37% |

Revenue

4Q2022 vs 2Q2021

| | Group | | |
|---------------------------------|-----------------------|------------------|---------------|
| | 3 Months Ended | | |
| | 31-Dec-22 | 31-Dec-21 | Change |
| | S\$'000 | S\$'000 | % |
| Business Segments | | | |
| Semiconductor (Semicon) | 84,661 | 77,445 | 9% |
| Aerospace | 4,159 | 3,920 | 6% |
| Others | 12,156 | 5,886 | 107% |
| | 100,976 | 87,251 | 16% |
| Geographical Regions | | | |
| Singapore | 69,173 | 62,132 | 11% |
| United States of America ('US') | 9,868 | 8,646 | 14% |
| Taiwan | 13,150 | 7,644 | 72% |
| Malaysia | 4,078 | 4,416 | -8% |
| Others | 4,707 | 4,413 | 7% |
| | 100,976 | 87,251 | 16% |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

4.2 Business Segments

| | Semiconductor | | Aerospace | | Others | | Total | |
|---|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 12 Months Ended 31 December 2022 | | | | | | | | |
| Group | | | | | | | | |
| Sales to external parties | 322,379 | 242,293 | 14,958 | 9,952 | 35,052 | 18,975 | 372,389 | 271,220 |
| Segment results | | | | | | | | |
| | 94,760 | 71,461 | 1,631 | 366 | 6,825 | 7,572 | 103,216 | 79,399 |
| Material non-cash items include: | | | | | | | | |
| Depreciation expense | 12,880 | 10,473 | 2,136 | 1,378 | 595 | 574 | 15,611 | 12,425 |
| Write-back allowance for non-trade debts | - | - | - | - | - | (13) | - | (13) |
| Write-back provision for doubtful debts (trade) | - | - | - | - | (96) | - | (96) | - |
| Allowance for project loss | - | - | - | - | - | 729 | - | 729 |
| Allowance for inventories obsolescence | 475 | 46 | - | 358 | 172 | - | 647 | 404 |
| Write-back of inventories obsolescence | (267) | (3,130) | - | - | - | - | (267) | (3,130) |
| Inventories written down | - | 3,303 | - | - | - | - | - | 3,303 |
| Bad debts written off (trade) | - | 37 | - | - | - | - | - | 37 |
| Loss on deemed disposal of an associate | - | - | - | - | - | 2,015 | - | 2,015 |
| Property, plant and equipment written off | 3 | 19 | - | - | - | - | 3 | 19 |
| Loss/(gain) on disposal of property, plant and equipment | (26) | 52 | (187) | (52) | - | (7) | (213) | (7) |
| Fair value adjustment on inventories arising from acquisition of subsidiary | - | 200 | 1,500 | 1,300 | - | 500 | 1,500 | 2,000 |
| Waiver of loans from related party | - | - | - | - | - | (3,904) | - | (3,904) |

| Disaggregation of revenue | | | | | | | | |
|-------------------------------------|---------|---------|--------|-------|--------|--------|---------|---------|
| At a point in time - sales of goods | 321,761 | 242,226 | 14,958 | 9,952 | 35,052 | 18,648 | 371,771 | 270,826 |
| Over time - rental income | 618 | 394 | - | - | - | - | 618 | 394 |
| Total revenue | 322,379 | 242,620 | 14,958 | 9,952 | 35,052 | 18,648 | 372,389 | 271,220 |

| | Semiconductor | | Aerospace | | Others | | Total | |
|---------------------|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Total assets | 722,694 | 651,788 | 49,887 | 52,925 | 57,044 | 57,548 | 829,625 | 762,261 |
| Total liabilities | 230,262 | 218,764 | 14,462 | 16,887 | 24,008 | 34,373 | 268,732 | 270,024 |

| | Group | |
|---|-----------|-----------|
| | 31-Dec-22 | 31-Dec-21 |
| | S\$'000 | S\$'000 |
| Total assets for reportable segments | 829,625 | 762,261 |
| Elimination of inter-segment assets | (341,417) | (325,507) |
| Total assets | 488,208 | 436,754 |
| Total liabilities for reportable segments | 268,732 | 270,024 |
| Elimination of inter-segment liabilities | (148,892) | (137,544) |
| Total liabilities | 119,840 | 132,480 |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

