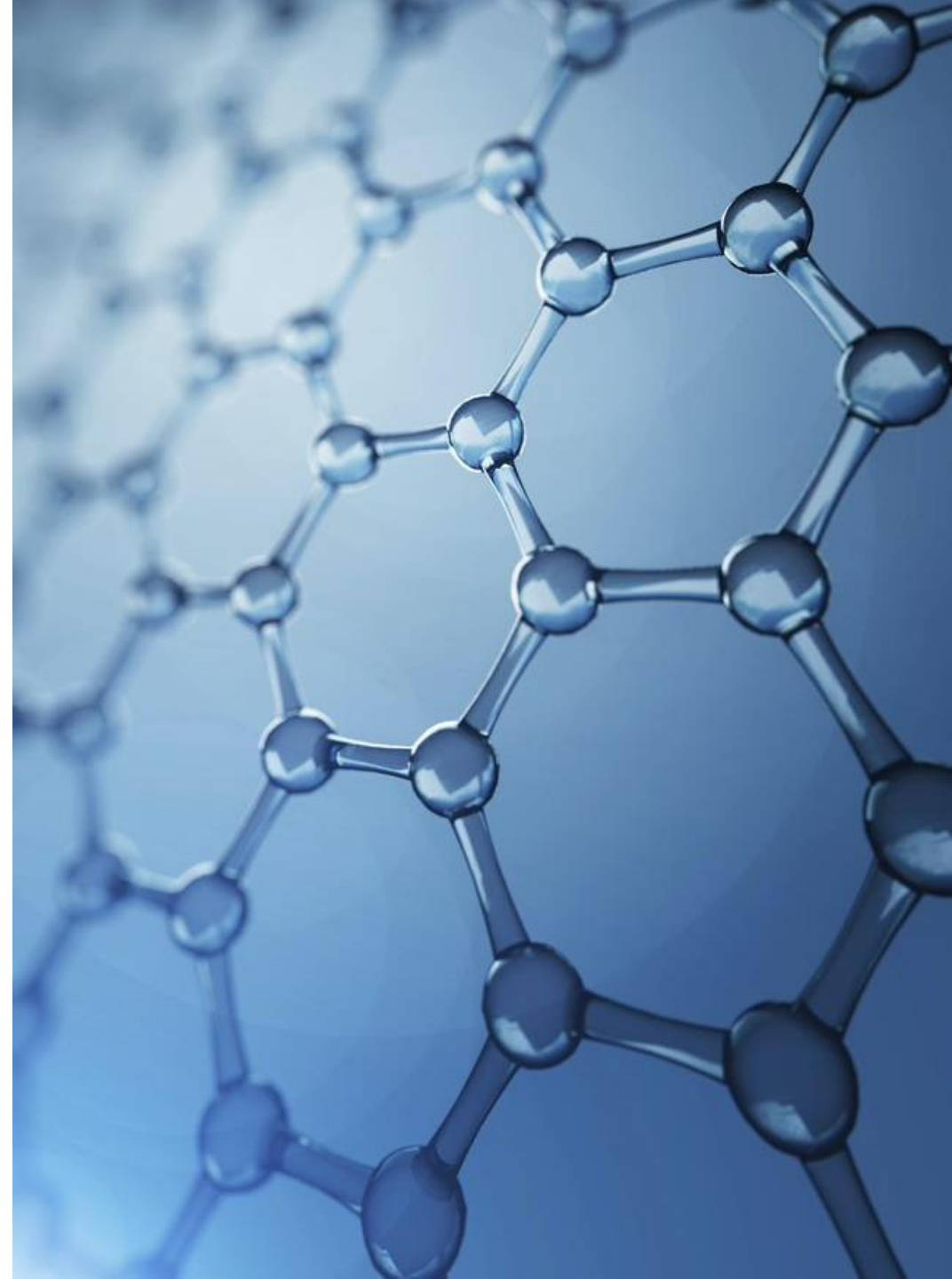




NANOFILM TECHNOLOGIES INTERNATIONAL

FY2023 Results Announcement

26 February 2024



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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

- **Overview**
- **Financial Highlights**
- **ESG Update**
- **Outlook**
- **Q&A**



1 | Overview

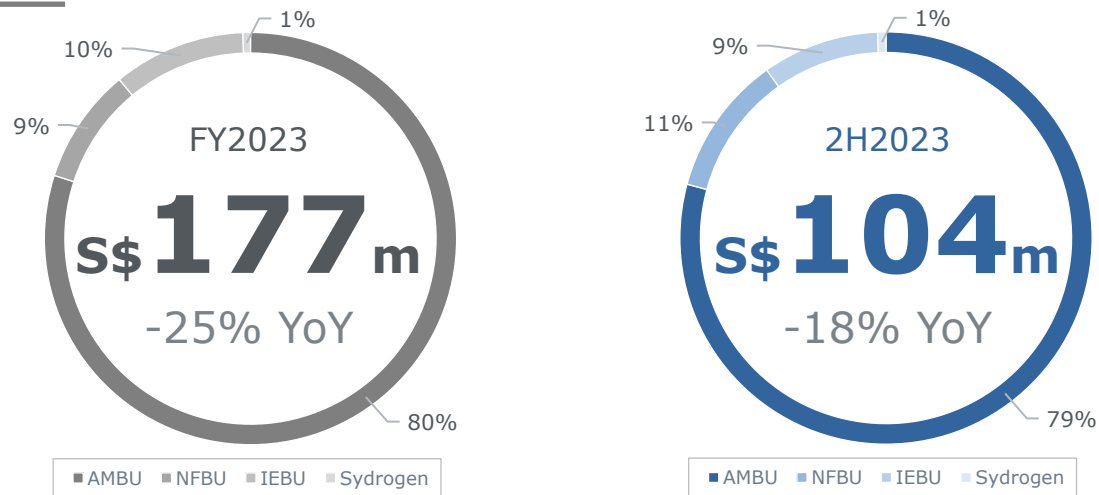
Mr Gary Ho

Executive Director and
Group Chief Executive Officer



FY2023 At a Glance: 2H2023 saw a recovery in business performance

Pathway to Revenue Recovery and on-going cost optimisation gaining momentum



S\$ 155m
as at 31 Dec 2023

TOTAL CASH BALANCE

0.33c
per ordinary share

FINAL DIVIDEND

S\$ 17m

SHARE BUY BACK (1)

