



# NANOFILM TECHNOLOGIES INTERNATIONAL

1Q2023 BUSINESS UPDATE

April 2023



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# 1 | 1Q2023 HIGHLIGHTS



# 1Q2023 Group Review: Group Revenue impacted by cyclical 1Q, softness & pace of China's recovery

## GROUP REVENUE

S\$33<sub>m</sub>

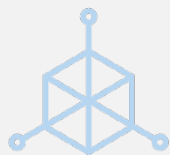
-40% YoY

### 1Q2023 Group Review

- YoY comparison impacted by cyclical 1Q in line with 3C production cycle and China's slow and soft recovery post-reopening
- Continuing prudence in cost management to drive lean operations and readiness for production scaling, initiatives include:
  - Automation to reduce labour involvement
  - Slowing down manpower hiring in non-critical areas
  - Restructuring production direct labour and indirect labour for further operational efficiency
- Nanofilm remains key nanotechnology solutions provider to our customers

# 1Q2023 BU Review: Market still adjusting to China reopening

## AMBU



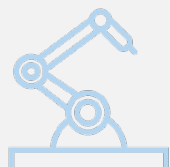
- Usually, a slower quarter but comparative performance impacted by a relatively stronger 1Q2022 for 3C due to shift in peak production brought forward from 4Q2021
- Compounded by a relatively softer end-consumer demand as market took time in 1Q2023 to adjust and recover from post-China reopening in 4Q2022
- Approx. 75% of Group's YTD revenue<sup>1</sup>

## NFBU



- Comparatively softer end-consumer demand impacting mass production schedule of key projects
- Approx. 6% of Group's YTD revenue<sup>1</sup>

## IEBU



- Mainly executed last year's backlog, which was a softer year where customers were cautious and cut back on capex spending
- Approx. 19% of Group's YTD revenue<sup>1</sup>

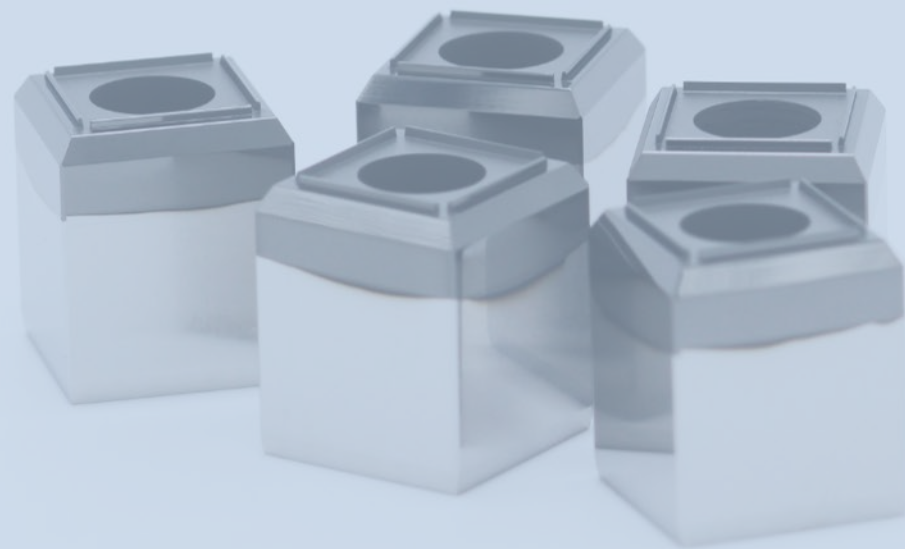
## Sydragen



- High growth from a low base
- Mass production of coated BPP delayed caused by change in customer's requirements for higher technical specs
- <1% of Group's YTD revenue<sup>1</sup>





Source: Company information  
(1) Figures may not add up due to rounding

## 2 | **BUSINESS** OUTLOOK



# Our Growth Strategy:

Continue to focus on developing existing clients & diversifying customer base as markets recover

STRATEGIC AREAS	 <b>Geographical Diversification &amp; Coverage</b>	 <b>New Segments with Capability &amp; Product Expansion</b>	 <b>Joint Ventures / M&amp;A</b>	 <b>R&amp;D and Engineering Product Development</b>
<b>LATEST UPDATES</b>	<ul style="list-style-type: none"> <li>▪ <b>Japan:</b> commencing renovation, new site secured in Osaka, approx. 900 sqm</li> <li>▪ <b>New:</b> Europe expansion with potential opportunities identified               <ul style="list-style-type: none"> <li>○ Currently on look out for a site to offer our advanced materials coating services &amp; industrial equipment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>ApexTech:</b> Replacing electroplating of connectors in EVs               <ul style="list-style-type: none"> <li>○ Initial green plating production batch equipment to be commissioned &amp; qualified in 2H2023</li> <li>○ Inline coating equipment to come online in 2024</li> </ul> </li> <li>▪ <b>NFBU:</b> Optical Applications               <ul style="list-style-type: none"> <li>○ Expanded optical &amp; sensory solutions into new product lines for existing customers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Ongoing active assessment of synergistic collaborations &amp; potential partnerships in various geographical regions and markets</li> <li>▪ Disclosures will be made at appropriate times</li> </ul>	<ul style="list-style-type: none"> <li>▪ 3 variants of Green Plating solutions:               <ol style="list-style-type: none"> <li>1) <b>Decorative:</b> anti-corrosion, aesthetic coat</li> <li>2) <b>Power:</b> anti-corrosion, conductive coat</li> <li>3) <b>Power+:</b> anti-corrosion, conductive, hard coat</li> </ol> </li> </ul>