4.3 Geographical Segments

| <u>Group</u> | Singapore | | USA | | Taiwan | | Malaysia | | Others | | Total | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>12 Months Ended 31 December 2022</u> | | | | | | | | | | | | |
| Group | | | | | | | | | | | | |
| Sales to external parties | 258,552 | 189,914 | 35,377 | 31,481 | 39,184 | 27,990 | 19,979 | 11,517 | 19,297 | 10,318 | 372,389 | 271,220 |
| | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> | <u>31-Dec-22</u> | <u>31-Dec-21</u> |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Other geographical information: | | | | | | | | | | | | |
| Non-current assets: | | | | | | | | | | | | |
| Property, plant and equipment | 79,813 | 73,642 | 90 | 61 | - | - | 55,525 | 38,412 | - | - | 135,428 | 112,115 |
| Investment property | 1,497 | 1,657 | - | - | - | - | - | - | - | - | 1,497 | 1,657 |
| Intangible asset | 1,900 | 2,200 | - | - | - | - | - | - | - | - | 1,900 | 2,200 |
| Goodwill | 85,427 | 85,427 | 924 | 924 | - | - | - | - | - | - | 86,351 | 86,351 |
| Right-of-use assets | 10,675 | 14,101 | 187 | 330 | - | - | 90 | 229 | - | - | 10,952 | 14,660 |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

5. Financial Assets and Financial Liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

| | Group | | Company | |
|--|----------------|----------------|---------------|---------------|
| | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Group | | | | |
| <u>Financial assets</u> | | | | |
| Trade receivables and other current assets (excluding prepayments and advance to suppliers) | 52,373 | 56,457 | 17,698 | 12,389 |
| Financial assets through profit and loss | - | - | 967 | 322 |
| Loan to subsidiary | - | - | 5,486 | 6,337 |
| Cash and bank balances | 61,672 | 65,086 | 1,073 | 6,273 |
| | <u>114,045</u> | <u>121,543</u> | <u>25,224</u> | <u>25,321</u> |
| <u>Financial liabilities</u> | | | | |
| Bank borrowings | 29,910 | 34,286 | 9,000 | 2,500 |
| Loans from related parties | 909 | 1,403 | - | - |
| Trade and other payables (excluding contract liabilities) | 57,380 | 46,728 | 53,269 | 60,915 |
| Lease liabilities | 10,187 | 11,338 | - | - |
| | <u>98,386</u> | <u>93,755</u> | <u>62,269</u> | <u>63,415</u> |

6. Profit before tax

6.1 Net finance expense

| | Group | | | | | |
|---|--------------|--------------|------------|-----------------|--------------|------------|
| | 4Q | | | 12 Months Ended | | |
| | 31-Dec-22 | 31-Dec-21 | Change | 31-Dec-22 | 31-Dec-21 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Group | | | | | | |
| <u>Interest income</u> | | | | | | |
| - from cash and cash equivalents | 80 | 68 | 18% | 230 | 184 | 25% |
| <u>Interest expense</u> | | | | | | |
| - on lease liabilities and hire purchases | (130) | (122) | 7% | (463) | (410) | 13% |
| - on bank borrowings | (179) | (151) | 19% | (623) | (489) | 27% |
| - on loans from related parties | (9) | (9) | 0% | (35) | (35) | 0% |
| Net finance expense | <u>(238)</u> | <u>(214)</u> | <u>11%</u> | <u>(891)</u> | <u>(750)</u> | <u>19%</u> |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

6. Profit before tax (cont'd)

6.2 Other expenses:

| | Group | | | | | |
|------------------------------------|----------------------|----------------------|-------------|----------------------|----------------------|-------------|
| | 4Q | | | 12 Months Ended | | |
| | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 | Change % | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 | Change % |
| Legal and professional fees | (967) | (790) | 22% | (4,087) | (3,270) | 25% |
| Utilities | (1,504) | (1,400) | 7% | (6,094) | (4,787) | 27% |
| Freight charges | (823) | (599) | 37% | (2,904) | (1,822) | 59% |
| Insurance | (201) | (190) | 6% | (804) | (608) | 32% |
| Upkeep of properties and equipment | (504) | (328) | 54% | (1,688) | (1,068) | 58% |
| Upkeep of machinery | (1,182) | (752) | 57% | (3,025) | (2,378) | 27% |
| Others | (919) | (790) | 16% | (2,992) | (2,862) | 5% |
| | (6,100) | (4,849) | 26% | (21,594) | (16,795) | 29% |

