

NEWS RELEASE

Micro-Mechanics Posts Net Profit of S\$4.1M on Revenue of S\$29.4M in 1H24

- Group declares payment of an interim dividend of 3 cents per share
- Financial position remains sound with cash balance of S\$15.0 million and no bank borrowings

Singapore, 29 January 2024 – 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, has reported net profit of S\$4.1 million for the six months ended 31 December 2023 (“1H24”), a decrease of 33.0% from 1H23.

Group revenue declined 20.5% to S\$29.4 million in 1H24 in tandem with slow conditions in the global semiconductor industry during this period. The soft market environment also resulted in revenue decreasing 19.2% to S\$13.5 million and net profit falling 25.4% to S\$1.4 million for the three months ended 31 December 2023 (“2Q24”).

CEO of Micro-Mechanics, Mr Chris Borch said, “The Group continued to experience significant challenges during 1H24 with lower sales registered across the majority of our key geographical markets with the exception of China.”

Sales in China increased 3.6% to S\$10.3 million in 1H24 and remained as the Group’s largest market with a contribution of 35% to total revenue. For 2Q24, the China market recorded robust growth of 12.8% to S\$4.9 million as domestic demand was driven by the electric vehicle and mobile phone sectors, as well as inventory build-up ahead of the Christmas and Chinese New Year holiday seasons. On the other hand, the Group’s sales in Malaysia declined 8.9% to S\$4.9 million while sales in the Singapore market contracted 55.9% to S\$2.2 million during 1H24. Sales in the USA market registered a decline of 33.9% to S\$6.2 million in 1H24, reflecting the slowdown in the Wafer-Fabrication Equipment sector.

Despite the slow market conditions, Micro-Mechanics has maintained its long-held practice of rewarding its shareholders. The Group has declared an interim dividend of 3 cents per share (one tier tax-exempt) for 1H24, which will be paid to shareholders on 19 February 2024.

“Moving forward, we intend to continue focusing on a handful of key areas to put in place goals, structures and processes that will make it easier for the Group to adapt to changes in the operating environment and ensure business continuity. Some of these areas include working on improving our position as a responsive, cost-effective and resilient supplier to our customers, strengthening our gross profit margin, and building a lean, effective and resilient operation. We also believe that the “*Five-Star Factory*” initiative that we recently began will help us to more clearly define and implement the fundamentals that each of our plants needs to achieve sustainable success,” said Mr Borch.

Micro-Mechanics remains in a sound financial position. As at 31 December 2023, the Group had a balance sheet with total assets of S\$56.7 million, shareholders’ equity of S\$45.9 million, cash and cash equivalents of S\$15.0 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 29 January 2024.

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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