



**AEM HOLDINGS LTD.**  
Incorporated in the Republic of Singapore  
(REGISTRATION NO. 200006417D)

AEM Holdings Ltd. and its Subsidiaries

Unaudited Condensed Interim Financial Statements  
For the six months and full year ended 31 December 2022

**Table of Contents**

	<b>Page</b>
<u>Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income</u>	<u>3</u>
<u>Condensed Interim Statements of Financial Position</u>	<u>5</u>
<u>Condensed Interim Statements of Changes in Equity</u>	<u>6</u>
<u>Condensed Interim Consolidated Statement of Cash Flows</u>	<u>10</u>
<u>Notes to the Condensed Interim Consolidated Financial Statements</u>	<u>12</u>
<u>Other Information required by Listing Rule Appendix 7.2</u>	<u>26</u>



**AEM HOLDINGS LTD.**  
(REGISTRATION NO. 200006417D)

**Condensed interim financial statements for the six months and full year ended 31 December 2022**

**These statements for the six months and full year ended 31 December 2022 have not been audited.**

**A. Condensed interim consolidated statement of profit or loss and other comprehensive income**

		6 months ended 31 December 2022 ("2H2022") S\$'000	6 months ended 31 December 2021 ("2H2021") S\$'000	Change* %	12 months ended 31 December 2022 ("FY2022") S\$'000	12 months ended 31 December 2021 ("FY2021") S\$'000	Change* %
	Note						
<b>Revenue</b>	4	<b>330,008</b>	<b>373,211</b>	<b>(12%)</b>	<b>870,491</b>	<b>565,462</b>	<b>54%</b>
Cost of sales		(222,603)	(251,988)	(12%)	(596,833)	(378,813)	58%
<b>Gross profit</b>		<b>107,405</b>	<b>121,223</b>	<b>(11%)</b>	<b>273,658</b>	<b>186,649</b>	<b>47%</b>
Other income		2,580	1,051	146%	5,637	2,430	132%
Research & development expenses		(7,364)	(13,318)	(45%)	(23,126)	(19,935)	16%
Selling, general & administrative expenses		(40,206)	(35,469)	13%	(93,807)	(58,674)	60%
Foreign exchange gain/(loss), net		(5,132)	2,145	NM	(2,021)	1,891	NM
Other expenses		(50)	(280)	(82%)	(54)	(538)	(90%)
<b>Results from operating activities</b>		<b>57,233</b>	<b>75,352</b>	<b>(24%)</b>	<b>160,287</b>	<b>111,823</b>	<b>43%</b>
Finance income		1,077	295	265%	1,382	404	242%
Finance costs		(1,837)	(862)	113%	(2,694)	(1,729)	55%
<b>Net finance cost</b>		<b>(760)</b>	<b>(567)</b>	<b>34%</b>	<b>(1,312)</b>	<b>(1,325)</b>	<b>(1%)</b>
Share of equity-accounted investees' profit/(loss), net of tax		181	847	(79%)	(282)	644	NM
<b>Profit before tax</b>	6	<b>56,654</b>	<b>75,632</b>	<b>(25%)</b>	<b>158,693</b>	<b>111,142</b>	<b>43%</b>
Tax expense	7	(12,408)	(13,237)	6%	(31,386)	(19,051)	65%
<b>Profit for the period</b>		<b>44,246</b>	<b>62,395</b>	<b>(29%)</b>	<b>127,307</b>	<b>92,091</b>	<b>38%</b>
<b>Profit attributable to:</b>							
Owners of the Company		43,976	62,395	(30%)	126,808	91,951	38%
Non-controlling interests		270	-	NM	499	140	256%
<b>Profit for the period</b>		<b>44,246</b>	<b>62,395</b>	<b>(29%)</b>	<b>127,307</b>	<b>92,091</b>	<b>38%</b>
<b>Earnings per share for profit for the period attributable to the owners of the Company:</b>							
Basic (SGD in cent)	8	14.23	20.78	(32%)	41.02	31.77	29%
Diluted (SGD in cent)	8	14.12	20.67	(32%)	40.72	31.59	29%

Note:

\*Increase/(decrease)

NM: Not meaningful

**A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)**

	6 months ended 31 December 2022 ("2H2022") S\$'000	6 months ended 31 December 2021 ("2H2021") S\$'000	Change* %	12 months ended 31 December 2022 ("FY2022") S\$'000	12 months ended 31 December 2021 ("FY2021") S\$'000	Change* %
<b>Other comprehensive income/(loss)</b>						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation difference	(6,558)	1,475	NM	(5,157)	1,053	NM
Share of foreign currency translation difference of equity-accounted investees	(49)	(72)	(32%)	(377)	(153)	146%
Other comprehensive income/(loss) for the period, net of tax	(6,607)	1,403	NM	(5,534)	900	NM
<b>Total comprehensive income for the period</b>	<b>37,639</b>	<b>63,798</b>	<b>(41%)</b>	<b>121,773</b>	<b>92,991</b>	<b>31%</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	37,650	63,798	(41%)	121,559	92,856	31%
Non-controlling Interests	(11)	-	NM	214	135	328%
<b>Total comprehensive income for the period</b>	<b>37,639</b>	<b>63,798</b>	<b>(41%)</b>	<b>121,773</b>	<b>92,991</b>	<b>31%</b>

Note:

\* Increase/(decrease)