6.3 Other Credits / (Charges)

| | Group | | | | | |
|---|----------------------|----------------------|-------------|----------------------|----------------------|-------------|
| | 4Q | | | 12 Months Ended | | |
| | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 | Change % | 31-Dec-22 S\$'000 | 31-Dec-21 S\$'000 | Change % |
| Foreign exchange (loss)/gain - net | (4,504) | (458) | 883% | (272) | 1,971 | N.M |
| Gain on disposal of property, plant and equipment | 33 | 10 | 230% | 213 | 7 | 2943% |
| Property, plant & equipment written off | (2) | - | N.M | (3) | (19) | -84% |
| Write back allowance for non-trade debts | - | 13 | -100% | - | 13 | -100% |
| Bad debts written off (trade) | - | (37) | -100% | - | (37) | -100% |
| Write back of provision for doubtful debts (trade) | 96 | - | N.M | 96 | - | N.M |
| Inventories written off | - | (3,303) | -100% | - | (3,303) | -100% |
| Write back of inventories obsolescence | 267 | 2,667 | -90% | 267 | 3,130 | -91% |
| Allowance for project loss | - | (3) | -100% | - | (729) | -100% |
| Allowance for inventories obsolescence | (438) | - | N.M | (647) | (404) | 60% |
| Loss on deemed disposal of an associate | - | - | 0% | - | (2,015) | -100% |
| Waiver of loans from a related party | - | 16 | -100% | - | 3,904 | -100% |
| Fair value adjustment on inventories arising from acquisition of a subsidiary | (1,500) | (2,000) | -25% | (1,500) | (2,000) | -25% |
| Fair value (loss)/gain on financial assets through profit and loss | (697) | 7 | N.M | (697) | 7 | N.M |
| Others | 21 | 754 | -97% | 505 | 860 | -41% |
| | (6,724) | (2,334) | 188% | (2,038) | 1,385 | N.M |

6.4 Related Party Transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

7. Income Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

| | Group | | | | | |
|---------------|-----------|-----------|--------|-----------------|-----------|--------|
| | 4Q | | | 12 Months Ended | | |
| | 31-Dec-22 | 31-Dec-21 | Change | 31-Dec-22 | 31-Dec-21 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Income tax: | | | | | | |
| - Current | (2,354) | (7,533) | -69% | (12,745) | (14,287) | -11% |
| - Prior years | (413) | (7,640) | -95% | 11,504 | (7,530) | N.M |
| | (2,767) | (15,173) | -82% | (1,241) | (21,817) | -94% |

The Group made high tax provision in 4Q2021 as one of the Malaysia Subsidiary (Ultimate Manufacturing Solution Sdn Bhd) was unable to comply with the stipulated % of local employee criteria to achieve the pioneer tax incentive.

The Group's application for the reinstatement of its pioneer tax status received approval from the Malaysia Authorities in 3Q2022.

Accordingly, the Group wrote back all the tax provision up to 3Q2022.

8. Dividends

| | Group and Company | |
|---|-------------------|---------------|
| | 31-Dec-22 | 31-Dec-21 |
| | S\$'000 | S\$'000 |
| Cash dividend on ordinary shares declared and paid/payable | | |
| Interim dividend | 20,049 | 17,337 |
| Final dividend | 13,336 | 13,336 |
| Total | 33,385 | 30,673 |

Tax consequences of proposed dividends

The above-mentioned proposed dividends to the shareholders by the Company have no income tax consequences.

9. Net Assets Value

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 31-Dec-22 | 31-Dec-21 | 31-Dec-22 | 31-Dec-21 |
| Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) | 51.02 cents | 42.14 cents | 33.89 cents | 33.64 cents |
| Total number of issued shares (excluding treasury shares) | 669,078,641 | 666,785,941 | 669,078,641 | 666,785,941 |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

10 Fair value measurement

(i) Fair value of financial instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted prices, discounted cash flow models and option pricing models as appropriate.