REVENUE

FY2023	2H2023
S\$ 39m -51% YoY	S\$ 29m -32% YoY

ADJUSTED EBITDA

FY2023	2H2023
S\$ 3m -93% YoY	S\$ 11m -57% YoY

PATMI

Source: Company information

(1) Total number of ordinary shares bought back in FY2023 was 11.1m shares, totalling S\$16.7m

Business Update



Pathway to Revenue Recovery Started in 2H2023

- 2023 Group revenue grew 42% HoH. Rebound in Q3 business activities and trend continued into 4Q, led by 3C recovery from improving inventory rebalancing and new end-customers' product launches
- Consumer business narrowed its sales decline to 26% YoY in 2H instead of 42% decline YoY in 1H
- Industrial within AMBU continued its revenue growth trajectory, with 2H growing 24% YoY



Results from Cost Optimisation Plan Gaining Momentum

- Proactive cost optimisation plan, with cost initiatives implemented in 1H yielding greater results in 2H, leading to a reduction in admin OPEX of 9% YoY in 2H. Admin OPEX would have declined 8% HoH after adjusting for one-offs in 2H
- Continuous focus on improving efficiencies through automation, processes streamlining, and workshop consolidation, calibrated to support our strategic growth initiatives



Meaningful Progress in Strategic Initiatives

- Our strategic global footprint aligned with China plus one strategy of our customers positions us favourably
- Maiden European acquisition AxynTec fast-tracked entry into this market with our differentiated solutions
- Sydrogen advances in fuel cell systems product development, BPP coatings gaining grounds
- Establishment of NTI-NTU Corp Lab allowing us to combine resources for deep-tech innovation and achieve mutual benefits



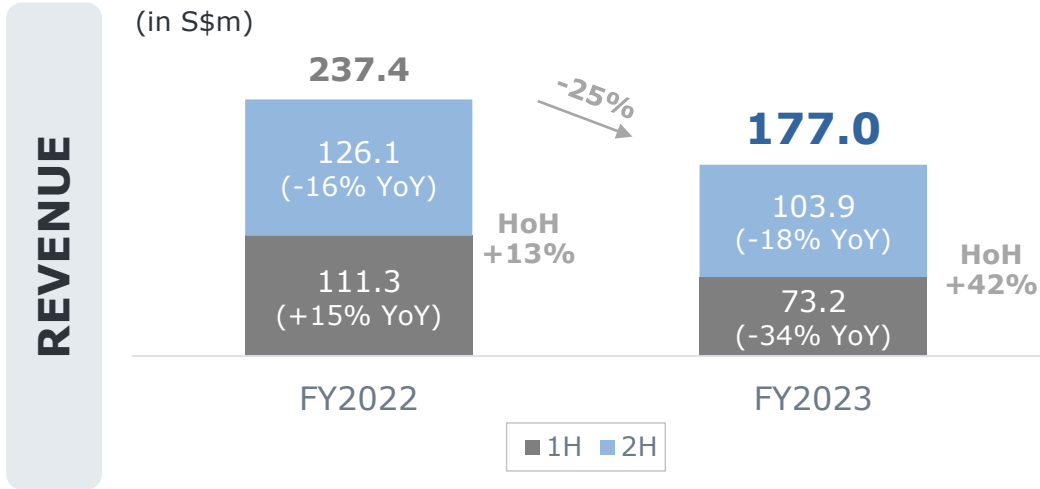
2 | Financial Highlights

Mr Kay Lim

Group Chief Financial Officer

FY2023 Revenue Performance

Upward trend in revenue recovery into 2H2023



- Group revenue declined 25% YoY to S\$177m, with narrowing 2H YoY decline compared to 1H, led by recovery in Consumer within AMBU and NFBU. 2023 HoH revenue grew 42%
- Industrial within AMBU posted double digit growth with 10% growth YoY in printing & imaging and precision engineering applications and 31% growth YoY in Automotive
- Weakest performance was IEUBU where industrial equipment sales were impacted by customers' slow down and indecision in capex spending

Business Units

S\$m	FY2022	FY2023	YoY
AMBU	187.2	141.5	-24.4%
IEBU	30.9	18.4	-40.5%
NFBU	19.1	16.0	-16.0%
Sydrigen	0.2	1.1	418.0%
TOTAL	237.4	177.0	-25.4%

End-Markets

S\$m	FY2022	FY2023	YoY
Consumer ⁽¹⁾	171.8	115.2	-32.9%
Industrial ⁽²⁾	65.4	60.7	-7.1%
New Energy ⁽³⁾	0.2	1.1	418.0%
TOTAL	237.4	177.0	-25.4%

Include Industrial (2)

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

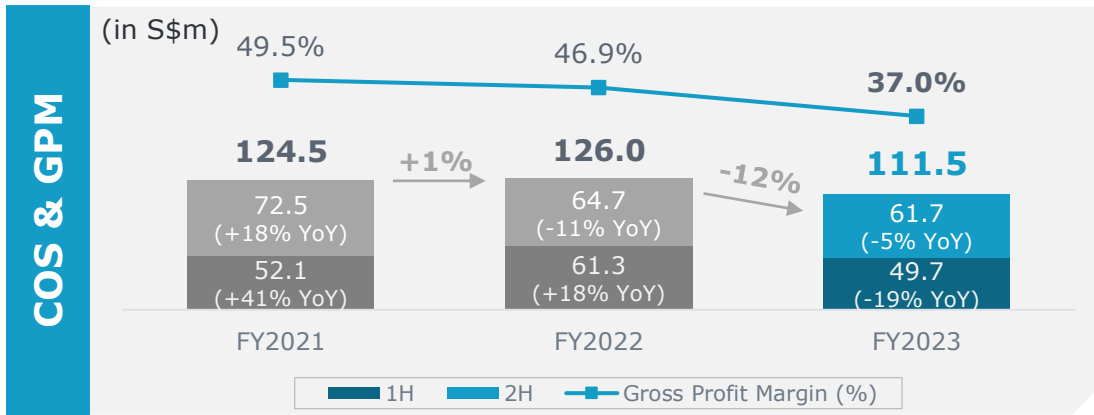
(1) Consumer comprises revenue contributions from 3C and NFBU

(2) Industrial comprises revenue contributions from Automotive, Precision Engineering, Printing & Imaging, and IEUBU

