

UMS HOLDINGS LIMITED
COMPANY REGISTRATION NO: 200100340R
Third Quarter Financial Statement And Dividend Announcement

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3) HALF YEAR AND FULL YEAR ANNOUNCEMENTS

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

| | Group | | | | | |
|---|------------------|------------------|---------------|-----------------------|------------------|---------------|
| | 3Q | | | 9 Months Ended | | |
| | 30-Sep-22 | 30-Sep-21 | Change | 30-Sep-22 | 30-Sep-21 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Revenue | 100,073 | 67,577 | 48% | 271,413 | 183,969 | 48% |
| Net finance expense (Note (a)) | (236) | (239) | -1% | (653) | (536) | 22% |
| Changes in inventories | 10,880 | 31,767 | -66% | 24,325 | 31,645 | -23% |
| Raw material purchases and subcontractor charges | (60,452) | (62,606) | -3% | (156,910) | (117,969) | 33% |
| Employee benefits expense | (11,438) | (10,620) | 8% | (31,526) | (23,951) | 32% |
| Depreciation expense (Note (b)) | (3,834) | (3,609) | 6% | (11,314) | (8,152) | 39% |
| Other expenses (Note (c)) | (5,130) | (4,821) | 6% | (15,494) | (11,946) | 30% |
| Other credits (Note (d)) | 2,122 | 639 | 232% | 4,461 | 3,594 | 24% |
| Share of profits of associate | - | - | 0% | - | 361 | -100% |
| Profit before income tax | 31,985 | 18,088 | 77% | 84,302 | 57,015 | 48% |
| Income tax credit/(expense) (Note (e)) | 11,893 | (2,020) | N.M | 1,526 | (6,644) | N.M |
| Net profit for the period from continuing operations | 43,878 | 16,068 | 173% | 85,828 | 50,371 | 70% |
| Profit attributable to: | | | | | | |
| Owners of the parent | 42,482 | 15,144 | 181% | 82,028 | 47,417 | 73% |
| Non- controlling interest | 1,396 | 924 | 51% | 3,800 | 2,954 | 29% |
| | 43,878 | 16,068 | 173% | 85,828 | 50,371 | 70% |
| Earnings per share attributable to owners of the Company (cents per share) | | | | | | |
| Basic | 6.35 | 2.84 | | 12.29 | 8.89 | |
| Diluted | 6.35 | 2.84 | | 12.29 | 8.89 | |

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance income/ (expense)

| | Group | | | | | |
|--|------------------|------------------|---------------|-----------------------|------------------|---------------|
| | 3Q | | | 9 Months Ended | | |
| | 30-Sep-22 | 30-Sep-21 | Change | 30-Sep-22 | 30-Sep-21 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Interest income from cash and cash equivalents | 41 | 48 | -15% | 150 | 116 | 29% |
| Interest expense on lease liabilities and hire purchases | (111) | (124) | -10% | (334) | (288) | 16% |
| Interest expense on bank borrowings (Note (i)) | (157) | (154) | 2% | (443) | (338) | 31% |
| Interest expense on loans from related parties | (9) | (9) | 0% | (26) | (26) | 0% |
| Net finance expense | (236) | (239) | -1% | (653) | (536) | 22% |

Note 1 (a)(a)(i) – The increase in interest expense from bank borrowings was due to higher interest rate during the period.

Note (b) Depreciation expense

The increase in depreciation was mainly due to fixed assets additions during the period.

Note (c) Other expenses

| | Group | | | | | |
|--|------------------|------------------|---------------|-----------------------|------------------|---------------|
| | 3Q | | | 9 Months Ended | | |
| | 30-Sep-22 | 30-Sep-21 | Change | 30-Sep-22 | 30-Sep-21 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Legal and professional fees (Note (i)) | (913) | (814) | 12% | (3,120) | (2,480) | 26% |
| Utilities | (1,571) | (1,277) | 23% | (4,590) | (3,387) | 36% |
| Freight charges (Note (ii)) | (788) | (621) | 27% | (2,080) | (1,223) | 70% |
| Insurance | (220) | (169) | 30% | (603) | (418) | 44% |
| Upkeep of properties and equipment | (454) | (382) | 19% | (1,184) | (740) | 60% |
| Upkeep of machinery (Note (iii)) | (750) | (636) | 18% | (1,839) | (1,626) | 13% |
| Others | (434) | (922) | -53% | (2,078) | (2,072) | 0% |
| | (5,130) | (4,821) | 6% | (15,494) | (11,946) | 30% |

Note 1(a)(c)(i) – Professional fees relates mainly to amounts payable to the Group's sales consultant. Refer to note 13.

Note 1(a)(c)(ii) – The increase was mainly due higher material purchases and freight rates during the period.

