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1Q2025 BUSINESS UPDATE BRIEF

22 April 2025, 09.30am

Management Panel:

Dr. Shi Xu	Executive Chairman and Group Chief Executive Officer (“**Group CEO**”)
Mr. Kay Lim	Group Chief Financial Officer (“**Group CFO**”)
Mr. Gian Yi-Hsen	Group Chief Strategy Officer (“**Group CSO**”) and CEO, Sydrogen
Mr. Ian Howe	Group Chief Commercial Officer (“**Group CCO**”)

Presentation Transcript

Duane Tan
Investor Relations

: Good morning, ladies and gentlemen, and welcome to Nanofilm's first quarter 2025 Business Update Brief. I am Duane from Investor Relations. Thank you for joining us this morning.

Please allow me to introduce the management panel for today's session. Firstly, we have Dr. Shi Xu, our Executive Chairman and Group CEO. We also have Mr. Kay Lim, our Group CFO, Mr. Gian Yi-Hsen, our Group CSO and CEO of Sydrogen, and lastly, Mr. Ian Howe, our Group CCO.

For today's briefing, Kay will first take us through the overview of our performance for the first quarter ended 31 March 2025 (“**1Q2025**”), before handing it over to Yi-Hsen who will be providing the outlook.

Without further ado, I will now pass the time to Kay.

Kay, please.

Kay Lim
Group CFO

: Good morning, ladies and gentlemen.

Let me begin today's presentation with an overview of our performance for the first quarter of 2025. Despite ongoing market uncertainties and macro headwinds, Nanofilm has continued to demonstrate resilience and adaptability. This reflects the strengths of our diversified business portfolio and production basis, laying a strong foundation for sustainable long-term growth.

I am pleased to report that in the first quarter of 2025, we achieved a 12% year-on-year growth in improved revenue, reaching S$44 million. This growth was largely driven by the Advanced Materials Business Unit (“**AMBU**”), and Nanofabrication Business Unit (“**NFBU**”). Within AMBU, we maintained positive momentum, with revenue rising 11% year-on-year. AMBU continues to be our largest business segment, contributing 89% of the Group’s revenue.

Breaking it down further, our 3C[1] segment grew 6% year-on-year. The automotive segment delivered a 15% year-on-year growth. Meanwhile, other industrial segments posted a 34% year-on-year growth.

Turning to our other Business Units, NFBU recorded a 49% year-on-year growth, contributing 6% to Group revenue, while Sydrogen posted a 158% year-on-year growth, accounting for 1% of Group revenue. On the other hand, the Industrial Equipment Business Unit ("**IEBU**") contracted by 24% year-on-year due to the timing of equipment delivery recognition.

Next, we move on to our operating performance, geographical expansion, and strategic priorities.

In 1Q2025, Computer and Communications segments within AMBU continued to recover, although overall 3C growth was offset by a softer performance in the Wearables and Accessories segment. Our 1Q2025 gross profit margin was over 27%, compared to 33% in the first quarter of 2024 ("**1Q2024**"). The year-on-year moderation was mainly due to a lower contribution from IEBU.

We continue to benefit from our strategically diversified footprint, which is closely aligned with the needs of our key customers. In Vietnam, our second plant has commenced production and is already serving multiple supply chains.

In India, we have regained small batch coating for smartphone components and are working closely with key customers. In Germany, we are making good progress in the post-merger integration of EuropCoating Group[2], and strengthening our market presence by offering advanced nanotechnology solutions. By combining the strengths of EuropCoating and AxynTeC[3], we have built a strong platform to serve our customers across Europe more effectively.

Looking ahead, our key strategic priorities remain focused and clear. We are deepening our engagement with global and local customers through our expanded footprint, accelerating our presence in Europe, and advancing next-generation coating platforms to support growth across both new and existing customer segments.

With that, I will pass over to Yi-Hsen to take us through the outlook.

Yi-Hsen, please.

