



MICRO-MECHANICS (HOLDINGS) LTD.

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

ANNOUNCEMENT

**ANNUAL GENERAL MEETING TO BE HELD ON 26 OCTOBER 2026
– 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 26 October 2026.

For ease of reference, questions that are similar or pertain 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
21 October 2026

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About Micro-Mechanics

Micro-Mechanics designs and manufactures precision tools and parts used in process-critical applications for the semiconductor and other high-technology industries. As a *Next Generation Supplier*, the Company aims to solve difficult technical problems through deep collaboration, state-of-the-art technology, operational excellence and continuous innovation. The Group currently operates two business segments: *Consumable Tools* designed and engineered to address complex processing challenges in semiconductor packaging and *Build-to-Print Precision Components* used by makers of equipment for Wafer Fabrication and other high-tech industries.

A key component of the Group’s growth strategy is its *Five-Star Factory* initiative which focuses on pursuing excellence in every aspect of the Company’s operations, from how it works with customers to the way it develops processes that are repeatable, cost-effective and sustainable.

The Group’s focus on long-term shareholder returns has been equally supported by its financial discipline and commitment to good governance. Since becoming a public company, Micro-Mechanics has received 40 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.

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 United States of America.

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

Questions on AGM resolutions

A. Mid-term growth strategy

- 1. The Group's five-year strategy targets revenue of S\$150 million, a gross profit margin of 50%, and overheads below 20% of revenue. This implies profit before tax of about S\$45 million, or a 30% margin. Over the past two financial years, the wafer fabrication equipment (WFE) segment generated a single-digit profit-before-tax margin. If the revenue mix remains broadly similar, the target appears ambitious. Consumable Tools revenue has also not doubled over a five-year period historically, so much of the growth may need to come from WFE parts or build-to-print products. This would require a substantial improvement in margins. What operational changes or efficiencies underpin these targets?**

The Group's mid-term strategy sets out its ambition to be a *Next Generation* Supplier at an exciting time for the industry. Global semiconductor sales are expected to reach US\$1.7 trillion in 2026¹, while advanced packaging is bringing front-end and back-end requirements closer together and raising requirements for precision, cleanliness and process control.

With its established products, deep technical know-how and a strong manufacturing footprint, the Group believes it is well-positioned for these opportunities. Its strategy is designed to capture current demand while investing for the next phase of growth, as it focuses on strengthening customer support with expanded operations and localised capabilities, investing in next-generation processing, and advancing smart and secure manufacturing.

Central to its execution is *Five-Star Factory* initiative, which strengthens the Group's foundations by improving how it understands and solves customer problems, develops scalable precision-machining capabilities, and embeds continuous improvement and innovation across the organisation. With a relatively fixed cost base, these efforts should support operating leverage and the potential for higher margins as the Group scales.

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- 2. What revenue contribution does management expect from the Group's core back-end consumable tooling business versus its Build-to-Print Precision Components business serving front-end wafer fab equipment in order to achieve the FY2031 revenue target? What are the key assumptions for growth in each segment?**

The Group does not provide segment-level revenue forecasts. Within Consumable Tools, it sees opportunities in advanced packaging and localisation, particularly in China, Malaysia, and Taiwan. For Build-to-Print Precision Components ("Build-to-Print"), the opportunity is supported by the much larger WFE market. At the same time, the Group sees opportunities brought by the convergence of front-end and back-end requirements.

While the pace and mix will depend on market conditions, the Group believes its products, know-how, team and global footprint position it well for the industry's next phase of growth.

¹ World Semiconductor Trade Statistics, [Global Semiconductor Market records exceptional growth in Q2 2026](#), August 2026

3. **Given the cyclical nature of the semiconductor industry and the significant investment associated with AI infrastructure, what assumptions does management make about semiconductor demand and the WFE cycle through FY2031? Does the Board see any significant risk of the industry entering a downcycle in the near term, and how would this affect the Group's growth and investment plans?**

The Group does not assume that demand will be linear through FY2031. However, over the long term, the Group believes the industry will continue to grow as semiconductors become increasingly important across a wider range of applications.

The Group therefore believes that strategic investment through the industry cycle is key to enhancing its long-term competitive position. This provides the flexibility to capture opportunities, stay resilient, and continue progressing towards its FY2031 growth objectives.

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4. **To what extent does the Group's FY2031 growth plan depend on acquisitions, particularly in the Build-to-Print segment? What capabilities, technologies or geographic markets, if any, would management seek to acquire?**

The Group's mid-term growth strategy focuses mainly on organic growth across three key priorities.

The first is strengthening customer support through expanded operations and localised capabilities. The Group will strengthen its presence across key semiconductor markets to provide faster and more effective customer support. This includes expanding operations in China and Malaysia, where customers and the industry continue to grow, and building a stronger physical presence in Taiwan.

The second is next-generation processing. The Group will invest in next-generation equipment and processes to enhance its capabilities in process-critical applications.

The third is smart and secure manufacturing. The Group will increase the use of data-driven decision-making to improve operational effectiveness and support long-term innovation, while developing ISO 27001-aligned cybersecurity capabilities to strengthen its position as a trusted supplier of choice.

The Group also remains open to acquisitions that can support these areas of its strategy, with its strong financial position providing the flexibility to act when suitable opportunities arise.

