



NANOFILM TECHNOLOGIES INTERNATIONAL

FY2022 Results Announcement

February 2023



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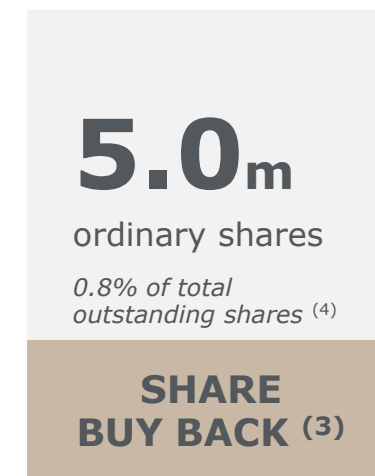
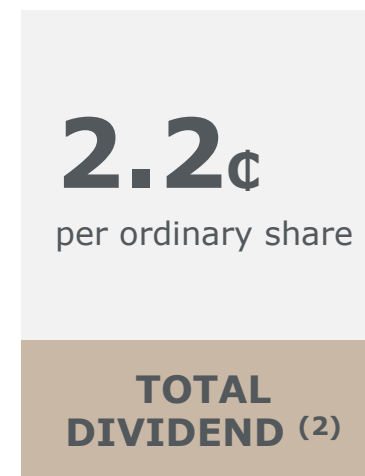
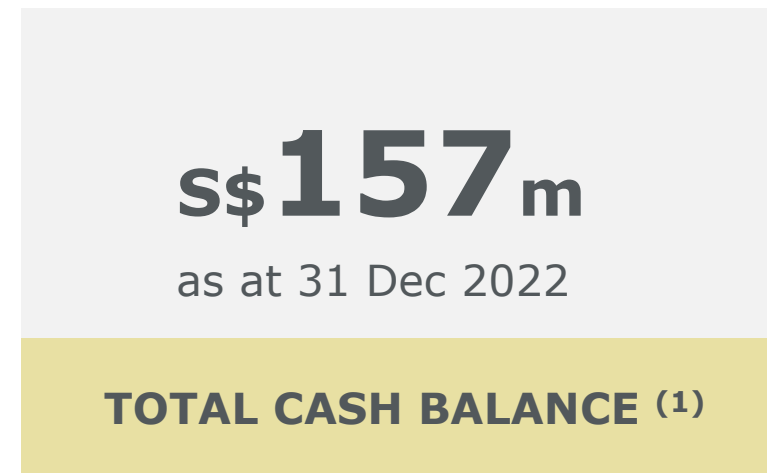
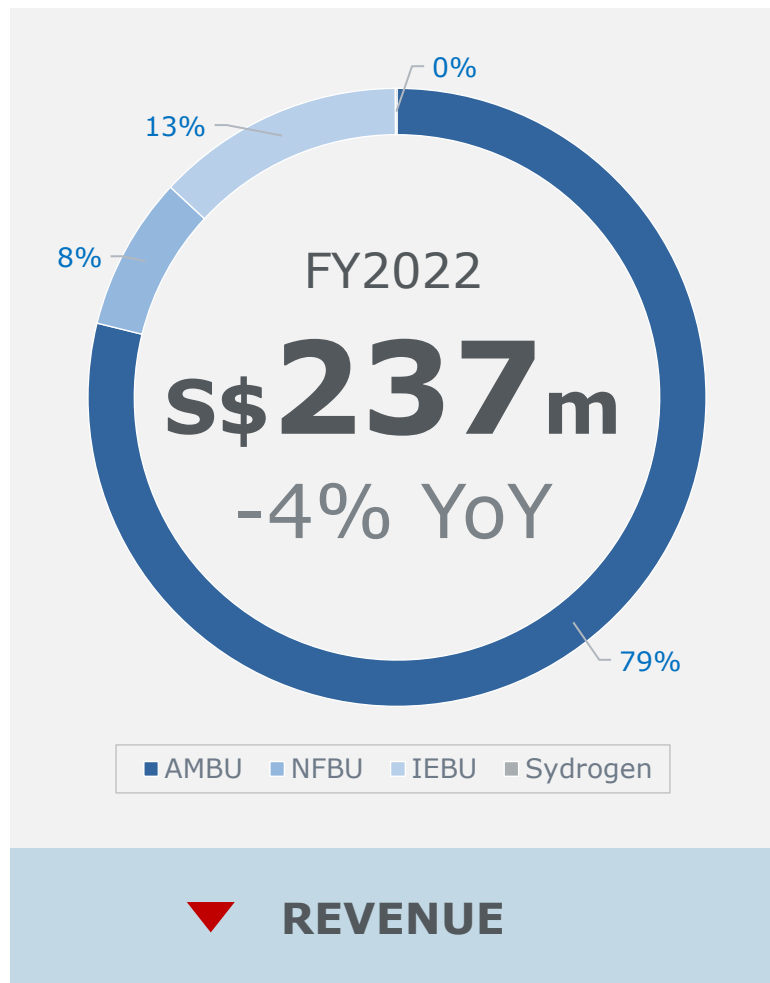
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1 | FY2022 OVERVIEW