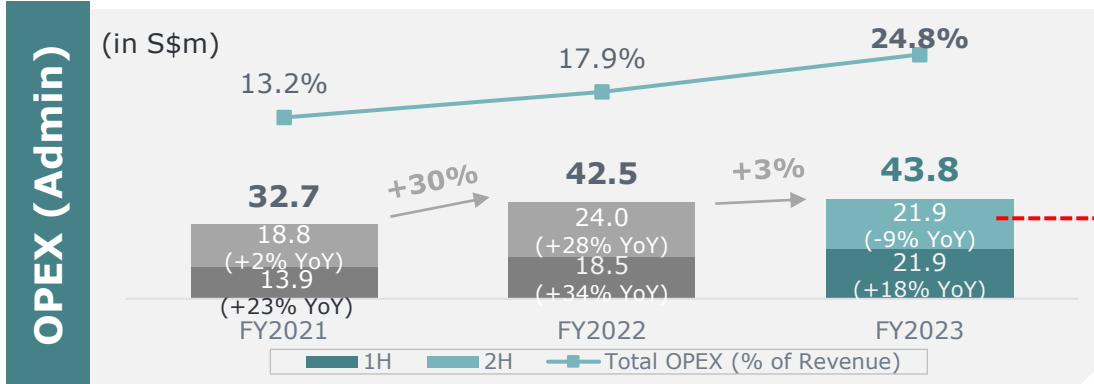
(3) New Energy comprises revenue contribution from Sydrigen

Core Expenses Review

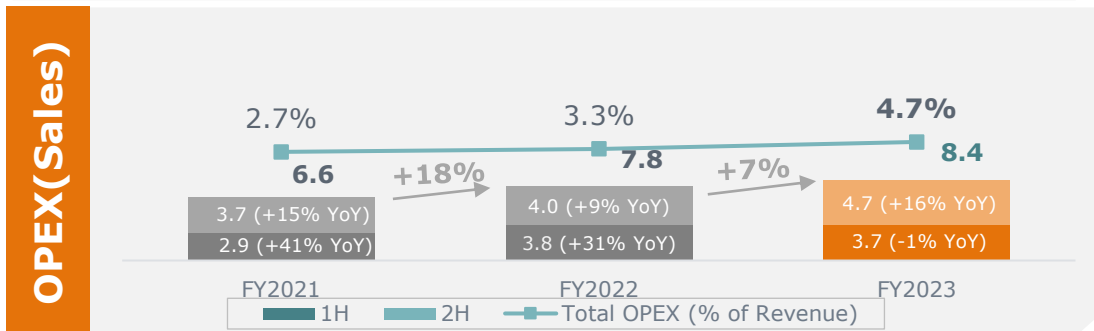
Continuous cost structure improvement & higher investment in sales efforts



- Improving operational performance with recovery in GPM in 2H2023 to 40.6% compared to 1H of 32.0%:
- FY2023 GPM was 37.0%, 9.9 p.p.⁽¹⁾ lower than 2022's 46.9%, as operational cost savings from on-going cost optimisation efforts were offset by:
 - higher 4.5 p.p. due to product mix changes, driven by higher material content from an increased in Automotive revenue contribution;
 - higher 4.1 p.p. due to an increase in direct depreciation and amortisation (D&A) costs; and,
 - higher 0.8 p.p. due to an increase in indirect labour



- 2H Admin Opex declined 9% YoY with increasing business efficiency
- Full year Admin OPEX rose marginally 3.0% or S\$1.3m YoY, a rate significantly tapered by cost-saving measures, which would have resulted in a decrease of 6.6% if not for:
 - Higher D&A fixed cost, amounting to S\$2.3m;
 - S\$1.3m loss on disposal of assets, and S\$0.5m professional fees related to M&A activities which were one-off in nature. 2H2023 Admin OPEX would have declined 8% HoH after adjusting for these one-offs in 2H



- FY2023 sales expenses increased 7% YoY while 2H2023 was up 16% YoY and 27% HoH.
- Continued to enhance sales efforts and expand market presence by investing in new markets, alongside recruiting business development, sales, and marketing personnel, to drive future sales growth

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

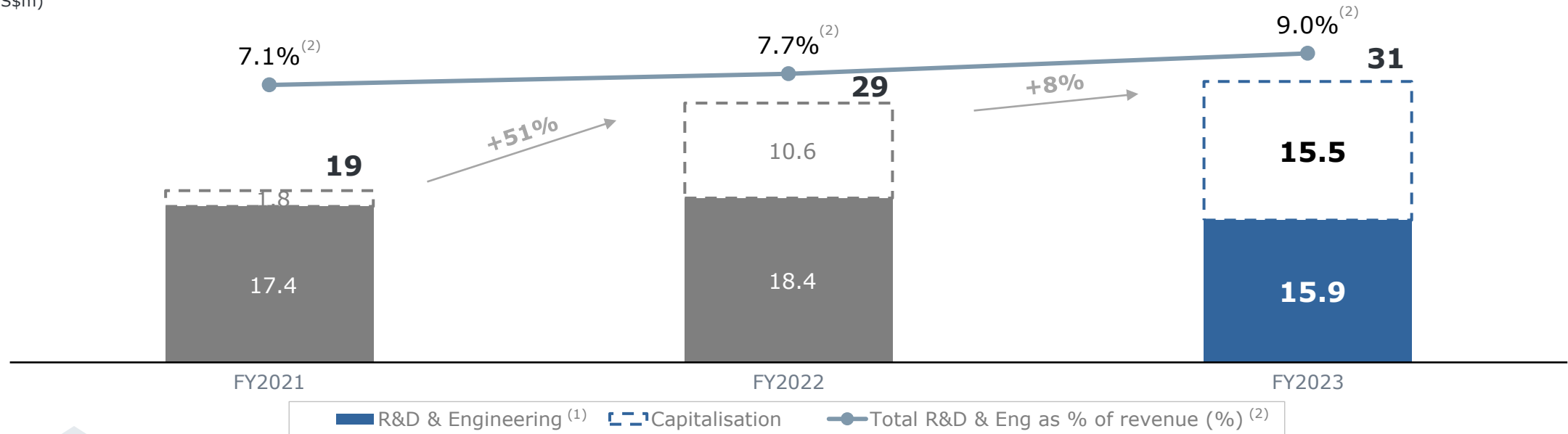
(1) Refers to percentage points

Investment in Technology & Innovation

Higher portion of R&D and Engineering activities moving closer to commercialisation

R&D and Engineering Expenses ⁽¹⁾

(in S\$m)



- In FY2023, R&D and Engineering expenses fell by 13.6% YoY, due to an increase in the capitalisation of eligible R&D and engineering costs, as more R&D and engineering activities are nearing commercial viability: including new equipment platform to address multiple end-markets; hydrogen fuel cell related products and nanofabrication of new products
- Going forward, the establishment of NTI-NTU Corporate Laboratory allows us to combine resources to drive deep-tech innovation and achieve mutual benefits

