

NEWS RELEASE

Micro-Mechanics Reports Net Profit of S\$7.8M in 9M23 Amid the Cyclical Slowdown in the Global Semiconductor Industry

- Maintains sound financial position with cash of S\$10.7 million and no bank borrowings
- Group to stay focused on executing key initiatives to strengthen its competitive position

Singapore, 28 April 2023 – Micro-Mechanics (Holdings) Ltd. (“Micro-Mechanics” or the “Group”), a manufacturer of high precision tools and parts used in process-critical applications for the semiconductor industry, today reported a net profit of S\$7.8 million for the nine months ended 31 March 2023 (“9M23”). Reflecting the cyclical slowdown in the global semiconductor industry which started during the second half of 2022, the Group’s net profit in 9M23 fell 44.2% compared to 9M22 while its revenue eased 14.3% to S\$51.8 million in 9M23.

Historically, the semiconductor industry has followed a cyclical growth pattern. After growing strongly from early 2020 to reach record-high annual chip sales in 2022, the Semiconductor Association (SIA) said the industry began to cool considerably in the second half of 2022. This downward trend has continued into 2023 with data from the World Semiconductor Trade Statistics (WSTS) showing that chip sales in February 2023 slowed on both a year-on-year (yoy) and month-on-month basis for a sixth consecutive month.

Based on WSTS data, global semiconductor sales for the months of January and February 2023 registered a decline of about 20% from the same two-month period in 2022. Consequently, the Group reported a slower performance for the three months ended 31 March 2023 (“3Q23”) with revenue contracting 24.2% yoy to S\$14.9 million and net profit declining 63.0% yoy to S\$1.6 million.

CEO of Micro-Mechanics, Mr Chris Borch said, “The cyclical downturn has resulted in challenging business conditions for companies that operate in the semiconductor industry. While we worked to reduce overhead expenses, the Group’s financial performance in 9M23 was still affected as it is difficult to compensate for significant revenue declines in the short term due to the largely fixed-cost nature of our operations.

Moving into 4Q23, we believe the semiconductor industry will continue to slow until the excesses and supply-demand imbalances ease. Together with a host of economic and political concerns including the tragic war between Russia and Ukraine, we expect the business environment to remain challenging.

As cyclicity is typical for the semiconductor industry, we prefer to focus on the industry’s long-term fundamentals and try not to get side-tracked by short-term variations. We believe it is important to build an organization that is flexible and resilient. To that end, we intend to stay focused on various fundamentals and continue executing key progress initiatives which, in the long term, will make Micro-Mechanics a stronger competitor in the industry.”

The Group remains in a sound financial position. As at 31 March 2023, it had a balance sheet with total assets of S\$56.8 million, shareholders’ equity of S\$44.9 million, cash and cash equivalents of S\$10.7 million and no bank borrowings.

This news release should be read in conjunction with the Group’s financial statements posted on the SGX website on 28 April 2023.

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About Micro-Mechanics

Micro-Mechanics designs, manufactures and markets high precision tools and parts used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry.

The Group serves a worldwide base of customers from five manufacturing facilities located in Singapore, Malaysia, China, the Philippines and the USA. Micro-Mechanics' strategy is to relentlessly pursue product and operational improvements while providing fast, effective and local support to its customers worldwide.

In addition to designing and manufacturing a market-leading range of consumable tools and parts used in the assembly and testing of semiconductors, the Group also engages in the contract manufacturing of precision parts and tools used in process-critical applications for the semiconductor wafer-fabrication industry.

Since listing on the Singapore Exchange in June 2003, Micro-Mechanics has won over 30 awards in recognition of its high standards of corporate governance, quality of disclosure, transparency and investor relations.

For more information, please visit the Group's website at www.micro-mechanics.com