

Accelerating our *Journey to Excellence*

Micro-Mechanics (Holdings) Ltd

FY2024 Annual General Meeting and 1Q2025 update

30 October 2024

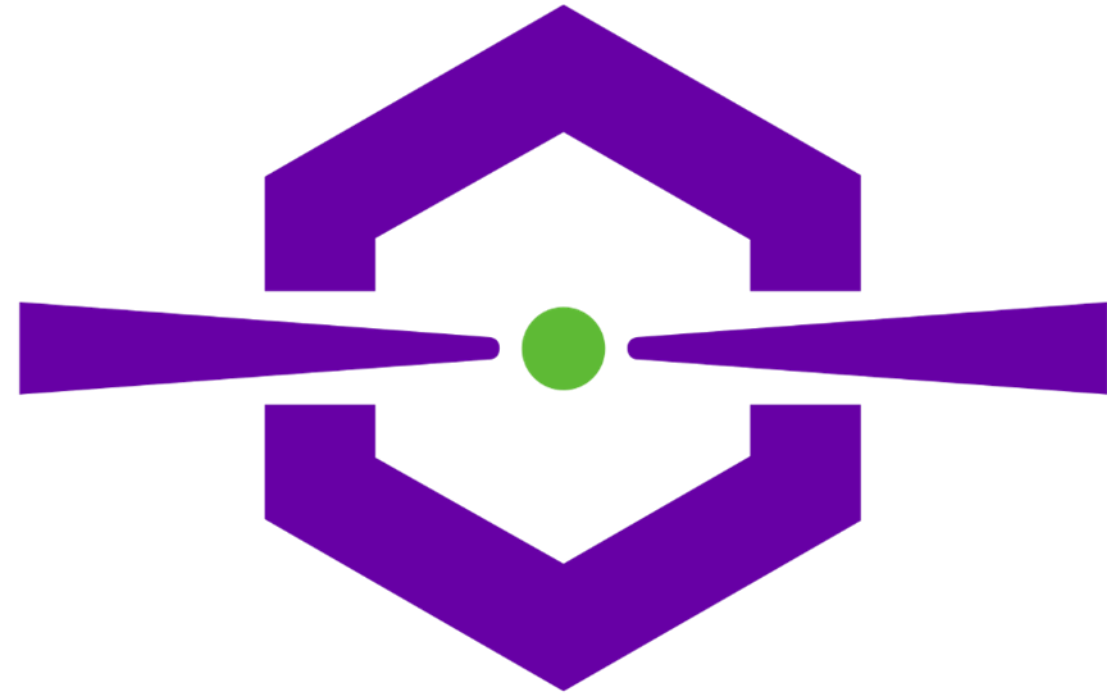


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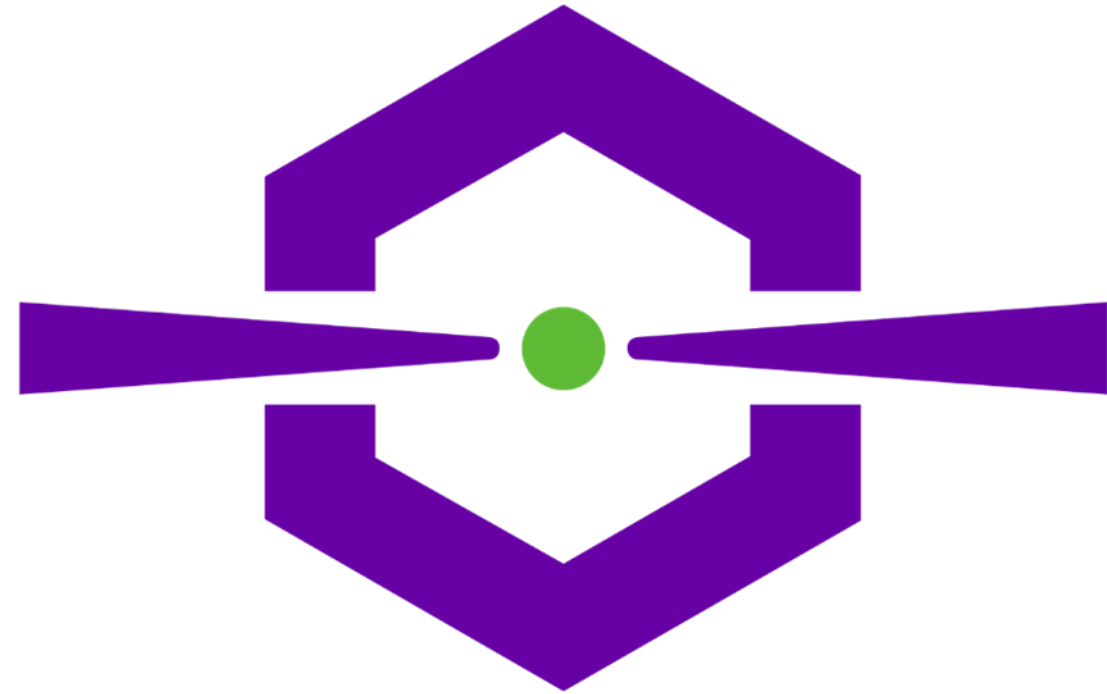
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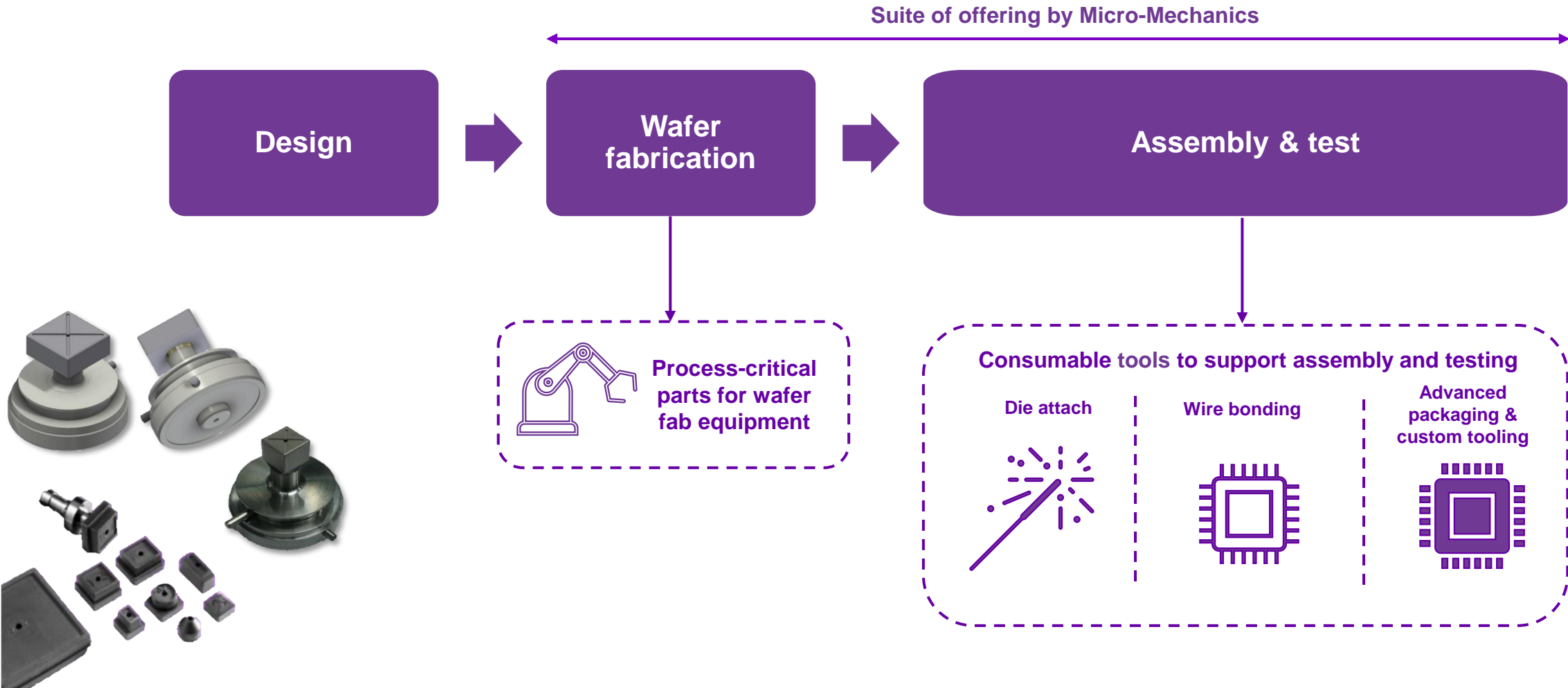
Corporate overview