FY2022 At a Glance: Persistent macro challenges in 2H2022



Source: Company information

- (1) Includes cash and liquid assets as at 31 Dec 2022
- (2) Includes the interim dividend of 1.1 Singapore cent paid on 09 Sep 2022 and the proposed final dividend of 1.1 Singapore cent to be paid in May 2023
- (3) Total number of ordinary shares bought back in FY2022 is 5,027,100 shares, totalling S\$12.7m
- (4) Total number of outstanding shares (excluding treasury shares) of 659.7m as at 31 Dec 2021

2 | FY2022 HIGHLIGHTS



FY2022 Report Card



PERSISTENT MACRO HEADWINDS AFFECTING BUSINESS

- Geopolitical tensions affected supply chain
- Inflationary pressures increased business costs
- Rising interest rates affecting consumer sentiments & demand
- COVID-19 Impact ⁽¹⁾
 - Supply chain disruptions, especially in the smartphone sub-segment
 - Disrupted operations due to increased infection rates subsequently



OPERATIONS

- Higher R&D and engineering spend and efforts delivered new technological breakthroughs
- Increased depreciation & amortisation due to capex incurred earlier for production capacity & capability building
- Increased manpower expenses due to higher headcount in various functions to execute its business strategy
- Higher net loss from Sydrogen ⁽²⁾ due to increased operating expenses for customer qualification, product development & other business building costs

FY2022 Performance

S\$237m (-4% YoY)
Revenue



Certain costs, necessary for cementing the Group's long-term competitiveness, could not be reduced in tandem with fall in revenues

S\$81m (-16% YoY)
Adjusted EBITDA

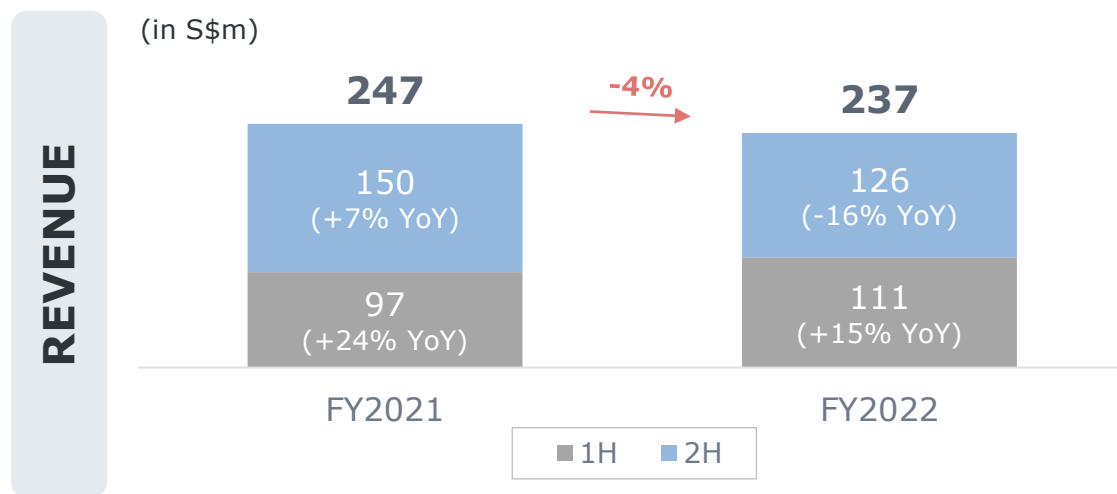
S\$44m (-30% YoY)
PATMI

Source: Company information

(1) One-off costs of approximately S\$2.5m related to COVID-19 restrictions

(2) Net loss of approximately S\$1.6m incurred by Sydrogen

FY2022 Revenue Breakdown



- Group revenue declined 4% YoY to S\$237m
 - Significant drop in external sales of industrial equipment due to customers' capex shift and delayed capex spend
 - Slightly lower revenue contribution from AMBU due to operational disruption in 2H2022, impacted 3C business
 - Partially offset by the substantial increase in contributions from NFBU

