1H2025 RESULTS BRIEF

14 August 2025, 10:00 AM

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. Welcome to Nanofilm's first half 2025 results brief. I am Duane from investor relations and thank you for joining us.

Please allow me to present the Management panel for this morning's session. Firstly, we have Dr. Shi, our Executive Chairman and Group CEO. We have Mr. Kay Lim, our Group CFO, Mr. Gian Yi-Hsen, our Group Chief Strategy Officer and CEO of Sydrogen, and lastly, we have Mr. Ian Howe, our Group Chief Commercial Officer.

For today's session, we will have Dr. Shi bring us through an introduction and overview before handing the time over to Kay, who will bring us through the financial highlights. Yi-Hsen and Ian would bring us through the Business Unit (“**BU**”) specific outlook before Dr. Shi closes the presentation.

Without further ado, I will the pass the time now to Dr. Shi, who will bring us through a quick overview for the first half of 2025.

Dr. Shi, please.

Dr. Shi
Group CEO :

Good morning, ladies and gentlemen. I am pleased to begin our presentation with an overview of the first half of 2025 (“**1H2025**”), which has been a period of strong achievement for Nanofilm, recording growth across all business units. The broad-based performance highlights our resilience and the strength of a diversified portfolio across multiple end markets.

In the first half of 2025, we recorded a solid 30% year-on-year increase in Group revenue, reaching S$107 million. This growth was largely driven by the Advanced Materials Business Unit (“**AMBU**”) and Industrial Equipment Business Unit (“**IEBU**”). AMBU remained our largest revenue contributor, accounting for 84% of total group revenue. IEBU saw an uptick during the first half with a momentum driven by project completions and the revenue recognition. Nanofabrication Business Unit

("**NFBU**") progressed steadily, while Sydrogen delivered robust growth, supported by the increasing adoption of its fuel cell coating solutions.

Our adjusted EBITDA[1] rose by 46% year-on-year, reaching S$24 million, driven by higher revenue and our focus on cost control. I am also pleased to report that the Group returned to profitability, recording a PATMI[2] of S$1.6 million, a strong turnaround from the S$3.7 million loss in first half 2024.

Our cash position remains healthy at S$95 million. In view of a solid performance and the cash position, I am pleased to announce that the Group is proposing an interim dividend of 0.33 Singapore cents per ordinary share.

We also continued to make meaningful progress in improving our cost structure and enhancing operational efficiency across the Group. As part of this effort, we had invested in new geographical sites to diversify our production footprint. This strategic move enhances our flexibility and supply chain resilience, allowing us to respond more effectively to shifting global demand. At the same time, we remain focused on smarter spending and prioritising high impact projects.

On the strategic expansion front, I am proud to share that our new production facilities in Vietnam and India have successfully commenced operations. These new sites represent a significant step in expanding our coating production capabilities outside of China and will play an important role in supporting our regional and global customers. Additionally, our acquisition of the EuropCoating Group[3] has further strengthened our position in Europe, enhancing our technical capabilities and deepening our industrial reach in the German market.

Owing to the proactive measures undertaken in the preceding years – encompassing strategic investments, diversification of our production base and the broadening of our solutions portfolio – we are uniquely positioned to adapt to the challenges as well as to capitalise on opportunities.

I will now pass the time over to Kay, who will elaborate on our first half financial performance.

Kay, please.

Kay Lim
Group CFO
: Next, we cover the financial highlights including revenue, key cost, profit, and cash flow.

Our total revenue, broken down further in the tables at the bottom of the slide, grew 30% year-on-year to S$107 million. Revenue from Advanced

[1] EBITDA refers to Earnings before Interest, Taxes, Depreciation and Amortisation
[2] PATMI refers to Profit After Taxes and Minority Interests
[3] EuropCoating Group refers to EC Europ Coating GmbH and MC Europ Coating GmbH

Materials – Consumer, which in short is our coating services for 3C[4], grew 35% year-on-year supported by higher demand across our key customers.