NM: Not meaningful

## B. Condensed interim statements of financial position

	Note	Group		Company	
		31 December	31 December	31 December	31 December
		2022	2021	2022	2021
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>					
Property, plant and equipment	12	40,046	26,122	13	23
Investment properties		1,817	–	–	–
Right-of-use assets		35,056	17,767	–	–
Intangible assets	11	115,853	96,882	114	44
Interests in subsidiaries		–	–	82,468	42,986
Investment in associates		15,150	15,887	4,667	4,667
Other investment		6,059	2,607	–	–
Deferred tax assets		1,050	1,121	19	19
<b>Non-current assets</b>		<b>215,031</b>	<b>160,386</b>	<b>87,281</b>	<b>47,739</b>
Inventories	13	367,723	204,926	–	–
Contract cost		222	373	–	–
Trade and other receivables		92,917	127,941	48,675	31,400
Contract assets		1,928	692	–	–
Cash and cash equivalents		127,775	216,180	64,274	115,794
<b>Current assets</b>		<b>590,565</b>	<b>550,112</b>	<b>112,949</b>	<b>147,194</b>
<b>Total assets</b>		<b>805,596</b>	<b>710,498</b>	<b>200,230</b>	<b>194,933</b>
<b>Equity</b>					
Share capital	15	187,464	187,197	187,464	187,197
Reserves		(27,418)	(19,113)	(8,260)	(5,146)
Accumulated profits		325,002	234,430	11,044	2,375
<b>Equity attributable to owners of the Company</b>		<b>485,048</b>	<b>402,514</b>	<b>190,248</b>	<b>184,426</b>
Non-controlling interests		8,402	–	–	–
<b>Total equity</b>		<b>493,450</b>	<b>402,514</b>	<b>190,248</b>	<b>184,426</b>
<b>Liabilities</b>					
Financial liabilities	14	129,650	60,771	–	–
Trade and other payables		5	1,563	–	1,563
Deferred tax liabilities		11,394	8,044	–	–
Provisions		1,697	1,419	–	–
Defined benefit obligations		1,204	959	–	–
<b>Non-current liabilities</b>		<b>143,950</b>	<b>72,756</b>	<b>–</b>	<b>1,563</b>
Financial liabilities	14	13,655	20,502	–	–
Trade and other payables		118,929	181,048	7,054	6,920
Contract liabilities		6,644	11,861	–	–
Current tax payable		26,678	18,815	2,928	2,024
Provisions		2,290	3,002	–	–
<b>Current liabilities</b>		<b>168,196</b>	<b>235,228</b>	<b>9,982</b>	<b>8,944</b>
<b>Total liabilities</b>		<b>312,146</b>	<b>307,984</b>	<b>9,982</b>	<b>10,507</b>
<b>Total equity and liabilities</b>		<b>805,596</b>	<b>710,498</b>	<b>200,230</b>	<b>194,933</b>

### C. Condensed interim statements of changes in equity

		Attributable to owners of the Company								
		Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group	Note									
At 1 January 2021		50,727	(2,012)	5,442	3,288	(6,944)	160,929	211,430	-	211,430
<b>Total comprehensive income for the year</b>										
Profit for the year		-	-	-	-	-	91,951	91,951	140	92,091
<b>Other comprehensive income/(loss)</b>										
Foreign currency translation difference		-	-	-	-	1,058	-	1,058	(5)	1,053
Share of foreign currency translation difference of equity-accounted investee		-	-	-	-	(153)	-	(153)	-	(153)
<b>Total comprehensive income for the year</b>		-	-	-	-	905	91,951	92,856	135	92,991
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners of the Company</b>										
Own shares acquired	15	-	(4,638)	-	-	-	-	(4,638)	-	(4,638)
Issue of shares related to settlement of deferred and contingent consideration	15	3,284	-	-	-	-	-	3,284	-	3,284
Issue of shares related to business combination	15	14,390	-	-	-	-	-	14,390	-	14,390
Issue of shares under Performance Share Plan	15	-	982	840	(1,822)	-	-	-	-	-
Share options exercised	15	2,576	-	-	-	-	-	2,576	-	2,576
Issue of shares related to private placement	15	110,952	-	(7,834)	-	-	-	103,118	-	103,118
Share-based payment transactions		-	-	-	756	-	-	756	-	756
Final dividend of 4.0 cents per share in respect of 2020	9	-	-	-	-	-	(11,248)	(11,248)	-	(11,248)
Interim dividend of 2.6 cents per share in respect of 2021	9	-	-	-	-	-	(7,342)	(7,342)	-	(7,342)
<b>Total contributions by and distributions to owners of the Company</b>		<b>131,202</b>	<b>(3,656)</b>	<b>(6,994)</b>	<b>(1,066)</b>	<b>-</b>	<b>(18,590)</b>	<b>100,896</b>	<b>-</b>	<b>100,896</b>
<b>Changes in ownership interests in a subsidiary</b>										
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	15,591	15,591
Issue of shares for acquisition of non-controlling interests	15	5,268	-	-	-	-	-	5,268	-	5,268
Acquisition of non-controlling interests without a change in control		-	-	(8,071)	-	(5)	140	(7,936)	(15,726)	(23,662)
<b>Total changes in ownership interests in a subsidiary</b>		<b>5,268</b>	<b>-</b>	<b>(8,071)</b>	<b>-</b>	<b>(5)</b>	<b>140</b>	<b>(2,668)</b>	<b>(135)</b>	<b>(2,803)</b>
<b>Total transaction with owners</b>		<b>136,470</b>	<b>(3,656)</b>	<b>(15,065)</b>	<b>(1,066)</b>	<b>(5)</b>	<b>(18,450)</b>	<b>98,228</b>	<b>(135)</b>	<b>98,093</b>
At 31 December 2021		187,197	(5,668)	(9,623)	2,222	(6,044)	234,430	402,514	-	402,514

### C. Condensed interim statements of changes in equity (cont'd)

		Attributable to owners of the Company								
		Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>	<b>Note</b>									
<b>At 1 January 2022</b>		187,197	(5,668)	(9,623)	2,222	(6,044)	234,430	402,514	-	402,514
<b>Total comprehensive income for the year</b>										
Profit for the year		-	-	-	-	-	126,808	126,808	499	127,307
<b>Other comprehensive income/(loss)</b>										
Foreign currency translation difference		-	-	-	-	(4,872)	-	(4,872)	(285)	(5,157)
Share of foreign currency translation difference of equity-accounted investee		-	-	-	-	(377)	-	(377)	-	(377)
<b>Total comprehensive income for the year</b>		-	-	-	-	(5,249)	126,808	121,559	214	121,773
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners of the Company</b>										
Own shares acquired	15	-	(5,273)	-	-	-	-	(5,273)	-	(5,273)
Issue of shares under Performance Share Plan	15	-	464	144	(608)	-	-	-	-	-
Share options exercised	15	267	-	-	-	-	-	267	-	267
Share-based payment transactions		-	-	-	2,159	-	-	2,159	-	2,159
Final dividend of 5.0 cents per share in respect of 2021	9	-	-	-	-	-	(15,455)	(15,455)	-	(15,455)
Interim dividend of 6.7 cents per share in respect of 2022	9	-	-	-	-	-	(20,723)	(20,723)	-	(20,723)
Appropriation to other reserves		-	-	58	-	-	(58)	-	-	-
<b>Total contributions by and distributions to owners of the Company</b>		267	(4,809)	202	1,551	-	(36,236)	(39,025)	-	(39,025)
<b>Changes in ownership interests in a subsidiary</b>										
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	8,188	8,188
<b>Total changes in ownership interests in a subsidiary</b>		-	-	-	-	-	-	-	8,188	8,188
<b>Total transactions with owners</b>		267	(4,809)	202	1,551	-	(36,236)	(39,025)	8,188	(30,837)
<b>At 31 December 2022</b>		187,464	(10,477)	(9,421)	3,773	(11,293)	325,002	485,048	8,402	493,450

