



NANOFILM TECHNOLOGIES INTERNATIONAL

1H2022 Results Announcement

August 2022



IMPORTANT NOTICE

This presentation is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Nanofilm Technologies International Limited (the "Company") in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

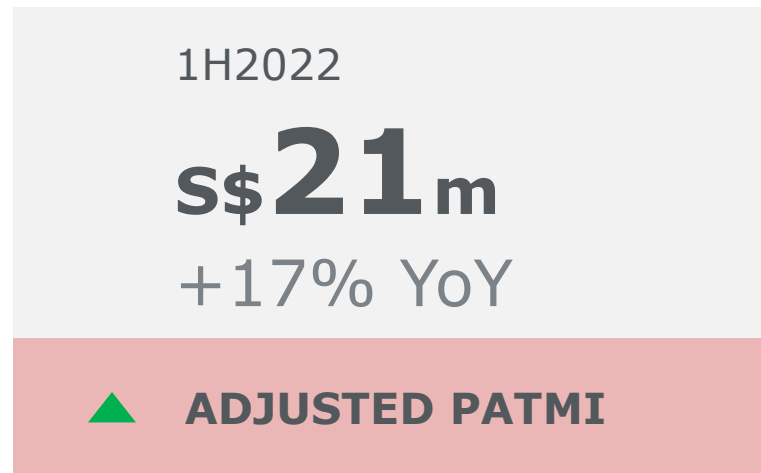
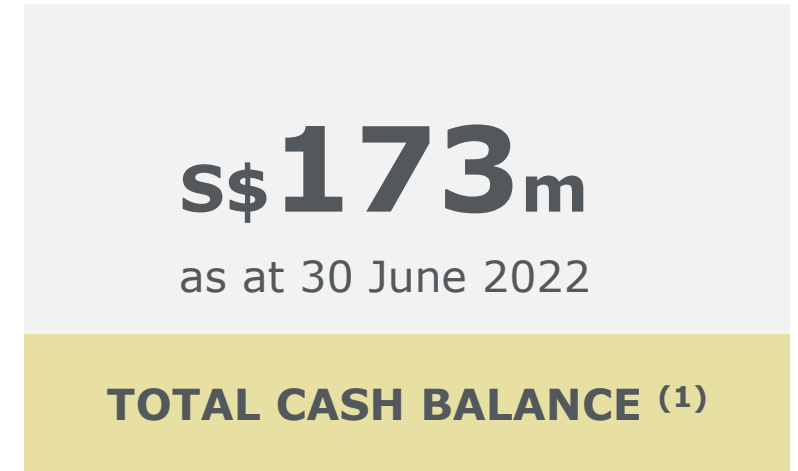
The information and opinions in this presentation are provided as at the date of this document (unless stated otherwise) and are subject to change without notice, its accuracy is not guaranteed and it may not contain all material or relevant information concerning the Company or its subsidiaries (the "Group"). None of the Company, its subsidiaries nor its affiliates, advisors and representatives make any representation regarding, and assumes no responsibility or liability whatsoever (in negligence or otherwise) for, the accuracy or completeness of, or any errors or omissions in, any information contained herein nor for any loss howsoever arising from any use of this presentation. Further, nothing in this presentation should be construed as constituting legal, business, tax or financial advice.

The information contained in this presentation includes historical information about and relevant to the assets of the Group that should not be regarded as an indication of the future performance or results of such assets. Certain statements in this presentation constitute "forward-looking statements". These forward-looking statements are based on the current views of the Company concerning future events, and necessarily involve risks, uncertainties and assumptions. These statements can be recognised by the use of words such as "expects", "plans", "will", "estimates", "projects", "intends" or words of similar meaning. These forward-looking statements speak only as at the date of this presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements and you are cautioned not to place any undue reliance on these forward-looking statements. The Company does not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise, subject to compliance with all applicable laws and regulations and/or the rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and/or any other regulatory or supervisory body or agency.