Corporate overview

- Established track record since founding in 1983 and public listing on SGX Mainboard in 2003
- Target to be leading 'Next Generation Supplier' of high precision tools and parts, for process-critical applications in semiconductor wafer-fabrication and assembly
- Trusted by more than 600 customers globally with diversified geographical footprint across five operating facilities in USA, Singapore, Malaysia, China and Philippines
- Purpose driven mission –
 - **'Perfect Parts and Tools On Time, Every Time'** based on scalable, repeatable and cost-effective processes



Proposition across the semiconductor value chain





MICRO-MECHANICS

FY2024 operational update

Operational update

Progressing positive impact from our key areas of focus for FY2024



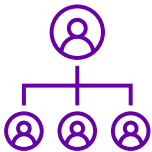
Restructuring MMUS¹ for enhanced competitiveness

- Sharpened engineering focus for the WFE² sector
- Optimised cost structure for efficiency



Launched 'Five-Star Factory' initiative for sustainable success

- Strengthened decentralised structure to enable all factories to accelerate excellence across the Group

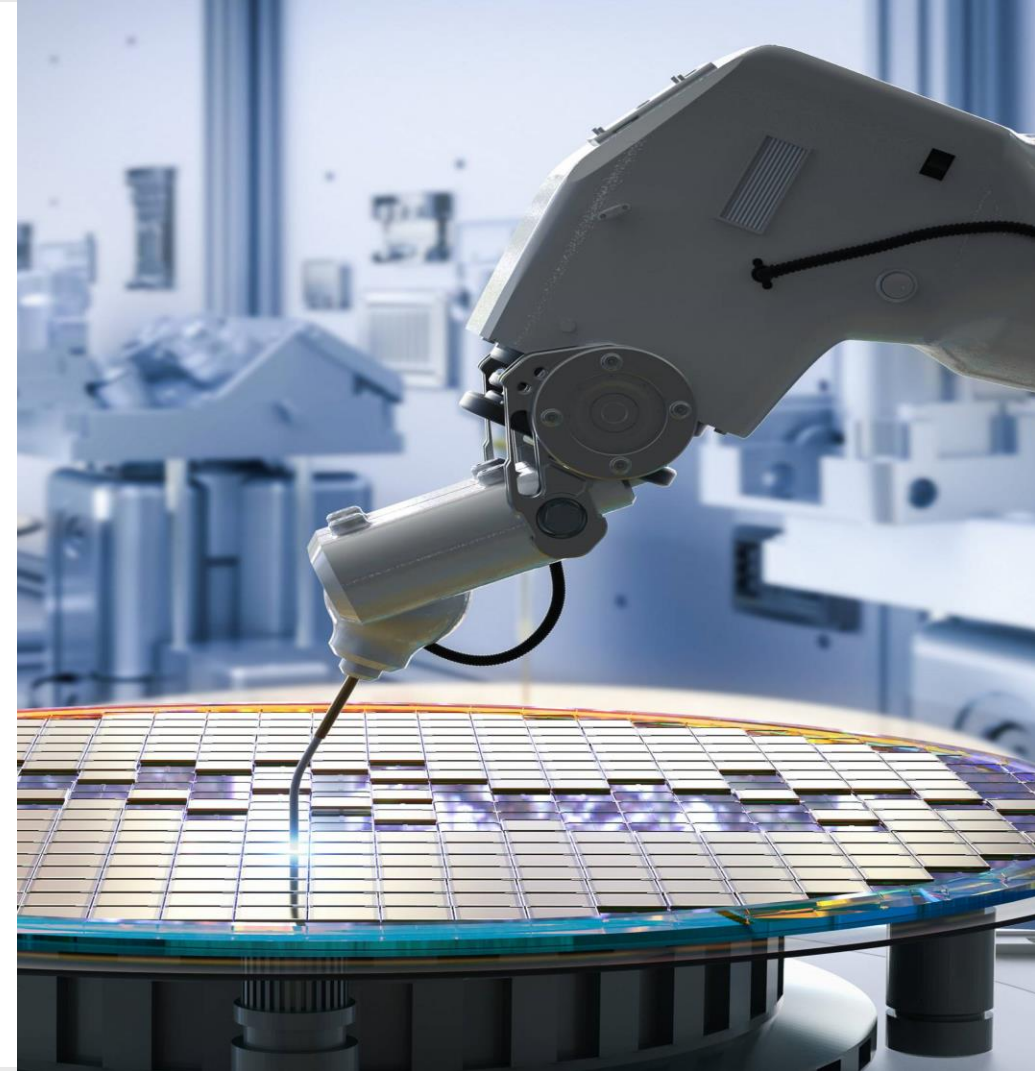


Rejuvenating leadership bench for new chapter of growth

- Diversified board expertise with new strategic appointments

¹ USA subsidiary of Micro-Mechanics

² Semiconductor wafer fab equipment



Operational update

Restructuring MMUS for enhanced competitiveness

Lifting core operating performance at MMUS

Sharpened engineering focus for the WFE sector

- Strategic calibration of resources with engineering and product focus
- Delivering a more competitive and higher-value product mix of process-critical parts for the WFE sector