### C. Condensed interim statements of changes in equity (cont'd)

	Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Accumulated (losses)/ profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>						
<b>At 1 January 2021</b>	<b>50,727</b>	<b>(2,012)</b>	<b>5,294</b>	<b>3,288</b>	<b>(6,335)</b>	<b>50,962</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,300</b>	<b>27,300</b>
<b>Transactions with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
Own shares acquired	15	-	(4,638)	-	-	(4,638)
Issue of shares related to settlement of deferred and contingent consideration	15	3,284	-	-	-	3,284
Issue of shares related to business combination	15	14,390	-	-	-	14,390
Issue of shares under Performance Share Plan	15	-	982	840	(1,822)	-
Share options exercised	15	2,576	-	-	-	2,576
Issue of shares related to private placement	15	110,952	-	(7,834)	-	103,118
Share-based payment transactions		-	-	-	756	756
Final dividend of 4.0 cents per share in respect of 2020	9	-	-	-	(11,248)	(11,248)
Interim dividend of 2.6 cents per share in respect of 2021	9	-	-	-	(7,342)	(7,342)
<b>Total contributions by and distributions to owners of the Company</b>		<b>131,202</b>	<b>(3,656)</b>	<b>(6,994)</b>	<b>(1,066)</b>	<b>100,896</b>
<b>Changes in ownership interests in a subsidiary</b>						
Issue of shares for acquisition of non-controlling interests	15	5,268	-	-	-	5,268
<b>Total transactions with owners</b>		<b>136,470</b>	<b>(3,656)</b>	<b>(6,994)</b>	<b>(1,066)</b>	<b>106,164</b>
<b>At 31 December 2021</b>		<b>187,197</b>	<b>(5,668)</b>	<b>(1,700)</b>	<b>2,222</b>	<b>184,426</b>



C. Condensed interim statements of changes in equity (cont'd)

	Share capital	Reserve for own shares	Other reserves	Share compensation reserve	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>						
At 1 January 2022	187,197	(5,668)	(1,700)	2,222	2,375	184,426
Total comprehensive income for the year	-	-	-	-	44,847	44,847
<b>Transactions with owners, recognised directly in equity</b>						
<i>Contributions by and distributions to owners of the Company</i>						
Own shares acquired	15	(5,273)	-	-	-	(5,273)
Issue of shares under Performance Share Plan	15	464	144	(608)	-	-
Share options exercised	15	-	-	-	-	267
Share-based payment transactions		-	-	2,159	-	2,159
Final dividend of 5.0 cents per share in respect of 2021	9	-	-	-	(15,455)	(15,455)
Interim dividend of 6.7 cents per share in respect of 2022	9	-	-	-	(20,723)	(20,723)
<b>Total transactions with owners</b>		<b>267</b>	<b>(4,809)</b>	<b>144</b>	<b>1,551</b>	<b>(36,178)</b>
<b>At 31 December 2022</b>	<b>187,464</b>	<b>(10,477)</b>	<b>(1,556)</b>	<b>3,773</b>	<b>11,044</b>	<b>190,248</b>

## D. Condensed interim consolidated statement of cash flows

		6 months ended 31 December 2022 ("2H2022") S\$'000	6 months ended 31 December 2021 ("2H2021") S\$'000	12 months ended 31 December 2022 ("FY2022") S\$'000	12 months ended 31 December 2021 ("FY2021") S\$'000
	<b>Note</b>				
<b>Cash flows from operating activities</b>					
Profit for the period		44,246	62,395	127,307	92,091
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment		3,731	2,078	7,754	3,488
Depreciation of investment properties		21	–	21	–
Depreciation of right-of-use assets		5,557	3,598	10,035	5,820
Amortisation of intangible assets	11	3,440	3,030	5,727	5,178
Allowance for stock obsolescence	13	531	16	633	39
(Gain)/Loss on disposal of property, plant and equipment	6	(296)	277	(308)	535
Net finance expense		760	567	1,312	1,325
Foreign exchange differences arising from translation		3,707	3,161	2,483	2,956
Gain on dilution of interests in an associate	6	–	(522)	–	(522)
Gain on disposal of an associate	6	–	–	–	(96)
Provision for defined benefit obligations		121	(158)	245	(158)
Share of (profit)/loss of equity-accounted investee, net of tax		(181)	(847)	282	(644)
Equity-settled share-based payment expenses		963	710	2,159	756
Remeasurement of deferred and contingent consideration		–	542	–	542
Fair value gain on other investment		–	–	(1,933)	–
Tax expense	7	12,408	13,237	31,386	19,051
		<u>75,008</u>	<u>88,084</u>	<u>187,103</u>	<u>130,361</u>
<i>Changes in:</i>					
Inventories		(96,352)	(76,608)	(167,553)	(90,108)
Contract costs		2	(360)	151	876
Trade and other receivables		60,791	(46,378)	37,327	(52,888)
Contract assets		(1,411)	114	(1,236)	2,367
Trade and other payables		(87,079)	100,353	(60,747)	75,911
Contract liabilities		2,038	9,443	(5,148)	6,719
Provisions		(433)	2,100	(407)	1,938
Cash from operating activities		<u>(47,436)</u>	<u>76,748</u>	<u>(10,510)</u>	<u>75,716</u>
Tax paid		<u>(11,876)</u>	<u>(8,778)</u>	<u>(21,591)</u>	<u>(20,223)</u>
<b>Net cash (used in)/generated from operating activities</b>		<b><u>(59,312)</u></b>	<b><u>67,970</u></b>	<b><u>(32,101)</u></b>	<b><u>54,953</u></b>
<b>Cash flows from investing activities</b>					
Acquisition of intangible assets	11	(7,642)	(9,238)	(14,681)	(12,490)
Interest received		1,077	295	1,382	404
Proceeds from disposal of property, plant and equipment		610	52	629	325
Proceeds from disposal of an associate		–	–	–	1,525
Proceeds from disposal of asset held of sale		1,723	–	1,723	–
Payment of deferred and contingent consideration		(1,299)	(1,622)	(4,332)	(1,622)
Acquisition of property, plant and equipment	12	(5,361)	(2,700)	(12,808)	(4,278)
Acquisition of other investment		(1,595)	–	(1,595)	(2,551)
Acquisition of an associate		–	(5,022)	–	(10,058)
Acquisition of a subsidiary, net of cash acquired	16	189	–	(8,755)	(56,479)
<b>Net cash used in investing activities</b>		<b><u>(12,298)</u></b>	<b><u>(18,235)</u></b>	<b><u>(38,437)</u></b>	<b><u>(85,224)</u></b>