1 | 1H2022 OVERVIEW



1H2022 At a glance: Resilient performance with double-digit growth



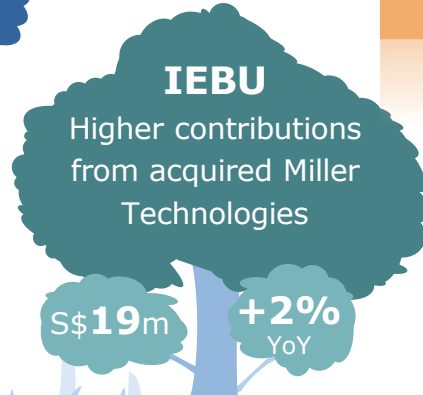
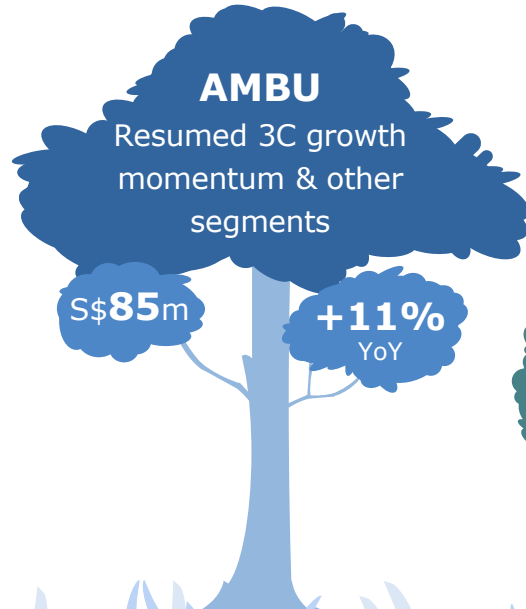
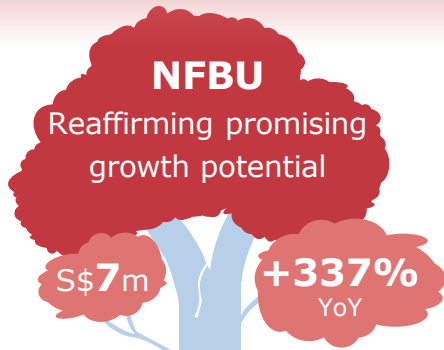
Source: Company information
(1) Includes cash and liquid assets as at 30 June 2022

2 | 1H2022 HIGHLIGHTS

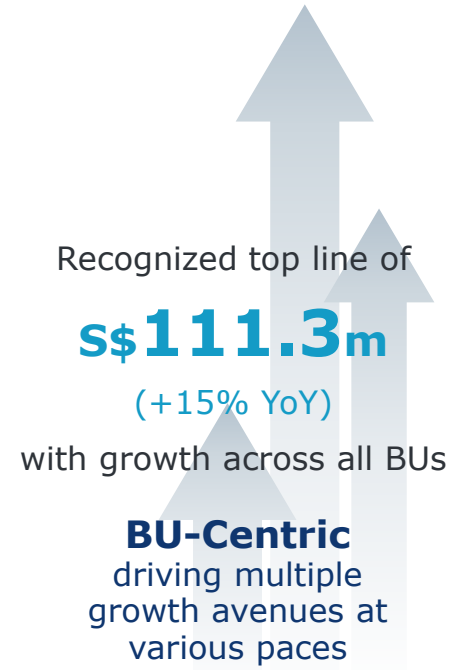


1H2022: Delivering sustainable growth through our unique deep tech ecosystem

Efforts paid off with multiple-fold growth in revenues and profits, validating our proven commercialisation track record of deep technologies



Achieved "0 to 1" breakthrough, underscored by solid deep-tech platform and proprietary production equipment design and fabrication



- Site Management
- R&D
- Strategy, JV & M&A
- Biz & Prod Devt
- Capital & Finance

Core Centralized Functions
Providing strategic support

Topsoil

Advanced Materials



Nanofabrication

Rooted by **Nanofilm's Deep Technologies** *Deep Soil*

Source: Company information

1H2022 Report card

MACRO HEADWINDS

- Geopolitical tensions
- Inflationary pressures
- Rising interest rates

COVID-19 IMPACT

- Estimated revenue loss of S\$8m
- Additional expense of S\$2.5m due to restrictions

HIGHER OPEX

- Higher R&D and engineering spent
- Increased depreciation & amortisation expenses
- Increased expenditure under Sydrogen
- Higher fixed opex base YoY

BUSINESS RESILIENCY

- **Deep-tech platform**
- Continued **diversification of revenue streams & geographical sites**
- **Strong operations** - leveraging operational excellence to drive productivity and profitability
- Strong **management** driving execution