Optimised cost structure for efficiency

- Annual operating cost savings on an ongoing basis
- Streamlined cost structure aligned with the Group's overarching focus on operational and innovation excellence across factories



Operational update

Launched 'Five-Star Factory' initiative for sustainable success

High-Performance Teams



Talent with the right skills in the right positions, upskilling our workforce through training programmes, and aligning incentive systems with measurements of performance

- Training & upskilling programmes under MMUniversity
- Staff remuneration including bonus programmes aligned with Group's KPIs and profitability
- Adherence to 'DO IT RIGHT' code of conduct – diligence, ownership, integrity, teamwork, respect, ingenuity, governance, habit and timeliness

Fast, Effective Local Support to Global Customers



Strengthening the Group's decentralised structure, improving ability to promptly respond to customers' and industry's evolving and high-value needs

- Solve semiconductor assembly problems with innovative and specific tool designs
- Close proximity to customers geographically to lower costs and ensure prompt deliveries

Workplace Efficiency & Safety



Implementing '8S' practices by all personnel resulting in organised, productive, clean, safe and environmentally responsible operations

- Reducing wastages in energy through onsite solar facilities, which now provides 71% of total energy usage at MMUS

Operational Excellence



Leveraging lean engineering and management principles, data and automation to develop fast, flawless and cost-effective manufacturing

- Lean processing through resource optimisation and cost management
- Strict implementation of and commitment to '8S' – a set of metrics to ensure efficiency and quality of operations
- 24/7 machining fundamentals

Innovation Excellence



Creating a culture that promotes fresh thinking and ingenuity, driving product and process innovations, new manufacturing capability and the adoption of new technologies and methodologies

- Building smart factories of tomorrow through efficiency software, next-gen machinery and technology
- Focusing on innovating and improving processes that reduce man-hours



FY2024 financials

FY2024 Highlights

Focus on financial discipline to deliver earnings resilience

Group revenue

S\$57.9m

FY2023
↓13.6%

EBITDA & EBITDA margin

S\$18.4m | 31.7%

ROE & EPS

17.4% | 5.78 cents

Cash and bank balances

S\$16.6m

FY2023
S\$14.3m

Net cash with no borrowings

CAPEX

S\$2.0m

3.5% of
FY2024 sales

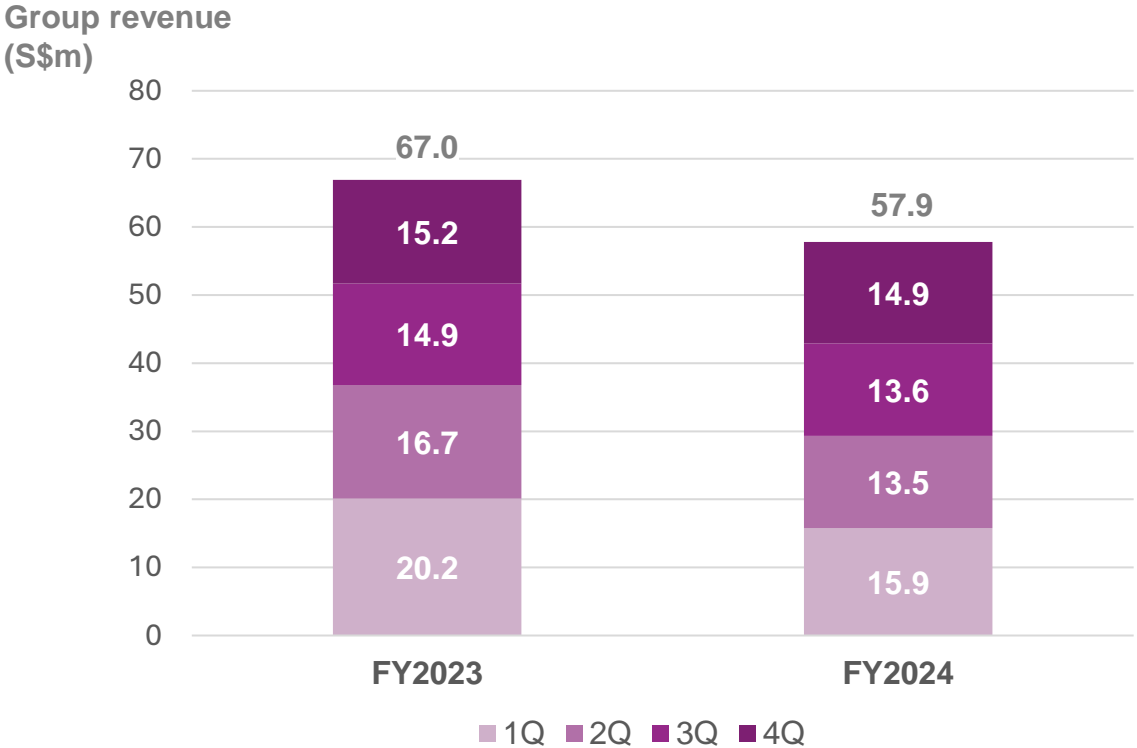
Net cash from operations

S\$14.6m

FY2023
S\$17.7m

Group revenue stabilising amidst industry downcycle

Positive momentum in sales recovery, validated by encouraging QoQ performance



FY2024

S\$57.9m FY2023
↓13.6%

- Semiconductor industry working through excess inventory
- US business impacted by WFE sector slowdown