#### D. Condensed interim consolidated statement of cash flows (Cont'd)

		6 months ended 31 December 2022 ("2H2022") S\$'000	6 months ended 31 December 2021 ("2H2021") S\$'000	12 months ended 31 December 2022 ("FY2022") S\$'000	12 months ended 31 December 2021 ("FY2021") S\$'000
	Note				
<b>Cash flows from financing activities</b>					
Interest paid		(1,312)	(1,031)	(1,920)	(1,611)
Repayment of borrowings		(2,437)	–	(15,354)	(464)
Payment of lease liabilities		(5,606)	(3,296)	(10,148)	(5,604)
Proceeds from borrowings		50,000	7,120	50,000	57,120
Purchase of treasury shares	15	(2,145)	(2,173)	(5,273)	(4,638)
Proceeds from exercise of share options	15	216	1,102	267	2,576
Dividends paid	9	(20,723)	(7,342)	(36,178)	(18,590)
Proceeds from issue of shares for private placement			103,118	–	103,118
Acquisition of subsidiary's interests from the non-controlling interests		–	–	–	(18,394)
<b>Net cash generated/(used in) from financing activities</b>		<b>17,993</b>	<b>97,498</b>	<b>(18,606)</b>	<b>113,513</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		(53,617)	147,233	(89,144)	83,242
Cash and cash equivalents at beginning of period		180,901	70,862	216,180	134,785
Effect of exchange rate fluctuations on cash held		491	(1,915)	739	(1,847)
<b>Cash and cash equivalents at end of period</b>		<b>127,775</b>	<b>216,180</b>	<b>127,775</b>	<b>216,180</b>

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

AEM Holdings Ltd. (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group). The principal activities of the Company are those relating to an investment holding company. The principal activities of the Group are design and manufacturing of semiconductor manufacturing equipment and related tooling parts.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months and full year ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 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 condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

#### **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 judgement and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 16 – identification of assets acquired and liabilities assumed in a business combination

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 11.1 – impairment test of intangible assets and goodwill
- Note 13 – valuation of inventories
- Note 16 – measurement of fair value of the identifiable assets and liabilities for the subsidiary acquired

### 3. Seasonal Operations

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

### 4. Segment and revenue information

Segment information is presented based on the information reviewed by chief operating decision makers ("CODM") for performance assessment and resource allocation:

- Test Cell Solutions ("TCS")
- Instrumentation ("INS")
- Contract Manufacturing ("CM")
- Others

#### 4.1 Reportable Segments

<b>S\$'000</b>	<b>TCS</b>	<b>INS</b>	<b>CM</b>	<b>Others</b>	<b>Total</b>
<b>1 July 2022 to 31 December 2022</b>					
Revenue from external parties	232,349	3,765	93,894	-	330,008
Inter-segment revenue	-	-	20,007	(20,007)	-
Total segment revenue	232,349	3,765	113,901	(20,007)	330,008
Depreciation and amortisation	(8,154)	(1,572)	(1,075)	(1,948)	(12,749)
Finance income	812	12	253	-	1,077
Finance costs	(1,664)	(53)	(73)	(47)	(1,837)
Foreign exchange loss, net	(2,955)	(1,525)	(652)	-	(5,132)
Segment profit/ (loss)	65,350	(3,306)	10,729	(16,300)	56,473
Share of equity-accounted investees' gain					181
<b>Profit before tax</b>					<b>56,654</b>
Tax expenses					(12,408)
<b>Profit for the period</b>					<b>44,246</b>
<b>Expenditure for segment non-current assets</b>					
Additions to property, plant & equipment, intangible assets and right-of-use assets *	14,660	482	830	6	15,978

#### 4.1 Reportable Segments (cont'd)

S\$'000	TCS	INS	CM	Others	Total
<b>1 July 2021 to 31 December 2021</b>					
Revenue from external parties	290,683	3,027	79,501	-	373,211
Inter-segment revenue	-	-	2,434	(2,434)	-
Total segment revenue	290,683	3,027	81,935	(2,434)	373,211
Depreciation and amortisation	(3,885)	(1,014)	(920)	(2,887)	(8,706)
Finance income	285	-	9	1	295
Finance costs	(713)	(6)	8	(151)	(862)
Foreign exchange gain/(loss), net	2,716	(457)	(114)	-	2,145
Segment profit/ (loss)	79,500	(4,205)	7,661	(8,171)	74,785
Share of equity-accounted investees' gain					847
<b>Profit before tax</b>					<b>75,632</b>
Tax expenses					(13,237)
<b>Profit for the period</b>					<b>62,395</b>
<b>Expenditure for segment non-current assets</b>					
Additions to property, plant & equipment, intangible assets and right-of-use assets *	16,413	3,609	1,393	83	21,498

S\$'000	TCS	INS	CM	Others	Total
<b>1 January 2022 to 31 December 2022</b>					
Revenue from external parties	682,688	7,219	180,584	-	870,491
Inter-segment revenue	-	-	24,016	(24,016)	-
Total segment revenue	682,688	7,219	204,600	(24,016)	870,491
Depreciation and amortisation	(14,171)	(3,142)	(2,028)	(4,196)	(23,537)
Finance income	1,077	13	292	-	1,382
Finance costs	(2,370)	(53)	(155)	(116)	(2,694)
Foreign exchange loss, net	(202)	(1,144)	(675)	-	(2,021)
Segment profit/ (loss)	163,529	(5,698)	20,446	(19,302)	158,975
Share of equity-accounted investees' loss					(282)
<b>Profit before tax</b>					<b>158,693</b>
Tax expenses					(31,386)
<b>Profit for the period</b>					<b>127,307</b>
<b>Expenditure for segment non-current assets</b>					
Additions to property, plant & equipment, intangible assets and right-of-use assets *	48,246	3,921	3,029	42	55,238

#### 4.1 Reportable Segments (cont'd)

S\$'000	TCS	INS	CM	Others	Total
<b>As at 31 December 2022</b>					
Segment assets	515,611	34,477	191,155	64,353	805,596
Segment liabilities	242,227	4,938	52,375	12,606	312,146

S\$'000	TCS	INS	CM	Others	Total
<b>1 January 2021 to 31 December 2021</b>					
Revenue from external parties	434,222	7,755	123,485	-	565,462
Inter-segment revenue	-	-	3,545	(3,545)	-
Total segment revenue	434,222	7,755	127,030	(3,545)	565,462
Depreciation and amortisation	(6,835)	(1,922)	(1,412)	(4,317)	(14,486)
Finance income	391	-	12	1	404
Finance costs	(1,507)	(13)	(34)	(175)	(1,729)
Foreign exchange (loss)/ gain, net	2,384	(434)	(59)	-	1,891
Segment profit/ (loss)	114,033	(4,809)	10,395	(9,121)	110,498
Share of equity-accounted investees' gain					644
<b>Profit before tax</b>					<b>111,142</b>
Tax expenses					(19,051)
<b>Profit for the period</b>					<b>92,091</b>
<b>Expenditure for segment non-current assets</b>					
Additions to property, plant & equipment, and intangible assets and right-of-use assets *	18,509	7,100	1,602	313	27,524