The Group presents financial assets measured at fair value and classified by level of the following fair value measurement hierarchy:

- a. Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- b. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (i.e. derived from prices); and
- c. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(ii) Fair Value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year (including cash and bank balances, trade and other receivables, loan to subsidiaries, bank borrowings, trade and other payables, loans from related parties and lease liabilities) approximate their fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of loans from related parties and lease liabilities approximate their fair values as they are subject to interest rates close to market rates of interest for similar arrangement with financial institutions.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

11. Intangible assets

| | Goodwill | Customer Relationship | Total |
|---------------------------------|-----------------|----------------------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 |
| Cost: | | | |
| At 1 January 2022 | 88,469 | 2,400 | 90,869 |
| Acquisition of a subsidiary | - | - | - |
| At 31 Dec 2022 | <u>88,469</u> | <u>2,400</u> | <u>90,869</u> |
| Accumulated amortisation | | | |
| At 1 January 2022 | - | (200) | (200) |
| Amortisation for the year | - | (300) | (300) |
| At 31 Dec 2022 | <u>-</u> | <u>(500)</u> | <u>(500)</u> |
| Accumulated impairment | | | |
| At 1 January 2022 | (2,118) | - | (2,118) |
| Impairment for the year | - | - | - |
| At 31 Dec 2022 | <u>(2,118)</u> | <u>-</u> | <u>(2,118)</u> |
| Net book value: | | | |
| At 31 Dec 2021 | <u>86,351</u> | <u>2,200</u> | <u>88,551</u> |
| At 31 Dec 2022 | <u>86,351</u> | <u>1,900</u> | <u>88,251</u> |

The Group performed its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The Group's impairment test for goodwill with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

The customer relationship arose from the acquisition of JEP Holdings Ltd and its subsidiary. The remaining amortisation period of the customer relationship is eight years (2028 - 8 years). The amortisation of customer relationship will be included in the "Other credits/charges" line item in the consolidated statement of profit or loss and other comprehensive income. In the opinion of the directors of the Group, there is no indication that the recorded book value cannot be recovered from the business operations in the future periods.

12. Property, plant and equipment

During the financial year, the Group acquired assets amounting to S\$38,533,000 (31.12.2021: S\$9,977,000) respectively. The Company did not acquire any assets during financial year ended 31 December 2022 and 31 December 2021.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

13. Investment property

| | Group | |
|---------------------------------|-------------------------|-------------------------|
| | <u>31-Dec-22</u> | <u>31-Dec-21</u> |
| | S\$'000 | S\$'000 |
| <u>Cost</u> | | |
| At the beginning of the year | 4,098 | 4,033 |
| Additions | - | 65 |
| Disposal/Write-off | - | - |
| At the end of the year | <u>4,098</u> | <u>4,098</u> |
| <u>Accumulated depreciation</u> | | |
| At the beginning of the year | 2,441 | 2,285 |
| Depreciation for the year | 160 | 156 |
| Disposal/Written-off | - | - |
| At the end of the year | <u>2,601</u> | <u>2,441</u> |
| <u>Net book value</u> | | |
| At the end of the year | <u>1,497</u> | <u>1,657</u> |

Investment property relates to the leasehold property at 25 Changi North Crescent, Singapore 499617 held by a subsidiary under an operating lease to earn rental income. Rental income and direct operating expenses related to the investment property amounted to S\$99,558 (2021: S\$115,200) and S\$102,500 (2021: S\$102,500) respectively, for the financial year ended 31 December 2022.

The tenure of the leasehold property is a 30-year lease from 1 February 2003.

The estimated fair value of the leasehold property amounted to S\$6,600,000 (Dec 2021: S\$6,600,000), classified under Level 2 of the fair value hierarchy, as determined on the basis of management's review of similar properties in the market as at 31 December 2022. The key input applied in the estimation of the investment property is unit price per square foot. There has been no change to the valuation technique during the current financial period.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Notes to the condensed interim consolidated financial statements
For the three months and full year ended 31 December 2022**

14. Borrowings and Loan from Related Parties

| | <u>Group</u> | | <u>Company</u> | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>31-Dec-22</u> S\$'000 | <u>31-Dec-21</u> S\$'000 | <u>31-Dec-22</u> S\$'000 | <u>31-Dec-21</u> S\$'000 |
| Secured | | | | |
| Term loans – non-current (a) | 18,360 | 22,685 | - | - |
| Term Loans – current (a) | 2,549 | 3,101 | - | - |
| | 20,909 | 25,786 | - | - |
| Unsecured | | | | |
| Short term bank loan - current (b) | 9,000 | 8,500 | 9,000 | 2,500 |
| Loan from related parties - Current (c) | 909 | 1,403 | - | - |
| | <u>30,818</u> | <u>35,689</u> | <u>9,000</u> | <u>2,500</u> |

- (a) Secured term loans amounting to S\$20.9 million are secured by the property, plant and equipment of subsidiaries.
- (b) The unsecured bank loan bears fixed interest at 0.85% - 4.30% (2021: 0.79% - 1.38%) per annum and with a maturity period of less than three months.
- (c) The loans from related parties bear interest at 2.50% (2021: 2.50%) per annum and relates to an amount owing by a subsidiary to a director and a former director and repayable in the next 12 months.

