MICRO-MECHANICS (HOLDINGS) LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199604632W)

ANNOUNCEMENT

ANNUAL GENERAL MEETING TO BE HELD ON 30 OCTOBER 2025 – RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS

The Board of Directors of Micro-Mechanics (Holdings) Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to thank shareholders for submitting their questions ahead of the Company's Annual General Meeting ("**AGM**") to be held on 30 October 2025.

For ease of reference, questions that are similar or pertaining to the same subject matter have been categorised and grouped together.

The Company's responses to questions which were raised by shareholders and that are substantial and relevant to the Company's business and its Annual Report, are set out in the following pages of this announcement.

By Order of the Board of Directors

Submitted by Wendy Tan Wei Lee
Company Secretary
25 October 2025

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About Micro-Mechanics

Micro-Mechanics is a *Next Generation Supplier* focused on enabling advanced technologies. The Group designs and manufactures consumable tools that reduce defects and improve yields in advanced semiconductor packaging, assembly and testing processes. The Group also manufactures precision components for critical production processes in the wafer-fabrication equipment and other high-tech industries.

Founded in 1983 and listed on the SGX Mainboard (SGX:5DD) in 2003, the Group has become a trusted partner to more than 600 customers worldwide, providing fast, effective and localised support across its five operating facilities in Singapore, Malaysia, China, the Philippines and the USA.

The Group is committed to executing its *Five-Star Factory* initiative, which aims to drive excellence across five key areas – people, customers, workplace safety and efficiency, operations, and innovation – to strengthen its core operating foundation. Together with a focus on financial discipline and strong governance practices, the Group aims to solve high-value problems and deliver sustainable long-term stakeholder returns.

Since listing, Micro-Mechanics has received nearly 40 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

Questions on AGM resolutions

A. Operations

1. Could the Board explain how the principle of "striving to be the best, not the biggest" applies to Micro-Mechanics' Consumable Tools and WFE segments, how it shapes priorities, performance and customer management, particularly in WFE where customer concentration and requalification risks are higher?

The Group believes "striving to be the best, rather than the biggest" means prioritising high-value problems across the supply chain as it closely engages customers to solve their most important problems and identify new growth opportunities.

This philosophy has guided the Group's strategic focus on its *Five-Star Factory* initiative, which aims to drive excellence across people, customer focus, operations, innovation and efficiency. Additionally, it anchored the Group's restructuring of MMUS completed in FY2024, where it recalibrated the Group's engineering and product focus to develop a more compelling, competitive and higher-value product mix for the WFE industry. These initiatives have delivered meaningful progress, as reflected by the 12.6% year-on-year ("yoy") increase in Group revenue S$65.2 million for FY2025, alongside solid growth in its consumable tools and WFE segments.

Apart from operational improvements, the Group has consistently maintained or improved its earnings quality in "striving to be the best". This was reflected in the Group's FY2025 financial performance, where it delivered gross profit margin of 49.4%, EBITDA margin of 34.9% and 25.2% Return on Equity ("ROE").

Going forward, the Group remains committed to pursuing excellence across its operations, so that it can continue enabling customer success and strengthen foundations for sustainable long-term growth.

B. Financials

2. What drove the yoy revenue increase for the Malaysia and USA segments?

The Group's sales from Malaysia increased 28.5% yoy to S$12.1 million for FY2025. This was driven by the Group's decentralised structure, which enabled it to capture demand in the advanced stages of the semiconductor industry's recovery. Its decentralised structure also enabled the Group to respond swiftly to customer needs, reducing lead times to under seven days in some instances as tariff uncertainties reconfigured supply chains globally.

Meanwhile, its sales from USA increased 25.2% yoy to S$14.6 million for FY2025. The Group saw orders rebounding after the Group restructured its US subsidiary ("MMUS") in FY2024 and recalibrated its engineering and product focus to develop a more compelling, competitive and higher-value mix of process critical parts for the WFE industry.

The Group is encouraged by the strong performance across its operating facilities for FY2025 and remains focused on sustaining this momentum in FY2026.

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3. **Could the Board provide a breakdown of the major expense components within the Group's cost of sales?**

The Group does not disclose the breakdown of major expense components due to commercial sensitivities. However, the Group remains committed to prudent cost management with active oversight of its cost structure. This was evidenced in the Group's FY2025 financial performance where its administrative, distribution and other operating expenses (net of other income) as a percentage of revenue, decreased to 24.3% or S$15.9 million for FY2025 as compared to 27.0% in the same period a year ago.