Coating services for Advanced Materials – Industrial grew 23% year-on-year, boosted by contributions from EuropCoating group, the companies that we acquired earlier this year, and Automotive grew marginally at 2% year-on-year.

IEBU, our equipment business, grew 117% year-on-year with revenue recognition from project completions and our nanofabrication business grew 9.5% year-on-year. Finally, Sydrogen grew 101% year-on-year with continued adoption of its solutions, especially in the Chinese market.

We have seen revenue growth across all our BUs.

In terms of core expenses, we continue to put targeted measures to keep our costs under control. If you look at the top portion of the chart, which represents our cost of goods sold, and the corresponding GP[5] margin, our GP margin ("**GPM**") was at 32.6% in the first half of 2025, slightly down from 33.5%. This was a result of higher costs that we have incurred for NPI[6] and new projects, mainly due to the increased manpower costs that we incur for these NPI projects as well as to prepare for the ramp up of new projects under Advanced Materials – Consumer.

Next, in the centre portion, which shows our operating and administrative expenses, our administrative expenses were S$22.7 million in the first half of 2025, up 7% from 2024 on a year-on-year basis, bearing in mind that we saw a 30% revenue growth. However, we saw a 5.4% drop compared to the second half 2024 on a half on half basis, due to our streamlining of resources.

At the bottom chart, we have our sales expenses, which reached S$4.8 million in the first half 2025, as we continue to strengthen our sales efforts, focusing spending on impactful sales activities.

Next, as a deep tech company, we continue to invest in R&D[7] and Engineering activities. With a disciplined approach on these investments, we are now seeing more projects moving closer to commercialisation. Commercial production for certain development projects is expected to commence in the second half of 2025. All in all, in the first half of 2025, we spent S$17.7 million, which is up 13% year-on-year basis.

As we flow down from revenue and cost to profits, our PATMI saw a reversal of our net loss position in first half 2024 to a positive PATMI of

[4] 3C refers to Computer, Communications, and Consumer Electronics
[5] GP refers to Gross Profit
[6] NPI refers to New Product Introduction
[7] R&D refers to Research & Development

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S$1.6 million this year, driven by a stronger business performance across the board.

In adjusted EBITDA, we saw a 46% increase year-on-year to S$24 million with margins improving from 20% to 23% in the first half 2025. This was driven by margin improvements across various BUs, as detailed in the bullet points.

We continue to generate positive operating cash flow. In the first half 2025, we have higher working capital needs due to increased sales growth. Correspondingly, we spent in Capex[8], which is the PPE[9] that you saw, although the rate of spending has declined. This includes acquisitions and additions of intangible assets. As a result, we ended with a S$95 million cash balance. We continue to be selective in deploying our capital, ensuring our investments and initiatives align with our long-term objectives.

With that, I will pass on to my colleagues, Yi-Hsen and Ian, who will discuss business outlooks, followed by the overall outlook covered by Dr. Shi.

Gian Yi-Hsen
Group CSO

: Good morning, everyone, this is Yi-Hsen.

Let me take everyone quickly through the AMBU consumer segment. In the consumer segment, we saw very good growth in the first half, especially with our key customer. We continue to have good engagement with our Chinese and Korean end customers.

Contributing to this growth are our factory-in-factory sites, as well as our Vietnam location. This year, we are also seeing the ramp up of new programs from our key customer, and we do see some earlier commencement of our ramp activities, resulting in a more even distribution of volumes for the whole of 2025.

With that, I will hand over to Ian.

Ian Howe
Group CCO

: Thanks, Yi-Hsen.

On the industrial side, we also had a good first half of the year, and we are expecting equally strong second half, specifically in Southeast Asia. We are seeing good demand in the multi-functional printer business, life science business, and also with new opportunities in semiconductor.

In China, we have very strong demand in the automotive sector, particularly in the piston ring business, and also contributing from growth in the industrial functional coating segment.