Business Units

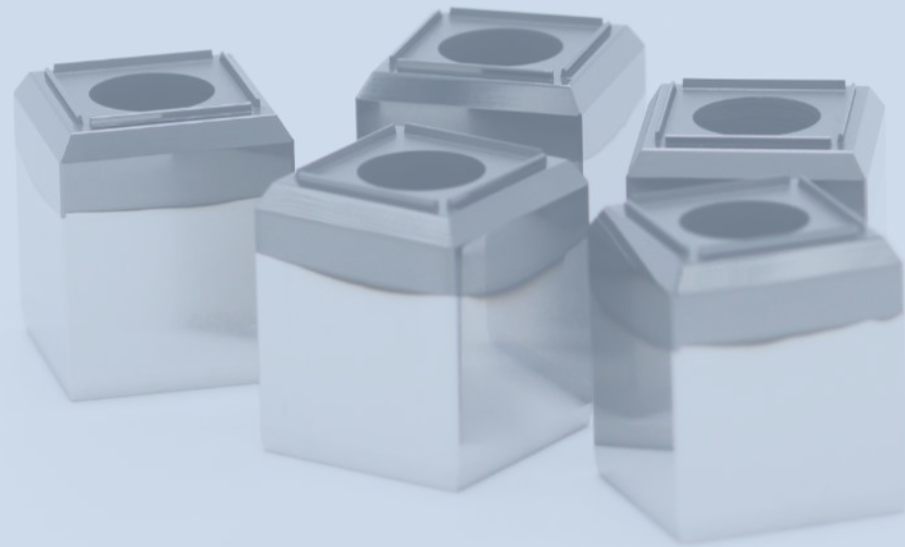
S\$m	2021	2022	YoY
AMBU	194.3	187.2	-3.6%
NFBU	7.8	19.1	144.7%
IEBU	44.6	30.9	-30.8%
Sydrigen	-	0.2	n.m.
TOTAL	246.7	237.4	-3.8%

End-Markets

S\$m	2021	2022	YoY
Consumer	167.3	171.8	2.7%
Industrial	79.4	65.4	-17.7%
New Energy	-	0.2	n.m.
TOTAL	246.7	237.4	-3.8%

Source: Company information

3 | BUSINESS OUTLOOK







Our Growth Strategy: Recap of our focused key strategic areas



Note: Updates will be provided on a periodic basis

Our Growth Strategy: Recap of our targets & latest progress

STRATEGIC AREAS	 Geographical Diversification & Coverage	 New Segments with Capability & Product Expansion	 Joint Ventures / M&A	 R&D and Engineering Product Development
TARGETS Communicated to Market	<ul style="list-style-type: none"> ▪ Japan: set up coating services facility ▪ Vietnam: expand Nanofab production ▪ Singapore: expand production, set up HQ & Engineering Centre 	<ul style="list-style-type: none"> ▪ Greener solutions to replace electroplating ▪ New optical component applications ▪ Expand BPP & develop fuel cell system prototypes 	<ul style="list-style-type: none"> ▪ Potential JV in advanced batteries components in EVs ▪ Explore M&A opportunities to gain market access to customers in different geographies 	<ul style="list-style-type: none"> ▪ Strengthen in-house R&D, extend deep-tech platform ▪ Increase R&D efforts to drive innovation & contribute to the economic development locally
CURRENT PROGRESS	<ul style="list-style-type: none"> ▪ Japan: <ul style="list-style-type: none"> ○ Ongoing commissioning & qualification of coating equipment ▪ Vietnam: <ul style="list-style-type: none"> ○ Acquired 45,000 sqm land for approx. US\$4m ○ Renovation & fit-out divided into 3 phases ○ Multi-BU plant ○ 1st phase, 15,000 sqm GFA, expected completion end-2023. Production roadmap calibrated with our customers ▪ Singapore: <ul style="list-style-type: none"> ○ HQ moved to Tai Seng in Jan 2023, ongoing renovation & fitting out for Advanced Tech Research Centre and Nanofab Engineering Centre ○ Ongoing renovation & fitting out at Ayer Rajah, targeted to complete 1H2023 ▪ China: <ul style="list-style-type: none"> ○ New production site in Huizhou in 1H2023 to address market opportunities in the South ○ Zigong site to address advanced batteries opportunities (refer to ApexTech update) 	<ul style="list-style-type: none"> ▪ ApexTech: Replacing Electroplating <ul style="list-style-type: none"> ○ Zigong site undergoing renovation & fitting-out works. Target completion by 1H2023 ○ Initial green plating production lines to be commissioned & qualified in 2H2023, production targeted to commence in 2H2023 ▪ NFBU: Optical Applications <ul style="list-style-type: none"> ○ New projects for optical applications in 3C devices under development, initial small volumes in 2023 for development builds while mass production expected in 2024 / 2025 ▪ Sydrogen: BPP & Fuel Cell Systems <ul style="list-style-type: none"> ○ Distributed power applications MoUs signed in Singapore as part of product roadmap towards system solutions ○ Mass production of coated BPP expected to commence in 2H2023 	<ul style="list-style-type: none"> ▪ ApexTech established with leading partner, Everwin ▪ Aborted deal: <ul style="list-style-type: none"> ○ 4Q2022: earlier deal progressed in advanced stage has been aborted ▪ Ongoing: <ul style="list-style-type: none"> ○ M&A to extend capability & access market / product reach ○ Ongoing active assessment of synergistic collaborations & potential partnerships ▪ Disclosures will be made at appropriate times 	<ul style="list-style-type: none"> ▪ Collaboration talks with university ongoing ▪ Examples of breakthroughs: <ul style="list-style-type: none"> ○ Nanofabricated optics through NFBU ○ SydroDIAMOND™ through Sydrogen ○ Green Platings through ApexTech