The commitment to optimise cost structure is reflected in the Group's Operational Excellence efforts, which leverage lean engineering and management principles, data and automation to reduce waste or inefficiencies. Through these efforts, the Group minimised inventory to 4.8% of annualised sales in FY2025, compared to 6.7% of annualised sales at the end of FY2024. In 4QFY2025, the Group also improved costs, lead time, and yield with enhancements to its elastomer manufacturing process, which made up 29.6% of Group's total revenue.

Looking ahead, the Group remains focused on enhancing *Operational Excellence* as it strengthens its foundations for sustainable long-term growth.

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4. **What drove the gross margin improvement in FY2025 over FY2024? And what contributed to the segment profit improvement in FY2025 over FY2024 for the consumable tool segment and WFE segment?**

The Group's consumable tools segment profit increased 9.8% yoy to S$12.4 million for FY2025, while its WFE segment delivered its full year of profitability with profit of S$1.2 million. These improvements were supported by a strong rebound in orders across both segments, particularly in the WFE segment after the Group refocused its products toward a more compelling, competitive and higher-value product mix. Through its efforts to strengthen Operational Excellence, the Group also achieved greater cost efficiencies and improved operating leverage across both segments.

Consequently, the Group's gross profit margin rose to 49.4% in FY2025 from 47.0% in FY2024. This margin expansion reflects robust topline performance, cost efficiencies, and the Group's emphasis on high-precision and process critical parts, where reliability and performance take precedence over pricing.

The Group is encouraged by the positive outcomes yielded in FY2025 and remains focused on sustaining this momentum amidst a dynamic industry landscape.

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5. **Over the last two to three years, Micro-Mechanics' capital expenditure has been below historical levels, which could be a concern if this trend persists. With the current cash balance and higher retained earnings in FY2025, the Group appears to have the resources and is investing to strengthen operational capabilities and efficiency – reflecting its focus on being the best. Could the Board provide more insight into this strategic direction and outline the planned capital expenditure for FY2026?**

In line with its disciplined approach to capital management, the Group has been investing strategically in growth-related capital expenditure in recent years to respond to prevailing market conditions and business requirements. For FY2025, the Group's capital expenditure amounted to approximately S$1.2 million, comprising S$741k of investments in new machines and accessories, and S$365k for the purchase of computers and IT software for the Group's five factories worldwide.

To support sustained business growth, the Group will be focusing capital expenditure in FY2026 on upgrading the production capacity and localised capabilities across the Group's five factories, in line with the industry trend of supply chain localisation.

As part of its overall capital management strategy, the Group takes into consideration financial performance, projected cash flow and capital requirements for business growth and general economic conditions among other relevant factors. Equally, the Group is fully committed to enhancing long-term total shareholder returns ("TSR"), with a formal dividend policy to distribute 40% or more of its after-tax annual earnings. For context, the Group has delivered a TSR of >3,000%, including a total dividend payout of 134.9 cents per share.

Overall, the Group believes this disciplined and balanced approach to balance sheet management will support sustainable long-term growth in the business and total shareholder returns.

C. Growth and Outlook

6. Do you believe that the downturn over the past few years is now behind us? What will be the main growth drivers in FY2026?

The World Semiconductor Statistics ("WSTS") expects the global semiconductor market to grow by 9.9% year-on-year ("yoy") to US$800 billion in 2026. The Group however recognises macroeconomic and externality risks beyond management's control, including the impact of sector-specific tariffs on operating markets and overall economic growth.

To stay ahead of the industry, the Group launched the Five-Star Factory initiative in FY2024 to strengthen its core foundations for long-term growth. Strategically designed across five core pillars - Fast, Effective and Local Support to Global Customers, Operational Excellence, Innovation Excellence, High Performance Teams, Workplace Efficiency and Safety - the initiative aims to drive business excellence, strengthen resilience against externalities, and capture growth opportunities across the value chain.

The Group executed on a planned roadmap as outlined in the FY2025 presentation and will continue strengthening these pillars to deliver sustainable growth across the business.

Against a dynamic operating landscape, the Group also expects the localisation of supply chains to be a key growth driver, as industry players continue to establish or strengthen their domestic supply chains across all product segments.

The Group is uniquely positioned to seize these emerging growth opportunities by leveraging on its track record of more than 40 years, as well as its decentralised structure comprising five operating facilities in the USA, Singapore, Malaysia, China and Philippines. Additionally, the Group continues to exercise prudent cost management with active oversight of its cost structure.

Overall, the Group is cautiously optimistic and focused on execute its Five-Star Factory initiative with a bottom-up approach. This is anchored by the Group's disciplined capital management approach, and strong commitment to upholding exemplary governance standards.