[8] Capex refers to Capital Expenditure
[9] PPE refers to Plant, Property, and Equipment

In Europe, the two acquisitions mentioned earlier are growing positively. We are acquiring new customers and new projects in areas such as industrial, medical, and decorative segments.

For the industrial equipment business unit also, as Kay highlighted earlier, we saw very good performance and year-on-year growth. We remain cautiously optimistic that this will continue into the second half. We have equipment deliveries planned in all regions in China, Germany, Japan, specifically in the mold coating business, which is performing well. And equally important, our after-sales service revenues are ramping up, and will continue to be strong in the second half.

With that, I will hand it over to Yi-Hsen.

Gian Yi-Hsen
Group CSO
: Let me take everyone through our Nanofabrication BU.

As mentioned by Kay earlier, we had a steady growth of 9.5% driven by the additional new locations under existing programs. We are currently preparing for a strategic program that will begin next year with our key customer, and we remain focused on continued engagements of new segments such as automotive and Korean customers.

Moving on to Sydrogen, it continues to be a key player in the Chinese fuel cell market with respect to coatings for bipolar plates. We have begun to pilot shipment of our fuel systems to different players. Finally, we have also launched our SydroPEARL® electrolyser coating, making a big step in the electrolyser space, creating a new value chain for us.

With that, I conclude the BU-by-BU outlook and hand it back to Dr. Shi.

Dr. Shi
Group CEO
: Thank you, Yi-Hsen.

As we look ahead to the second half of 2025, we remain confident in our ability to maintain growth across all business units.

The strategic investments we have made in expanding our global production footprint and strengthening our technological capabilities are expected to deliver meaningful long-term value. While their full impact may take time to unfold, we believe they are vital to ensuring Nanofilm's long-term relevance in a fast-changing market. With a diversified portfolio, a global presence, and a disciplined approach to execution, we are well positioned to effectively address external challenges and to capitalise on emerging opportunities.

Looking ahead, we recognise that the business environment continues to be shaped by uncertainty – driven by ongoing geopolitical tensions, evolving trade restrictions, and the macroeconomic headwinds. These external factors have introduced complexity and volatility across global markets, impacting both supply chains and customer demand.

However, we have proactively de-risked geopolitical exposure, invested early in infrastructure, and diversified our production. Despite a challenging macroeconomic environment weighing heavier on other industry participants, our growth has remained resilient, demonstrating our unique value proposition and the robustness of our business.

Over the past two years, we expanded into new regions and diversified our production footprint to strengthen supply chain resilience. While these strategic moves resulted in increased costs, they are necessary for long-term growth. With major infrastructure investments now behind us, we do not anticipate significant additional spending in the near term, and we will continue to exercise prudent and effective cost control.

Let me now touch on our core execution priorities.

First, we are building on the strong foundation laid through our recent expansions, particularly our growth presence in Europe. This allows us to further strengthen supply chain resilience, enhance agility, and better manage geopolitical risks.

Second, we are focused on sustaining momentum in our core markets such as in Southeast Asia, China and Europe, where we are gaining deeper traction in key sectors such as consumer, automotive and other industrial applications. IEBU is also progressing well with key equipment deliveries planned in China, Germany, and Japan.

Lastly, we will maintain our strategic focus on high growth, high potential sectors where our solutions enhance and strengthen our customers' product offerings.

As we look to the future with optimism, we remain grounded in our core values and committed to executing our strategies with discipline and focus, to drive growth for the Group and deliver long-term value to all our stakeholders. While our direct exposure to U.S. trade remains limited, we continue to monitor global developments closely and adapt continuously in this dynamic environment.

With that, I will open the floor for Q&A.

Thank you.