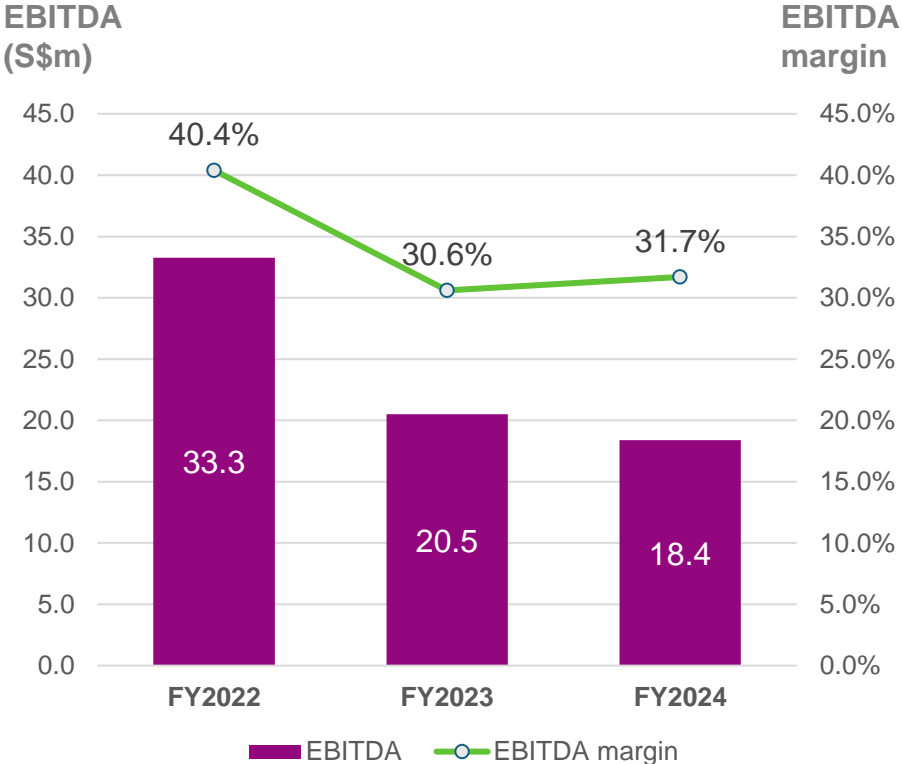
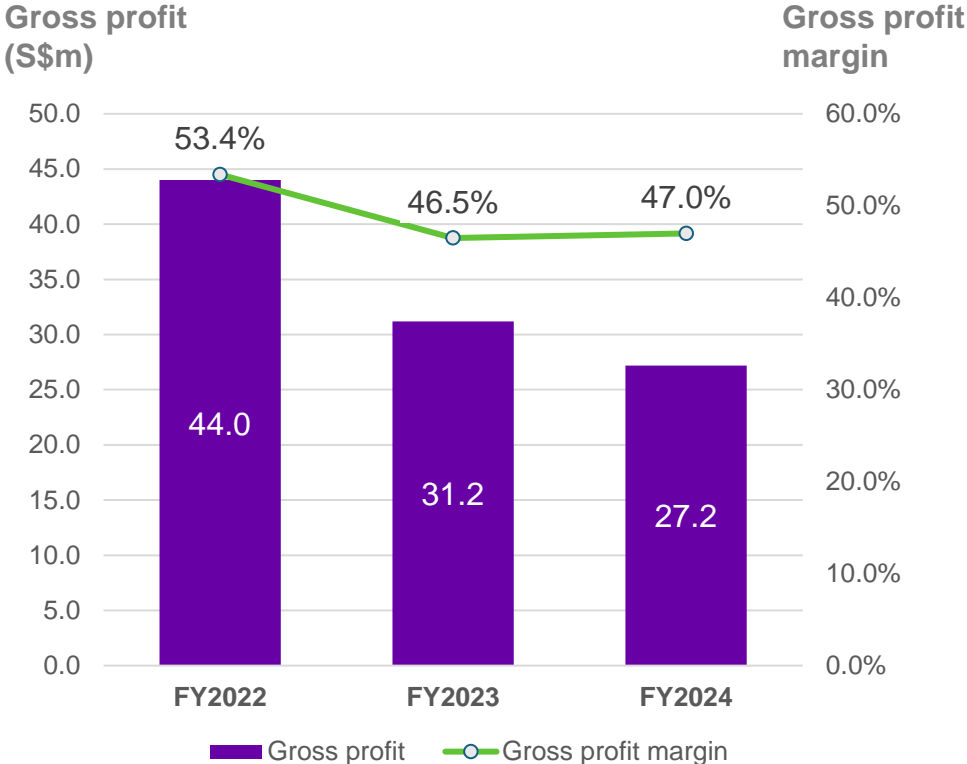
4QFY2024

S\$14.9m 4QFY2023
↓1.8%

- 9.7% increase QoQ from S\$13.6m in 3QFY2024

Resilient gross profit margin

Focus on higher-value work mitigated impact from operating deleverage



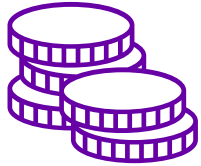
Resilient financial position

Anchored by disciplined cost and capital management

		As of 30 June 2023	As of 30 June 2024
Cash	Cash and bank balances	S\$14.3M	S\$16.6M
Gearing	Total borrowings	NIL	NIL
Trade receivables	Trade Receivables	S\$10.6M	S\$10.8M
	(Outstanding > 90days) / (Total trade receivables)	S\$4K	S\$3.7K
	Bad debt expenses	S\$0.1K	S\$3.9K
Inventory	Inventory	S\$4.3M	S\$3.9M
	Inventory / Sales	6.5%	6.7%
	Inventory write-off	S\$76K	S\$214K
Net asset value	NAV per ordinary share (cents)	33.40	33.14
Equity	Shareholders' equity	S\$46.4M	S\$46.1M

Commitment to long-term total shareholder returns (TSR)

Listing to date TSR of >2800%¹ reflects Group's sustainable and long-term growth trajectory