FY2023 Business Outlook: Focused on executing our strategies



MACRO ENVIRONMENT

- Ongoing geopolitical tensions, inflationary pressures, rising interest rates and recessionary fears
- COVID-19 risks are generally receding, Group is cautiously optimistic that operational risks & costs associated with COVID-19 unlikely to recur in 2023, but will continue to monitor the situation
- China outlook – 1Q2023 remains soft but gradual recovery expected in 2H2023



Business Units

	AMBU	NFBU	IEBU	Sydragen
	<ul style="list-style-type: none"> ▪ Continues to be the leading solution provider to key customers in existing businesses, including the involvement in new products roll-out ▪ New business: focus on markets with high scaling potential – initial production builds commencing 	<ul style="list-style-type: none"> ▪ Moving up the value chain for the sensory lens (MLA) project for smart devices ▪ Multiple new projects, involving existing and new customers, under NPI and initial production builds. If successful, will lead to mass production from 2024 onwards from our new Vietnam site 	<ul style="list-style-type: none"> ▪ Extending portfolio of large inline coating systems for high volume production for internal BUs <ul style="list-style-type: none"> ➢ BPP inline ➢ Green Plating inline ▪ Rolling out new product lines for external markets <ul style="list-style-type: none"> ➢ Solar CdTe inline ➢ DLC lines ➢ Hard AR coating line 	<ul style="list-style-type: none"> ▪ Bipolar plates (“BPP”): <ul style="list-style-type: none"> ➢ Number of customers under qualification and initial small batch production ➢ Final testing of coated BPP on-going (delayed due to customer design change); expected mass production in 2H2023 ➢ Continuing market feedback on strong technical performance of coated BPP ▪ Product roadmap: FC systems developing as planned for selected use cases in mobility, stationary power & charging stations

