



MICRO-MECHANICS (HOLDINGS) LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199604632W)

Media Release

Micro-Mechanics reports 14.0% yoy increase in net profit for 1QFY2025 driven by margin expansion

- Achieved profitability at USA subsidiary after restructuring efforts in FY2024 which sharpened engineering focus for the WFE sector and optimised cost structure for efficiency
- Generated positive operating cash flow of S\$4.1 million and free cash flow of S\$2.8 million for 1QFY2025 as balance sheet strengthens to a net cash position of S\$19.3 million
- Continued commitment to sustained earnings recovery and long-term growth with 'Five-Star Factory' initiative, disciplined capital management, and good governance

Financial highlights (S\$)	1QFY2025	1QFY2024	Change (%)
Revenue	16,241,899	15,850,106	2.5
Gross profit	8,231,842	7,731,148	6.5
Gross profit margin	50.7%	48.8%	1.9 ppt
EBITDA	5,804,355	5,515,703	5.2
EBITDA Margin	35.7%	34.8%	0.9 ppt
Net profit	3,076,977	2,699,060	14.0%
Earnings per share	2.21	1.94	13.9%

Singapore, 30 October 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, today reported its financial results for the first quarter ended 30 September 2024 (“**1QFY2025**”).

Group revenue increased 2.5% year-on-year (“**yoy**”) to S\$16.2 million for 1Q2025, in line with the trend of global semiconductor sales. On a quarter-on-quarter (“**qoq**”) basis, Group revenue increased 8.8% from S\$14.9 million in 4QFY2024, marking the third consecutive quarter of revenue increase. Notably, revenue increased across the Group’s two business segments in consumable tools and wafer fabrication equipment parts (“**WFE**”). Revenue from the Group’s consumable tools segment increased by 1.4% yoy and 3.8% qoq to S\$12.7 million in 1QFY2025. Meanwhile, revenue from the Group’s WFE segment increased by 6.7% and 31.8% qoq to S\$3.5 million during the period led by operations at USA subsidiary (“**MMUS**”).

Gross profit margin remained healthy, improving slightly from 48.8% in 1QFY2024 to 50.7% for 1QFY2025. This was supported by improved operating leverage and product mix, which has sustained the increase in the Group’s gross profit margin levels over the past four quarters. As a result, net profit for 1QFY2025 increased by 14.0% yoy to S\$3.1 million.

Mr. Christopher Borch, Founder and CEO, said: “We are pleased that our efforts are delivering positive results as we continue to navigate the complexities of macro externalities and industry headwinds beyond our control. With a strategic focus on allocating our resources to advance the ‘Five-Star Factory’ initiative, we are enhancing our competitiveness for long-term sustainable growth. Going forward, we are fully committed to sustaining this trajectory to realise long-term value creation for our shareholders.”

Key initiatives for FY2025

The Group continues to execute and progress several key initiatives aimed at driving earnings recovery, which have delivered positive impact in 1QFY2025 so far. These include:

Sustaining turnaround and returning to profitability at MMUS

In 2HFY2024, the Group completed a restructuring plan at MMUS, where it strategically recalibrated the plant's engineering and product focus to create a more compelling, competitive and higher-value product mix of process-critical parts for the WFE industry. The Group also implemented a host of initiatives to optimise costs and improve efficiency as part of its overarching focus on enhancing operational excellence and accelerating innovation across its facilities.

Since then, core operating performance at MMUS has improved significantly. WFE revenue increased by 31.8% qoq and 6.7% yoy to S\$3.5 million for 1QFY2025. The Group saw orders rebounding in tandem with an improved product mix and continued to observe the positive momentum in 2QFY2025. Through the cost optimisation initiatives at MMUS, the Group's other operating expenses decreased by 18.4% yoy to S\$0.9 million for 1QFY2025. Correspondingly, the Group's WFE segment turned profitable with a profit before tax of S\$213k for 1QFY2025 for the Group's WFE segment, compared to a loss of S\$426k for 1QFY2024. The Group is encouraged by the progress at MMUS and continues its focus on sustaining this momentum.

'Five-Star Factory' initiative

The Group launched the '*Five-Star Factory*' initiative in FY2024, with the aim of strengthening five fundamentals or "pillars" of excellence across the Group's factories. These include:

- High-Performance Teams
- Fast, Effective & Local Support to Global Customers
- Workplace Efficiency, Health, and Safety
- Operational Excellence
- Innovation Excellence

The '*Five-Star Factory*' initiative has continued to yield positive impact across the Group's operations, as demonstrated by the continued momentum in sales recovery in 1QFY2025. Looking to the rest of FY2025, the Group remains focused on strengthening the five fundamentals or "pillars" to accelerate excellence across its five factories.

Prioritising disciplined capital management and good governance

The Group continues to exercise disciplined capital management and uphold good governance to deliver sustainable long-term shareholder returns. During 1QFY2025, the Group generated net cash from operating activities of S\$4.1 million and free cash flow of S\$2.8 million for 1QFY2025 with S\$19.3 million in cash and no bank borrowings.

Management outlook

Looking to the rest of FY2025, the Group continues to believe that the global semiconductor industry is in the advanced stages of rebalancing production and inventory. In view of ongoing macroeconomic and geopolitical uncertainty, the Group remains cautiously optimistic about the continued recovery of the semiconductor industry. The Group stays focused on its goal to become a leading '*Next Generation Supplier*' of high precision tools and parts used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry. With this, the Group continues to exercise vigilance and will continue to build the core foundation of the business to future-proof its operations for sustainable long-term growth and high-quality earnings.

This news release should be read in conjunction with the Group's financial statements posted on the SGX website on 30 October 2024.

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About Micro-Mechanics

Micro-Mechanics is a leading Next Generation Supplier of high precision tools and parts for process-critical applications in the wafer fabrication and assembly processes of the semiconductor industry. The Group delivers an integrated suite of solutions across the value-chain, from the design and manufacturing of a range of industry-leading consumable tools and parts for the assembly and testing of semiconductors, to the contract manufacturing of precision parts and tools used in process-critical applications for the semiconductor wafer-fabrication industry.

Established since 1983 in Singapore, the Group was publicly listed on the SGX Mainboard (SGX:5DD) in 2003. The Group has grown steadily over the years to be a trusted partner by more than 600 customers globally, with a diversified geographical footprint across five operating facilities in Singapore, Malaysia, China, the Philippines and the USA.

The Group is committed to executing its 'Five-Star Factory' initiative driven by high-performance teams, operational and innovation excellence, workplace efficiency & safety and fast, effective local support to global customers. This is anchored by the Group's focus on financial discipline and strong governance to deliver sustainable long-term stakeholder returns.

Since listing, Micro-Mechanics has received over 30 awards in recognition of its high standards of corporate governance, quality of disclosure, transparency and investor relations. The Group was also recognised in the 'Forbes Asia Best Under A Billion List' in 2006 and 2022.

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