Final dividend per share

3.0 cents



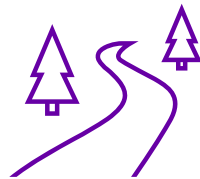
FY2024 total dividend

6.0 cents



Dividend payout ratio

104%



Cumulative dividend per share

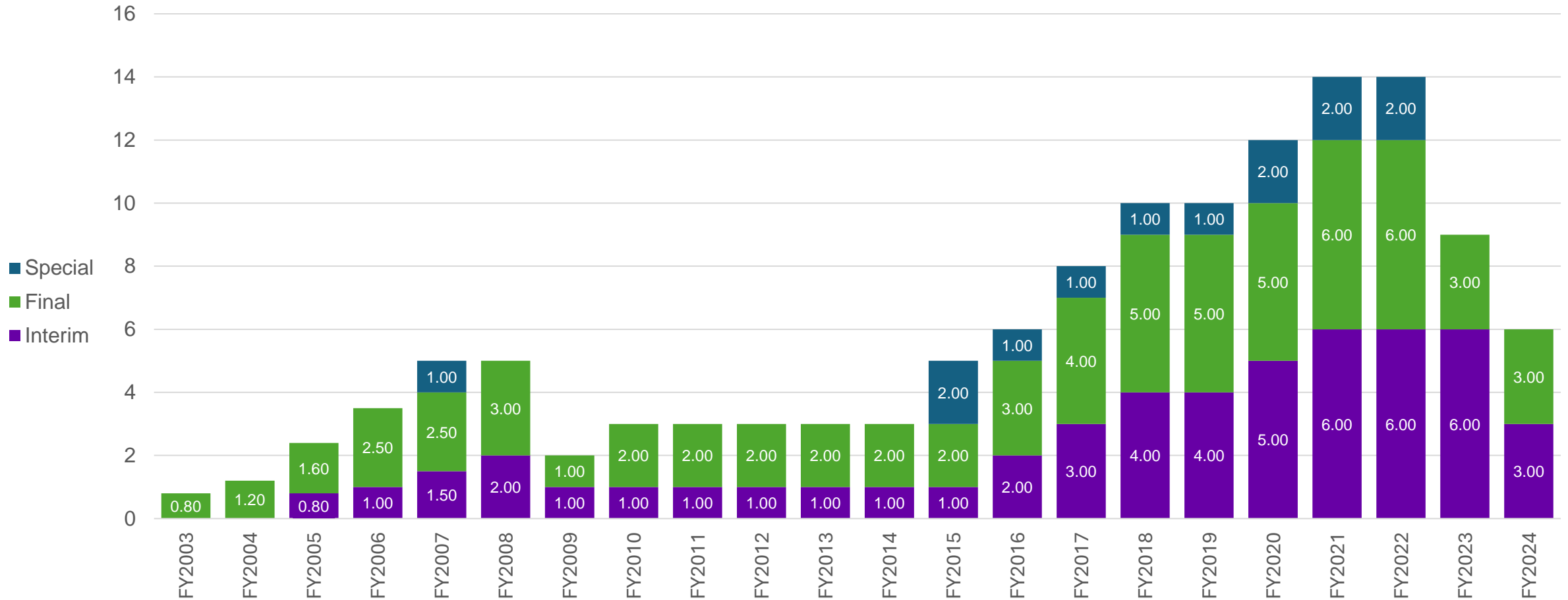
128.9 cents since listing

¹ Source: Bloomberg; for the period 24 June 2003 (IPO) till 30 June 2024; which represents the additional number of shares purchased in the period for each share at the beginning of the period, assuming dividends are reinvested through buying more of the security. STI returned 314% while FTSE ST All Share Index returned 278% during the same period.

Cumulative dividends represent 700% shareholder returns

Total dividend payout of 128.9 cents per share since listing

Total dividend per share (cents)





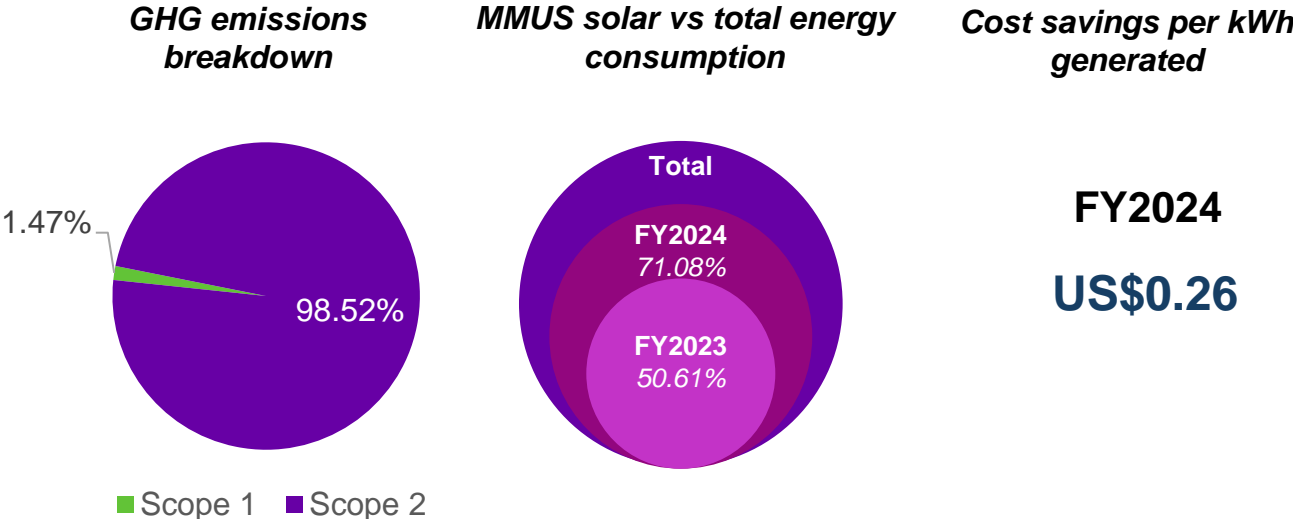
FY2024 ESG update

Committed to growing sustainably

Creating value through sustainability to improve business operations

Increasing reliance on solar energy

- Majority of Scope 2 GHG emissions generated by the Group stem from the purchase and use of electricity for operations.
- In line with the Group’s ongoing efforts to control costs and operate environmentally responsible facilities, the Group also increased its reliance on solar at MMUS in FY2024 compared to FY2023.
- The Group’s solar facilities generated 1,143,366 kWh for FY2024.



Upholding the highest level of governance standards

More than 30 awards won relating to governance over the years

Year	Award
2024	<ul style="list-style-type: none"> Singapore Corporate Silver Award for Best Managed Board Ranked 22nd of 477 SGX-listed companies Singapore Governance and Transparency Index 2024
2023	<ul style="list-style-type: none"> Most Transparent Company (Technology) 2023 Shareholder Communications Excellence Award (Small Cap)
2022	<ul style="list-style-type: none"> Asia 200 Best Under A Billion Companies 2022 Shareholder Communications Excellence Award (Mid Cap) Best Investor Relations Award (Gold)
2021	<ul style="list-style-type: none"> Singapore Corporate Governance Award (Mid Cap)
2020	<ul style="list-style-type: none"> Most Profitable Company - The Edge Singapore Centurion Club
2019	<ul style="list-style-type: none"> Singapore Corporate Governance Award (Small Cap) Shareholder Communications Excellence Award (Small Cap)
2018	<ul style="list-style-type: none"> Singapore Corporate Best CEO award for Chris Borch Singapore Corporate Governance Award (SmallCap) Shareholder Communications Excellence Award (Small Cap)
2017	<ul style="list-style-type: none"> Singapore Corporate Governance Award (Small Cap) Singapore Corporate Governance Award (Information Technology) Shareholder Communications Excellence Award (Small Cap) Singapore Corporate Gold Award – Best Managed Board Singapore Gold Award – Best Investor Relations
2016	<ul style="list-style-type: none"> Singapore Corporate Governance Award (Mid and Small Cap) SIA Most Transparent Company (Information Technology) Singapore Corporate Silver Award – Best Managed Board
2015	<ul style="list-style-type: none"> SIA Most Transparent Company (Mainboard Small Caps) Singapore Corporate Silver Award - Best Managed Board Singapore Corporate Silver Award - Best Investor Relations