Note 1(a)(c)(iii) – The increase was mainly due to higher maintenance work during the period.

Note (d) Other credits / (charges)

| | Group | | | | | |
|--|-----------|-----------|---------|----------------|-----------|--------|
| | 3Q | | | 9 Months Ended | | |
| | 30-Sep-22 | 30-Sep-21 | Change | 30-Sep-22 | 30-Sep-21 | Change |
| S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % | |
| Foreign exchange gains - net (Note (i)) | 1,994 | 568 | 251% | 4,232 | 2,429 | 74% |
| Gain/(Loss) on disposal of property, plant and equipment | 123 | (2) | N.M | 180 | (10) | N.M |
| Property, plant & equipment written off | - | - | 0% | (1) | - | N.M |
| Allowance for stock obsolescence | - | 1 | -100% | (209) | (323) | -35% |
| Allowance for project loss (Note (ii)) | - | (5) | -100% | - | (726) | -100% |
| Amortisation of intangible assets | (75) | (150) | -50% | (225) | (150) | 50% |
| Loss on deemed disposal of an associate | - | - | 0% | - | (2,015) | -100% |
| Waiver of loans from a related party | - | 17 | -100% | - | 3,888 | -100% |
| Write back provision for doubtful debts (non-trade) | - | (7) | -100% | - | (7) | -100% |
| Others | 80 | 217 | -63% | 484 | 508 | -5% |
| | 2,122 | 639 | 232% | 4,461 | 3,594 | 24% |

Note 1(a)(d)(i) – The exchange gain in 3QFY2022 was mainly due to the appreciation of the US dollar during the period.

Note 1(a)(d)(ii) – The decrease was due to provision for project loss relating to Kalf Engineering Pte Ltd in Q1FY2021. No such provision was made during the period.

Note (e) Income tax

| | Group | | | | | |
|---------------|-----------|-----------|---------|----------------|-----------|--------|
| | 3Q | | | 9 Months Ended | | |
| | 30-Sep-22 | 30-Sep-21 | Change | 30-Sep-22 | 30-Sep-21 | Change |
| S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % | |
| Income tax: | | | | | | |
| - Current | (95) | (2,057) | -95% | (10,390) | (6,754) | 54% |
| - Prior years | 11,988 | 37 | 32300% | 11,916 | 110 | 10733% |
| | 11,893 | (2,020) | N.M | 1,526 | (6,644) | N.M |

Note 1(a)(e) - The Group's application for the reinstatement of its pioneer tax status for one of its Malaysia subsidiaries, Ultimate Manufacturing Solutions Sdn Bhd has received approval from the Malaysia Investment Development Board ("MIDA").

Accordingly, the Group wrote back the tax provision made in its balance sheet up to 3Q2022.

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 30 Sep 2022 S\$'000 | 31 Dec 2021 S\$'000 | 30 Sep 2022 S\$'000 | 31 Dec 2021 S\$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and bank balances (Note (ii)) | 58,576 | 65,086 | 1,875 | 6,273 |
| Trade receivables and other current assets (Note (iii)) | 94,176 | 67,177 | 4,116 | 12,411 |
| Financial assets through profit or loss | 1,665 | 322 | 1,665 | 322 |
| Loan to subsidiary | - | - | 3,999 | 6,337 |
| Inventories | 112,548 | 87,110 | - | - |
| Total Current Assets | 266,965 | 219,695 | 11,655 | 25,343 |
| Non-Current Assets | | | | |
| Investment in subsidiaries (Note (i)) | - | - | 262,863 | 260,459 |
| Property, plant and equipment | 116,998 | 112,115 | - | - |
| Right-of-use assets | 13,594 | 14,660 | - | - |
| Investment property | 1,537 | 1,657 | - | - |
| Intangible assets | 88,326 | 88,551 | - | - |
| Deferred tax assets | 103 | 76 | - | - |
| Total Non-Current Assets | 220,558 | 217,059 | 262,863 | 260,459 |
| Total Assets | 487,523 | 436,754 | 274,518 | 285,802 |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Bank borrowings (Note 1(b)(ii)) | 6,553 | 11,601 | - | 2,500 |
| Trade and other payables (Note (iv)) | 64,294 | 56,079 | 42,028 | 60,915 |
| Loan from related parties (Note (v)) | 1,403 | 1,403 | - | - |
| Lease liabilities | 812 | 1,179 | - | - |
| Income tax payable | 8,852 | 19,151 | - | 157 |
| Total Current Liabilities | 81,914 | 89,413 | 42,028 | 63,572 |
| Non Current Liabilities | | | | |
| Bank borrowings (Note 1(b)(ii)) | 18,986 | 22,685 | - | - |
| Deferred tax liabilities | 10,268 | 9,818 | - | - |
| Long-term provision* | 405 | 405 | - | - |
| Lease liabilities | 9,501 | 10,159 | - | - |
| Total Non-Current Liabilities | 39,160 | 43,067 | - | - |
| Total Liabilities | 121,074 | 132,480 | 42,028 | 63,572 |
| Capital and Reserves | | | | |
| Share Capital | 136,623 | 136,623 | 136,623 | 136,623 |
| Treasury shares | (891) | (2,064) | (746) | (1,919) |
| Reserves | (15,472) | (11,665) | - | - |
| Retained earnings | 218,649 | 156,009 | 96,613 | 87,526 |
| | 338,909 | 278,903 | 232,490 | 222,230 |
| Non-controlling interest | 27,540 | 25,371 | - | - |
| Total Equity | 366,449 | 304,274 | 232,490 | 222,230 |
| Total Liabilities and Equity | 487,523 | 436,754 | 274,518 | 285,802 |