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

**Notes to the condensed interim consolidated financial statements
For the three months and full year ended 31 December 2022**

15. Share Capital

| | <u>31-Dec-22</u> | | <u>31-Dec-21</u> | |
|------------------------------|------------------------------|----------------|------------------------------|----------------|
| | No. of ordinary shares | S\$'000 | No. of ordinary shares | S\$'000 |
| Group and Company | | | | |
| Issued and fully paid: | | | | |
| At the beginning of the year | 670,535,941 | 136,623 | 536,429,579 | 136,623 |
| Bonus shares issue | - | - | 134,106,362 | - |
| At the end of the year | <u>670,535,941</u> | <u>136,623</u> | <u>670,535,941</u> | <u>136,623</u> |

15.1 Treasury shares

| | <u>31-Dec-22</u> | | <u>31-Dec-21</u> | |
|---|------------------------------|----------------|------------------------------|------------------|
| | No. of ordinary shares | S\$'000 | No. of ordinary shares | S\$'000 |
| Group | | | | |
| At the beginning of the year | 4,414,837 | 2,064,000 | 3,000,000 | 1,919,000 |
| (Sold)/Purchase by a subsidiary during the year | (2,292,700) | (1,173,000) | 664,837 | 145,000 |
| Bonus shares issue | - | - | 750,000 | - |
| At the end of the year | <u>2,122,137</u> | <u>891,000</u> | <u>4,414,837</u> | <u>2,064,000</u> |

| | <u>31-Dec-22</u> | | <u>31-Dec-21</u> | |
|------------------------------|------------------------------|----------------|------------------------------|------------------|
| | No. of ordinary shares | S\$'000 | No. of ordinary shares | S\$'000 |
| Company | | | | |
| At the beginning of the year | 3,750,000 | 1,919,000 | 3,000,000 | 1,919,000 |
| Sold during the year | (2,292,700) | (1,173,000) | - | - |
| Bonus shares issue | - | - | 750,000 | - |
| At the end of the year | <u>1,457,300</u> | <u>746,000</u> | <u>3,750,000</u> | <u>1,919,000</u> |

UMS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Notes to the condensed interim consolidated financial statements For the three months and full year ended 31 December 2022

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Other Information Required by Listing Rule
Appendix 7.2

Other Information

1. Review

The interim condensed consolidated balance sheet of UMS Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) as at 31 December 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the twelve-month financial year ended and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

2. Review of performance of the Group

Condensed Consolidated Statement of Profit or Loss and other comprehensive Income

Revenue

4QFY2022

Group revenue remained above the \$100 million mark for 4QFY2022 - rising 16% above the record high achieved in 4QFY2021.

The Group continued to enjoy robust growth from all of its core business segments.

Revenue jumped to S\$101 million from S\$87.3 million in 4QFY2021 fueled mainly by the sustained growth in the semiconductor segment.

Semiconductor sales rose 9% to \$84.7 million in 4QFY2022 from S\$77.6 million in 4QFY2021.

The improved revenue was driven mainly by higher Integrated System sales which surged 50% from S\$30.7 million in 4Q2021 to S\$46.1 million in 4Q2022. This was however offset by lower sales from its Components business which fell 18% from S\$46.9 million in 4Q2021 to S\$38.5 million in 4Q2022. The decline is mainly attributed to the business slowdown in some backend semiconductor customers.

Its Aerospace sales also did well - growing 6% to S\$4.2 million in 4QFY2022 from \$3.9 million in the same period last year.

Revenue in "Others" segment jumped 107% compared to 4QFY2021 - mainly due to the delivery of a water disinfection system by its subsidiary - Kalf Engineering - during the quarter.

On a sequential basis, compared to 3QFY2022, overall 4QFY2022 revenue remained stable. Revenue in the semiconductor segment softened slightly by 5% while revenue in the Aerospace and Others segments increased 8% and 77%. respectively.