Q&A Transcript

Duane Tan Investor Relations	:	Thank you, Dr. Shi and Management team. We will now open the floor to Q&A. I would like to invite participants to either use the raise hand function, and we will invite you to unmute yourself to ask your questions, or feel free to use the chat function within Microsoft Teams and we will get to your question. We have a question from Lee Keng. Lee Keng, would you like to unmute yourself?
Ling Lee Keng DBS	:	Hi, good morning, everyone. I am Lee Keng from DBS. My first question is on the order momentum from your key customer. Firstly, on your biggest customer, what kind of order momentum are you expecting going forward and what are the products that we are doing now and what is the split between the different categories like smartphone and accessories?
Gian Yi-Hsen Group CSO	:	Hi Lee Keng, Yi-Hsen here. Let me take that question. For the full year, we see good order momentum. That said, as I mentioned briefly earlier, we do not expect the same level of seasonality. We have better distribution this year in terms of the different LOBs[10]. Accessories have posted significant growth, while we see a slight decline on the phone side due to changes in design and so on. Overall, we expect good growth from our key customer.
Ling Lee Keng DBS	:	Okay, the slower growth in phones, what was the key reason again?
Gian Yi-Hsen Group CSO	:	Design changes.
Ling Lee Keng DBS	:	Design changes. Is this going to be temporary?
Gian Yi-Hsen Group CSO	:	No, this is a long-term change, but overall, with our key customer, we are experiencing good growth and continued momentum with them.
Ling Lee Keng DBS	:	Okay. The production for your key customer, is it from the Vietnam and the India side? With the move towards the U.S., is it going to affect you?

[10] LOB refers to Lines of Business

Gian Yi-Hsen
Group CSO
: We continue to match customer's supply chain adjustments. That said, this year, although we have started making deliveries within Vietnam and India , a bulk of our deliveries are still within China.

Ling Lee Keng
DBS
: Oh, okay. Moving on to the other two Chinese and Korean customers - how is the order momentum coming along?

Gian Yi-Hsen
Group CSO
: We are experiencing decent momentum, but these customers do not have the same level of volume compared to our key customer. We are diversifying into different product categories and so on with them.

Ling Lee Keng
DBS
: Still has the order momentum improved, let's say, compared to last year for these two new customers?

Gian Yi-Hsen
Group CSO
: They are similar, I think.

Ling Lee Keng
DBS
: So, roughly what is their contribution now?

Gian Yi-Hsen
Group CSO
: I am not able to give you that specific number but it is on similar levels to last year. At the Group level, Kay can later comment on our key customer contribution.

Ling Lee Keng
DBS
: Yeah, okay. Thank you. Maybe just one more question. How do we see the split in revenue and earnings for the first half and second half this year?

Gian Yi-Hsen
Group CSO
: I cannot comment on the specifics, but the seasonality will be less compared to previous years.

Ling Lee Keng
DBS
: Okay, thank you. I will come back to the queue. Thank you.

Duane Tan
Investor Relations
: Thanks Lee Keng. We have a question from Ada. Ada, would you like to unmute yourself?

Ada Lim
Bank of Singapore
: Hi Dr. Shi and Management team. Thanks a lot for the presentation and congrats on a very strong second quarter.

Two questions from me on AMBU consumer. First on the demand side, you mentioned that seasonality will not be as pronounced this year. I do apologise if I missed this earlier, but could you please explain why this is the case?

And second, on the cost side of things, you mentioned that GPM for first half 2025 was slightly lower year-on-year due to the ramp up of new projects under AMBU. Should we expect this cost to continue going into 3Q and even 4Q, or should we be expecting a bit more of an uplift in GPM in the second half of the year? Thank you.

Gian Yi-Hsen
Group CSO
: Let me take the question on the demand profile.

Overall, we have new programmes, and hence on a year-on-year basis, full year demand has increased. However, much of the ramp started earlier this year, earlier in the second quarter whereas in the past, the ramp typically began in the third quarter. As a result, we have seen things like cost that affects the gross profit margin come in earlier, alongside earlier revenue recognition. The seasonality is reduced, but overall, we still expect growth for Advanced Material – Consumer.