Gian Yi-Hsen
Group CSO
: Thank you, Kay.

Good morning, everyone. I am speaking to you from Vietnam, as we are here to check on our new facility. I am sure many of you are wondering about global tariffs and how they are affecting various companies. For the Nanofilm Group,

[1] 3C refers to Computer, Communications, and Consumer Electronics
[2] EuropCoating Group refers to EC Europ Coating GmbH and MC Europ Coating GmbH
[3] AxynTeC refers to AxynTeC Dünnschichttechnik GmbH

we do not have material direct exposure to the United States ("**U.S.**") as direct sales to the U.S. represent 1% or even less of the Group's total revenue.

Let me take you to some of the plans that we have for each business unit.

Starting with our AMBU, particularly for the consumer segment, we have expanded into Vietnam and India, and for the industrial segment, into Europe. We continue to focus on providing our customers with a diversified and agile global platform.

I am happy to report that, especially for the consumer electronics segment, we currently have one of the most diversified platforms available for our electronic customers. As a Singapore-based company, we are well-positioned to support our customers across multiple geographies.

For IEBU, we will continue focusing on equipment sales in Asia-Pacific ("**APAC**") and Europe, as we have traditionally done. Our Singapore-based headquarters and production base provide us with the optionality to export to a variety of different markets.

On NFBU, we are maintaining our focus on customer diversification, an effort we initiated late last year. We are collaborating our investments and plans to make sure that we meet all the different supply chain needs that are incoming.

Finally, on the Sydrogen front, there are no immediate changes. We continue to see the best growth potential for Sydrogen in APAC, particularly China, as well as in Europe.

Moving on to the overall outlook, the global environment in the last couple of weeks has been very complex and uncertain. Nanofilm's exposure is primarily linked to potential changes in demand, which will naturally have an impact on us.

That said, our core execution priorities remain clear: operationalising our global footprint to make sure that we tap into the various supply chains in different geographies; strengthening our portfolio of offerings through our technology differentiation, particularly with high-efficiency platforms that give us a competitive advantage; and remaining committed to sustainability in our innovations and ensuring that we are well-positioned to support new energy developments in different markets.

On our resilience to macro risks, we have a diversified industry exposure. We are not only exposed to macro risks in consumer electronics but also across industrial-related business as well. We have a good geographic presence across APAC as well as Europe, and we are tucked into many high-growth sectors.

Finally, with minimal direct trade with the U.S., we are buffeted a little as our customers are the ones who have to dealing with most of the issues that arise from tariff disruptions. Currently, we are not exposed to rare metal-related risks.

With that, I come to a close on our sharing on the outlook as well as the reporting by Kay on our first quarter, and we open for Q&A.

Thank you.

Q&A Transcript

Duane Tan
Investor Relations
: Thanks, Yi-Hsen and Management team.

We will now open the floor for Q&A. Please feel free to either use the raise hand function or type your questions in the chat box, and we will address them.

We have one question from Ada in the chat box.

She is asking, "gross profit margin is substantially down year-on-year for the first quarter. You mentioned that this was due to softer revenue contribution from IEBU. Do you foresee further gross profit margin weakness for the rest of the financial year 2025?".

Kay Lim
Group CFO
: I will take that question.

The gross margin for 1Q2025 was impacted by the softer contribution from IEBU. From our equipment business, this is due to the timing of the equipment delivery, as for some of the equipment contracts, we recognise revenue upon equipment delivery.

As such, profits were not recognised in 1Q2025. Going forward, we expect this to normalise as we recognise revenue from the subsequent equipment deliveries into the year 2025.

Dr. Shi
Group CEO
: Just to chip in a bit, for the industrial equipment segment, we have seen a consecutive downtrend over the past couple of years. However, since last year, we saw quite a robust rebound from many segments in the market for equipment. It just so happened that, for the first quarter of this year, equipment delivery was scheduled from April and May onwards.