Delivering resilient performance

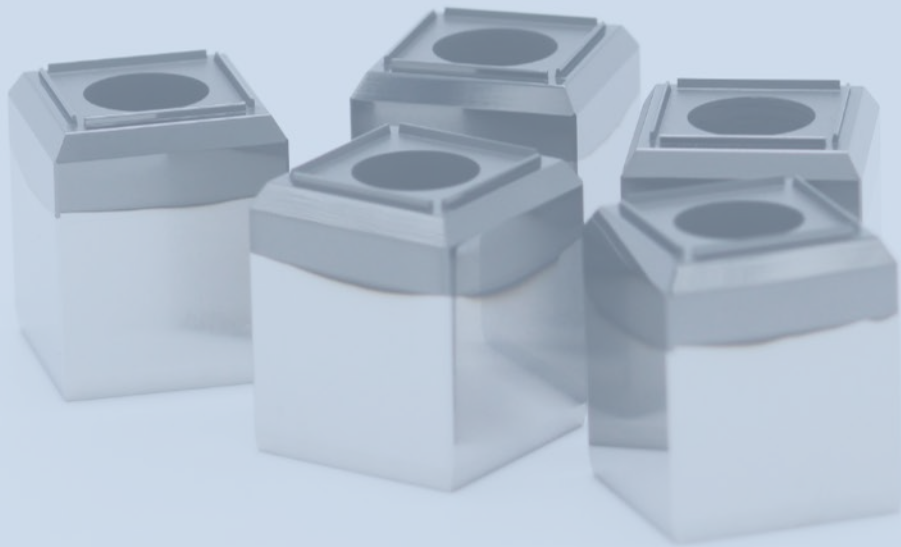
1H2022 Performance

S\$111m (+15% YoY)
Revenue

S\$38m (+13% YoY)
Adjusted EBITDA

S\$21m (+17% YoY)
Adjusted PATMI


3 | BUSINESS OUTLOOK





Our Growth Strategy: Focused key strategic areas

GEOGRAPHICAL DIVERSIFICATION & COVERAGE

Near-term objectives:

Set up coating services facility 

Expand Nanofab production 

Expand production (current premises),
Set up HQ & Engineering Centre
(Tai Seng) 

NEW SEGMENTS WITH CAPABILITY & PRODUCT EXPANSION

Near-term objectives:

Greener solutions to replace electroplating **1**

New optical component applications **2**

Expand BPP & develop fuel cell system prototypes **3**



JOINT VENTURES / M&A

Near-term objectives:

1 Potential JV in advanced batteries components for EVs in China

2 Explore M&A opportunities to gain market access to customers in different geographies

R&D AND ENGINEERING PRODUCT DEVELOPMENT

Near-term objectives:

1 Strengthening in-house R&D and extending deep-tech platform

2 As a home-grown deep-tech company, Nanofilm embraces RIE policy and support, to substantially increase R&D efforts to drive innovation and contribute to the economic development locally

Updates on a quarterly basis

SUPPLEMENTAL INFO



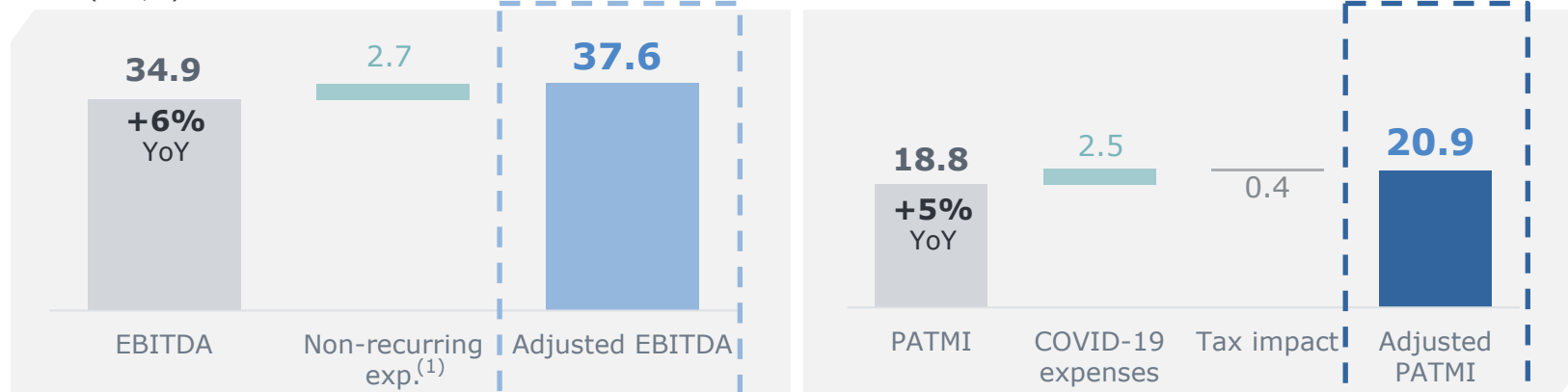
Profits growth, underscoring strong resilient business