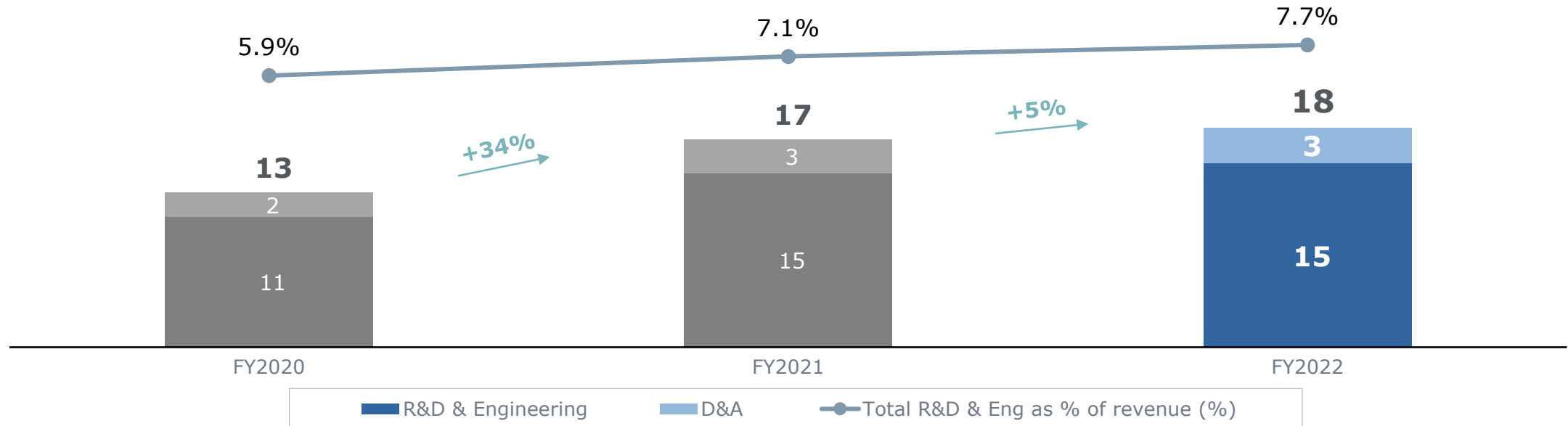
SUPPLEMENTAL INFO



Investing in Technology & Innovation: Continued R&D spend

R&D and Engineering Expenses (1)

(in S\$m)



R&D and Engineering expenses, including depreciation and amortisation, increased 5% YoY to S\$18.4m

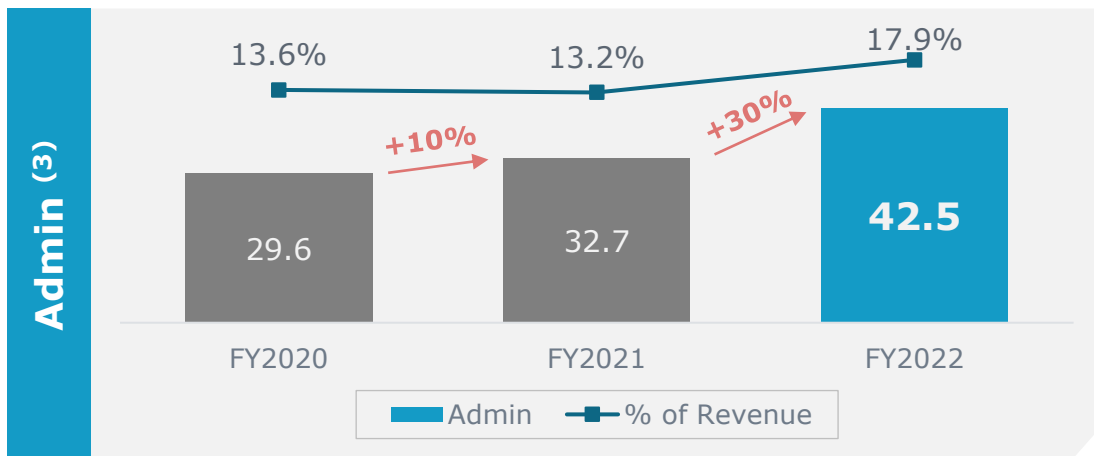
Committed to R&D and Engineering as our Sustainable Innovation pillar

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

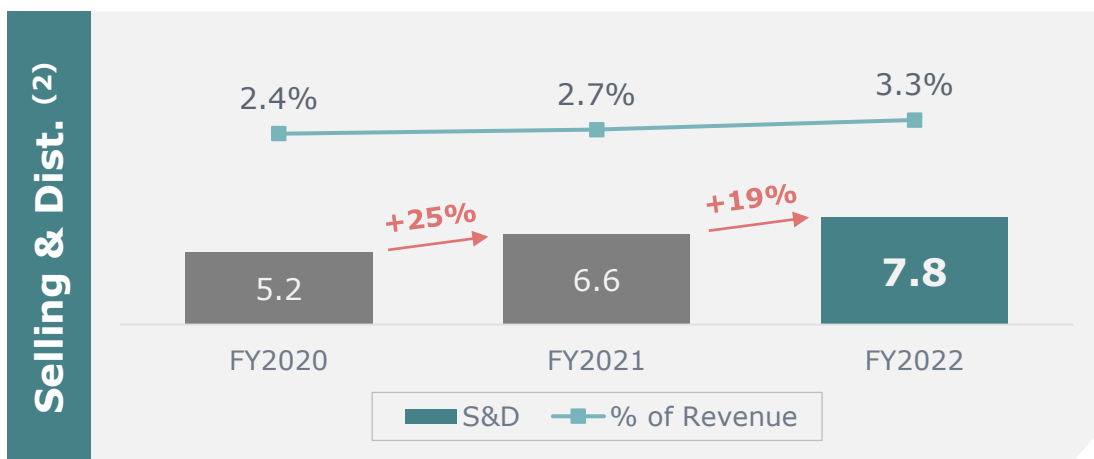
(1) R&D & Engineering expense excludes Quality Assurance expense

