



MICRO-MECHANICS (HOLDINGS) LTD.

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

Media Release

Micro-Mechanics reports 108.9% yoy increase in net profit for 2QFY2025

- Achieved profitability at USA subsidiary for the second consecutive quarter, continuing positive momentum from restructuring efforts in FY2024
- Generated positive operating cash flow of S\$5.5 million and free cash flow of S\$0.8 million for 2QFY2025 as balance sheet strengthens to a net cash position of S\$20.2 million
- Interim dividend of 3.0 cents per share, representing dividend payout ratio of 69.2% for 1HFY2025
- Continued commitment to sustained earnings recovery and long-term growth with 'Five-Star Factory' initiative, disciplined capital management, and good governance

| Financial highlights (\$) | 2QFY2025 | 2QFY2024 | Change (%) | 1HFY2025 | 1HFY2024 | Change (%) |
|----------------------------|------------|------------|------------|------------|------------|------------|
| Revenue | 16,294,582 | 13,502,386 | 20.7 | 32,536,481 | 29,352,492 | 10.8 |
| Gross profit | 7,735,089 | 6,201,236 | 24.7 | 15,966,931 | 13,932,384 | 14.6% |
| Gross profit margin | 47.5% | 45.9% | 1.6 ppt | 49.1 | 47.5 | 1.6 ppt |
| EBITDA | 5,380,919 | 4,025,045 | 33.7 | 11,185,274 | 9,540,748 | 17.2 |
| EBITDA Margin | 33.0% | 29.8% | 3.2 ppt | 34.4% | 32.5% | 1.9 ppt |
| Net profit | 2,954,368 | 1,414,446 | 108.9 | 6,031,345 | 4,113,506 | 46.6 |
| Earnings per share | 2.12 | 1.02 | 107.8 | 4.34 | 2.96 | 46.6 |

Singapore, 25 January 2025 – 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 second quarter and six months ended 31 December 2024 (“**2QFY2025**” and “**1HFY2025**”).

Group revenue increased 20.7% and 10.8% year-on-year (“**yoy**”) to S\$16.3 million and S\$32.5 million in 2QFY2025 and 1HFY2025 respectively. On a quarter-on-quarter (“**qoq**”) basis, Group revenue increased 0.3% from S\$16.2 million in 1QFY2025, sustaining the fourth consecutive quarter of revenue increase. This was driven by both the Group’s consumable tools and wafer fabrication equipment parts (“**WFE**”) segments in 2QFY2025, with consumable tools up 12.0% yoy to S\$12.7 million and WFE up 66.6% yoy to S\$3.6 million. On a qoq basis, revenue in the Group’s consumable tools segment declined by 0.1%, while the WFE segment increased by 1.9%.

Gross profit improved by 24.7% yoy to S\$7.7 million in 2HFY2025 as gross profit margin increased to 47.5% yoy. However, gross profit margin decreased slightly qoq from 50.7%, with cost of sales up slightly to S\$8.6 million in 2QFY2025 due to product mix in consumable tools segment.

In line with its continued commitment to delivering shareholder returns, the Board of Directors has declared an interim dividend of 3.0 Singapore cents per share, which will be paid to shareholders on 18 February 2025. This represents a dividend payout ratio of 69.2% for 1HFY2025, exceeding the formal dividend policy payout of 40%.

Mr. Christopher Borch, Founder and CEO, said: “Our improved performance testifies that our strategic priorities aimed at building the core foundations of our business are on the right track. I am especially pleased that our efforts to strengthen our decentralised structure through our ‘Five-Star Factory’ initiative have enabled us to respond nimbly to changing customer preferences, enabling us to stay resilient in the face of macroeconomic and trade uncertainties. We remain confident that our efforts will drive long-term sustainable growth for the business and returns for our shareholders.”

Update on key initiatives for FY2025

The Group continues to progress several key initiatives to build on the improved financial performance in 1HFY2025 and sustain earnings recovery in FY2025. These include:

Sustaining the 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 continued to improve significantly as orders rebounded with an improved product mix. The Group achieved its second consecutive quarter of profitability at MMUS with profit before tax of S\$316k, an increase of 47% from S\$216k made in 1QFY2025. The Group remains confident that the completed restructuring will continue to be earnings accretive and is focused on sustaining this momentum.

Executing the 'Five-Star Factory' initiative

The Group also continues to progress and benefit from implementing the 'Five-Star Factory' initiative, which aims to strengthen five fundamentals or "pillars" to accelerate excellence across its five factories. These include:

- **Fast, Effective & Local Support to Global Customers:** Strengthening the Group's decentralised structure, thus further improving its ability to respond to its customers' evolving needs quickly and effectively and to solve high-value customer and industry problems.
 - In 1HFY2025, the Group observed increased demand for local customers within its consumable tools segment amid global supply chain uncertainties arising from US-China trade restrictions.
- **Operational Excellence:** Leveraging lean engineering and management principles, data and automation to develop fast, flawless and cost-effective manufacturing.
 - Through its efforts, the Group has minimised inventory overstocking with inventory at S\$3.7 million as of 31 December 2024 (30 June 2024: S\$3.9 million), representing 5.6% of annualised sales (30 June 2024: 6.7%). In addition, inventory written off in 2QFY2025 totaled S\$13k, as compared to S\$33k in 2QFY2024.
- **Innovation Excellence:** Creating a culture that promotes fresh thinking and ingenuity that drives product and process innovations and improvements, enables new manufacturing capability, and encourages the adoption of new technologies and methodologies.
 - The Group has started working on a road map for the next generation of equipment and machines to enhance productivity and add new manufacturing capability.
 - The Group's R&D team completed the development of a moldable elastomer compatible with vision-based advanced packaging equipment.
- **High-Performance Teams:** Building a high-performance team of talented people with the right skills in the right positions, upskilling the Group's workforce through training programmes, and aligning incentive systems with measurements of progress and performance.
 - All the Group's subsidiaries have completed their training programmes for 1HFY2025.
- **Workplace Efficiency, Health, and Safety:** Implementing "8S" practices by all personnel resulting in organised, productive, clean, safe and environmentally responsible operations.
 - As of 1HFY2025, all of the Group's facilities are on track to achieving their internal "8S" targets.

Heading to the rest of FY2025, the Group remains focused on strengthening these five fundamentals to accelerate excellence across its five factories and position the business for long-term sustainable growth.

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 2QFY2025, the Group generated net cash from operating activities of S\$5.5 million. After deducting net cash used in investing activities of S\$174k and net cash used in financing activities of S\$4.6 million (including S\$4.2 million in dividends), the Group generated free cash flow of S\$0.8 million for 2QFY2025 with S\$20.2 million in cash and no bank borrowings.

Business outlook

The Group remains 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 heading into 2HFY2025. The Group remains cautiously optimistic of the continued recovery of the semiconductor industry amid ongoing macroeconomic and geopolitical uncertainty. While the Group believes that it is well-positioned to navigate these potential headwinds, it remains vigilant and focused on building the core foundation of the business to future-proof its operations for sustainable high-quality earnings and long-term growth.

This news release should be read in conjunction with the Group's financial statements posted on the SGX website on 25 January 2025.

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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