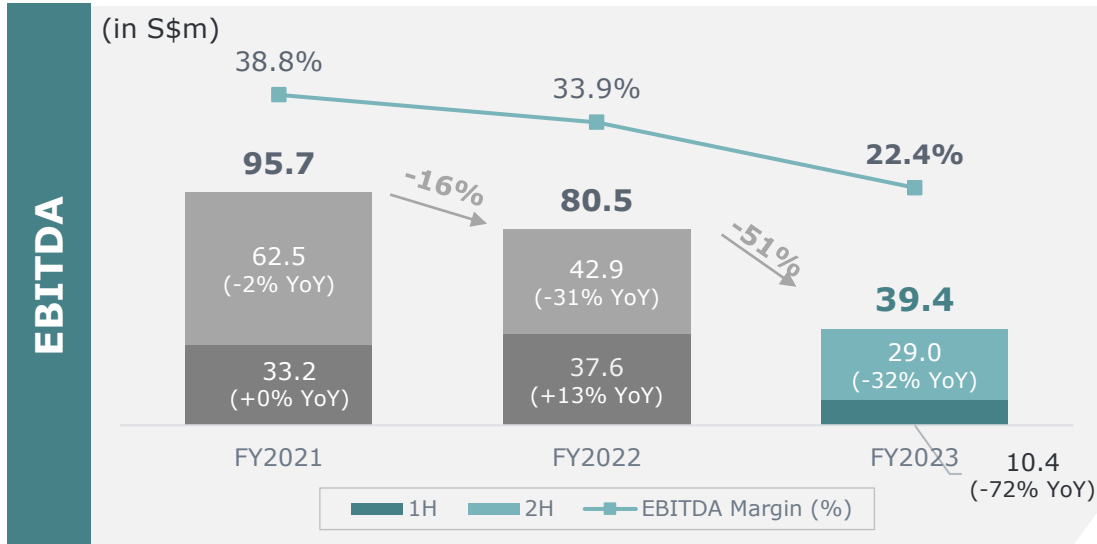
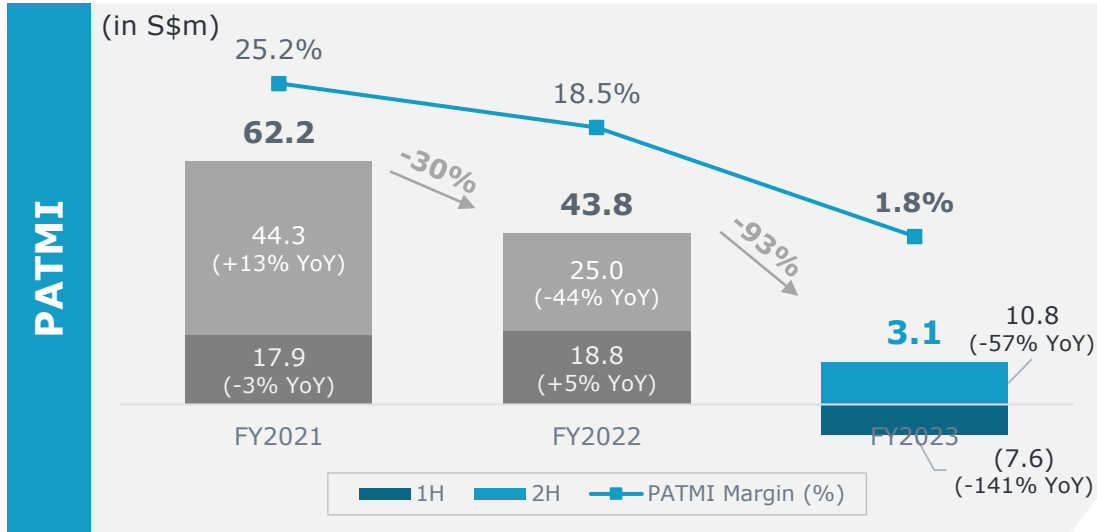
Source: Company information, numbers may not tie due to rounding (refer to results announcement)