1QFY2025 financials



MICRO-MECHANICS



MICRO-MECHANICS

Micro-Mechanics' headquarters in Singapore (MMS)

1QFY2025 highlights

Continued positive momentum in sales recovery

Group revenue

S\$16.2m

+2.5% yoy
+8.8% qoq

EBITDA & EBITDA margin

S\$5.8m

+5.2% yoy

35.7%

+0.9 ppt yoy

ROE & net profit

17.2%¹

S\$3.1M

+14.0% yoy

Cash and bank balances

S\$19.3m

S\$16.6m
30 Jun 2024

Net cash with no borrowings

CAPEX (consolidated)

S\$610k

3.8%
of 1QFY2025 sales

Net cash from operations

S\$4.1m

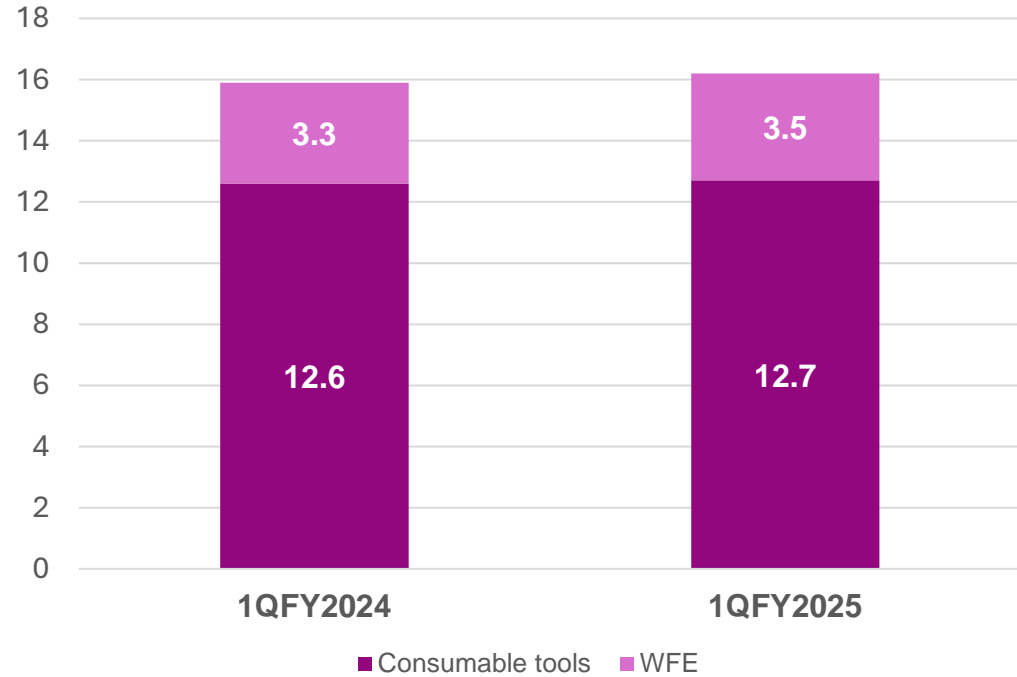
S\$3.6m
1QFY2024

¹ Return on equity on trailing 12-month basis.

Increased revenue across business segments

Orders rebounding in tandem with improved product mix

Group revenue
(S\$m)



1QFY2025

S\$16.2m

+2.5% yoy (1QFY2024:S\$15.9m)

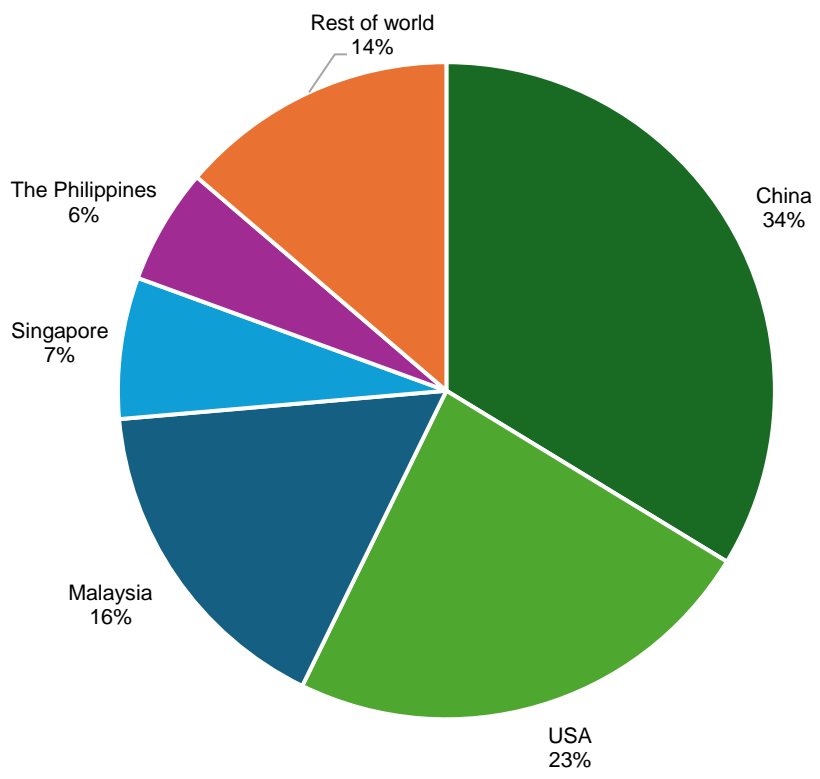
+8.8% qoq (4QFY2024:S\$14.9m)

- Third consecutive quarter of revenue increase
- Rebound in orders particularly in WFE fabrication, with WFE segment turning profitable with PBT of S\$213k
- Customers at both front and back-end of semiconductor value chain, with consumable tools making up 78.4% of Group revenue

