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NEWS RELEASE

Micro-Mechanics Posts Net Profit of S\$6.1M on Revenue of S\$36.9M in 1H23

- Softer 1H23 performance due to slowdown in global chip industry and difficult operating conditions in China
- Group maintains interim dividend of 6 cents per share
- Healthy financial position with cash of S\$18.0 million and no bank borrowings

Singapore, 30 January 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 net profit of S\$6.1 million for the six months ended 31 December 2022 (“1H23”), down 35.5% from 1H22. Group revenue eased 9.6% to S\$36.9 million in 1H23, reflecting slower conditions in the global semiconductor industry and the difficult operating environment in China. These factors also led to a 17.9% decline in revenue to S\$16.7 million and a 58.4% decrease in net profit to S\$1.9 million for the three months ended 31 December 2022 (“2Q23”).

After marking strong growth in the first half of 2022, worldwide semiconductor sales began to taper during the second half of the year. The Semiconductor Industry Association (SIA) said global chip sales in September 2022 decreased on a year-on-year (yoy) basis for the first time since January 2020. In the following two months of October and November, the global semiconductor market continued to register sales declines due largely to market cyclical and macroeconomic headwinds.

Besides the global chip market slowdown, Group revenue was also affected by difficult operating conditions in its major market of China where a flare-up in COVID-19 infections triggered new curbs and targeted lockdowns to control the outbreaks. As a result, sales in China decreased 32.1% to S\$9.9 million in 1H23.

CEO of Micro-Mechanics, Mr Chris Borch said, “At the start of our financial year, we began to see slower market conditions for semiconductors amid softening demand and higher chip inventories especially for Personal Computers and Smart Phone applications, which make up a major portion of chip consumption. As cyclical 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.”

Notwithstanding the market slowdown, Micro-Mechanics has maintained its interim dividend at 6 cents per share (one-tier tax exempt) for 1H23.

“In the second half of FY2023, Micro-Mechanics will mark forty years since the company was founded in 1983. As we approach this milestone, we would like to express our deepest appreciation to Mr Chow Kam Wing, Executive Director and CFO, and Mr Low Ming Wah, Executive Director and COO, for their many valuable contributions. Both Mr Chow and Mr Low will be retiring after 27 and 34 years of service respectively, and will remain as advisors to the Group for a period of one year,” said Mr Borch.

To prepare for the next forty years, Mr Kyle Borch, who was appointed as Deputy CEO and Executive Director on 1 January 2023, will be assembling and leading an interdisciplinary team of people from the Group’s five worldwide plants. The team will focus on accelerating the adoption of continuous improvement and Center of Excellence initiatives, as the Group stays focused on various fundamentals and key progress initiatives which it believes will make Micro-Mechanics a stronger competitor in the long term.

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This news release should be read in conjunction with the Group's financial statements posted on the SGX website on 30 January 2023.

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