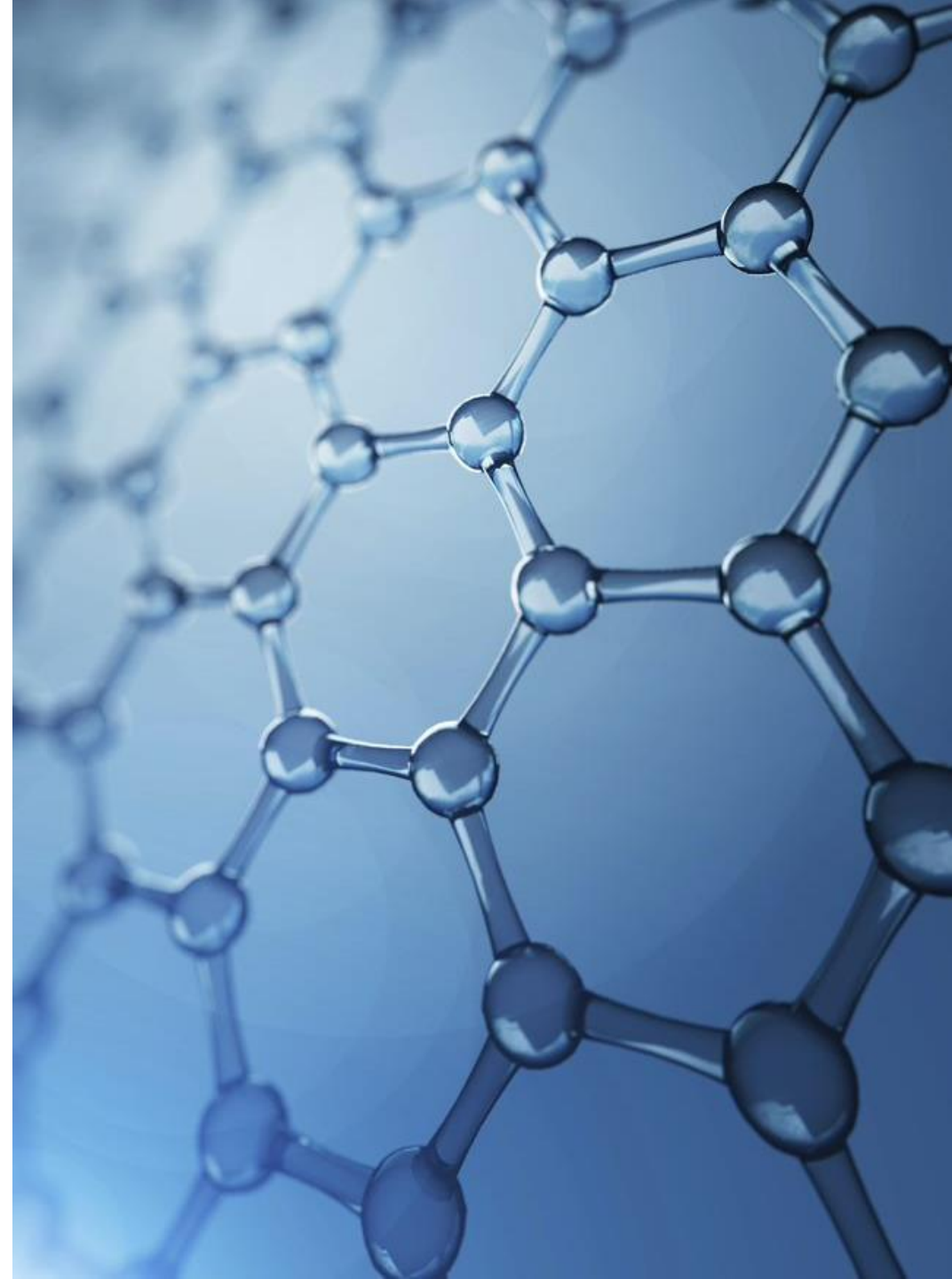




NANOFILM TECHNOLOGIES INTERNATIONAL

3Q2023 Business Update

November 2023



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Management Panel



Mr Gary Ho

Executive Director and
Group Chief Executive Officer



Mr Kay Lim

Group Chief Financial Officer



Mr Gian Yi-Hsen

Group Chief Strategy Officer and
Chief Executive Officer, Sydhrogen



Mr Ian Howe

Group Chief Commercial Officer

Agenda

- 3Q2023 Overview
- Outlook
- European Expansion
- Q&A



1 | 3Q2023 Overview

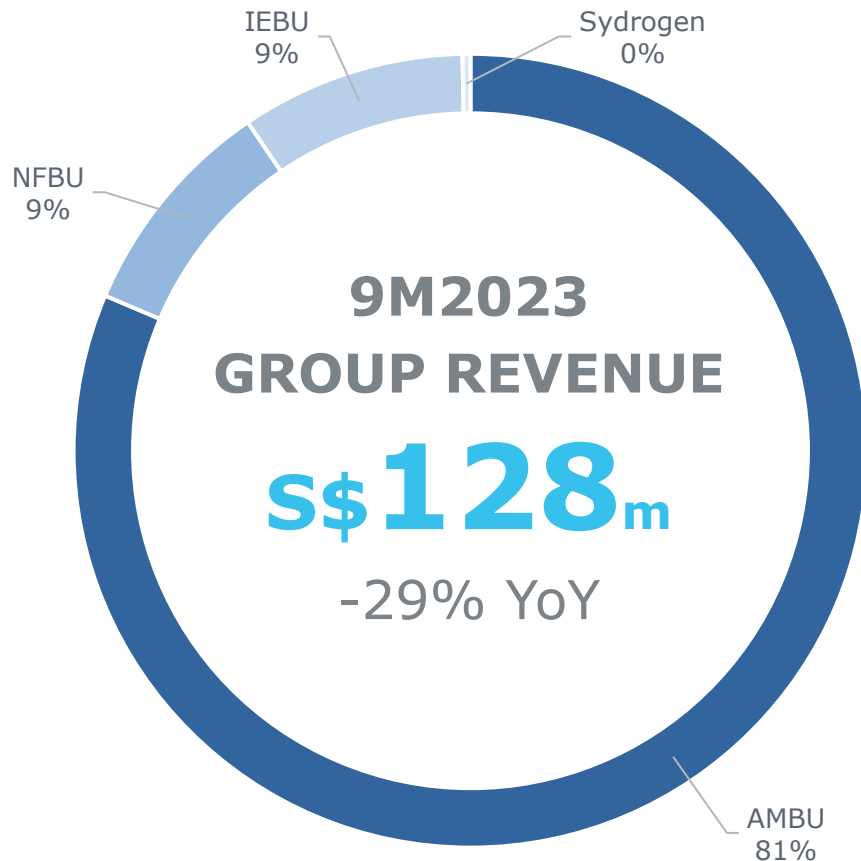
Mr Gary Ho Hock Yong

Executive Director and
Group Chief Executive Officer



3Q2023 Group Review:

Improved operational performance in 3Q2023 in line with seasonal peak period; continual cost control efforts while balancing spending for business initiatives essential in driving future growth



3Q2023 Group Review

- 3Q2023 operating environment was challenging, exacerbated by macro headwinds, dampening overall consumer sentiment
- Uptick in 3Q2023 operational activity, driven by seasonal peak period and inventory rebalancing improvements for 3C; however, comparatively lower YoY
- 3Q2023 recovery trend saw an improvement in operational performance with higher GPM, validating our cost control efforts
- Customers continue to be cautious on their capex spend, given macro uncertainties, impacting equipment sales

3Q2023 Group Review (cont'd)



OPERATING PERFORMANCE

- Operational performance improved with continuing efforts to streamline costs
- 3Q2023 GPM was above 40% (32% in 1H2023); 3Q2023 GP grew 76% QoQ but fell 28% YoY, as Group was unable to derive economies of scale benefits due to lower production volumes
- 3Q2023 Opex (below GP cost items) increased 5% QoQ but fell 10% YoY, balancing investments in longer term expansionary business initiatives along with cost control measures
- Group was profitable in 3Q2023 and continued to generate positive operational cash flows for 9M2023