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

(2) Excludes capitalised R&D & Engineering expenses

PATMI & EBITDA Review

Higher depreciation and amortisation impacted PATMI

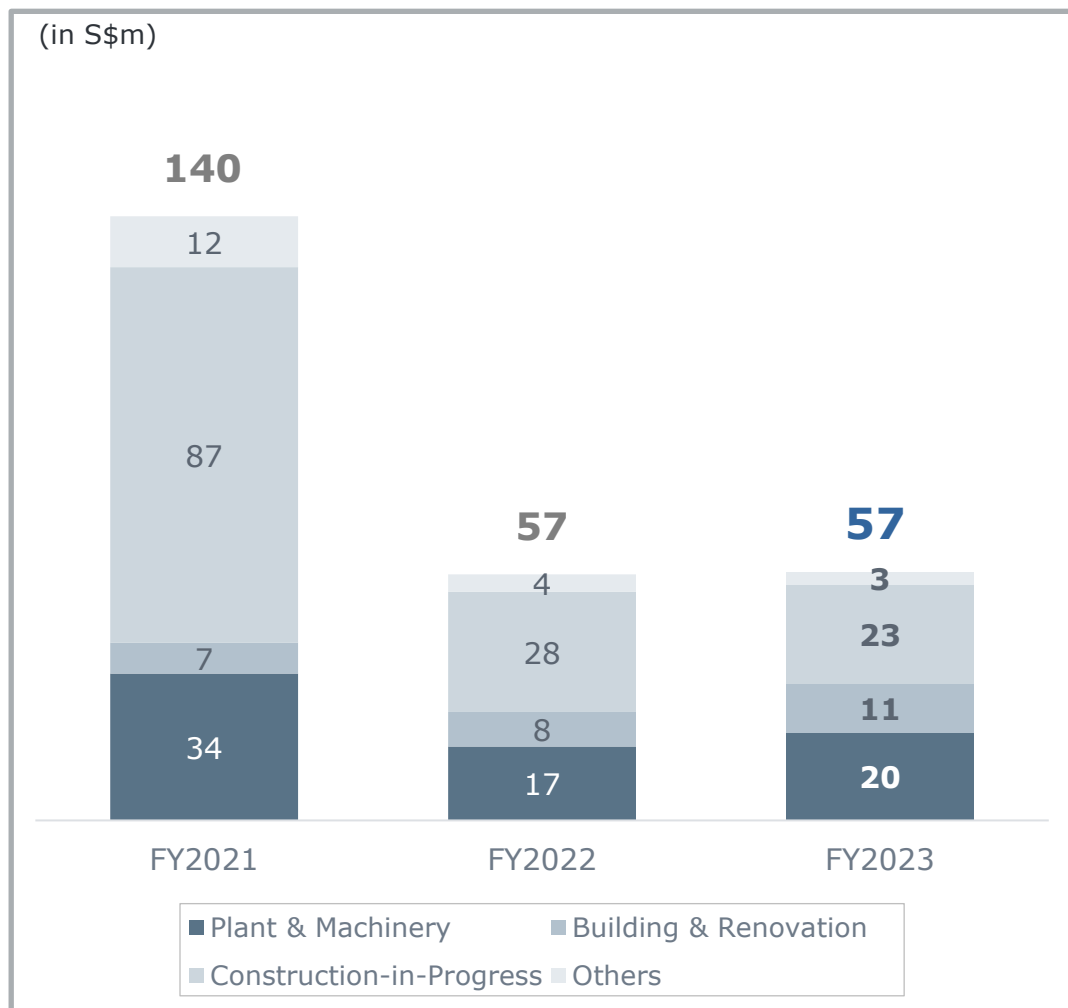


- 2H2023 recovered with a PATMI of S\$10.8m, led by a rebound in revenues and an enhanced cost structure
- FY2023 PATMI of S\$3.1m down 93% YoY, negatively impacted by lower revenues and higher S\$3.5m in depreciation and amortisation expenses
- 2H2023 EBITDA stood at S\$29.0m, down 32% YoY, while for FY2023 EBITDA was S\$39.4m down 51% YoY

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

PPE Update

Investments in strategic priorities, enhancing quality asset base to drive future growth



PPE Changes in FY2023

- PPE investments, excluding leases commitment, for FY2023 were S\$49m related to additions to property, plant and equipment
- Major PPE investments include:
 - Infrastructure investments in Zigong and Huizhou sites, new mega plant 2 in Vietnam (land acquisition and initial phase 1 construction)
 - Renovations of Tai Seng site (corporate HQ) in Singapore
 - Renovations of Ayer Rajah operational site in Singapore
 - Equipment additions for Zigong and Huizhou

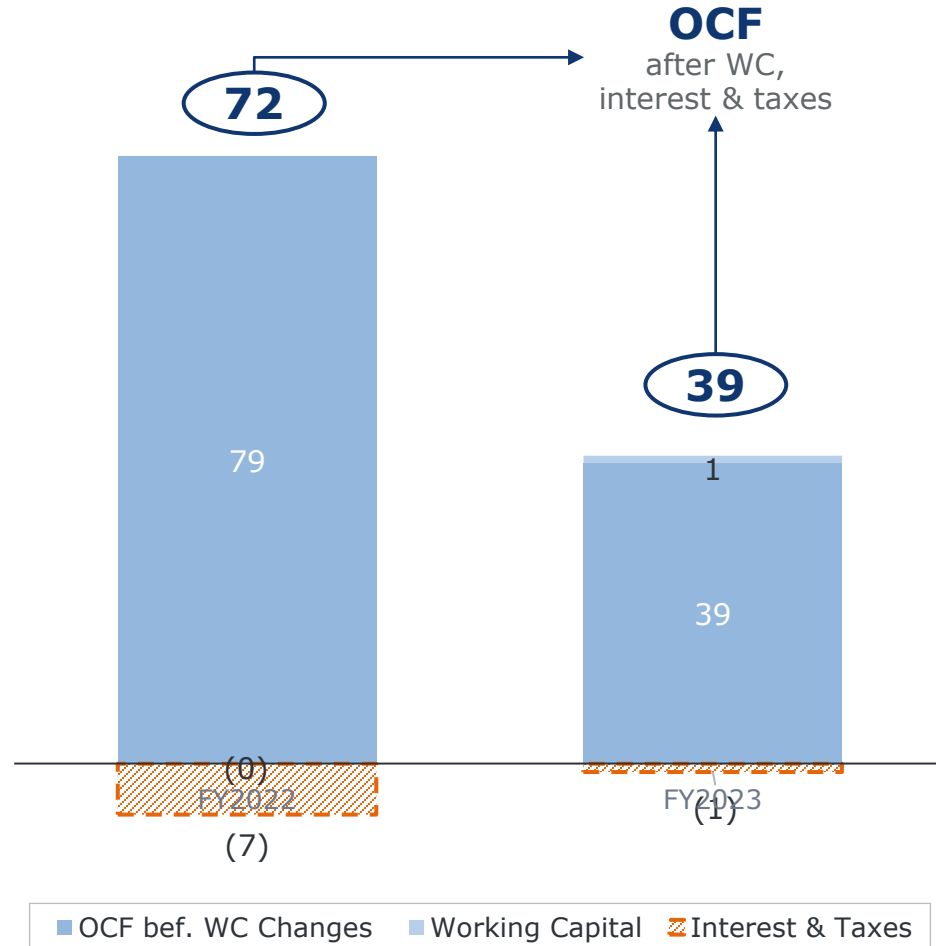
Source: Company information, numbers may not tie due to rounding (refer to results announcement)
Note: PPE amount includes right-of-use assets under leasing arrangements

Positive Operating Cash Flow

Business resilience with strong positive operating cash flow despite challenging market

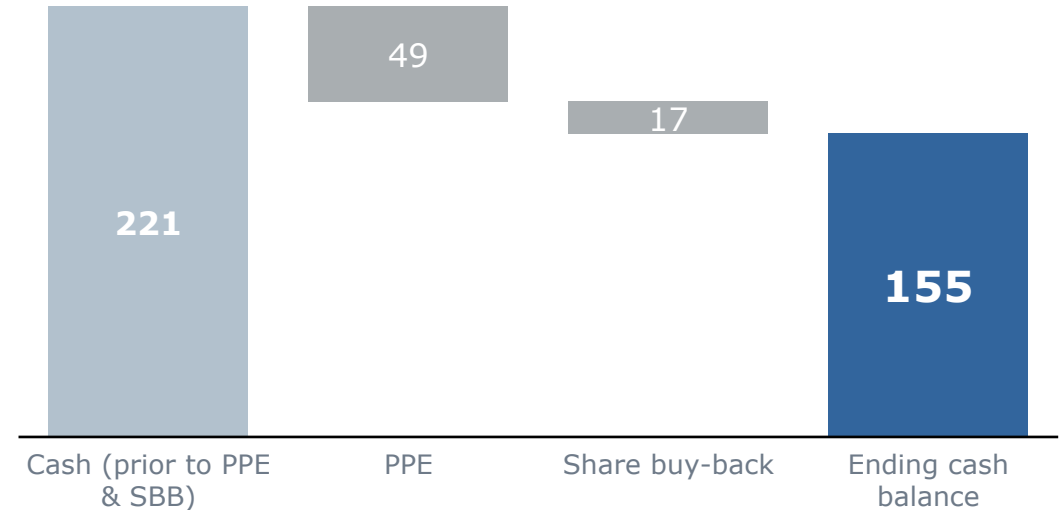
Positive operating cash flow

(in S\$m)