* Provision for reinstatement of leased premises.

Note 1 (b)(i)(i) Investment in Subsidiaries

The details of the subsidiaries as at 30 September 2022 are as follows:

| Name | Effective percentage of equity held by the group | | Company's cost of investment | |
|---|--|------------------|------------------------------|------------------------|
| | 30-Sep-2022 % | 31-Dec-2021 % | 30-Sep-2022 S\$'000 | 31-Dec-2021 S\$'000 |
| <u>Held by the Company</u> | | | | |
| UMS Systems Pte Ltd (Singapore) | 100 | 100 | 9,561 | 9,561 |
| UMS International Pte Ltd (Singapore) | 100 | 100 | 800 | 800 |
| UMS Pte Ltd (Singapore) | 100 | 100 | 127,081 | 127,081 |
| UMS Aerospace Pte Ltd (Singapore) | 100 | 100 | 20,000 | 20,000 |
| Integrated Manufacturing Technologies Pte Ltd (Singapore) | 100 | 100 | 19,803 | 19,803 |
| Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia) | 100 | 100 | 30,772 | 30,772 |
| Kalf Engineering Pte Ltd (Singapore) | 51 | 51 | 990 | 990 |
| Starke Singapore Pte Ltd (Singapore) | 70 | 70 | 7,076 | 7,076 |
| Ultimate Mechanical System Sdn. Bhd. (Malaysia) | 100 | 100 | 7,643 | 7,643 |
| JEP Holdings Limited (Singapore) | 74 | 72 | 63,926 | 61,521 |
| | | | 287,651 | 285,247 |
| Unquoted equity shares, at cost | | | | |
| Less: Provision for impairment | | | (24,788) | (24,788) |
| | | | 262,863 | 260,459 |
| <u>Held through UMS International Pte Ltd</u> | | | | |
| Ultimate Manufacturing Solutions (M) Sdn. Bhd. (Malaysia) | 100 | 100 | | |
| <u>Held through UMS Pte Ltd</u> | | | | |
| UMS Solutions Pte Ltd (Singapore) | 100 | 100 | | |
| <u>Held through Kalf Engineering Pte. Ltd.</u> | | | | |
| 浙江凯富环境治理工程有限公司 (People's Republic of China) | 51 | 51 | | |
| <u>Held through Starke Singapore Pte Ltd</u> | | | | |
| Starke Asia Sdn. Bhd. (Malaysia) | 70 | 70 | | |
| <u>Held through Ultimate Machining Solutions (M) Sdn. Bhd</u> | | | | |
| AllStar Manufacturing Sdn. Bhd. (Malaysia) | 100 | 100 | | |

| | | |
|--|-----|-----|
| <u>Held through UMS Aerospace Pte Ltd</u> Integrated Manufacturing Technologies Inc. (United States) | 100 | 100 |
| <u>Held through JEP Holdings Limited</u> JEP Precision Engineering Pte Ltd (Singapore) | 74 | 72 |
| JEP Industrades Pte Ltd (Singapore) | 74 | 72 |
| Dolphin Engineering Pte Ltd (Singapore) | 74 | 72 |
| Dolphin Manufacturing Solutions Sdn Bhd (Malaysia) | 74 | 72 |

Note 1(b)(i)(ii) – The net decrease in cash and cash equivalents by S\$2.2 million (after netting-off bank borrowing) was mainly due to the net cash generated from operating activities, offset by purchase of property, plant and equipment and payment of dividends during the period.

Note 1(b)(i)(iii) – Trade receivables and other current assets increased by S\$27.0 million was mainly due to advance payment to equipment suppliers for its Penang expansion as well as remittance delay by its key customer, who is transitioning to a new electronic invoicing/payment process. Delayed payments were received in early October.