Operating Expenses Review: Investing for future growth

Operating expenses breakdown



- Increased in Admin and Sales expenses considered as investments for future growth
- Increases in Admin (corp HQ, corp functions) expenses driven by depreciation expenses and increased salary expenses from higher headcount
- Continues to invest in Sales and Distribution to further our technology solutions offerings with prospective and current customers



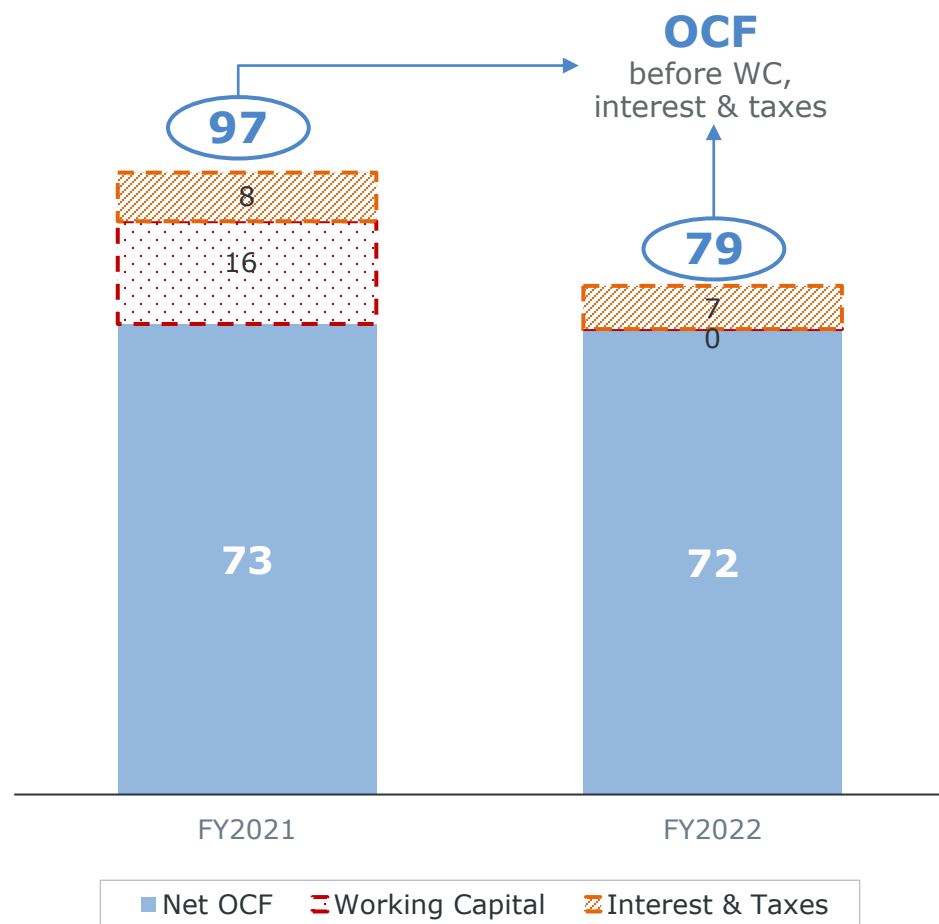
S\$'000s	FY2020	FY2021	FY2022	% of Revenue
R&D and Eng. ⁽¹⁾	16,483	21,902	21,908	9.2%
Selling & Dist. ⁽²⁾	5,248	6,563	7,792	3.3%
Admin ⁽³⁾	29,628	32,651	42,545	17.9%
OPEX	51,359	61,116	72,245	30.4%