1H2022

(in S\$m)

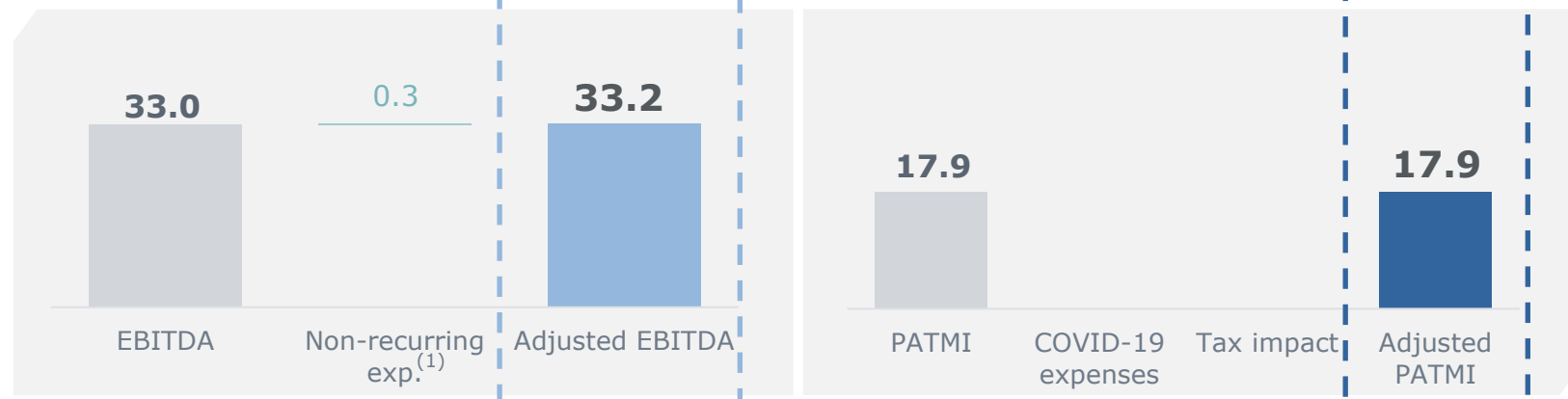
+13% YoY

+17% YoY



1H2021

(in S\$m)



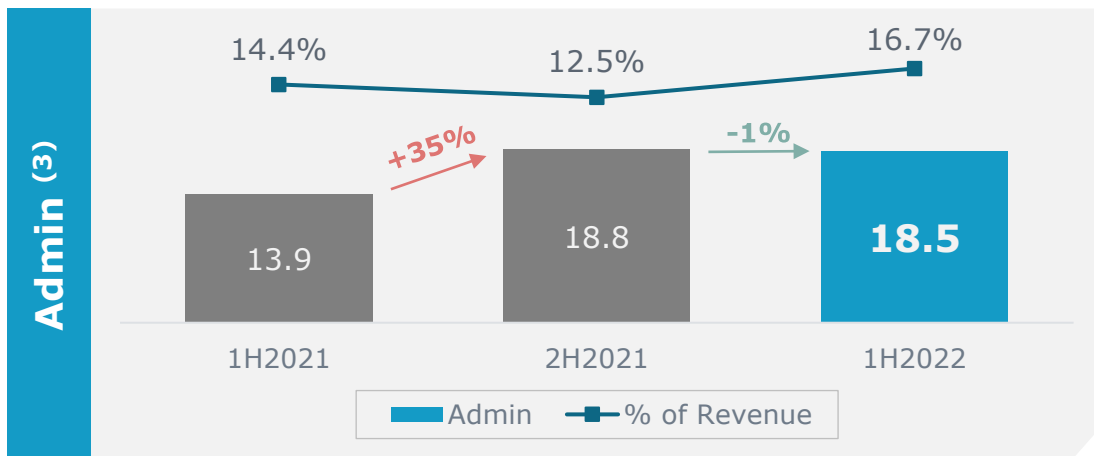
- EBITDA and PATMI grew to S\$34.9m (+6% YoY) and S\$18.8m (+5% YoY) respectively
- Reported profits after accounting for:
 - COVID-19 expenses of S\$2.5m;
 - Lower S\$1.9m (or 51% decline) YoY in Other Operating Income;
 - Increased in depreciation & amortisation expenses of S\$3.6m (or +30%) YoY;
 - Net loss S\$1.2m incurred under Sydgen
- Revenue loss estimated at S\$8m from COVID-19 restrictions
- Opex up 19% YoY and down 4% half-on-half – gearing for growth and execution of our key strategic areas
- After adjusting for one-off COVID-19 expenses, Adjusted EBITDA and Adjusted PATMI would be S\$37.6m (+13% YoY) and S\$20.9m (+17% YoY) respectively