Note 1(b)(i)(iv) – Trade and other payables increased by S\$8.2 million, mainly due to higher material purchases to meet high integrated system demand as well as new customer's first article requirements.

Note 1(b)(i)(v) – The current loan from related parties relates to amount owing to minority shareholders of Starke Singapore Pte Ltd.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 3Q | | 9 Months Ended | |
| | 30-Sep-22 S\$'000 | 30-Sep-21 S\$'000 | 30-Sep-22 S\$'000 | 30-Sep-21 S\$'000 |
| Cash flows from operating activities | | | | |
| Profit before income tax | 31,985 | 18,088 | 84,302 | 57,015 |
| Adjustments for: | | | | |
| Depreciation expense | 3,834 | 3,609 | 11,314 | 8,152 |
| Amortisation of intangible assets | 75 | 150 | 225 | 150 |
| Allowance for project loss | - | 5 | - | 726 |
| (Gain)/Loss on disposal of property, plant and equipment | (123) | 2 | (180) | 10 |
| Provision of stock obsolescence | - | (1) | 209 | 323 |
| Loss on deemed disposal of an associate | - | - | - | 2,015 |
| Property, plant and equipment written off | - | 7 | 1 | 19 |
| Waiver of loans from a related party | - | (17) | - | (3,888) |
| Write back provision for doubtful debts (non-trade) | - | (7) | - | (7) |
| Interest income | (41) | (48) | (150) | (116) |
| Interest expense | 276 | 287 | 802 | 652 |
| Share of profit of associate | - | - | - | (361) |
| Unrealised foreign exchange gain | 192 | 17 | 209 | (275) |
| Operating cash flows before working capital changes | 36,198 | 22,092 | 96,732 | 64,415 |
| Changes in working capital: | | | | |
| Trade receivables and other current assets | (9,499) | 966 | (11,995) | (15,849) |
| Inventories | (11,993) | (12,072) | (25,647) | (14,216) |
| Trade and other payables | 7,148 | 6,566 | 8,214 | 14,239 |
| Cash generated from operations | 21,854 | 17,552 | 67,304 | 48,589 |
| Income tax paid | (4,037) | (1,433) | (8,073) | (3,633) |
| Net cash generated from operating activities | 17,817 | 16,119 | 59,231 | 44,956 |
| Cash flows from investing activities | | | | |
| Proceeds from disposal of property, plant and equipment | 643 | - | 700 | 103 |
| Purchase of property, plant and equipment | (20,792) | (3,114) | (33,068) | (6,578) |
| Improvement to investment property | - | (65) | - | (65) |
| Net cash outflow on acquisition of subsidiaries | (48) | - | (2,268) | (10,198) |
| Investment in quoted shares | (181) | - | (1,343) | - |
| Interest received | 41 | 48 | 150 | 116 |
| Net cash used in investing activities | (20,337) | (3,131) | (35,829) | (16,622) |
| Cash flows from financing activities | | | | |
| Proceeds from bank borrowings | 7,000 | - | 26,917 | 16,500 |
| Repayment of bank borrowings | (10,742) | (9,702) | (35,664) | (32,457) |
| Interest paid | (163) | (165) | (464) | (358) |
| | (10,905) | (9,867) | (36,128) | (32,815) |
| Purchase of treasury shares | - | - | - | (78) |
| Proceeds from sale of treasury shares | 3,056 | - | 3,056 | - |
| Repayment of lease liabilities | (534) | (477) | (1,506) | (1,001) |
| Dividends paid | (6,668) | (5,335) | (20,004) | (10,669) |
| Net cash used in financing activities | (8,051) | (15,679) | (27,665) | (28,063) |
| Net (decrease)/ increase in cash and cash equivalents | (10,571) | (2,691) | (4,263) | 271 |
| Net effect of exchange rate changes | (1,330) | (780) | (2,247) | (332) |
| Cash and cash equivalents at beginning of the period | 70,477 | 57,197 | 65,086 | 53,787 |
| Cash and cash equivalents at end of the period | 58,576 | 53,726 | 58,576 | 53,726 |

- 1(d) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | | | | |
|--|----------------------|----------------------|-------------|----------------------|----------------------|-------------|
| | 3Q | | | 9 Months Ended | | |
| | 30-Sep-22 S\$'000 | 30-Sep-21 S\$'000 | Change % | 30-Sep-22 S\$'000 | 30-Sep-21 S\$'000 | Change % |
| Net Profit for the period | 43,878 | 16,068 | 173% | 85,828 | 50,371 | 70% |
| Other comprehensive income, net of income tax: | | | | | | |
| <i>Items that may be classified subsequently to profit and loss:</i> | | | | | | |
| Exchange differences on translation of foreign operations | (2,073) | (848) | 144% | (3,958) | (971) | 308% |
| Total comprehensive income for the period | 41,805 | 15,220 | 175% | 81,870 | 49,400 | 66% |
| Attributable to: | | | | | | |
| Equity holders of the Company | 40,523 | 14,655 | 177% | 78,221 | 46,444 | 68% |
| Non-controlling interests | 1,282 | 565 | 127% | 3,649 | 2,956 | 23% |
| | 41,805 | 15,220 | 175% | 81,870 | 49,400 | 66% |