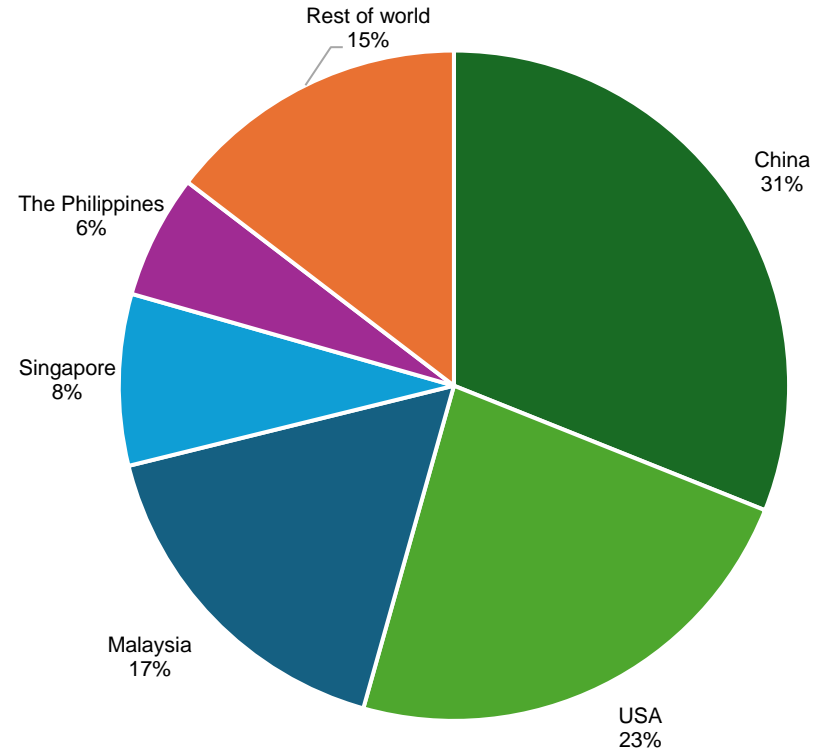
Geographical diversification of revenue

USA and Singapore beneficiaries of growth in WFE and consumables segment

1QFY2024



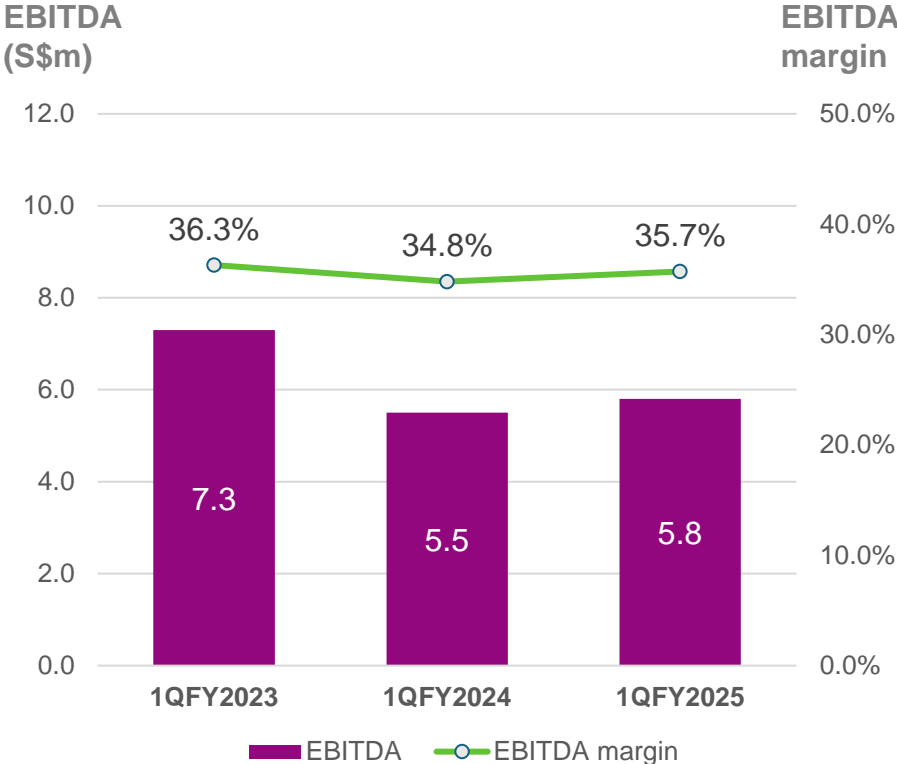
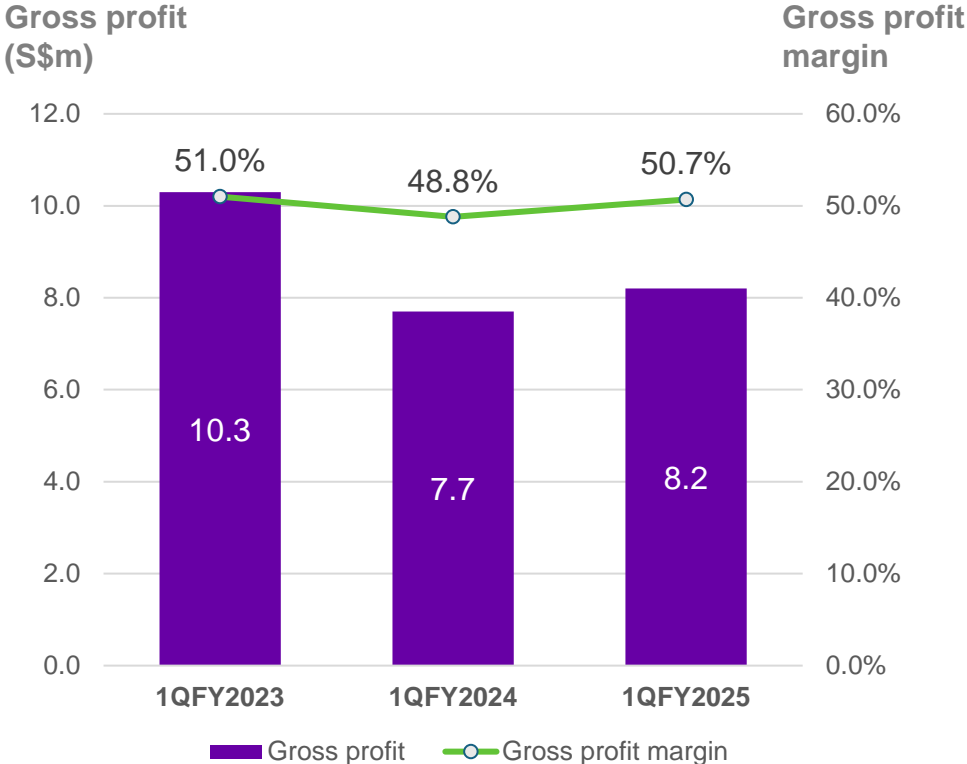
1QFY2025



Revenue from top four markets			
	1QFY2024 S\$m	1QFY2025 S\$m	% change
China	5.3	5.0	(4.9%)
USA	3.7	3.8	2.2%
Malaysia	2.6	2.7	5.7%
Singapore	1.1	1.3	19.6%