For the first quarter, we did not recognise major equipment sales, which caused the gross profit to go down a little bit.

Additionally, we did not recognise the NPI revenue which constitutes development revenue from our customer. The recognition was a bit delayed too. These two items, which consisted of pure profits, caused a temporary dip, but it should normalise over the next quarters.

Kay Lim
Group CFO
: If not for this, we will have achieved higher gross profit margin for 1Q2025.

Dr. Shi
Group CEO
: We would have achieved higher revenue as well.

Duane Tan
Investor Relations
: Thanks, Dr. Shi. Thanks, Kay.

We have a question from Lee Keng. Lee Keng, would you like to unmute yourself and ask your question?

Ling Lee Keng
DBS
: Hi, good morning.

I have two key questions.

Firstly, can you provide more colour on the current order book with Customer Z, as well as the other two new customers?

Gian Yi-Hsen
Group CSO
: As of now, we see Customer Z's orders being in line with previous years as a whole. We do see a little bit of pull-in demand, as many people have alluded to in various reports, with many companies starting to build a little bit of inventory ahead of any potential disruptions.

Beyond that, overall demand from Customer Z remains consistent with what we have seen in previous years.

Dr. Shi
Group CEO
: For Customer Z, the overall order is very healthy. We did not see a seasonal drop so far. As Yi-Hsen said, this is probably due to inventory building and the supply chain. This year, we have also been given more projects in other order lines, which I think will compensate for a little bit of softening on the phone side because of design changes. Looking ahead, we also see a likely potential in the acceleration of supply chain building in other countries.

Thanks to our Company's dedication and hard work over the past few years in building our China Plus One strategy, we are now well prepared for such shifting in terms of providing equipment as well as services in other countries outside China. We are probably one of the few suppliers following that kind of supply chain change due to our Singapore company nature. While the situation remains unsettling, and everybody is deeply concerned, our customer is quickly drafting their battle plan.

But for Nanofilm, we are relatively confident. We are reasonably well-posed to mitigate such changes and we are prepared for shifting of manufacturing and supply chains to other locations. In particular, we are also strengthening our position in Europe, which will give us additional strength and opportunities. Regarding the second part of the question, we are getting a very healthy increase in quality service demand from other customers. This is a very positive trend.

We see that the PVD[4] coating demand from other customers is increasing rapidly, and we are riding this wave. We have positioned ourselves well in the supply chain and we are confident that this will become a significant revenue driver for years to come.

Kay Lim
Group CFO
: To add onto what Dr. Shi said, to put things into perspective, our 1Q2025 actual performance for the local Chinese giant player and the Asian global player, both of which are non-Customer Z customers, grew more than 30% year-on-year. Meanwhile, for Customer Z, which is a combination of AMBU business and Nanofabrication business, grew low-teens year-on-year, just to give everyone perspective.

Lee Keng Ling
DBS
: Okay, thank you so much for the clarity.

My second question is with regards to the trade tariff: What kind of discussion have you had with these customers? We understand that the direct impact may be limited, but can you elaborate a bit more on the potential indirect impact, particularly around the pricing, the volume, or the supply chain disruption? Do you anticipate any margin pressure as a result?

Gian Yi-Hsen
Group CSO
: We are well positioned, as Dr. Shi has already clearly indicated.

What we do see and what is likely to happen is, as Dr. Shi also mentioned, an acceleration of demand outside of China, which is where we are well positioned, and we will be working with all of our different customers on alternatives to China as required, which we have also indicated in our deck, in reference to the agile production platform.

To address some of the other questions around Customer Z, we actually represent a small fraction of production costs for their consumer electronic products.

Finally, we are looking at increasing our offerings around the smartphone segment. As indicated by Dr. Shi earlier as well, there have been changes in our customers' requirements, which means that over the coming year, we do not expect any growth from the phone side, but more on other lines of business that we are involved in.

Lee Keng Ling
DBS
: Okay, noted. Thank you so much.