1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distribution to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

| | 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 | - | - | - | (257) | (257) | (261) | (518) |
| Balance at 31 March 2022 | 136,623 | (2,064) | (11,984) | 175,123 | 297,698 | 26,411 | 324,109 |
| 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 | 136,623 | (2,064) | (13,513) | 181,037 | 302,083 | 26,420 | 328,503 |
| Changes in equity for third quarter | | | | | | | |
| Net profit for the period | - | - | - | 42,482 | 42,482 | 1,396 | 43,878 |
| Other comprehensive (loss)/income 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 | 136,623 | (891) | (15,472) | 218,649 | 338,909 | 27,540 | 366,449 |

| | Attributable to owners of the Company | | | | | | |
|--|---------------------------------------|-------------------------------|-----------------------------------|---------------------------------|------------------|---|------------------|
| | Share Capital S\$'000 | Treasury Shares S\$'000 | Foreign Exchange | Retained Earnings S\$'000 | Total S\$'000 | Non- controlling Interests S\$'000 | Total S\$'000 |
| | | | Translation Reserve 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 | <u>136,623</u> | <u>(1,919)</u> | <u>(11,568)</u> | <u>142,634</u> | <u>265,770</u> | <u>1,371</u> | <u>267,141</u> |
| 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 | <u>136,623</u> | <u>(1,997)</u> | <u>(11,167)</u> | <u>150,139</u> | <u>273,598</u> | <u>26,453</u> | <u>300,051</u> |
| Changes in equity for third quarter | | | | | | | |
| Net profit for the period | - | - | - | 15,144 | 15,144 | 924 | 16,068 |
| Other comprehensive income 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 | <u>136,623</u> | <u>(1,997)</u> | <u>(11,656)</u> | <u>159,948</u> | <u>282,918</u> | <u>27,018</u> | <u>309,936</u> |

| | 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 |

| | 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 loss for the period | - | - | (2,503) | (2,503) |
| Total comprehensive expenses 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 |

- 1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State the number of shares that may be issued on conversion of all outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's issued share capital since the last financial year ended 31 December 2021 to 30 September 2022.

Treasury Shares

On 13 September 2022, the Company sold 2,292,700 treasury shares for the purpose of financing its business growth. (31 December 2021: 3,750,000).

- 1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 30 September 2022 was 669,078,641 (31 December 2021: 666,785,941).

- 1(e)(iv) A statement showing all sales, transfers, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.**

| <u>Treasury Shares</u> | Number of shares |
|---------------------------------|--------------------|
| Balance as at 1 January 2022 | 3,750,000 |
| Sold during Q3FY2022 | <u>(2,292,700)</u> |
| Balance as at 30 September 2022 | <u>1,457,300</u> |

- 1(e)(v) A statement showing all sales, transfers, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/ or use of subsidiary holdings as at 30 September 2022.

- 2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our external auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including and qualifications or emphasis of matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2021.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of the change.**

The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group for the current financial period ended 30 September 2022.

6 Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | Group | | | |
|--|------------------|------------------|-----------------------|------------------|
| | 3Q | | 9 Months Ended | |
| | 30-Sep-22 | 30-Sep-21 | 30-Sep-22 | 30-Sep-21 |
| Earnings per ordinary share of the Group based on net profit attributable to owners of the company:- | | | | |
| (a) | | | | |
| Based on the weighted average number of ordinary shares on issue | 6.35 cents | 2.84 cents | 12.29 cents | 8.89 cents |
| - Weighted average number of shares (excluding treasury shares) | 669,078,641 | 533,429,579 | 667,558,573 | 533,429,579 |
| (b) On a fully diluted basis | 6.35 cents | 2.84 cents | 12.29 cents | 8.89 cents |
| - Weighted average number of shares (excluding treasury shares) | 669,078,641 | 533,429,579 | 667,558,573 | 533,429,579 |

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediate preceding financial year.