B. Operations

5. **Decentralised operations depend on strong local decision-makers, and the share scheme appears designed to align managers' interests with shareholders. With the COO and CFO retiring and the CEO stepping back to become Chairman, has responsibility shifted to the local management teams or become more concentrated at the top?**

The Group's decentralised structure allows it to stay responsive to customers and provide quick local support with consistent, high-quality service. The Group takes a hands-on approach to management, working closely with teams on the ground to understand challenges and improve execution.

The *Five-Star Factory* initiative helps bring this together by giving teams around the world a common framework for learning, sharing ideas and solving problems together.

As part of its focus to build *High Performance Teams*, the Group continues to recruit and develop talent across all levels and locations, strengthening local support for customers worldwide.

6. **The Group will report a new segment, “Build-to-Print Precision Components”, starting in FY2027. Is the new segment principally a reclassification of the existing WFE parts business, or is it an expansion or reorganisation of the business? What has changed in the underlying activities, customer base, capabilities, strategic positioning or management structure?**

The change relates only to the segment descriptions and naming convention. It is intended to better reflect how the Group creates value for its customers, aligning segment reporting with its competitive positioning and strategic direction rather than the end-market served. There is no change to the Group’s underlying operations, management structure or reportable segments.

7. **How much of the Group’s core capabilities in consumable tooling are transferable to the manufacture of precision components for WFE, and what additional manufacturing capabilities, processes, technology or expertise does the Group need to develop to compete effectively in this market?**

The Group’s core capabilities are highly transferable across both business segments, as Consumable Tools and Build-to-Print parts require the same commitment to precision engineering, process control, quality, reliability and continuous improvement. The Group also benefits from a culture of sharing technical knowledge, lessons learned, and best practices across its operations, supported by the common framework of its *Five-Star Factory* initiative.

As parts become more complex and customer requirements more demanding, the Group continues to invest in its process, quality and engineering capabilities to remain a trusted supplier of choice. In FY2026, these investments included a new machine to improve machining quality and efficiency, as well as a physics-based programming technology that can increase material removal rates by 10-30% for long-cycle parts. With its mid-term growth strategy, the Group is also using data to improve operations and innovation, while strengthening cybersecurity in line with ISO 27001 requirements.

8. **Where does MMUS sit in the WFE supply chain today, including whether it supplies directly to OEMs, contract manufacturers or other Tier 1 suppliers? Is MMUS itself qualified as a Tier 1 supplier to any major WFE customers? How does the Group intend to leverage its current position to identify, qualify for and win larger WFE customers?**

MMUS mainly serves the Build-to-Print segment, supplying critical build-to-print precision components to WFE customers and other high-tech industries globally. Its parts are used in areas such as deposition and etch applications.

As a *Next Generation Supplier*, its value lies in manufacturing difficult parts accurately, consistently and efficiently. The Group continues to engage customers to better understand and solve their problems, strengthen its engineering and manufacturing processes, and improve its factories through the *Five-Star Factory* initiative. This is increasingly important as semiconductor manufacturing becomes more complex and customers place greater emphasis on supplier capability and reliability. By consistently meeting these requirements, the Group believes the Build-to-Print business can win more critical work over time.

C. Financials

9. Was the inventory write-off in FY2026 due to obsolescence (overproduction or unsaleable)? What is the typical average lead time before inventory goes obsolete?

Inventory write-offs for FY2026 were S\$73k, compared with S\$166k in FY2025. Obsolescence risk varies by product, as customer requirements, part numbers and product programmes can change quickly. Under its *Five-Star Factory* initiative, the Group continues to improve the way it plans and manages inventory, while working to shorten lead times and deliver on time.

10. Inventory stood at 6.5% of sales for FY2026 versus 4.8% of sales in the previous financial year. Is there a fixed threshold on this?

With higher material costs and longer lead times, the Group built up inventory to fulfil confirmed backlog orders.

While there is no fixed threshold for inventory, the Group remains disciplined in managing inventory levels and minimising obsolescence risk. This is especially important for the Consumable Tools segment, where customers' requirements can change quickly as they seek to improve yields, cycle times and efficiency.

11. Can management provide a breakdown of the planned S\$12.0 million of FY2027 capital expenditure between the Consumable Tools and Build-to-Print businesses? How much of the planned FY2027 capital expenditure is already supported by committed customer orders, contracts or capacity requirements, and how much is intended to build capacity ahead of anticipated demand?

The Group does not disclose the breakdown the S\$12.0 million investment by segment, or by committed versus anticipated demand. The investment is intended to support the three priority areas of its mid-term strategy: expanding operations and local capabilities, building next-generation processing capabilities, and advancing smart and secure manufacturing.

The Group reviews its capital expenditure plans every six months to stay responsive to changing customer needs. This helps the Group invest with discipline and add capacity where it sees sustainable, long-term demand rather than reacting to short-term changes in the cycle.

12. With FY2027 capital expenditure expected to increase significantly, can the Group fund its planned growth investments while maintaining the current 6-cent dividend? What factors does the Board consider in determining whether the 6-cent dividend can be sustained, and what gives the Board confidence that the higher investment programme will not come at the expense of shareholder distributions?

For FY2026, total dividends represented a payout ratio of 52.4%. This exceeded the Group's practice of distributing at least 40% of after-tax annual earnings, after considering financial performance, projected cash flow, capital requirements for business growth, and economic or other conditions.

The Group remains focused on balancing long-term growth with sustainable shareholder returns. This means being thoughtful and disciplined about how capital is used, while ensuring that it does not limit good growth opportunities. The Group will continue this approach as it executes its mid-term strategy, taking into consideration cash flow and investment needs.