Total cash balance as at 31 Dec 2023

(in S\$m)



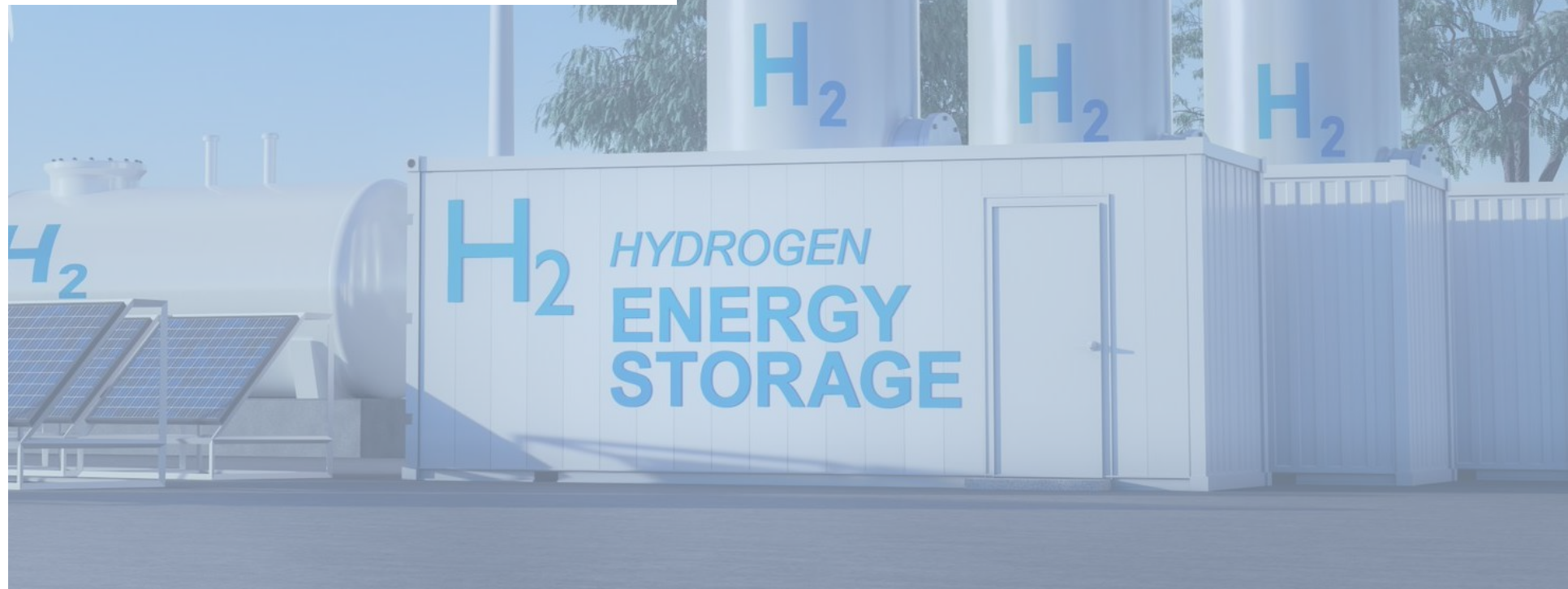
- Despite facing challenging market conditions, the Company continues to generate robust positive operating cash flow, a reflection of its operational resilience, fundamentals and financial stability
- Company continued share buyback in FY2023 of S\$17m with the objective of enhancing shareholder value
- Final dividend of 0.33 cents declared in view of 2H performance and business outlook

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

3 | ESG Update

Mr Gian Yi-Hsen

Group Chief Strategy Officer and
Chief Executive Officer, Sydorgen



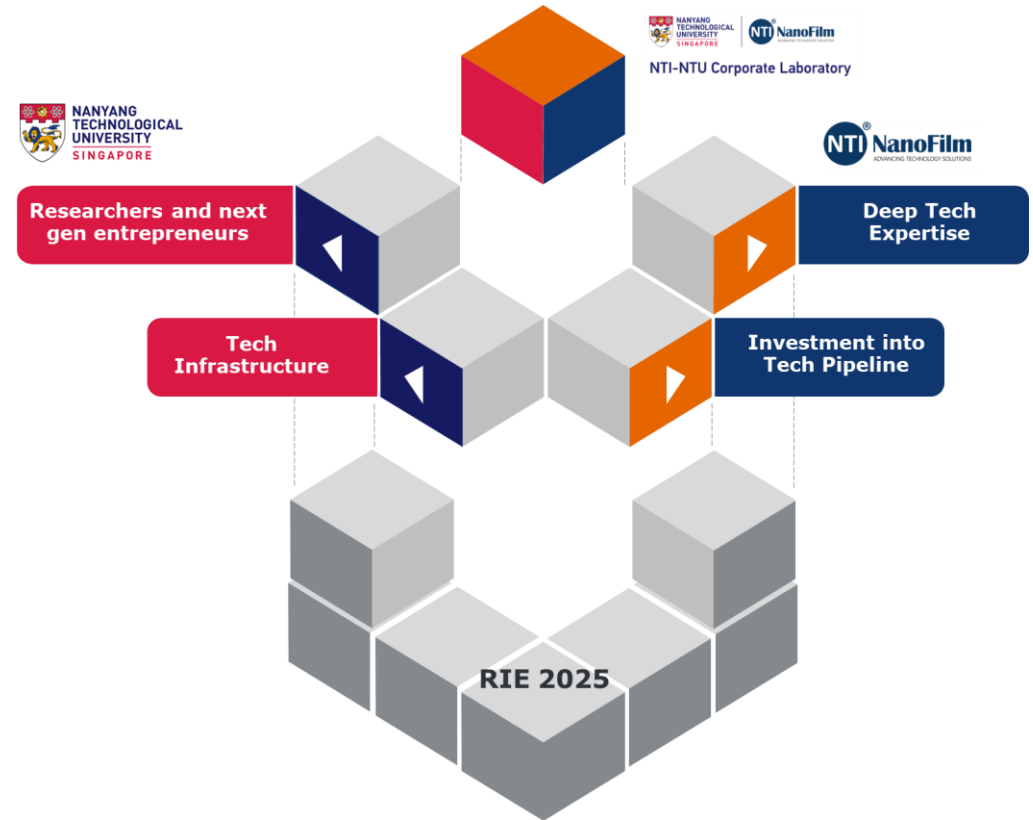
Sustainable Innovation: NTI-NTU Corporate Laboratory