Source: Company information, numbers may not tie due to rounding (refer to results announcement)

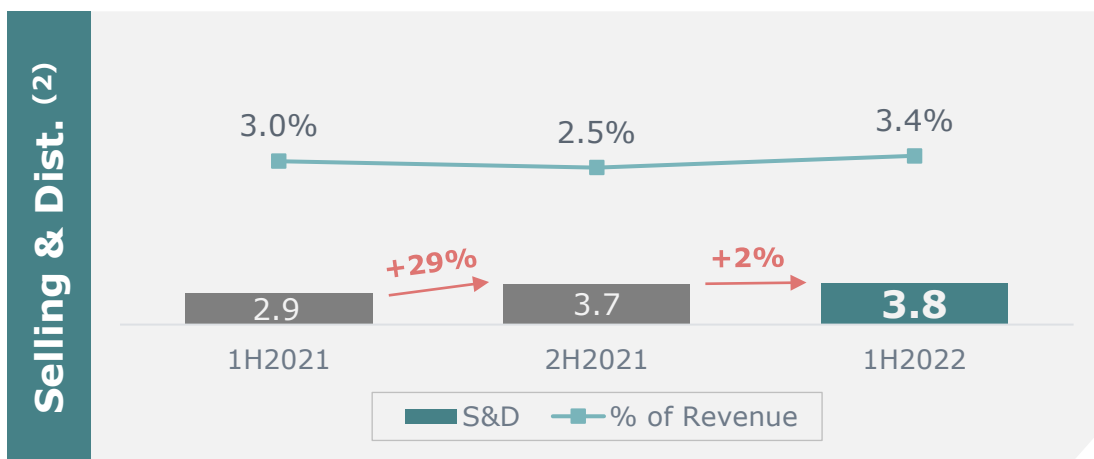
(1) Non-recurring expenses include PPE gains / losses, other professional fees, Restricted Share Plan-related expenses, and COVID-19 related expenses of S\$2.5m incurred in 1H2022

Firm foundation laid: Gearing for future growth and execution of our key strategic areas

Operating expenses breakdown



- Admin (corp HQ, shared services) groundwork is scalable and well-positioned to support 2H 2022 peak season and future growth
- Continues to invest in Sales and Marketing to match our technology solutions offerings with our customers



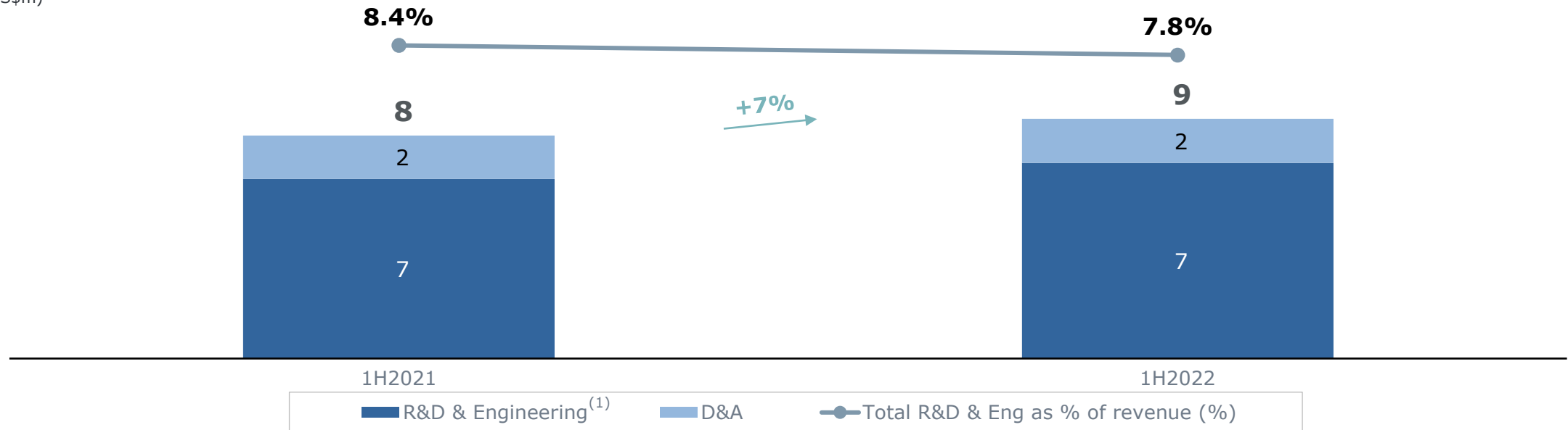
S\$'000s	1H2021	2H2021	1H2022	% of Revenue
R&D and Eng. (1)	10,569	11,333	10,302	9.3%
Selling & Dist. (2)	2,869	3,694	3,769	3.4%
Admin (3)	13,875	18,776	18,541	16.7%
OPEX	27,313	33,803	32,613	29.3%