S\$'000	TCS	INS	CM	Others	Total
<b>As at 31 December 2021</b>					
Segment assets	378,832	29,656	172,150	129,860	710,498
Segment liabilities	214,250	6,577	66,732	20,425	307,984

\* Additions to non-current assets exclude non-financial assets derive from acquisition through business combination

## 4.2 Disaggregation of Revenue

Set out below is an overview of the revenue of the Group for the six months and full year ended 31 December 2022 and 31 December 2021:

	<b>Group</b>			
	<b>6 months ended 31 December 2022 ("2H2022") S\$'000</b>	<b>6 months ended 31 December 2021 ("2H2021") S\$'000</b>	<b>12 months ended 31 December 2022 ("FY2022") S\$'000</b>	<b>12 months ended 31 December 2021 ("FY2021") S\$'000</b>
<b>Types of goods or services:</b>				
Sale of goods	287,555	353,675	801,355	535,014
Rendering of Services	42,453	19,536	69,136	30,448
<b>Total revenue</b>	<b>330,008</b>	<b>373,211</b>	<b>870,491</b>	<b>565,462</b>
<b>Timing of revenue recognition:</b>				
At a point in time	294,245	358,362	808,045	540,261
Over time	35,763	14,849	62,446	25,201
<b>Total revenue</b>	<b>330,008</b>	<b>373,211</b>	<b>870,491</b>	<b>565,462</b>
<b>Geographic information:</b>				
Singapore	36,265	34,988	72,217	53,707
China	23,600	43,681	71,904	51,449
Costa Rica	43,325	70,760	215,145	107,762
Germany	11,970	9,307	22,538	14,136
Malaysia	83,161	81,759	250,912	132,161
Finland	9,949	5,905	14,801	8,160
France	785	662	1,602	1,851
UK	7,290	4,432	13,104	7,756
USA	69,149	50,604	120,303	99,154
Vietnam	19,916	67,930	50,028	74,411
Other countries	24,598	3,183	37,937	14,915
<b>Total revenue</b>	<b>330,008</b>	<b>373,211</b>	<b>870,491</b>	<b>565,462</b>



## 5. Financial assets and financial liabilities

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

	Group		Company	
	31 December 2022 S\$'000	31 December 2021 S\$'000	31 December 2022 S\$'000	31 December 2021 S\$'000
<b>Financial assets</b>				
Cash and bank balances	127,775	216,180	64,274	115,794
Trade and other receivables (financial assets)	84,349	123,841	48,510	31,210
<b>Financial liabilities and trade and other payables</b>				
Financial liabilities	143,305	81,273	-	-
Trade and other payables (financial liabilities)	95,990	157,596	5,373	6,127

## 6. Profit before tax

### 6.1 Significant items

	Group			
	6 months ended 31 December 2022 ("2H2022") S\$'000	6 months ended 31 December 2021 ("2H2021") S\$'000	12 months ended 31 December 2022 ("FY2022") S\$'000	12 months ended 31 December 2021 ("FY2021") S\$'000
<b>Income</b>				
Finance income	1,077	295	1,382	404
Foreign exchange gain, net	-	2,145	-	1,891
Government grant income	2,073	448	2,922	1,421
Gain on dilution of interests in an associate	-	522	-	522
Gain on disposal of property, plant and equipment	296	-	308	-
Gain on disposal of an associate	-	-	-	96
Fair value gain on other investment	-	-	1,933	-
<b>Expenses</b>				
Finance expenses	(1,837)	(862)	(2,694)	(1,729)
Foreign exchange loss, net	(5,132)	-	(2,021)	-
Depreciation and amortisation	(12,749)	(8,706)	(23,537)	(14,486)
Loss on disposal of property, plant and equipment	-	(277)	-	(535)
Remeasurement of deferred and contingent consideration	-	(542)	-	(542)
Legal and professional fees	(16,220)	(7,735)	(27,031)	(11,113)
Allowance for stock obsolescence	(531)	(16)	(633)	(39)

## 6.2 Related party transactions

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

## 7. Tax expenses

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:

	<b>Group</b>			
	<b>6 months ended 31 December 2022 ("2H2022") S\$'000</b>	<b>6 months ended 31 December 2021 ("2H2021") S\$'000</b>	<b>12 months ended 31 December 2022 ("FY2022") S\$'000</b>	<b>12 months ended 31 December 2021 ("FY2021") S\$'000</b>
Current income tax expense	10,402	13,733	29,611	19,702
Deferred income tax expense relating to origination and reversal of temporary differences	2,006	(496)	1,775	(651)
	<b>12,408</b>	<b>13,237</b>	<b>31,386</b>	<b>19,051</b>

## 8. Earnings per share

	<b>Group</b>			
	<b>6 months ended 31 December 2022 ("2H2022")</b>	<b>6 months ended 31 December 2021 ("2H2021")</b>	<b>12 months ended 31 December 2022 ("FY2022")</b>	<b>12 months ended 31 December 2021 ("FY2021")</b>
Basic earnings per share (Singapore cents)	14.23 cents	20.78 cents	40.02 cents	31.77 cents
Weighted average number of ordinary shares ('000)	309,004	300,221	309,137	289,386
Diluted earnings per share (Singapore cents)	14.12 cents	20.67 cents	40.72 cents	31.59 cents
Weighted average number of ordinary shares adjusted for the effect of dilutive potential ('000)	311,824	301,889	311,445	291,054

## 9. Dividends

	<b>Group</b>	
	<b>31 December 2022 S\$'000</b>	<b>31 December 2021 S\$'000</b>
Ordinary dividends paid:		
Final dividend of 4.0 cents per share paid in respect of 2020	-	11,248
Interim dividend of 2.6 cents per share paid in respect of 2021	-	7,342
Final dividend of 5.0 cents per share paid in respect of 2021	15,455	-
Interim dividend of 6.7 cents per share paid in respect of 2022	20,723	-
	<b>36,178</b>	<b>18,590</b>
Dividend per share, net of tax (Singapore cents)	<b>11.7 cents</b>	<b>6.6 cents</b>

## 10. Net asset value

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Net asset value per ordinary share (Singapore cents)	157.1 cents	130.0 cents	61.6 cents	59.6 cents

The calculation of net asset value per ordinary share was based on the existing share capital less treasury shares of 308,752,000 ordinary shares as at 31 December 2022 (31 December 2021: 309,649,000).