Geographically, all the Group's key markets, except Malaysia, achieved higher revenue growth in 4QFY2022. Malaysia however reported a sales dip of about 8%. Singapore registered sales growth of 11% to hit S\$69.2 million on the back of higher integrated system sales and component sales for new equipment.

Revenue in Taiwan climbed 72% vs 4Q2021 mainly due to the delivery of a water disinfection system during the quarter by the Group's subsidiary - Kalf Engineering.

US sales improved 14% while the Others segment grew 7% in 4QFY2022 compared to 4QFY2021.

2. Review of the performance of the Group (cont'd)

FY2022

The Group delivered yet another record performance in FY2022 -- registering sales surpassing \$370 million for the first time!

Compared to FY2021, revenue for FY2022 surged 37% to S\$372.4 million from S\$271.2 million as all the Group's core business segments reported much stronger results.

Sales in the Semiconductor segment rose 33% buoyed by the robust performances of both its Semiconductor Integrated System sales - which leapt 47% from S\$104.2 million in FY2021 to S\$152.8 million in FY2022; and its component sales which climbed 23% from S\$138.5 million in FY2021 to S\$170.2 million in FY2022.

Revenue in its Aerospace segment also soared 50% while its Others segment registered a 85% hike in sales.

The Group reported significant sales growth in all its key markets. Malaysia and Others delivered the strongest growth of 73% and 87% respectively. Revenue in Singapore jumped 36% as compared to FY2021 while sales in Taiwan and US increased 40% and 12% during the period under review.

Profitability

4QFY2022

In terms of profitability, the Group reported another sterling performance - 4QFY2022 net profit surged 124% while net profit attributable to UMS shareholders shot up 184% to \$16.1M when compared to 4QFY2021.

The surge in profit was achieved despite higher expenses and foreign exchange losses (due to the depreciation of the US currency) during the quarter.

The Group's 4QFY2022 profit before tax edged down 16% to \$18.9 million when compared to 4QFY2021.

Gross material margin in 4QFY2022 softened to 46.5% from 52.1% in 4QFY2021. The dip is mainly due to the decline in USD exchange rate and lower margins from Kalf Engineering's completed equipment delivery of a project in Taiwan. The bulk of the profits from this project will be recognized upon completion of project commissioning in 2023. Excluding Kalf Engineering's contributions, overall Group gross material margin would be 49.9%.

The Group also benefitted from a lower tax expense which fell 82% to S\$2.8 million in 4QFY2022.

The tax provision in 4QFY2021 was much higher as it was based on the assumption that the pioneer tax incentive regarding one of the Group's Malaysian subsidiaries was revoked. This provision was later reversed in 3QFY022 after the matter was resolved with the Malaysian Authorities.

The lower 4QFY2022 tax provision was made after the Malaysian subsidiary's pioneer tax incentive was approved.

Personnel costs fell 6%, while other charges and other expenses increased by 188% and 26% respectively.

**Other information required by Listing Rule Appendix 7.2
For the three months and full year ended 31 December 2022**

2. Review of the performance of the Group (cont'd)

The increase in other expenses was mainly due to higher machinery maintenance costs.

Other charges jumped from \$2.3 million in 4QFY2021 to \$6.7 million in 4QFY2022 as a result of higher forex losses in 4QFY2022 arising from the depreciation of the USD and fair value loss on financial assets through profit and loss which was partially offset by lower inventory provision and inventory fair value adjustments arising from the acquisition of JEP.

FY2022

The Group recorded its highest ever annual net profit - surpassing the S\$100 million mark for the very first time.

Net profit for FY2022 soared 77% to S\$102 million while net profit before tax jumped 30% to S\$103.2 million when compared to FY2021.

Net profit attributable to shareholders for the year shot up 85% to another all-time high of S\$98.2 million.

The sterling performance was mainly driven by the Group's strong sales, as well as reversal of the tax provision made by its Malaysian subsidiary after the resolution of the pioneer tax incentives with the Malaysian government.

The record performance was achieved despite slightly lower gross material margin, higher expenses and foreign exchange loss (due to the US currency depreciation).

Gross material margin in FY2022 eased to 49.9% from 52.8% in FY2021. This was partly due to the drop in US dollar exchange rate, higher material costs as well as lower margins from Kalf Engineering's sales.

The Group's overall costs also went up as all expense categories increased mainly as a result of the full 12 months consolidation of JEP's results vs only 8 months in FY2021.