Source: Company information, numbers may not tie due to rounding (refer to results announcement)
 (1) R&D & Engineering expense includes Quality Assurance expense and depreciation & amortisation expenses
 (2) Selling & Distribution expense includes depreciation & amortisation expenses
 (3) Administrative expense includes depreciation & amortisation expenses

Investing in technology & innovation: Higher R&D spend

R&D and Engineering Expenses

(in S\$m)



R&D and Engineering expenses, including depreciation and amortisation, increased 7% YoY to S\$8.7m

Committed to R&D and Engineering as our Sustainable Innovation pillar

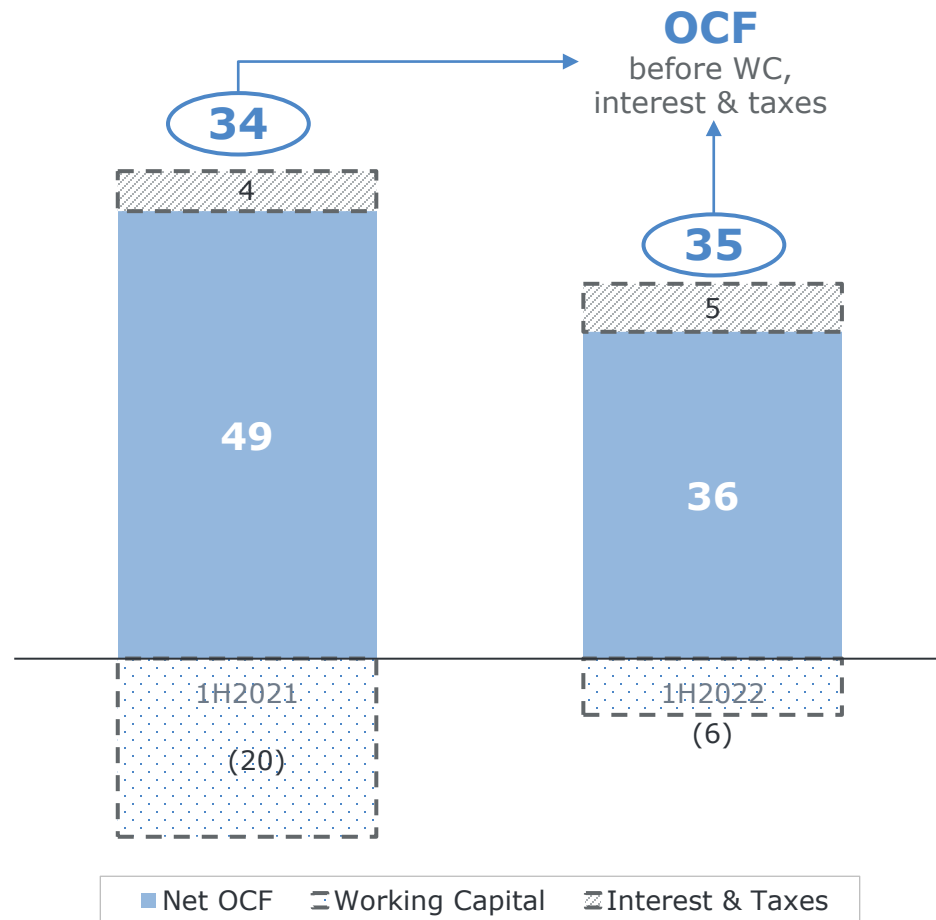
Source: Company information, numbers may not tie due to rounding (refer to results announcement)

(1) R&D & Engineering expense excludes Quality Assurance expense and depreciation & amortisation expenses