# FY2023 Business Outlook: Focusing on executing & delivering on our strategy



## Macro Environment Remains Challenging but 2H2023 Looking Brighter

- While consumer sentiment may be dampened by ongoing tensions, inflationary pressures, interest rates and recessionary fears, customer activity is expected to ramp up in second half
- China outlook: Gradual recovery expected in 2H2023 with post-China recovery presenting opportunities
- Overall near-term operating environment remains uncertain; however, the Group is focused on executing its business strategy, deepening existing client relationships and increasing diversity of customer base



## Business Units





AMBU	IEBU	NFBU	Sydhrogen
<ul style="list-style-type: none"> <li>▪ New applications involving Green Plating and optical AR coating under development, meaningful contributions only from 2024</li> <li>▪ ApexTech is focusing on achieving high volume production capacity in next 2 – 3 years</li> <li>▪ Preliminary stages of European expansion to address the market opportunity in the Industrial segment</li> <li>▪ Adjusting to soft end-consumer demand across 3C, expecting some gradual recovery in 2H2023</li> </ul>	<ul style="list-style-type: none"> <li>▪ Focusing on delivering inline coating systems for high volume production for internal BUs                             <ul style="list-style-type: none"> <li>➢ Sydhrogen: BPP inline</li> <li>➢ ApexTech: Green Plating inline</li> </ul> </li> <li>▪ New product lines for external markets                             <ul style="list-style-type: none"> <li>➢ Solar CdTe inline</li> <li>➢ DLC lines</li> </ul> </li> <li>▪ Given uncertain business environment, customers remaining cautious &amp; staging out capex</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expanded optical &amp; sensory solutions into new product lines for existing customers</li> <li>▪ Expansion of operations to new Vietnam plant expected in 2024, along with other BUs</li> <li>▪ Adjusting to soft end-consumer demand across 3C, expecting some gradual recovery in 2H2023</li> </ul>	<ul style="list-style-type: none"> <li>▪ Component sales on track for mass production in 2H2023</li> <li>▪ Increasing engagements with customer base for provision of BPP coating services</li> <li>▪ Product roadmap proceeding as planned with prototypes for selected use cases in mobility, stationary power &amp; charging stations</li> </ul>



# APPENDIX



# Appendix 1 – Our Growth Strategy

STRATEGIC AREAS	 <b>Geographical Diversification &amp; Coverage</b>	 <b>New Segments with Capability &amp; Product Expansion</b>	 <b>Joint Ventures / M&amp;A</b>	 <b>R&amp;D and Engineering Product Development</b>
LATEST UPDATES	<ul style="list-style-type: none"> <li>▪ <b>Japan:</b> commencing renovation, new site secured in Osaka, approx. 900 sqm</li> <li>▪ <b>Vietnam:</b> total land size of approx. 44,000 sqm; construction expected to commence in 2Q2023, complete end-2023 (1<sup>st</sup> phase comprises 15,000 sqm GFA on land size of approx. 5,000 sqm)</li> <li>▪ <b>Singapore:</b> <ul style="list-style-type: none"> <li>○ <b>Tai Seng HQ:</b> Advanced Tech Research Centre and Nanofab Engineering Centre, expected completion in 2H2023</li> <li>○ <b>Ayer Rajah operations facility upgrade:</b> expected completion early 2Q2023</li> </ul> </li> <li>▪ <b>China:</b> expected completion of renovation &amp; fitting out for Huizhou and Zigong (ApexTech) sites in 2Q2023</li> <li>▪ <b>New:</b> Europe expansion and look out for a site to offer our AM coating services and industrial equipment</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>ApexTech:</b> Replacing electroplating of connectors in EVs           <ul style="list-style-type: none"> <li>○ Initial green plating production batch equipment to be commissioned &amp; qualified in 2H2023, inline coating equipment to come online in 2024</li> </ul> </li> <li>▪ <b>NFBU:</b> Optical Applications           <ul style="list-style-type: none"> <li>○ Development of optical applications in 3C devices as planned, volume production expected from 2024</li> </ul> </li> <li>▪ <b>Sydrogen:</b> BPP &amp; Fuel Cell Systems           <ul style="list-style-type: none"> <li>○ Distributed power applications studies &amp; prototyping progressing as planned</li> <li>○ Initial delay caused by change in customer's requirements for higher technical specs; our coating has been qualified and mass production of coated BPP expected to commence in 2H2023</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Ongoing:</b> <ul style="list-style-type: none"> <li>○ M&amp;A to extend capability &amp; access market / product &amp; geographical reach</li> <li>○ Ongoing active assessment of synergistic collaborations &amp; potential partnerships in various geographical regions and markets</li> </ul> </li> <li>▪ Disclosures will be made at appropriate times</li> </ul>	<ul style="list-style-type: none"> <li>▪ Collaboration talks with university ongoing</li> <li>▪ Examples of <b>breakthroughs:</b> <ul style="list-style-type: none"> <li>○ Nanofabricated optics through NFBU</li> <li>○ SydroDIAMOND™ through Sydrogen</li> <li>○ Green Platings through ApexTech</li> </ul> </li> <li>▪ 3 variants of Green Plating solutions:           <ol style="list-style-type: none"> <li>1) <b>Decorative:</b> anti-corrosion, aesthetic coat</li> <li>2) <b>Power:</b> anti-corrosion, conductive coat</li> <li>3) <b>Power+:</b> anti-corrosion, conductive, hard coat</li> </ol> </li> </ul>

**THANK YOU**

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