Collaboration between Nanofilm & NTU – Launched 01 Nov 2023

In alignment with Singapore's RIE 2025,
supported by Enterprise Singapore



\$66m
Funding
4 Programs
Research Pillars
10 Projects
In 5 Years



4 Research Pillars:



Nanofabrication



Coating
Equipment



Hydrogen Energy



Advanced
Materials

- ✓ Synergistic collaboration with NTU to drive research for commercial innovations
- ✓ Dedicated to nurture the next gen tech entrepreneurs
- ✓ Providing local ecosystem with greater access to NTI's deep tech

Investing in partnerships and building the clean hydrogen ecosystem

Elevating internal **product capabilities**



Coatings qualified for mass production; strategic supply of fuel cell system

Cooperation agreement SHPT, a leading Shanghai Fuel cell manufacturer, in Aug 23



Commercialising fuel cell research in precious metal-free catalyst development and simulation

Via NTI-NTU Corporate lab launched in Nov 23



Driving internal product development & innovation across value chain

First internally developed Fuel Cell prototype product assembled and generating power in Jan 24

Leading the development of a **Hydrogen Economy**, in parallel



Stationary Power using piped gas PoC

MoUs signed Sep 22



Maritime End-user and Certification development partners

Tripartite Mou Signed Oct 23



Cooperation with H₂ storage & refueling station leader

Cooperation agreement signed with China's top refueling station developer in Jan 24

4 | Outlook

Mr Gary Ho

Executive Director and
Group Chief Executive Officer

&

Mr Ian Howe

Group Chief Commercial Officer



Business Outlook: **AMBU**

Accelerating Growth Through Strategic Expansions in Consumer and Industrial Sectors

CONSUMER:

- Geographical expansion: Our strategic global footprint aligned with the China plus one strategy of our customers positions us favourably
- Pipeline visibility enhanced by existing projects slated for mass production and new projects advancing at the NPI stages with possibility of entering into mass production
- New customers: Commenced mass production project in the smartphone category with a new leading consumer brand company

INDUSTRIAL:

- Anticipating stable business in Singapore, China and Japan, with growth prospects from market expansion in Europe
- Apextech's green plating business is facing challenges from prolonged qualification processes, sluggish industry growth, and slow customer acceptance of new technology. However, we remain confident in the long-term prospects and benefits of our green technology, anticipating its eventual success
- M&A: Maiden European acquisition of Axyntec fast-tracked our entry into this sizeable market with our differentiated solutions

Business Outlook: IEBU

Business cycle is longer and requires strategic patience before next order wave

- One product line reaching market saturation which resulted in fewer growth opportunities. Major upgrade to this product line is renewing customers' interests
- Sales opportunities are still hampered by slower Chinese market
- Projects are at various sales stages and most have long gestation period: from initial contact, qualification of samples, technical evaluation, commercial negotiations to deal closing
- Promising prospect in the new energy sector, where customers are encouraged by our coating performance, leading them to integrate our technology into theirs, which in turn boosting interest in acquiring our equipment

Business Outlook: NFBU

An emerging player in nanofabrication for next-Gen consumer devices

- The outlook for NFBU is positive, primarily driven by its crucial role in mass production projects for micro-lens array (MLA) lenses in consumer wearables and Fresnel lenses for smartphones
- As consumer electronics continue to evolve, integrating more sophisticated optical technologies for enhanced user experiences, the need for nanofabrication components is expected to be greater

Business Outlook: **Sydragen**

Advances in China with Mass BPP Production and Unveils New Fuel Cell Innovations in 2024

- Chinese market for fuel cell and hydrogen related technology recovering well with China's Long Term Hydrogen Plan
- Sydragen has commenced quantity production of BPP for key automotive customers in 2H23
- To continue accelerating BPP coating services for Chinese market in 2024
- Continued investment and development of own products and demonstration projects

FY2024 Overall Outlook



MARKET ENVIRONMENT

- Uncertain market landscape presenting both challenges and opportunities for strategic adaptation



KEY GROWTH DRIVERS

- **Consumer:** Pipeline visibility enhanced by existing projects slated for mass production and new projects advancing at the NPI stages with possibility of entering into mass production.
- **Industrial:** Anticipating stable business in Singapore, China and Japan, with growth prospects from market expansion in Europe
- **New Energy:** Sydhrogen's BPP coatings product is accelerating production for automotive customers



COST OPTIMISATION & CAPEX

- Continue to optimise our cost structure
- Do not expect significant capex, instead focusing on maximising returns from current asset base



FINANCIAL PERFORMANCE

- Combining revenue drivers and cost optimisation, the Group expects FY2024 financial performance to achieve higher revenues and profits, contingent upon absence of major unexpected events