Sustainable Cash Flow Generation: Well-capitalised to capture opportunities

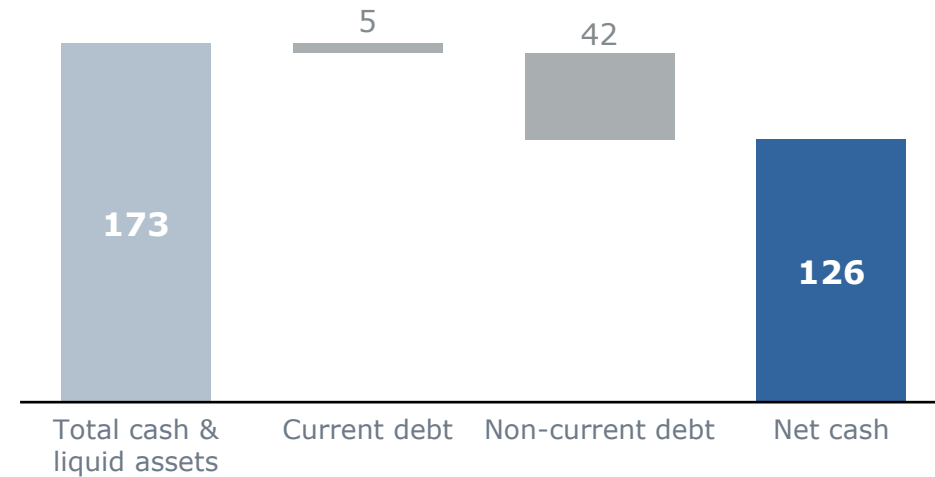
Strong operating cash flow

(in S\$m)



Net cash balance as at 30 June 2022

(in S\$m)



Continued cash generation from operations and a well-capitalized balance sheet:

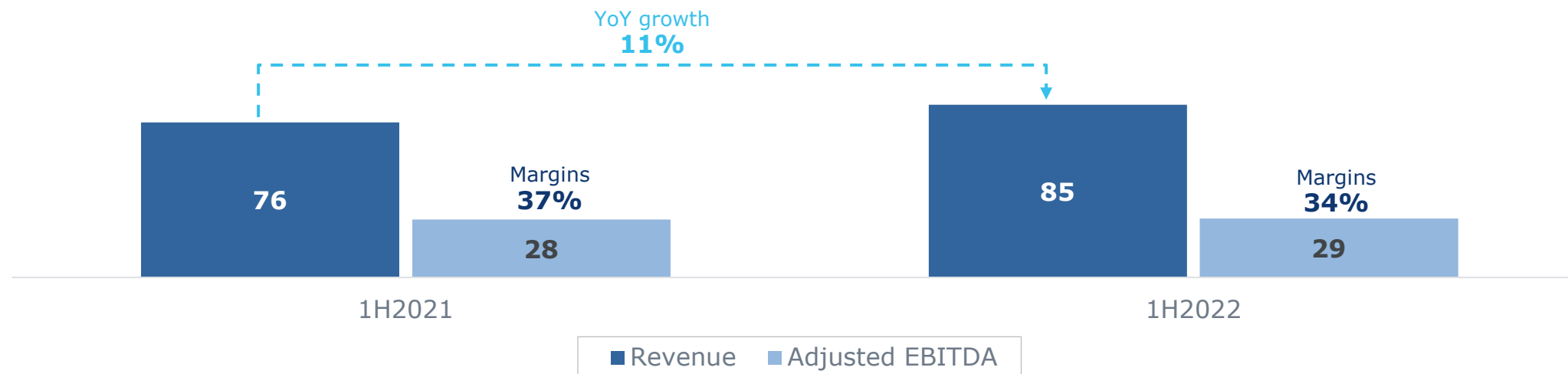
- i. Improves Group's **resilience to macro uncertainties**; and,
- ii. Positions the Group to **capture potential opportunities**

Source: Company information, numbers may not tie due to rounding (refer to results announcement)

AMBU: Led by resumed growth momentum in 3C

Financial performance

(in S\$m)



Key operating data

	1H2021	1H2022
Coating equipment (no.) ⁽¹⁾	186	238 ⁽⁴⁾
In-line coating equipment (no.) ⁽²⁾	4	4
Equipment utilisation (%) ⁽³⁾	61%	48%