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

Sustainable Cash Flow Generation

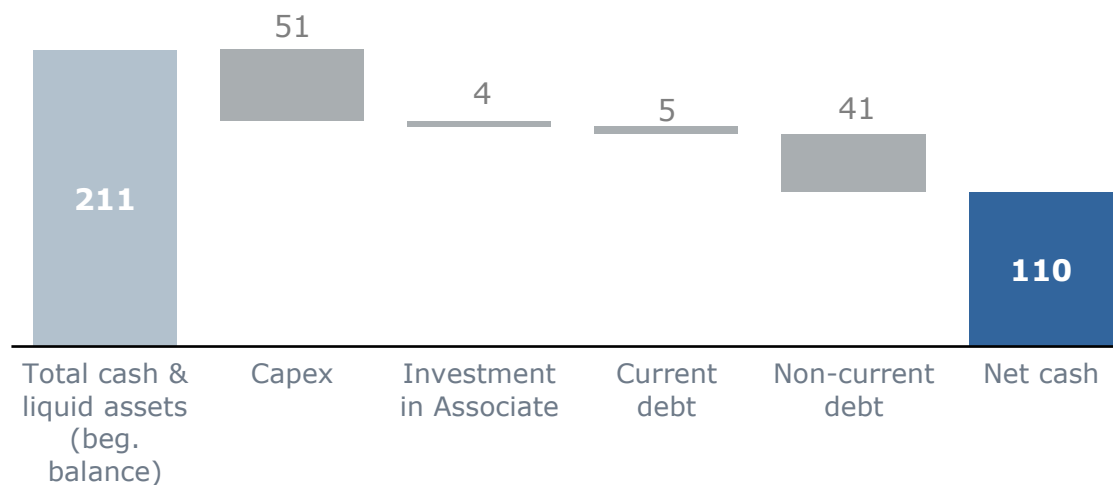
Strong operating cash flow

(in S\$m)



Net cash balance as at 31 Dec 2022

(in S\$m)



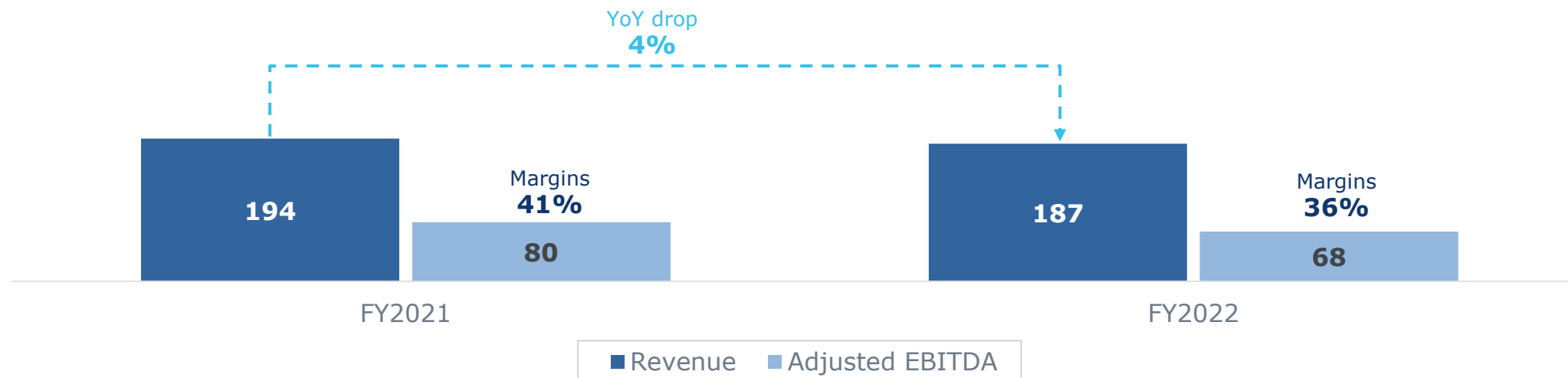
- Group continues to generate cash from its operations and maintains a prudent utilisation of cash
- Net cash of S\$110m is after deducting for: (1) the non-current debt of S\$41m mainly relates to the long-term property loan that is monthly amortised till Jan 2032 and long-term lease liabilities; (2) capex of plant and machinery of S\$51m; and (3) investment in associate of S\$4m
- Positions the Group to **capture potential opportunities**

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

AMBU: Dampened end-consumer demand affecting 3C

Financial performance

(in S\$m)



Key operating data

	2021	2022
Coating equipment (no.) ⁽¹⁾	235	243
Inline coating equipment (no.) ⁽²⁾	4	4
Equipment utilisation (%) ⁽³⁾	76%	50%

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 utilised to fulfil revenue generating customer orders only, excludes coating equipment used for R&D activities