Gian Yi-Hsen
Group CSO
: That is in reference to also questions from William and Onkar in the chat box.

[4] PVD refers to Physical Vapour Deposition

Thank you.

William Tng CGSI : Sorry, Yi-Hsen. William, here.

Can you repeat just now what you said again? I might have missed it.

Gian Yi-Hsen Group CSO : Our services represent a very small proportion of total phone cost production.

William Tng CGSI : Okay, and you mentioned something about the smartphone segment design change?

Gian Yi-Hsen Group CSO : In the smartphone segment, there have been design changes which customers do frequently.

Overall, we expect the smartphone segment for Customer Z to remain flat, but we do expect growth from other segments, such as in smartwatches and so on.

William Tng CGSI : Okay.

Yi-Hsen, just to follow-up on one question: If you are seeing acceleration outside of China, do you foresee an increase in your capex[5] again?

Gian Yi-Hsen Group CSO : We have different options depending on our conversations with our customers.

Some options include moving of capacity that we currently have in China, or depending on the specific conversations and needs, we may invest in new capacity. Of course, we will need new facilities, but we can move equipment around. As an equipment maker, it is easy for us to do so.

William Tng CGSI : Okay, right. Any colour on budgeting of the capex that you might have to spend?

Gian Yi-Hsen Group CSO : I will leave Kay to address that, but it is not very large at this point in time.

Kay Lim Group CFO : One thing to note, William, we do adopt a few options when it comes to capex, which we mentioned in the previous sessions.

One is we own our factories, where we currently enjoy a diversified footprint with the factories in Shanghai and Vietnam that gives us a very good base and optimised space to operate.

[5] Capex refers to Capital Expenditure

The other options include our capital efficient model, such as our factory-in-factory model. We also partner with our strategic partners in strategic locations where we deploy our capacity in factory-by-factory, which is also capital light because we rent the factory.

In that way, capex will be calibrated according to our customers' requirements and needs.

John Cheong
UOBKH
: Hi, this is John.

Can I check on the margin, your expectations on margin, gross margin for the rest of the year or maybe for the full year? Do you expect the margin to be softer or flat or increase?

Kay Lim
Group CFO
: John, we do not provide guidance on our forward margins, but we remain focused in executing our recovery plan and we continue to see positive tractions in the key areas.

Dr. Shi
Group CEO
: We see that the business is growing across multiple business units and overall, we see ongoing good momentum. If we dial back a couple of years, we had invested heavily to expand our business presence in other countries and regions, which caused some margin erosion. Running multiple sites across multiple places all over the world also increased our management costs as we had prepared our team of workers and engineers in anticipation of upcoming manufacturing demand.

But from this year onwards, we are quite happy to see that this demand is realising. And along this situation, we see good business revenue increase from other business units too. Overall, we see a largely positive outlook, amid this current unsettling situation, and we are confident that Nanofilm's business is heading in the right direction.

We believe that our investments over the past few years were the right decisions, and our expansion effort was correct, and our presence across multiple countries and sites were correct, which allowed us to have the current relative confidence.

John Cheong
UOBKH
: Just one more thing to clarify - can you repeat why was the margin is so weak in the first quarter? Because you say there is some delay in delivery, do you expect the catching up, coming back up into the second quarter as you deliver?

Dr. Shi
Group CEO
: Yes, firstly, as we mentioned just now, we have a couple of equipment deliveries scheduled after 1Q2025. So, that was a little bit of delay, as it crossed the quarter cut-off. And equipment sale price is a lump sum that will cause quite a bit of a shift in terms of profit and margin recognition.

Secondly, as usual, for the first quarter of every year, we invest and spend heavily on new products for customers for their upcoming product launch. Normally, we are paid on time for this kind of development work. However, for this year's quarter one, the recognition of this revenue was a bit delayed.

Kay Lim
Group CFO
: Just to clarify, we do not have any delay in equipment, what Dr. Shi meant is that the revenue recognition is due to the timing of equipment deliveries, which is based on the production schedule set forth in our equipment sale contracts.