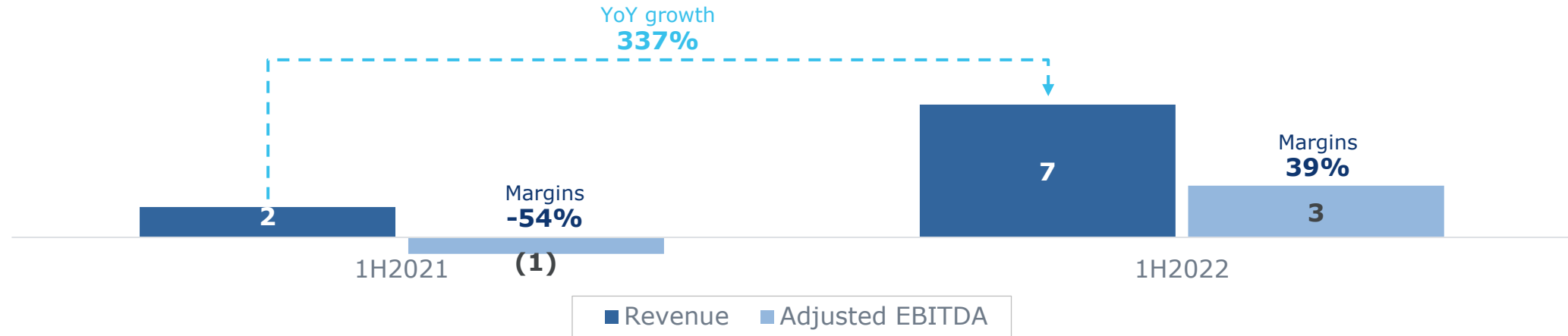
Source: Company information, numbers may not tie due to rounding (refer to results announcement)

- (1) Based on number of coating equipment at the end of the period which are utilized to fulfil revenue generating customer orders only, excludes coating equipment used for R&D activities
- (2) In-line coating equipment consists of several coating equipment and the capacity of an in-line coating equipment is approximately 4.5 coating equipment
- (3) Utilisation rate is calculated by dividing the average number of operating hours of our coating equipment and in-line coating system by the number of hours in a day (i.e. 24 hours)
- (4) Includes one coating equipment transferred from R&D to production

NFBU: Continued ramp-up of MLA project with exciting pipeline projects

Financial performance

(in S\$m)



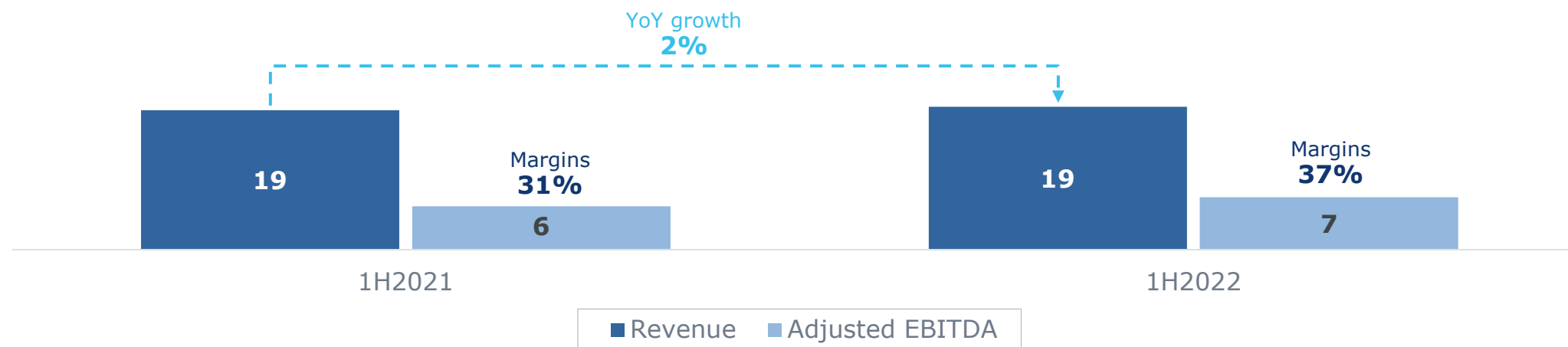
Source: Company information, numbers may not tie due to rounding (refer to results announcement)

(1) Figures only include equipment in our Hai Duong plant; as at the end of the period

IEBU: Increased sales of customised equipment to customers

Financial performance

(in S\$m)



Key operating data

	1H2021	1H2022
Equipment produced (no.) ⁽¹⁾	16	10
Equipment sold (no.)	6	8
Equipment used internally (no.)	10	2

Source: Company information, numbers may not tie due to rounding (refer to results announcement)

(1) Includes in-line coating equipment, figures as at the end of the period

THANK YOU