Condensed Consolidated Balance Sheet

Cash and Bank Balances / Bank borrowings

The net increase in cash and cash equivalents by S\$1 million (after netting-off bank borrowings) was mainly due to net cash generated from operating activities partially offset by purchase of property, plant and equipment and payment of dividends during the period.

Trade and other receivables

Trade receivables and other current assets increased by S\$11.5 million mainly due to advance payment to suppliers for purchase of machineries.

Inventories

The increase in inventories by S\$23.56 million was mainly due to higher material purchases to manage short term supply chain uncertainties.

Trade and other payables

Trade and other payables increased slightly by S\$0.7 million.

2. Review of the performance of the Group (cont'd)

Condensed Consolidated Cash Flow Statement

4QFY2022

The Group's financial position remains healthy - clocking in a much improved positive net cash of S\$36.2 million (vs S\$21.1 million in 4QFY2022) from operating activities.

It also registered a free cash flow of S\$15.8 million - which is comparable to the S\$17.8 million in 4QFY2021 - despite higher capex spending of S\$20.5 million during the period under review.

FY2022

The Group's positive net cash from operating activities grew to S\$95.3 million in FY2022 from S\$66.2 million in FY2021. It also generated free cash flow of \$42.6 million in FY2022 (vs S\$56.4 million in FY2021). The lower free cash flow is attributed to the \$53.5 million capex spending in FY2022.

The Group's net cash and cash equivalents (net of bank borrowings) as at 31 Dec 2022 remained largely stable at S\$31.8 million as compared to S\$30.8 million as at 31 Dec 2021.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the previous announcement made on 11 November 2022.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

For UMS, FY2022 was an exceptional growth year in a challenging global environment.

The Group delivered its best ever performance despite higher costs, inflationary pressures, supply chain constraints and currency volatility.

Group revenue and earnings for the year also smashed all previous records - crossing the \$350 million and \$100 million mark for the very first time.

Our record-breaking performance continued to be powered by the sustained global chip demand in the first nine months of the year. Indeed, we experienced higher demand for our systems and components than our existing production capacity can accommodate. While there was some slowdown in recent months, the Group's order book remains healthy and we will continue to invest in expanding capacity to meet customer demands.

Construction of the Group's new Penang factory is progressing as planned and completion is scheduled for mid-2023. Hiring of workers is also proceeding well - helping to alleviate the tight labour situation in Penang.

The Group continues to work well with its key customer on integrated systems fabrication and delivery as negotiations on a new working arrangement is still ongoing.

Looking ahead, global chip demand is expected to soften in the near term - impacted by weaker capex spending, recessionary concerns, rising inflation and ongoing geopolitical tensions such as the US-China rivalry and the persistent Russia-Ukraine crisis.

However, the longer-term outlook remains robust.

While Gartner is forecasting total worldwide semiconductor revenue to decrease 6.5% in 2023 to \$562.7 billion, the market is expected to recover in 2024, growing 16.3% to reach \$654.3 billion in revenue.¹

According to SEMI, the worldwide semiconductor industry is projected to invest more than \$500 billion in 84 volume chipmaking facilities starting construction from 2021 to 2023, with segments including automotive and high-performance computing fueling the spending increases. The projected growth in global factory count includes a record high 33 new semiconductor manufacturing facilities starting construction this year and 28 more in 2023.²

SEMI also expects 300mm fab equipment spending in 2023 to be about \$77 billion (-14% YoY), \$94 billion (+22% YoY) in 2024 and \$116 billion (+24% YoY) in 2025 respectively.

Total installed capacity is expected to grow 9% in 2022, 7% in 2023, 8% in 2024 and 11% in 2025.³

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months (cont'd)

The aerospace industry is also in better shape as business and leisure travel is picking up gradually across the world including Asia as pandemic travel curbs are lifted. According to IATA, international traffic in 2022 climbed 152.7% versus 2021 and reached 62.2% of 2019 levels. This growth momentum is expected to continue into 2023. IATA also expects the global airline industry to return to profitability in 2023 .⁴

Fitch Ratings too predicts that new, large commercial aircraft (LCA) deliveries will increase by more than 20% in 2023 vs 2022.⁵

These positive growth figures augur well for the Group; given its strong financial position, it is well-poised to capitalize on growth opportunities arising from the global aviation recovery and long-term strength in the chip equipment manufacturing market as well as the acceleration of AI and digital innovations such as 5G and adoption of smart cities solutions worldwide.