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 30-Sep-22 | 31-Dec-21 | 30-Sep-22 | 31-Dec-21 |
| Net asset value per ordinary share based on total number of issued shares (excluding treasury shares) | 50.65 cents | 41.83 cents | 34.75 cents | 33.33 cents |
| Total number of issued shares (excluding treasury shares) | 669,078,641 | 666,785,941 | 669,078,641 | 666,785,941 |

8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion on the following:

- (a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Revenue

9 Months 2022 vs 2021

| | Group | | |
|---------------------------------|-----------------------|------------------|---------------|
| | 9 Months Ended | | |
| | 30-Sep-22 | 30-Sep-21 | Change |
| | S\$'000 | S\$'000 | % |
| Business Segments | | | |
| Semiconductor (Semicon) | 238,351 | 164,852 | 45% |
| Aerospace | 10,799 | 6,031 | 79% |
| Others | 22,263 | 13,086 | 70% |
| | 271,413 | 183,969 | 48% |
| Geographical Regions | | | |
| Singapore | 189,379 | 127,782 | 48% |
| United States of America ('US') | 25,509 | 22,835 | 12% |
| Taiwan | 26,034 | 20,346 | 28% |
| Malaysia | 15,901 | 7,101 | 124% |
| Others | 14,590 | 5,905 | 147% |
| | 271,413 | 183,969 | 48% |

Revenue

3Q2022 vs 3Q2021

| | Group | | |
|---------------------------------|-----------------------|------------------|---------------|
| | 3 Months Ended | | |
| | 30-Sep-22 | 30-Sep-21 | Change |
| | S\$'000 | S\$'000 | % |
| Business Segments | | | |
| Semiconductor (Semicon) | 89,394 | 59,653 | 50% |
| Aerospace | 3,835 | 3,115 | 23% |
| Others | 6,844 | 4,809 | 42% |
| | 100,073 | 67,577 | 48% |
| Geographical Regions | | | |
| Singapore | 72,352 | 47,113 | 54% |
| United States of America ('US') | 8,940 | 8,578 | 4% |
| Taiwan | 8,984 | 5,855 | 53% |
| Malaysia | 5,761 | 2,820 | 104% |
| Others | 4,036 | 3,211 | 26% |
| | 100,073 | 67,577 | 48% |

Revenue

3QFY2022

Group revenue shot to a new quarterly high - crossing the \$100M mark for the first time in its history. All of its core business segments delivered strong growth as the Group continued to benefit from the robust capex expansion of global wafer fabs.

Revenue jumped 48% to S\$100.1 million from S\$67.6 million in 3QFY2021 fueled mainly by the sustained growth in the semiconductor segment.

Semiconductor sales surged by 50%, driven mainly by higher Integrated System sales which more than doubled to \$44.7 million in 3QFY2022 from S\$22.0 million in 3QFY2021.

Revenue from component sales went up by 18% to S\$44.7 million in 3QFY2022 from S\$37.8 million in 3QFY2021.

Its aerospace segment also did well - climbing 23% to S\$3.8 million in 3QFY2022 from \$3.1 million in the same period last year.

Sales in "Others" segment grew 42% compared to 3QFY2021 - mainly due to higher material and tooling distribution revenue by its trading subsidiaries.

On a sequential basis, compared to 2QFY2022, overall, revenue rose about 15.5% driven mainly by the Semiconductor segment which went up 18%, while Aerospace and Others segments eased marginally by 4% and 2% respectively.

Geographically, all the Group's key markets reported higher revenue growth in 3QFY2022. Malaysia was the star performer - delivering a 104% surge in sales to \$5.8 million - due mainly to the commencement of first article fabrication for a new customer. Singapore also registered strong sales growth of 54% to hit S\$72.4 million on the back of higher integrated system sales and component sales for new equipment.

Higher component spares sales also lifted Taiwan's 3QFY2022 sales by 53% to almost \$9 million.

US sales stayed relatively flat - edging up 4% in 3QFY2022 compared to 3QFY2021.

9MFY2022

The Group reported its best ever nine months results - which surpassed the \$250 million mark and beat the sales achieved for the whole of FY2021.

Compared to 9MFY2021, revenue for 9MFY2022 surged 48% to S\$271.4 million from S\$184 million as all the Group's core business segments reported much stronger results.

Sales in the Semiconductor segment rose 45% buoyed by the robust performances of both its Semiconductor Integrated System sales - which leapt 45% from S\$73.5 million in 9M2021 to S\$106.6 million in 9M2022; and its component sales which jumped 44% from S\$91.6 million in 9M2021 to S\$131.7 million in 9M2022.

Revenue in its aerospace segment also soared 79% while its Others segment registered a 70% hike in sales.

The Group reported significant sales growth in all its key markets. Malaysia and Others delivered the strongest growth of 124% and 147% respectively. Revenue in Singapore jumped 48% as compared to 9M2021 while sales in Taiwan and US increased 28% and 12% during the period under review.

Profitability

3QFY2022

In terms of profitability, the Group hit another historic peak despite higher expenses.