Duane Tan
Investor Relations
: Thanks, John.

Before we move on to Wern Juan's question, we can take the question from Onkar in the chat.

He is asking, "could you detail the revenue for EuropCoating and the gross margin for it?".

And he is asking for a similar breakdown for AxynTeC.

Kay Lim
Group CFO
: Instead of breaking down the revenue of AxynTeC and EuropCoating, the collective sales of AxynTeC and EuropCoating contributed less than 5% of our total 1Q2025 revenue.

And the margins profiles are basically positive. But of course, we do have the potential and room to improve the margin profiles.

Ian?

Ian Howe
Group CCO
Yes, thanks, Kay.

Just to sort of build on that, the general margin profile in the European businesses is very positive and attractive. We have also invested heavily in business development activities for at least the first 2 years. And now, this year, moving forward, we will see the results of that with improving gross margin.

Duane Tan
Investor Relations
: Thanks, Ian.

Onkar has a follow-up question in relation to AxynTeC and EuropCoating as well in the chat.

He is asking, "what is the revenue contribution for both in first quarter and also for AxynTeC in the first quarter of 2024?".

Kay Lim
Group CFO
: We only acquired EuropCoating this year.

For AxynTeC alone, the year-on-year growth is up 74%.

However, the numbers are not exactly comparable because we acquired AxynTeC last year, starting from 1st of February. Hence, there was one lesser month of contribution last year, meaning we only recognised revenue from February to March in 2024, whereas this year, we have a full 1Q recognition. But in terms of accounting figures, it is up 74% year-on-year.

Duane Tan
Investor Relations : Thanks, Kay.

We will just jump back to William's list of questions in the chat.

For the first question, he is asking, "was Nanofilm profitable?". He is asking about net profit for the first quarter of 2025.

Kay Lim
Group CFO : We do not disclose our profitability in the 1Q business update.

What we can say is that we are seeing improvement in terms of operational performance in the key areas that we focus on.

Duane Tan
Investor Relations : Next, he is asking for an update on ApexTech[6].

Dr. Shi
Group CEO : The ongoing situation is that we are going to enlarge the business scope to address the demand of services in the 3C segment from our partner.

Based on this operation, we will also strengthen our overall South China presence. And we are going to move the manufacturing base to a location closer to most of our customers that is near to Shenzhen and Dongguan areas.

That will be our plan for ApexTech.

Duane Tan
Investor Relations : Next question, he is asking in relation to 3C and its contribution as a percentage of Group revenue.

Kay Lim
Group CFO : 3C, with respect to the total group revenue, contributed more than 57%.

Duane Tan
Investor Relations : Next, related to Customer Z, what is its contribution as a percentage of Group revenue?

Kay Lim
Group CFO : Customer Z as a percentage of Group revenue is 52% for 1Q2025.

[6] ApexTech refers to Sichuan Apex Technologies Co., Ltd

Duane Tan
Investor Relations
: And the new customers as a percentage of Group revenue?

Kay Lim
Group CFO
: Those will be the remaining for 3C segment.

Duane Tan
Investor Relations
: On the first half profit outlook question, we had shared that we are not providing any guidance on that front.

And on the gross margin question, whether we expect gross profit to improve for the remaining nine months, we have already answered previously.

We have a question from Wern Juan, would you like to unmute yourself and ask your question?

Chng Wern Juan
HSBC
: Thanks, I just want to dig into the smartphone customers, the new customers that you have. You mentioned Chinese and Asian-based. I am just curious to know regarding the breakdown, is there any particular inclination towards the Chinese guys? Or is it the Asian customers? And that is my first question.

And my second question is, you mentioned these customers grew more than 30%. I was wondering if that was just seasonal build, or do you see this kind of growth rate sustaining for the rest of the year, given the forecast that you are seeing, despite weak end-demand shipments?