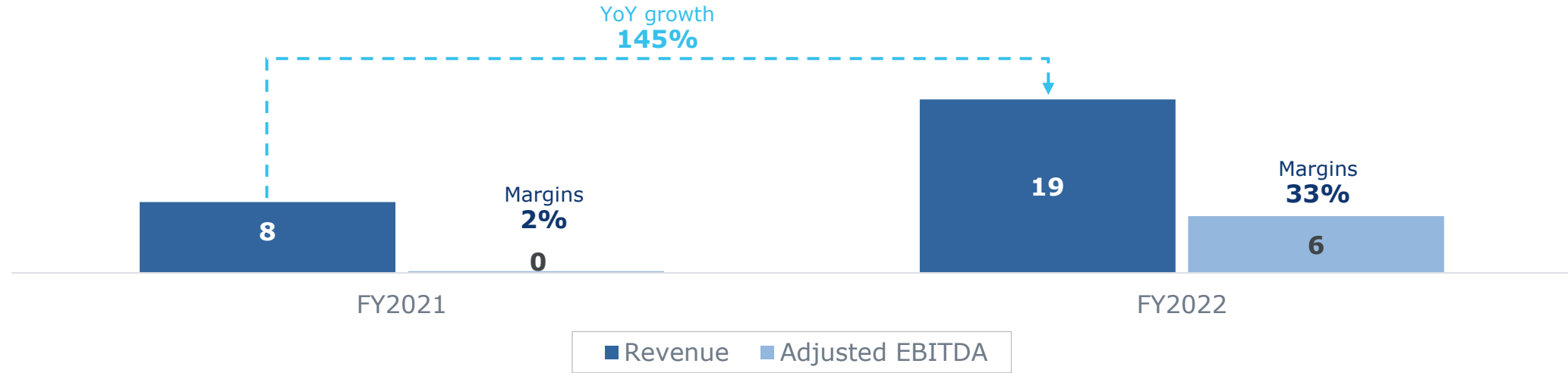
(2) Inline coating equipment consists of several coating equipment

(3) Utilisation rate is calculated by dividing the average number of operating hours of our coating equipment and inline coating system by the number of hours in a day (i.e. 24 hours)

NFBU: Continued ramp-up of mass production projects

Financial performance

(in S\$m)

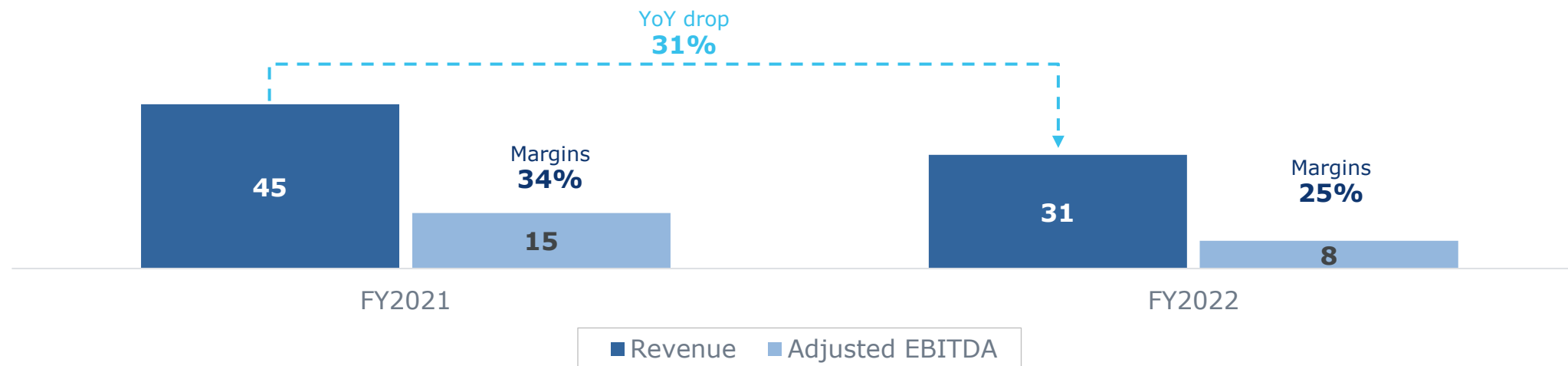


Source: Company information, numbers may not tie due to rounding (refer to results announcement)

IEBU: Macro uncertainties and weak foreign currencies delaying customers' capex spend

Financial performance

(in S\$m)



Key operating data

	2021	2022
Equipment produced (no.) ⁽¹⁾	76	20
Equipment sold (no.)	18	14
Equipment used internally (no.)	58	6

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

(1) Includes inline coating equipment, figures as at the end of the period

THANK YOU