Kay Lim
Group CFO
: To follow up on the question from Ada regarding margins, in the first half, we saw a slight decline in margin year-on-year because of the manpower cost that we hired to prepare ourselves for the ramp up.

Typically, before a project starts to ramp, we need to have the manpower ready, trained, familiar with the processes, to fit into the operations. Manpower typically comes like one to two months earlier, especially in the direct labour that we are talking about.

As Yi-Hsen mentioned, while seasonality is less pronounced, we do have a various mix of projects as we run and not all actually are moving at the same speed, starting point, or ending point. Some projects only started to ramp in June, some started in May. As a result, the manpower we brought in for preparation is now settling in and continuing to support operations.

We should see improved operational efficiency as we move into 3Q2025 and 4Q2025, which will naturally help drive margins higher.

Ada Lim
Bank of Singapore
: Okay, if I were to understand correctly, in a way, because this cost and revenue are coming in earlier from these projects, on a full year basis, the impact will be a bit more smoothened out, if we look at it on a full year basis rather than a half year basis.

Kay Lim
Group CFO
: In fact, costs are loaded first for some projects and revenues are not fully recognised because there is a stage of ramping. The growth follows a curve, it is not a straight upward line.

Dr. Shi
Group CEO
: Yes, there has always been a gap between when we start spending and when the revenue gets recognised, which is a gap of a couple of months.

Ada Lim
Bank of Singapore
: The J-curve impact. Right, understand. Thanks a lot. That's all from me.

Duane Tan
Investor Relations
: Thanks Ada. We have a question from William. Would you like to unmute yourself?

William Tng
CGSI
: Yeah, thanks. Can I just check, why does this reduce the seasonality? Because you already built the cost in the first half, the revenue should come in the second half, no?

Gian Yi-Hsen
Group CSO
: Hi William, as mentioned earlier, we do see the revenue starting earlier. Our seasonality in the past used to have a peak that starts in the end of second quarter or early third quarter and then it stretches towards the end of third quarter into the fourth quarter. However, this year, we are seeing the peak come a little bit earlier. Rather, the ramp starts in the second quarter, and we are in the high season right now. My team is working flat out with all our equipment which is good news. Notwithstanding, we also expect growth in the overall demand but we do not expect the season to be longer than usual. We will see managed growth in the year, but the seasonality between first half and second half will be less pronounced.

Kay Lim
Group CFO
: We also want to call out that, as we have taken everyone through in the presentation slides, the market environment remains very uncertain. While we have our strategic pillars in place and we continue to deepen our touch points, projects, and expansions with our key customers, 4Q2025 remains uncertain for us.

Consistent with our previous approach, we will not be providing specific guidance; however, the general trend is upwards. Looking at the overall expansion projects that we have secured, including the new ones, we remain cautiously optimistic.

William Tng
CGSI
: Just to clarify when you say that the ramp started earlier, you are referring mainly to Customer Z, right?

Gian Yi-Hsen
Group CSO
: Yes.

William Tng
CGSI
: Okay. And can I also just maybe push you a bit on the design changes, when you say the design changes, long-term changes, are you talking about size or are you talking about change in use of materials?

Gian Yi-Hsen
Group CSO
: Change in use of materials.

Dr. Shi
Group CEO
: Typically, as we see in the history of Customer Z's products, the materials have been changed many times. Each change of material lasts probably a couple of years. So, it is not the end and it is a normal and usual way of re-simulating the market.

William Tng
CGSI
: Just one last question. In terms of tariff impact, can we get an update? Who is actually paying the tariff for the product? And, who is paying the tariff for the components?

Gian Yi-Hsen
Group CSO
: We do not ship our products out directly to the U.S., we only ship upstream. What happens in the supply chain is up to our end customer to manage. There are so many variants right now, including paying a portion of revenues to the White House. Hence, I am not able to comment on the current situation.

William Tng
CGSI
: Just to be clear, let's say you ship your components to the EMS[11] in China this year versus last year, are you being asked to cost down more or is just business as usual?