Thanks.

Gian Yi-Hsen
Group CSO
: We are seeing similar levels of interest right now from both sides. What I find little bit more interesting for the Asian customers is that they obviously have a footprint beyond China. We are looking at providing services to them across multiple locations.

With the Chinese customers, we have good partnerships into this front. And that also puts us in a good position to have a continuous pipeline of projects from them.

That said, we all know that there is a lot of uncertainty in the market and we will have to see how the market continues to evolve. But we are quite optimistic about this market, which is why we are making a big effort to pursue these customers.

Chng Wern Juan
HSBC
: Just a quick follow-up. Any particular geographical production site that these customers favour, whether it is Vietnam or India?

Thanks.

Gian Yi-Hsen
Group CSO
: It is quite well publicised that the Asian players tend to locate more in Vietnam.

So far, the one that is publicly seen as making a big move into India is obviously Customer Z, whom we are also supporting.

As I mentioned earlier, if you are looking for a PVD coating solutions provider for the consumer electronics industry, we are currently most well-positioned on a global basis.

Chng Wern Juan
HSBC
: Got it, thank you.

Duane Tan
Investor Relations
: Thanks, Wern Juan. Thanks, Yi-Hsen.

Next, we have William, would you like to unmute yourself?

William Tng
CGSI
: Thanks, Duane.

Just out of curiosity, if you were actually able to recognise your IEBU revenue in quarter one, would you have exceeded the 30% gross margin?

Kay Lim
Group CFO
: Yes, we would have.

William Tng
CGSI
: Can I also ask, in terms of the delivery schedule for IEBU, would you see deliveries in the second half based on order book?

Kay Lim
Group CFO
: Yes, starting from April.

Duane Tan
Investor Relations
: We have got a follow-up question from Onkar in the chat.

He is asking for an update on the joint venture with Everwin[7]. Specifically, he is also asking "what was the revenue and profit contribution for 2024 and first quarter 2025 in relation to ApexTech?".

Kay Lim
Group CFO
: The revenue and profit contribution from ApexTech is actually non-material.

[7] Everwin refers to Shenzhen Everwin Precision Technology Co., Ltd

Dr. Shi
Group CEO
: We have captured some revenues for the Asian customer in the phone coating business.

The major setback is that the business we originally wanted to do for the battery electrodes is still under development and discussion because of the major change that it will impose. Everybody is a bit hesitant at this moment about where and how to introduce this change.

As I explained earlier, our mitigation is to fully service our partner's 3C coating demand and as well as expanding our service scope to more customers and move our manufacturing base towards a more customer-centric area. We expect this will be a growth point this year for servicing the other customers in South China for their PVD coating demand.

Duane Tan
Investor Relations
: Thanks, Dr. Shi. Thanks, Kay.

Maybe we wait a minute or two to see if there are any other clarifications or questions the participants would like to raise.

John, if you would like to unmute yourself.

John Cheong
UOBKH
: Hi, can I follow up on the previous latest guidance you mentioned that you are expecting a recovery year for 2025? Does that still stand in terms of revenue and also net profit?

Kay Lim
Group CFO
: Rather than going into specifics which we do not guide on profitability, what we mentioned is that we are focused on executing this recovery plan and we are seeing positive traction across the key areas of focus.

Dr. Shi
Group CEO
: And, of course, we bear in mind the current uncertain situation and we are still waiting for plans from our customers, as to how they are going to forecast their demand.

John Cheong
UOBKH
: Okay because of all this whole trade tariff and everything, what are the plans in general? Is it moving more into India or going back to U.S., if they were to go back to U.S., are you going to move to U.S. as well?

Dr. Shi
Group CEO
: For this 3C segment, we are involved in the supply chain. We have to work together with the entire supply chain arrangement. We cannot just do things on or own. So, that is a supply chain issue.

Kay Lim
Group CFO
: But as a Singapore company, we are well-positioned to execute and to basically calibrate according to our customers' footprints.