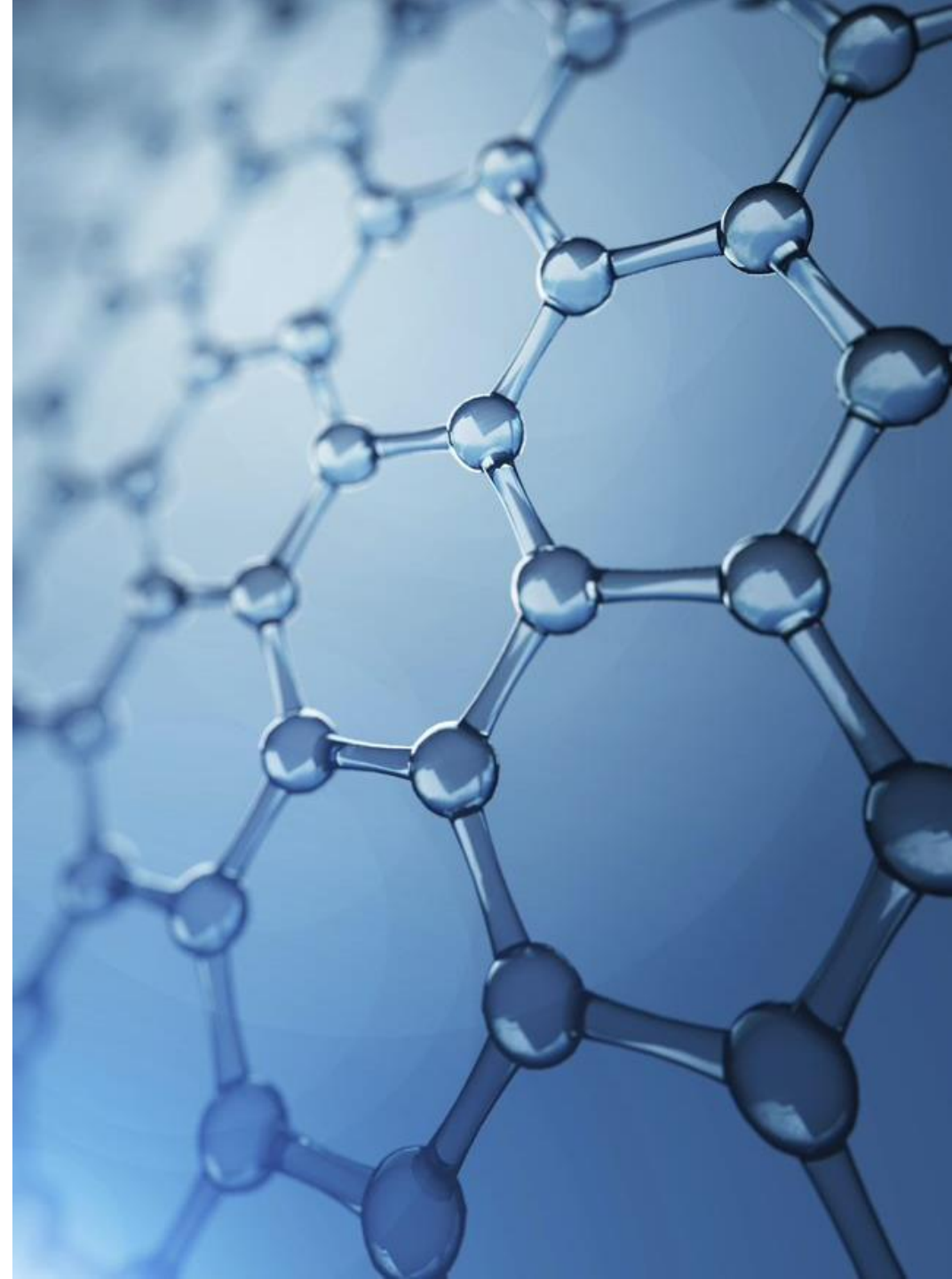
Driving Revenue Growth & Continuous Improvements on Reduced Cost Structure

5 | Q&A



THANK YOU

APPENDICES



FY2023 BU Review: Soft Consumer end-markets (3C and NFBU); however, saw a rebound in 2H2023

Good customer traction in the AMBU Industrial sub-segments and in Sydrogen

AMBU

Coating As a Service



Consumer (Communication, Wearables & Accessories and Computer):

- FY2023 revenue fell 35% YoY attributable to overall inventory rebalancing (lower safety stock requirements from customers) and weaker end-consumer demand
- In line with the 3C peak period, 2H2023 revenues improved 53% HoH
- However, this was partially offset with a weaker FX, translation from RMB to SGD

Industrial (Precision Engineering, Printing Imaging):

- Efforts yielding consistent results, with 10% growth YoY, driven by execution of growth strategy focused on scalable commercial applications
- Not experiencing similar seasonality, Industrial sub-segments saw a slight improvement of 4% HoH

Automotive:

- Sales recovered and grew 31% YoY, led by rebound in commercial vehicle market
- Less susceptible to seasonality, Automotive grew 15% HoH

NFBU

Nanofabricated products



Consumer (Communication, Wearables & Accessories and Computer):

- FY2023 revenue fell 16% YoY, but saw an improvement of 144% HoH in line with the consumer electronics peak period

IEBU

Equipment making



- FY2023 revenue fell 40% YoY, as customers continued to remain cautious as they tightened equipment capex spending

Sydrogen





Hydrogen Fuel Cell Products



- FY2023 revenue grew 418% YoY due to low base effect and encouraging developments from bi-polar plates coating customers
- While Sydrogen has gained good traction with current and prospective customers, volumes were not meaningful given the slowdown and infancy of the hydrogen economy

Strategic Focus Areas: Progress & Updates

Fully focused on improving performance by pursuing opportunities to expand product offering and diversifying customer base

STRATEGIC AREAS	 Geographical Expansion	 New Segments & Product Diversification	 Joint Ventures / M&A	 R&D and Engineering Product Development
LATEST UPDATES	<ul style="list-style-type: none"> ▪ Vietnam new plant's phase one, 15,000 sqm GFA, construction in tail end and workshop qualifications for AM and NF underway. Expected operationally in 1Q2024 ▪ Europe site – entry through AxynTec in Germany ▪ India site expansion with local Indian subsidiary incorporated. Factory-in-factory operation for AMBU Consumer and operational in Q2 2024 ▪ China Huizhou site: commenced mass production for AMBU Consumer with a new global leading consumer brand and small batch production for AMBU Industrial ▪ China Zigong site - ApexTech: Batch equipment going through customers qualification 	<ul style="list-style-type: none"> ▪ Green plating solution – sustainable and green compared to electroplating <ul style="list-style-type: none"> ▪ Apextech's green plating business is facing challenges from prolonged qualification processes, sluggish industry growth, and slow customer acceptance of new technology. However, we remain confident in the long-term prospects and benefits of our green technology, anticipating its eventual success ○ Focus business development in expanding green plating to selected applications in other areas ▪ Nanofabricated optical solution <ul style="list-style-type: none"> ○ Development of new optical sensory module for smart wearables market ▪ SydroDIAMOND® solution <ul style="list-style-type: none"> ○ Focus business development and customers engagement for bi-polar plates coating for hydrogen fuel cell systems 	<ul style="list-style-type: none"> ▪ Focus on post merger integration with Axyntec 	<ul style="list-style-type: none"> ▪ Establishment of NTI-NTU Corp Lab allowing us to combine resources for deep-tech innovation and achieve mutual benefits ▪ Advanced Technology Research Centre for new application and product development of later stage TRL readiness (closer to commercialisation) completed in October 2023 at Singapore HQ Tai Seng

Source: Company information