GEOGRAPHICAL EXPANSION

- Expansion into various strategic geographical sites to capture market opportunities available from supply chain redistribution and non-penetrated but established markets familiar with vacuum coating solutions
- Vietnam Site 2 phase one construction on track followed by renovation and fittings before operations commencing in 1Q2024
- Indian subsidiary set up and operational team undergoing training along with site preparation. Small operation expected to commence in 1Q2024
- Ongoing European site assessment or springboard through potential inorganic opportunities



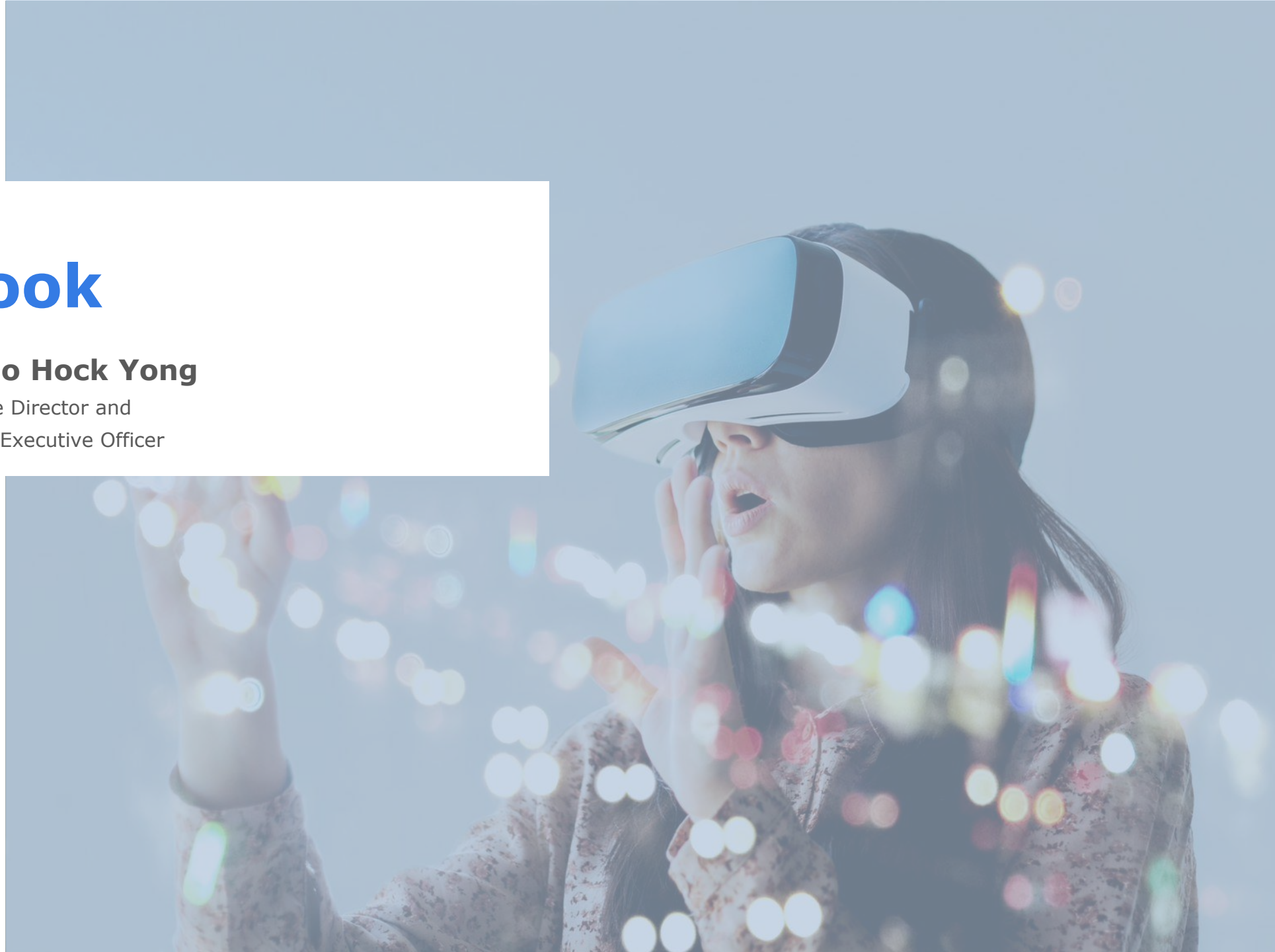
CAPACITY UTILISATION

- Proactively managing the 'excess' capacity or low utilisation of its equipment, especially in Shanghai, by way of redeployment and continue to utilise Shanghai for multi-BUs tapping demand from China market
- A number of equipment utilisation of new business initiatives are related to NPI and process qualification, which has no or limited revenue generated until projects move to mass production