## 11. Intangible assets

	Group						Total S\$'000
	Goodwill S\$'000	Technology S\$'000	Customer relationships S\$'000	Computer software S\$'000	Development costs S\$'000	Other S\$'000	
<b>At 31 December 2021</b>							
Cost	56,064	10,391	19,649	5,777	16,526	614	109,021
Accumulated amortisation	-	(1,459)	(3,118)	(4,956)	(2,450)	(156)	(12,139)
<b>Carrying amount</b>	<b>56,064</b>	<b>8,932</b>	<b>16,531</b>	<b>821</b>	<b>14,076</b>	<b>458</b>	<b>96,882</b>
<b>12 months ended 31 December 2022</b>							
Opening carrying amount	56,064	8,932	16,531	821	14,076	458	96,882
Additions	-	-	-	1,331	13,346	4	14,681
Acquisition through business combination	6,811	-	2,944	-	-	3,769	13,524
Amortisation charge	-	(489)	(1,291)	(737)	(2,874)	(336)	(5,727)
Translation adjustment	(1,540)	(321)	(407)	(20)	(904)	(315)	(3,507)
<b>Closing carrying amount</b>	<b>61,335</b>	<b>8,122</b>	<b>17,777</b>	<b>1,395</b>	<b>23,644</b>	<b>3,580</b>	<b>115,853</b>
<b>At 31 December 2022</b>							
Cost	61,335	9,982	22,203	7,031	28,731	4,053	133,335
Accumulated amortisation	-	(1,860)	(4,426)	(5,636)	(5,087)	(473)	(17,482)
<b>Carrying amount</b>	<b>61,335</b>	<b>8,122</b>	<b>17,777</b>	<b>1,395</b>	<b>23,644</b>	<b>3,580</b>	<b>115,853</b>

	Company Computer software S\$'000
<b>At 31 December 2021</b>	
Cost	1,235
Accumulated amortisation	(1,191)
<b>Carrying amount</b>	<b>44</b>
<b>12 months ended 31 December 2022</b>	
Opening carrying amount	44
Additions	105
Amortisation charge	(35)
<b>Closing carrying amount</b>	<b>114</b>
<b>At 31 December 2022</b>	
Cost	1,340
Accumulated amortisation	(1,226)
<b>Carrying amount</b>	<b>114</b>

## 11.1 Goodwill impairment

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

	Group	
	31 December 2022 S\$'000	31 December 2021 S\$'000
Test Cell Solutions (TCS)	25,266	19,371
Test and Measurement Solution (TMS)*	1,230	1,230
Automatic Test Equipment (ATE)*	8,044	8,668
Contract Manufacturing (CM)	26,795	26,795
	<b>61,335</b>	<b>56,064</b>

\*These CGUs were grouped under Instrumentation segment

### *Test Cell Solutions (TCS)*

There was additional goodwill recognised from the acquisition of a subsidiary, Nestek Korea Co., Ltd. during the year as the difference between the fair value of the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed. The key assumptions to determine the fair values are described in note 16.

At 31 December 2022, the recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

In ascertaining the recoverable amount of the new goodwill generated from the acquisition of the new subsidiary, management is of the view that the total consideration amounting to S\$16,172,000 was representative of the fair value less costs to sell, adjusted for any changes in value arising from factors since acquisition, given that there was no significant change in the fair value.

### *Test and Measurement Solution (TMS)*

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

### *Automatic Test Equipment (ATE)*

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

### *Contract Manufacturing (CM)*

The recoverable amount of this CGU was based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU is higher than the carrying value of the CGU.

## 12. Property, plant and equipment

During the twelve months ended 31 December 2022, the Group acquired assets amounting to S\$12,808,000 (FY2021: S\$4,278,000) and disposed of assets amounting to S\$321,000 (FY2021: S\$860,000).

### 13. Inventories

	<b>Group</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Raw materials	136,943	98,828
Work-in-progress	194,242	91,564
Finished goods	35,371	12,939
Goods in-transit	1,167	1,595
	<b>367,723</b>	<b>204,926</b>

Stock obsolescence is estimated based on future customer demands. Inventories have been reduced by S\$633,000 (FY2021: S\$39,000) as a result of the write-down to net realisable value. The write-downs are included in "cost of sales" within the condensed interim consolidated statement of profit or loss.

### 14. Financial liabilities

	<b>Group</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Amount repayable within one year or on demand</b>		
Lease liabilities	7,687	7,904
Secured bank loans	3,785	-
Unsecured bank loans	2,183	12,598
	<b>13,655</b>	<b>20,502</b>
<b>Amount repayable after one year</b>		
Lease liabilities	27,519	10,096
Unsecured bank loans	102,131	50,675
	<b>129,650</b>	<b>60,771</b>
<b>Total</b>	<b>143,305</b>	<b>81,273</b>

## 15. Share capital

	<b>Group</b>					
	<b>Total Issued Shares</b>		<b>Total Treasury Shares</b>		<b>Total Issued Less Treasury shares</b>	
	<b>Number of shares '000</b>	<b>Amount S\$'000</b>	<b>Number of Shares '000</b>	<b>Amount S\$'000</b>	<b>Number of Shares '000</b>	<b>Amount S\$'000</b>
Fully paid ordinary shares, with no par value:						
<b>At 1 January 2021</b>	<b>276,863</b>	<b>50,727</b>	<b>(1,305)</b>	<b>(2,012)</b>	<b>275,558</b>	<b>48,715</b>
Purchase of treasury shares	-	-	(1,208)	(4,638)	(1,208)	(4,638)
Issue of shares under Performance Share Plan	-	-	637	982	637	982
Share options exercised	2,283	2,576	-	-	2,283	2,576
Issue of shares related to settlement of deferred and contingent consideration	800	3,284	-	-	800	3,284
Issue of shares related to private placement	26,800	110,952	-	-	26,800	110,952
Issue of shares related to business combination	3,476	14,390	-	-	3,476	14,390
Issue of shares for acquisition of non-controlling interest	1,303	5,268	-	-	1,303	5,268
<b>At 31 December 2021 &amp; 1 January 2022</b>	<b>311,525</b>	<b>187,197</b>	<b>(1,876)</b>	<b>(5,668)</b>	<b>309,649</b>	<b>181,529</b>
Purchase of treasury shares	-	-	(1,292)	(5,273)	(1,292)	(5,273)
Issue of shares under Performance Share Plan	-	-	137	464	137	464
Share options exercised	258	267	-	-	258	267
<b>At 31 December 2022</b>	<b>311,783</b>	<b>187,464</b>	<b>(3,031)</b>	<b>(10,477)</b>	<b>308,752</b>	<b>176,987</b>