Going forward, the outlook for UMS in the next 6 months will be softer as customers become more cautious in the face of economic slowdown and geopolitical uncertainties.

Our key customer has also recently given guidance that while it is slowing the rate of spending growth in the near term amid geopolitical and macroeconomic challenges, it will continue to make the strategic investments that will enable it to outgrow the semiconductor market.

The Group will continue active engagement with prospective customers while first article inspection processes for a new customer has already commenced.

The Group will carry on with its plans to secure additional power supply for its new Penang factory in the coming months. The Malaysian Authorities has also given approval for the Pioneer Status incentive application of the Group's Malaysian subsidiary for an additional 5 years from 2023.

Barring unforeseen circumstances, the Group will remain profitable in 2023.

¹ Source : <https://www.gartner.com/en/newsroom/press-releases/2022-02-02-navigating-the-dynamics-of-the-chip-market-cyclicality-is-back> and <https://www.gartner.com/en/newsroom/press-releases/2022-11-28-gartner-forecasts-worldwide-semiconductor-revenue-growth-to-decline-3-6-percent-in-2023>

² Source : <https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-chip-industry-projected-to-invest-more-than-%24500-billion-in-new-factories-by-2024-semi-reports>

³ Source: <https://www.semi.org/en/products-services/market-data/300mm-fab-outlook>

⁴Source: <https://airlines.iata.org/news/air-travel-recovery-strengthens-in-2022> and <https://www.iata.org/en/pressroom/2022-releases/2022-12-06-01/#:~:text=North%20American%20carriers%20are%20expected,%25%20of%20pre%2Dcrisis%20capacity>.

⁵ Source : <https://www.fitchratings.com/research/corporate-finance/a-d-outlook-improving-on-stronger-aircraft-demand-defense-spend-30-11-2022>

**Other information required by Listing Rule Appendix 7.2
For the three months and full year ended 31 December 2022**

6. Dividend information

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on? **Yes**

| Name of Dividend | Proposed Final Dividend |
|------------------------------|--|
| Dividend Type | Cash |
| Dividend Amount (SGD) | 2.0 cents per ordinary share, (tax exempt one-tier) |
| Tax rate | Not applicable |

(b) Corresponding period of the immediately preceding financial year.

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

| Name of Dividend | Proposed Final Dividend |
|------------------------------|--|
| Dividend Type | Cash |
| Dividend Amount (SGD) | 2.0 cents per ordinary share, (tax exempt one-tier) |
| Tax rate | Not applicable |

c. Date payable

The Proposed Final Dividend, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 22 May 2023.

d. Record date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 9 May 2023, for the purpose of determining members' entitlements to the Proposed Final Dividend of 2.0 cents per ordinary share (tax-exempt one-tier) for the financial year ended 31 December 2022.

Duly completed registrable transfers received by the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd., 30 Cecil Street #19-08 Prudential Tower Singapore 049712 up to the close of business at 5.00 p.m. on 8 May 2023 will be registered before entitlement to the Proposed Final Dividend is determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 8 May 2023 will be entitled to the Proposed Final Dividend.

**Other information required by Listing Rule Appendix 7.2
For the three months and full year ended 31 December 2022**

7. Interested person transactions

The Group does not have a general mandate for interested person transactions. The aggregate value of the interested person transactions conducted during the twelve-month financial year ended 31 December 2022 is disclosed below

| Name of interested person | Nature of Relationship | 12 Months Period Ended 31 December 2022 | |
|---|---|--|---------|
| | | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) | S\$'000 |
| Sure Achieve Consultant Pte Ltd | | | |
| Consultancy Services charges and commission | <p>Transaction above is with Sure Achieve Consultant Pte Ltd in which Mrs. Sylvia SY Lee Luong is a director and shareholder. She is the wife of the CEO of the Group, Mr. Luong Andy.</p> <p>The aggregate value of IPT entered into between the Group and Sure Achieve Consultant Pte Ltd amounted to S\$3,043,000 which represents approximately 1.41% of the Group's latest audited net tangible assets as at 31 December 2021.</p> | | 3,043 |

8. Negative confirmation pursuant to Rule 705 (5)

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the 4Q2022 and the period ended 31 December 2022 financial results to be false or misleading in any material respect.

9. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13), the Company confirms that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

**Luong Andy
Chief Executive Officer**

28 February 2023