Gian Yi-Hsen
Group CSO
: As far as I can see, it is business as usual.

William Tng
CGSI
: Okay, thank you.

Dr. Shi
Group CEO
: We see that the overall shift is slow. It is a slow progress. Mostly, when supply chains shift, the first thing they start with is assembly. They will move the component level gradually and we are, of course, entrenched in components.

Duane Tan
Investor Relations
: Thanks, William. We have a question from John. John, would you like to unmute yourself?

John Cheong
UOBKH
: Hi, just a follow-up on the seasonality discussion. I noticed last year; the Company made a loss in first half but made close to S$12 million profit in second half. If we refer to the history, do you think that we can see the same type of, maybe not so apparent, but still have some kind of similarity in terms of the seasonality, in terms of earnings, especially? Because we are trying to forecast the earnings.

Gian Yi-Hsen
Group CSO
: We do still see the second half as better than the first half. But as I have mentioned, we would not see as pronounced a peak between first and second half, but the second half is still a stronger half for us.

[11] EMS refers to Electronics Manufacturing Services

Dr. Shi
Group CEO
: The interesting thing is generally our first half year ends on 30 June, which splits our production in half. It depends how we swing the production peak.

In the past years, the peak normally appears in the third quarter, so we see most of the revenue captured in the second half of the year. However, this year we see a little bit of a shift due to the earlier start of this peak starting from the second quarter. Though not entirely, there is a bit of a front loading. In addition, because we cut at 30 June, we reported that there is reduced seasonality even though it does not remove the seasonality entirely.

John Cheong
UOBKH
: Understood, maybe one more follow up on the start-up cost, how much of this startup cost have been incurred in the first half? Maybe you can share a number, 1 million, 2 million, 3 million.

Dr. Shi
Group CEO
: Looking at it from a different angle, currently, for a worker in China, if they work full time and with overtime, they will probably take home around RMB 10k. During the peak period, we can have 2,000 workers, and during the off-peak time maybe 1,000 workers. The difference is about 1,000, so you see the quantum change.

John Cheong
UOBKH
: Okay, alright, thank you.

Duane Tan
Investor Relations
: Thanks John. We have a follow up question from William. Would you like to unmute yourself?

William Tng
CGSI
: Thank you. If we just use 30 June as a guide, your costs are inside 2Q already, your production has started. How much of that revenue that you are supposed to recognise have been recognised in 2Q and how much has been delayed into 3Q? Because you have already started production and made deliveries.

Dr. Shi
Group CEO
: Let me take this. It is a matter of timing. For example, I will give two scenarios. One scenario is that in normal situations in the past, the peak period will be in the third quarter and the fourth quarter. Typically, it is around August and September. Hence, normally we will prepare our manpower starting from the end of June, mainly in July, and the cost is captured in the second half of the year.

However, in a second scenario such as this year, some of the ramping started earlier and some projects went all the way to the second quarter though a large portion of the peak is still in the third quarter.

For these projects where we have not started ramping production, we have already had to prepare all the manpower in the first half of the year in June, and even in May. That shift creates this accounting change. We capture more costs this year in the first half of the year compared to the past years, hence the gap between the revenue and the cost is wider.

Kay Lim
Group CFO
: To add on, the contribution from Customer Z for coating services in 1H2025 was 50%. In 1H2024, their contribution to total Group revenue was 47%. So, if you look at the balance, the seasonality is actually not as pronounced. Yes, we saw some shift but the proportion is still within range.

William Tng
CGSI
: Okay, just to be clear, it means there is still some seasonality, it's just not going to be as high as what it used to be in the past. Is that the message?

Gian Yi-Hsen
Group CSO
: Yes.

William Tng
CGSI
: Okay, understood. It just sounded a bit confusing from an accounting point of view. Can I just follow up regarding Sydrogen, where you have bought back the stake from Temasek, how does this affect your balance sheet when you report your second half and full year numbers? What are the balance sheet items that will move?