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

## 16. Acquisition of a subsidiary

On 30 April 2022, AEM Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, had acquired a controlling stake of 53.3% equity shares and voting interests on Nestek Korea Co., Ltd. ("Nestek"), a company incorporated in the Republic of Korea ("Acquired Shares"). The consideration for the acquisition is KRW14.3 billion (approximately S\$16.2 million) ("Consideration"). Consequent to the initial investment, Nestek has become a subsidiary of the Company. As part of the investment agreement, the Group will in a future date acquire further shares of Nestek from existing shareholders, which together with the Acquired Shares, will constitute up to 80% of the total outstanding share capital of Nestek on a fully-diluted basis. Consideration for the additional 26.7% shareholding, excluding the consideration of Acquired Shares, is KRW7.2 billion (approximately S\$8.1 million). In addition, the Group has an option to purchase from the existing shareholders of Nestek the remaining 20% shareholding for KRW4.8 billion (approximately S\$5.4 million) ("Option Purchase Price").

The Consideration and Option Purchase Price were arrived at after negotiations on a willing buyer and willing seller basis, and the Company had taken into account, inter alia, the strategic merits of the partnership and the prevailing market conditions.

	<b>Consideration transferred S\$'000</b>
Total cash consideration paid	<u>16,172</u>
	<b>Net cash outflow S\$'000</b>
Cash consideration paid	16,172
Cash in acquired company	<u>(7,417)</u>
Total net cash outflow	<u><b>8,755</b></u>
	<b>Fair Value S\$'000</b>
<u>Assets and liabilities recognised as a result of the acquisition</u>	
Cash and cash equivalents	7,417
Property, plant and equipment	10,282
Right-of-use asset	321
Investment property	1,969
Intangible assets	6,713
Other investments	7
Inventories	1,347
Trade and other receivables	4,450
Contract assets	78
Asset held for sale *	1,723
Trade and other payables	(4,198)
Financial liabilities	(10,223)
Current tax payable	(53)
Deferred tax liabilities	(1,969)
Lease liabilities	<u>(315)</u>
Net identifiable assets acquired	<u><b>17,549</b></u>

\* Asset held for sale were subsequently sold at fair value price of S\$1,723,000.



## 16. Acquisition of a subsidiary (Cont'd)

### **Goodwill**

Goodwill arising from the acquisition has been recognised as follows:

	<b>Goodwill</b> <b>S\$'000</b>
Consideration transferred	16,172
Non-Controlling interest	8,188
Fair value of identifiable net assets	<u>(17,549)</u>
Goodwill	<u><u>6,811</u></u>

## 17. Use of proceeds

On 31 August 2021, the Company allotted and issued 26,800,000 shares to Venezio Investments Pte. Ltd. for an aggregate cash consideration of S\$103,118,000 pursuant to a share placement. After deducting related expenses, net proceeds amounted to S\$102,981,000 (the "Net Proceeds"). As stated in the Company's announcement dated 6 August 2021 in relation to the above-mentioned share placement, the Company intends to use the Net Proceeds to finance the Group's business expansion (including organic expansion and mergers and acquisitions).

As at 31 December 2022, S\$16,172,000 has been used for the acquisition of Nestek and also S\$12,808,000 used for acquisition of property, plant and equipment for business expansion.

Following the acquisition of Nestek, approximately S\$74,001,000 remains unutilised out of the Net Proceeds of S\$102,981,000 from the above-mentioned share placement exercise.

The above utilisation of the Net Proceeds is consistent with the intended use of the net proceeds as disclosed in the Company's previous announcements released in relation to the above-mentioned share placement exercise.

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## Other Information

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### 1. Review

The condensed consolidated statements of financial position of AEM Holdings Ltd. and its subsidiaries as at 31 December 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Explanatory notes to condensed consolidated statement of profit or loss

#### Significant items included in profit before tax

##### Other income - Government grant income

Government grant income received largely relates to Research Tax Credit (CIR), Jobs Growth Incentive and Wage Credit Scheme.

##### Finance income

The higher finance income in FY2022 compared to FY2021 was mainly due to higher interest income earned on bank balances.

##### Finance expenses

Finance expenses relate to interest expenses on the Group's bank loans.

##### Foreign exchange loss, net

Foreign exchange loss, net, recorded in FY2022 was largely due to weaken of United States Dollar vis-à-vis Singapore Dollar.

##### Depreciation and amortisation

The increase in depreciation and amortisation in FY2022 compared to FY2021 was mainly due to the depreciation of right-of-use assets, amortisation of developments costs previously capitalised and the depreciation of property, plant and equipment acquired during the period.

##### Legal and professional fees

The higher legal and professional fees for FY2022 included legal fees incurred in connection with the Group's confidential arbitration and professional fees related to IT hardening initiatives.

##### Allowance for stock obsolescence

The allowance for stock obsolescence were made for slow-moving stock in accordance with the Group's provisioning policy.

### 3. Review of performance of the Group

#### Analysis of Consolidated Statement of profit or loss and other comprehensive income

The Group's revenue for FY2022 increased by 54% to S\$870.5 million from S\$565.5 million in FY2021, driven by the volume ramp up for our new generation System Level Testing handlers, Burn-In Test handlers, related consumables and peripheral tools, and consolidation of CEI Pte. Ltd. for full year in FY2022 compared to nine months in FY2021. Test Cell Solutions business segment contributed to the bulk of the Group's revenue at 78.4% and the remaining 21.6% from Instrumentation and Contract Manufacturing segments.

Gross profit margin decreased from 33% in FY2021 to 31% in FY2022 mainly due to increasing cost pressure from supply chain challenges and product mix.

Other Income is higher at S\$5.6 million (FY2021: S\$2.4 million) due primarily to the recognition of a fair value gain on other investment of S\$1.9 million during the year.

Research & development (“R&D”) expenses increased to S\$23.1 million (FY2021: S\$19.9 million), approximately 2.7% (FY2021: 3.5%) of revenue. The Group stepped up investment in R&D activities and capabilities to stay ahead of competition through innovation although the R&D expenses as a percentage of revenue has decreased due to the significantly higher revenue in FY2022 as compared to FY2021.

Selling, general & administrative expenses is slightly higher compared to FY2021 in line with revenue growth. The consolidation of CEI Pte. Ltd. which the Group acquired in March 2021 also contributed to the higher selling, general & administrative expenses.

Overall, profit before tax in FY2022 increased to S\$127.3 million from S\$92.1 million in FY2021. This has led to a higher income tax expense for FY2022.