2 | Outlook

Mr Gary Ho Hock Yong

Executive Director and
Group Chief Executive Officer



Strategic Priorities Updates

CONSUMER

INDUSTRIAL

NEW ENERGY

	CONSUMER	INDUSTRIAL	NEW ENERGY
Expansion 	<ul style="list-style-type: none"> ▪ India: Finalising factory-in-factory arrangement with partner to expedite deploying equipment, target closing by 1Q2024 ▪ Vietnam: Phase I renovation expected to be completed by 1Q2024, AMBU Consumer & NFBU equipment installation and commissioning to commence first, with IEBCU operations to follow 	<ul style="list-style-type: none"> ▪ Preparation for European expansion is progressing on track, we expect to separately announce this in due course ▪ NTI sees significant growth opportunities for providing our solutions for European Industrial & Automotive OEMs 	-
New Segments / Products 	<ul style="list-style-type: none"> ▪ AMBU & NFBU: Ongoing NPI involvement with customers for further generation of products as well as introduction of new product lines 	<ul style="list-style-type: none"> ▪ AMBU & IEBCU: Focus to replicate success cases across segment (e.g., Precision Engineering, MFP, Automotive, etc) 	<ul style="list-style-type: none"> ▪ ApexTech: <ul style="list-style-type: none"> ○ Customer qualification at the component level for EV busbar connectors is currently in progress, with slower advancement attributed to customers having excess production capacity due to current market weakness ○ Exploration with potential customers to apply green plating solutions to other components
JVs / M&A 	<ul style="list-style-type: none"> ▪ Ongoing exploration and assessment of synergistic partnerships or M&As 	<ul style="list-style-type: none"> ▪ Actively pursuing M&A strategy in Europe 	<ul style="list-style-type: none"> ▪ Sydragen: Strategic partnership with SHPT for both supply of bipolar plates and system integration beyond China
R&D 	<ul style="list-style-type: none"> ▪ Advanced Technology Research Centre for new application and product development, expected to be completed by end-2023 at Singapore HQ ▪ Establishment of NTI-NTU Corporate Lab for advancing deep tech R&D (for earlier Technology Readiness Levels) 		<ul style="list-style-type: none"> ▪ Sydragen: Development of fuel cell systems and selected end-product applications

Business Outlook



MARKET ENVIRONMENT

- **3C consumer business (AMBU & NFBU):** inventory rebalancing has improved but production volumes still lower YoY
- **IEBU:** Customers remain tight on capex spend, active engagement with customers for coming year requirements
- Going into FY2024, macro environment remains uncertain



OPERATIONS

- Continuing cost optimisation efforts to drive margins recovery
- While we redeploy equipment from Shanghai to new geographical sites for 3C supply chain, we expect overall net business growth over the longer term
- Shanghai plants to continue to feature as an important strategic site for 3C and other BUs, including IEPU, Sydrogen, and NFBU



MARKET EXPANSION

- **Europe:** Ongoing site assessment or springboard through potential inorganic opportunities
- **India:** Finalising factory-in-factory arrangement with partner to expedite deploying equipment, target closing by 1Q2024
- **Vietnam:** Phase I renovation expected to be completed by 1Q2024, AMBU Consumer & NFBU equipment installation and commissioning to commence first, with IEPU operations to follow



FINANCIAL PERFORMANCE

- **FY2023:** Aiming for FY profitability; full year performance will be dependent on end-consumer demand for new 3C product launches, bottom line may be negatively impacted if end-consumer demand remains muted
- **FY2024:** Focus on materialising revenues through our sales strategy in offering proven solutions to focused markets while green shoots from our business initiatives are expected to gradually take shape. With revenues, the Group is able to enjoy high operating leverage and drive profitability

Continue to invest in business expansionary initiatives and innovation without derailing strategic goals to deliver sustainable long-term growth and value



3 | **European** Expansion

Mr Ian Howe

Group Chief Commercial Officer

European Investment:

Strategic expansion of functional thin film coatings for industrial applications, investing into medium to longer-term growth

1 Pursuit of Continuous Progress Presents Prospects

European market & OEMs embrace advanced technologies that differentiate the performance of their products & services

2 Ability to Provide Differentiated Solutions

Nanofilm possesses cutting edge FCVA thin film technologies & manufacturing scale for providing cost leading advanced technologies

3 Growing Market Size⁴

Total estimated market size in excess of €400 million, with an expected growth of 10% CAGR

4 Systematic & Targeted Approach

First step is to enter via Germany as the leading market in Europe; ongoing site assessment or springboard through potential inorganic opportunities

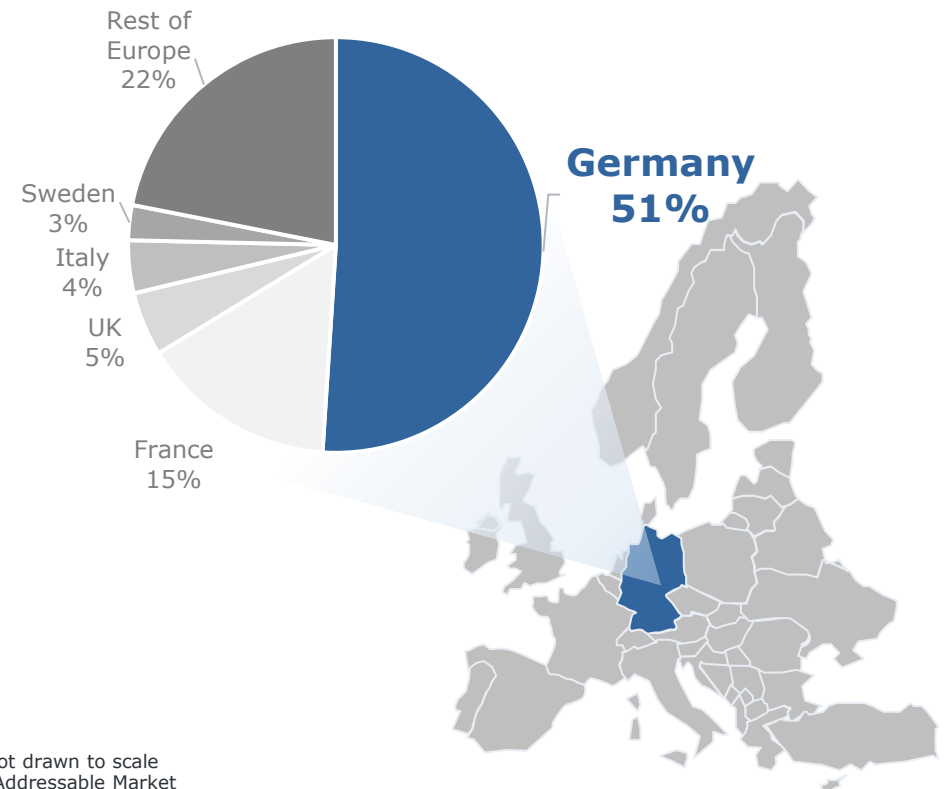
Paving the way towards a multi country-site, aligned with our **geographical & diversification coverage** strategic pillar

Total European Market Size

TAM¹:
€13 billion⁴

SAM²:
€2 billion⁴

SOM³: *in excess of*
€400 million⁴



Note: Not drawn to scale
¹ Total Addressable Market
² Serviceable Addressable Market
³ Serviceable Obtainable Market
⁴ Company internal estimates and analysis

European Expansion: Focus Areas

MARKET VERTICALS & POTENTIAL APPLICATIONS

General Industry



Off Highway Diesel



Machinery Tool Industry



Hydraulics

Decorative



Automotive Interior



Sanitary Fittings



Consumer Luxury Goods

Medical



Dental Devices



Medical Devices



Medical Robotics

VALUE PROPOSITION

Highest system performance
(e.g., improving fuel efficiency, system longevity and performance)

Durable decorative surfaces
(e.g., abrasion resistant decorative surface solutions)

Highest durability & quality
(e.g., providing thin film coating solutions with enhanced performance)

4 | Q&A



THANK YOU