Dr. Shi
Group CEO
: We are not restricted in terms of where we can or cannot go, unlike the Chinese companies, which currently face huge headwinds from going into the

Indian market, where they are not only stopped by the Indian government, but also by the Chinese government.

Based on that, we are in a better position and our investment will ultimately pay off. We will continue to position ourselves at the place where our service is demanded.

Kay Lim
Group CFO
: Needless to say, onshoring back to U.S. for the Chinese will be a no-no.

Dr. Shi
Group CEO
: At the moment, we do not see this trend. China will definitely continue to focus on what the Chinese market demands, and will not change.

However, I do not see a possibility at this moment that the supply chain will move entirely to U.S. to address the U.S. demand. Most likely, U.S. demand will still be met from other countries. This is where we will have to follow the supply chain to those places.

Duane Tan
Investor Relations
: Thanks, John.

William, you have a follow-up question?

William Tng
CGSI
: Yes.

Dr. Shi, on that just want to check if Mexico, because of the USMCA[8], is Customer Z even considering Mexico as a site?

Dr. Shi
Group CEO
: I do not think so. I have never heard any wind of it.

I would guess that it is important for Customer Z to consolidate their China Plus One strategy to make sure that the existing places will work out. Especially for foreseeable future, I believe the focus will be Vietnam and India.

I do not see a substantial push for us to go anywhere else at a component level. FATP[9] maybe, but at a component level, I do not see any other places in the near future.

John Cheong
UOBKH
: I have one more question.

On the capex spending, because the equipment is related to capex and then you seem a bit quite confident on IEBU having some orders, but in this challenging environment, isn't it like people will cut back on the equipment spending in capex? What are you seeing now for this, maybe in the 6 to 12 months basis?

[8] USMCA refers to the United States-Mexico-Canada Agreement
[9] FATP refers to Final Assembly, Test, and Pack

Dr. Shi
Group CEO
: We do not have a crystal ball for the future because everything is so unsettling, and then nobody knows what the U.S. will do the next day.

The demand for equipment comes from both Europe and China.

And China in many high-tech areas, the new industrial areas, the demand is increasing for car-related or sensing-related. The demand is actually very strong. And in Europe also, we do see some effort in Europe to strengthen their manufacturing base.

But those demands are obviously not from the U.S..

Duane Tan
Investor Relations
: There is one more question in the chat from Porraphon.

He is asking, "if Customer Z decides to move to India or Vietnam supply chain, does Nanofilm have enough capacity to support such move, or do you need to invest more?".

Dr. Shi
Group CEO
: That was exactly what we have been doing for the more than two years. In fact, as I said, by doing so, it eroded our profitability in the last couple of years, and that caused a bit of a concern in the market. But then, as you can see, this is a necessary thing to do, and it was something that we had to do.

We have been well-prepared for such shifts, and we have done a lot to prepare in advance, in terms of assets and manpower. Going forward, as you look at the scale of our production, we will plan our capex and manpower accordingly to meet increasing demand.

But for the time being, yes, we are well-prepared to start.

Gian Yi-Hsen
Group CSO
: I was about to repeat something I mentioned earlier. Maybe he was not online then, but as you know, Nanofilm makes the equipment that we use in our coating services. For us, if it is a situation where the supply chain actually moves or shifts dramatically, we will shift our equipment to Vietnam or India as needed. That means I do not have stranded assets.

Of course, we will still need to have a shell to move it into, but that again is a minor investment relative to the cost of the equipment. We will make some investments as needed, but we currently have quite enough capacity to support what we need to do if the supply chain moves.

Duane Tan
Investor Relations
: Thanks, Dr. Shi, Kay, Ian and Yi-Hsen.

As we conclude today's brief, do feel free to reach out to us offline after the session should you have further questions or require clarifications.

Thank you, once again, for your time and attention this morning.

With that, I'll bring this briefing to a close.

Thank you and have a great day.

END.