#### Analysis of Statement of Financial Position of the Group

##### Property, plant and equipment

Increase in property, plant and equipment mainly due to consolidation of Nestek and additions from investment in Malaysia and United States during the year.

##### Right-of-use assets

New property leases entered by the Group resulted in the increase in right-of-use assets.

##### Inventories

Inventories increased due to longer dated, non-cancellable purchase orders, entered with our key customer to support their mid-term ramp needs.

##### Trade and other receivables

Lower sales towards the end of the year resulted in the decrease in trade and other receivables.

##### Financial liabilities (current and non-current)

Proceeds of existing loan facility, new property leases entered by the Group and the consolidation of Nestek resulted in the increase in financial liabilities.

##### Trade and other payables

The decrease was primarily due to a slowdown in activities towards the end of the year.

Overall, total assets and total liabilities increased to S\$805.6 million and S\$312.1 million, respectively, as at 31 December 2022. Net asset value per share increased to 157.1 Singapore cents as at 31 December 2022, compared to 130.0 Singapore cents as at 31 December 2021.

#### Analysis of Consolidated Statement of Cash Flows

Net cash used in operating activities amounted to S\$32.1 million for FY2022 due mainly to inventories purchased in relation to the longer dated, non-cancellable purchase orders.

Net cash used in investing activities amounted to S\$38.4 million for FY2022 arising primarily from the cash considerations paid for the acquisition of Nestek (a subsidiary company), and acquisition of property, plant and equipment. R&D expenditures incurred during the year also contributed to the net cash used in investing activities.

For FY2022, net cash used in financing activities amounted to S\$18.6 million due mainly to payment of dividend, repayment of borrowings, repayment of lease liabilities, partially offset by proceeds from borrowings.

Consequently, cash and cash equivalents decreased to S\$127.8 million as at 31 December 2022 from S\$216.2 million as at 31 December 2021.

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

In the press release “Revision of Revenue Guidance” dated 14 October 2022, the Group stated that it expects to achieve a revenue of between S\$820 million to S\$850 million for financial year 2022.

The Group has achieved a revenue of S\$870.5 million for FY2022.

**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 operating period and the next 12 months**

As the Group enters 2023, a confluence of factors such as a global slow down, rising interest rates that adversely impact capital expenditure, and a general inventory pull-in for supply chain resilience are giving way to inventory digestion in 1H2023, leading to a weak 2023. Given the limited visibility and anticipated volatility within the industry, Management is providing a target revenue guidance for FY2023 of S\$500 million that may be revised as second half visibility becomes clearer.

2023 is a year of transformation. We are encouraged by the mid-term adoption of our Test 2.0 platform and expect revenues from our new customers to more than double in 2023. The rapid adoption of artificial intelligence used across a diverse set of applications, 5G communications driving an always connected world, and the electrification of the automotive industry are trends that drive the advancement of semiconductor technologies along with the need for a paradigm shift in test.

AEM’s Test 2.0 vision delivers the test capabilities that leading semiconductor manufacturers require for their next generation devices. The adoption of Test 2.0 has been underway for many years at the Group’s key customer, with AEM being a part of the journey from the start. This is a journey that AEM has just embarked on with its three recently announced new customer wins, with capability ramps expected from early 2024.

While 2023 may be a challenging year for AEM, the Group remains excited for the future. The Group will continue to manage costs diligently, while maintaining its innovation and technical lead in Test 2.0.

**6. Dividend information**

**6a. Current Financial Period Reported on**

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

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	3.6 Singapore cents per ordinary share
Tax Rate	Tax Exempt (1-tier)

The Directors are pleased to declare a tax exempt one-tier cash dividend of 3.6 Singapore cents per share (FY2021: tax exempt one-tier cash dividend of 5.0 Singapore cents per share) in respect of the year ended 31 December 2022. Subject to the shareholders’ approval at the forthcoming annual general meeting, the final dividend will be paid to shareholders on 31 May 2023.

**6b. Corresponding Period of the Immediate Preceding Financial Year**

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

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	5.0 Singapore cents per ordinary share
Tax Rate	Tax Exempt (1-tier)

**6c. Date payable**

Payment will be made on 31 May 2023.

6d. Book Closure Date

Date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined: 17 May 2023, 5:00pm

7. **Interested person transactions**

No interested persons transactions (“IPT”) were conducted under the Company’s IPT mandate for the year ended 31 December 2022.

Name of interested person	Aggregate value of all IPT during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	FY2022 S\$	FY2021 S\$
Novo Tellus Capital Partners Pte Ltd ("Novo Tellus")	29,000	99,000
Loke Wai San	-	60,000
NT SPV 13	-	1,409,000
NT Thor Holdings Pte. Ltd. (“NT Thor”)	1,595,000	2,567,000
Chok Yean Hung	60,000	20,000
	<u>1,684,000</u>	<u>4,155,000</u>

Novo Tellus is a company controlled by Mr. Loke Wai San, the Non-Executive Chairman of the Company and Mr. James Toh Ban Leng, a Director of the Company. The IPT of S\$29,000 (FY2021: S\$99,000) for FY2022 comprised (i) professional fee of S\$Nil (FY2021: S\$60,000) paid by the Company to Novo Tellus for advisory services in upgrading of software capabilities, merger and acquisition activities of the Group and (ii) the Group’s share of the consultancy service fee of S\$29,000 (FY2021: S\$39,000) paid by the Company’s associated company, Novoflex Pte. Ltd. to Novo Tellus. The IPT of S\$60,000 for FY2021 comprised consultancy services paid by the Company to Mr. Loke Wai San. NT SPV 13 is a company indirectly controlled by Mr. Loke Wai San and Mr. James Toh Ban Leng. The IPT of S\$1,409,000 for FY2021 comprised subscription of 3,796,507 shares in Novoflex Pte. Ltd. by NT SPV 13. NT Thor (with investment in Tessolve Semiconductor Private Limited) is a company indirectly controlled by Mr. Loke Wai San. The IPT of S\$1,595,000 (FY2021: S\$2,567,000) for FY2022 comprised subscription of 1,147,500 (FY2021: 1,912,500) shares in NT Thor by a subsidiary of the Company.

Mr. Chok Yean Hung is a Director of the Company. The IPT of S\$60,000 (FY2021: S\$20,000) comprised consultancy services paid by the Company to Mr. Chok Yean Hung.

8. **Confirmation that the issuer has procured undertaking 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.

9. **Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder**

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director, the Chief Executive Officer or substantial shareholder of the Company.

### **Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the twelve-month period ended 31 December 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Loke Wai San  
Director

Chou Yen Ning @ Alice Lin  
Director

24 February 2023