Group net profit attributable to shareholders more than doubled to S\$42.5 million from S\$15.1 million in 3QFY2021 with robust growth from both Semiconductor Integrated Systems and Component sales as well as 232% jump in other credits as a result of strong gains from foreign exchange (due to the appreciation of the US dollar). The Group also benefitted from the reversal of the tax provision made by its Malaysian subsidiary after the resolution of the pioneer tax incentives with the Malaysian government.

Group profit before tax climbed 77% while net profit soared 173% compared to 3QFY2021.

Gross material margin in 3QFY2022 eased to 50.5% from 54.4% in 3QFY2021 – arising mainly from higher material costs for fabricating first articles for new customers.

The much stronger profit performance was achieved despite higher expenses.

Personnel costs rose 8%, while depreciation and other expenses increased by 6%.

Freight charges rose 27% while the costs of upkeep of property and equipment, machinery and utilities increased 19%, 18% and 23% respectively. Insurance and professional and legal fees also rose during the quarter.

9MFY2022

The Group's net profit attributable to shareholders for the 9 months shot up 73% to another all-time high of S\$82 million - more than 50% higher than the Group's full year FY2021 net attributable profit of \$53.1 million.

Net profit for 9MFY2022 soared 70% to S\$85.8 million while net profit before tax jumped 48% to S\$84.3 million when compared to 9M2021.

The sterling performance was driven by the Group's strong sales, improved contributions from other credits which almost doubled, 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 Group's other credits went up from \$3.6 million in 9MFY2021 to \$4.5 million in 9MFY2021. The surge was mainly due to the absence of one-time debt waiver (S\$3.9m) partially offset by absence of one-time loss on deemed disposal of an associate (\$2m) and higher forex gain from the US dollar appreciation. There is also no allowance for project loss in 9MFY2022.

The record performance was achieved despite slightly lower gross material margin of 51.2% compared to 53.1% in 9MFY2021, and higher expenses.

Personnel costs rose 32%, depreciation and other expenses also increased 39% and 30% respectively.

Cashflow

3QFY2022

The Group's financial position remains healthy.

The Group registered \$17.8 million positive net cash (vs \$16.1 million in 3QFY2021) from operating activities. The lower than expected cashflow is mainly due to increased raw material purchases to meet the higher integrated system demand as well as the new customers' first article requirements.

The Group's key customer's transition to new electronic invoicing/payment process also caused some delay in remittance.

The Group also registered a negative free cashflow of \$2.3 million due to higher capital expenditure for its new Penang plant which is progressing as planned.

9MFY2022

The Group maintained a positive net cash position with free cash flow generated during the period under review.

In 9MFY2022, the Group generated S\$59.2 million (vs S\$45 million in 9MFY2021) positive net cash from operating activities and S\$26.9 million free cash flow (vs \$38.5 million in 9MFY2021).

Its net cash and cash equivalents (net of bank borrowings) improved to S\$33.3 million as at 30 September 2022 compared to S\$30.8 million as at 31 December 2021.

9 Where a forecast, or prospect statement has been previously disclosed to the 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 12 August 2022.

10 A commentary at the date of 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.

The Group delivered another impressive set of results - its third straight quarterly sales record - powered by the sustained global chip demand as digitalisation, AI and the advent of new technological innovations as well as electric vehicles (EVs) propelled the growth of semiconductors and wafer fabs to new heights.

In terms of profitability, Group earnings for the 3QFY2022 and the 9MFY2022 have also smashed all previous records.

Indeed, Group earnings for the nine months had already exceeded FY2021's full year earnings by more than 50%.

This underscores UMS's operational resilience, manufacturing excellence and the success of its efforts to expand the Group's topline through new customer acquisitions, increased orders from existing customers as well as strategic diversification into the aerospace sector.

Looking ahead, global chip demand is expected to stay solid although near-term challenge remain arising from uncertainties caused by ongoing US-China tech rivalry, rising inflation and supply chain disruption caused by geopolitical tensions such as the Russia-Ukraine crisis.

Global chipmakers forecast lower sales in the coming months as demand for memory chips weaken and price declines are not expected to bottom out, or even moderate, until the middle of next year. ¹

The latest US ban on the shipment of advanced computer chips to China for AI and high-performance computing, plus equipment to manufacture semiconductors has further dampen industry's growth prospects. ²

However, some Korean and Taiwanese chipmakers remain somewhat unaffected by the US ban and chipmakers may also switch some chip capacity from consumer electronics to EV production with its strong demand for chips. ^{3, 4}

The Group's key customer has also lowered its 4Q2022 revenue outlook slightly by 4% in view of the new US export curbs to China.

The short to medium term prospects remain buoyant.