Resilient gross profit margin

Supported by improved operating leverage and focus on higher-value work



Resilient financial position

Anchored by disciplined cost and capital management

		As of 30 Jun 2024	As of 30 Sep 2024
Cash	Cash and bank balances	S\$16.6M	S\$19.3M
Gearing	Total borrowings	NIL	NIL
Trade receivables	Trade Receivables (Outstanding > 90days) / (Total trade receivables) Bad debt expenses	S\$10.8M S\$3.7K S\$3.9K	S\$11.3M S\$10K NIL
Inventory	Inventory Inventory / Sales Inventory write-off	S\$3.9M 6.7% S\$214K	S\$4.1M 6.3% S\$99K
Net asset value	NAV per ordinary share (cents)	33.14	35.15
Equity	Shareholders' equity	S\$46.1M	S\$48.9M



美科精微机械(苏州)有限公司

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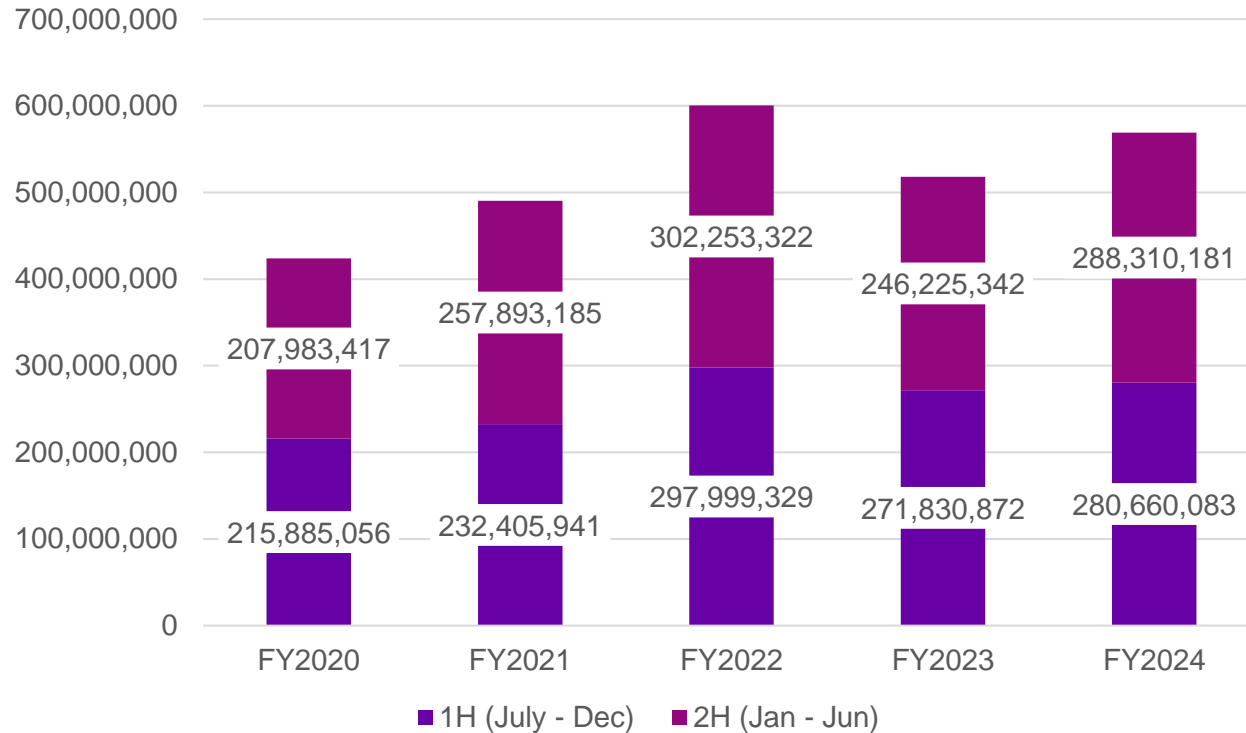
Outlook & summary

 MICRO-MECHANICS

Encouraging sector performance and outlook

The industry is in the advanced stages of rebalancing inventory and production

Worldwide Semiconductor Revenue in US\$



Source: 36 Years WSTS Blue Book Data

Sector revenue FY2024

US\$568.97b

FY2023
↑ 9.8%

Sales forecast for end 2024

US\$611b 

Supported by uptick in demand for consumer electronics as well as rebound in orders in the WFE market

Source: WSTS

Outlook for rest of FY2025

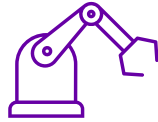
Strengthening the foundations to position for earnings recovery

Target to be 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



Achieving profitability at MMUS to become earnings accretive

- Continued restructuring of processes to reduce costs
- Sharpen engineering focus to four main product areas for the WFE sector to develop a compelling and competitive differentiation which allows product mix and price optimisation



Continuing the implementation of our “Five-Star Factory” initiative

- Enhancing our commitment to the 5 pillars of excellence to achieve sustained success



Prioritising disciplined capital management and good governance

- Maintaining the Group’s track record of financial discipline by maintaining zero bank borrowings, steady dividends and investing activities
- Keeping good governance as the cornerstone of all business practices, as a means to protect shareholder value

Safe Harbour for Forward-Looking Statements

This presentation contains certain statements that are not statements of historical fact, i.e. forward-looking statements. Investors can identify some of these statements by forward-looking items such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', and 'could' or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements are based on current expectations, projections and assumptions about future events.

Although Micro-Mechanics (Holdings) Ltd. believes that these expectations, projections, and assumptions are reasonable, these forward-looking statements are subject to the risks (whether known or unknown), uncertainties and assumptions about Micro-Mechanics (Holdings) Ltd. and its business operations. Some of the key factors that could cause such differences are, among others, the following:

- changes in the political, social and economic conditions and regulatory environment in the jurisdictions where we conduct business or expect to conduct business;
- the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- changes in and new developments in technologies and trends;
- changes in currency exchange rates;
- changes in customer preferences and needs;
- changes in competitive conditions in the semiconductor industry and our ability to compete under these conditions;
- changes in pricing for our products; and
- changes in our future capital needs and the availability of financing and capital to fund these needs.

Given these risks, uncertainties and assumptions, the forward-looking events referred to in this presentation may not occur and actual results may differ materially from those expressly or impliedly anticipated in these forward-looking statements. Investors are advised not to place undue reliance on these forward-looking statements. Investors should assume that the information in this presentation is accurate only as of the date it is issued. Micro-Mechanics (Holdings) Ltd.'s business, financial conditions, results of operations and prospects may have changed since that day. Micro-Mechanics (Holdings) Ltd. has no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Thank you

For more information, please contact investor relations at micro-mechanics@teneo.com