Semiconductor manufacturers worldwide are forecast to expand 300mm fab capacity at a nearly 10% compound average growth rate (CAGR) from 2022 to 2025, hitting an all-time high of 9.2 million wafers per month (wpm). ⁵

Global sales of total semiconductor manufacturing equipment by original equipment manufacturers are forecast to reach \$120.8 billion in 2023 up 2.8 percent from \$117.5 billion in 2022, according to SEMI⁶

WSTS expects another year of double-digit growth for the worldwide semiconductor market in 2022 with a forecast of \$633 billion, up 13.9 percent and continuing to grow by 4.6 percent in 2023.⁷

The semiconductor market is predicted to surpass USD1 trillion dollars by 2030 – led by autos and data centres ⁸

The aerospace industry is also looking up. While current recovery is still impacted by issues such as manpower crunch, supply chain and geopolitical problems and pandemic curbs in some markets, global leaders such as Boeing forecasts a market value of \$7.2 trillion for new airplane deliveries, with the global fleet increasing by 80% through 2041 compared to 2019 pre-pandemic levels ⁹

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

Going forward, the outlook for UMS in next 6 months remains robust as business continues to be strong with huge order backlog from its key customer to be produced and delivered. The slightly lower forecast from our key customer is unlikely to have a significant impact on the Group's performance. The Group is positioning itself to take on more orders from its new customers.

In view of the rising costs and concerns of an impending global recession, and the growing US-China tech rivalry the Group must stay prudent, flexible and vigilant.

The Group's expansion plans are progressing well. Construction of the new Penang factory is on schedule to complete by end of the year and the Group is preparing to ramp up production from the middle of 2023.

The Group will continue active engagement with prospective customers.

The labour situation in Malaysia has also improved and the Group recently managed to hire about 100 foreign workers to help alleviate the manpower crunch in Penang. The Group will carry on with its plans to hire more local and foreign workers in the coming months.

Barring any unforeseen circumstances, the Group will remain profitable in 2022.

¹ Source : <https://www.wsj.com/articles/memory-chip-makers-struggle-with-decline-in-demand-and-price-falls-11665141235>

² Source – <https://www.bloomberg.com/news/articles/2022-10-10/how-biden-s-chip-actions-may-be-broadest-china-salvo-yet>

³ Source: <https://www.reuters.com/technology/exclusive-samsung-sk-hynix-be-spared-brunt-china-memory-chip-crackdown-sources-2022-10-06>

⁴ Source : <https://www.marketplace.org/2022/10/07/demand-for-electronics-is-falling-but-some-types-of-semiconductors-are-still-in-short-supply>

⁵ Source – <https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-300mm-semiconductor-fab-capacity-projected-to-reach-new-high-in-2025-semi-reports>

⁶ Source - <https://www.eenewsanalogue.com/en/chipmaking-equipment-spending-spree-to-slow-in-2023/>

⁷ Source : <https://www.wsts.org/76/103/The-World-Semiconductor-Trade-Statistics-WSTS-has-released-its-new-semiconductor-market-forecast-generated-in-August-2022>

⁸ Source : Mckinsey - <https://www.mckinsey.com/industries/semiconductors/our-insights/the-semiconductor-decade-a-trillion-dollar-industry>

⁹Source ; As Air Travel Rebounds, Boeing Forecasts Demand for More than 41,000 New Airplanes by 2041 [<https://boeing.mediaroom.com/2022-07-16-As-Air-Travel-Rebounds,-Boeing-Forecasts-Demand-for-More-than-41,000-New-Airplanes-by-2041>]

11 Dividend

(a) Current Financial Period Reported

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

| Name of Dividend | Proposed Interim Dividend |
|-----------------------|---|
| Dividend Type | Cash |
| Dividend Amount (SGD) | 1.0 cent 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 Interim Dividend |
|-----------------------|---|
| Dividend Type | Cash |
| Dividend Amount (SGD) | 1.0 cent per ordinary share, (tax exempt one-tier) |
| Tax rate | Not applicable |

(c) Date payable

16 December 2022

(d) Record date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 3 December 2022, for the purpose of determining members' entitlements to the Third Interim Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ending 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 2 December 2022 will be registered before entitlement to the Third Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 2 December 2022 will be entitled to the Third Interim Dividend.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

| | | 9 Months Period Ended 30 Sep 2022 |
|---|---|--|
| Name of interested person | Nature of Relationship | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$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 | 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. The aggregate value of IPT entered into between the Group and Sure Achieve Consultant Pte Ltd for the period ended 30 September 2022 amounted to S\$2,366,000 which represents approximately 1.10% of the Group's latest audited net tangible assets as at 31 December 2021. | 2,366 |

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer

11 November 2022