Kay Lim
Group CFO
: Looking at the balance sheet, you will see changes in the reserves because we have consolidated the numbers. The minority share of the assets will be returning to the Group. We will basically not hit the P&L[12] in terms of the flow of treatment of the fair value, because there is a put option liability in our books. This put option valued at S$53 million will be squared off and be dropped off. As a result, we will see a better NTA[13] asset base from the reversal of the put option.

William Tng
CGSI
: There will be no movement to P&L, just to confirm. Your S$53 million liability will reduce; it will offset against equity.

Kay Lim
Group CFO
: Yes, unlikely to flow to P&L.

William Tng
CGSI
: I understand. And as a follow up, when you look at the first half, AMBU revenue, are you able to share how much actually came from Europe?

Kay Lim
Group CFO
: Less than 5%.

[12] P&L refers to Profit & Loss
[13] NTA refers to Net Tangible Assets

William Tng
CGSI
: Okay, thank you.

Duane Tan
Investor Relations
: Thanks William. We have a question from Yuan Long. Yuan Long, would you like to unmute yourself?

Loh Yuan Long
Avanda
: Thanks, Management for taking the time.

A few questions related to the question on Customer Z. There were some questions about the design change. I am just curious to understand Management's perspective on the path forward because according to Dr. Shi's point, every once in few years there is a material change but so far there is also news about a form factor change in Customer Z. Can you just help us understand, what this means for future AMBU growth and is there an opportunity to increase content growth, increase value growth, like how are you thinking about that?

Gian Yi-Hsen
Group CSO
: Maybe let me take that question.

In terms of growth with Customer Z, we can look at it in multiple forms. We are looking at new parts and new programmes which is one way to achieve growth. Like I mentioned earlier today, we have good growth on the accessories side, even though we are seeing some slowdown on the phone side. The other way that we will achieve growth with Customer Z is through geographic diversification. We are doing more in Vietnam and India as our customer diversifies the supply chain. The third point which is maybe a little bit underappreciated, is that we are also doing more in Southern China for Customer Z through our factory-in-factory arrangements. Hence, there are multiple paths for growth, even with Customer Z.

Kay Lim
Group CFO
: To clarify what Yi-Hsen said, the slowdown actually refers to slower growth, it is not that there is no growth in the smartphone business and Customer Z. It is double-digit growth. However, for accessories, it is actually triple digit growth.

Loh Yuan Long
Avanda
: Oh, it is not negative growth. It is just slower positive growth.

Kay Lim
Group CFO
: Yes.

Loh Yuan Long
Avanda
: I guess to play like devil's advocate, what are the risks there when it comes to Customer Z and the new programme? Would you see any threats? My understanding was that we are very strong on the titanium side. If there

is a new material change, is there a risk there, or you are prepared also, if there's some new material or form factor?

Gian Yi-Hsen
Group CSO
: We continue to work on new coatings and new materials. We also diversify into different parts, programmes and products for Customer Z. We do see a lot of opportunities to grow from a product and like I mentioned, not just a product but also from geographic diversification, we can achieve good growth.

Loh Yuan Long
Avanda
: Okay. And three years out, do you see accessories or the phone side contributing more to growth for Customer Z?

Gian Yi-Hsen
Group CSO
: With Customer Z, three years out is very hard to predict but overall, I do see a diversified portfolio with Customer Z.

Loh Yuan Long
Avanda
: Okay. Thank you.

Duane Tan
Investor Relations
: Thank you, Yuan Long. William, would you like to unmute yourself?

William Tng
CGSI
: Thank you. Okay, can I also ask, why do we have small exchange loss despite the U.S. dollar returning so much?

Kay Lim
Group CFO
: The small exchange loss, if you look at P&L, is mainly from trading. What we do is trade and have costs in RMB so there is a natural hedge and we do not basically have that much USD exposure. Further, we receive income in RMB and incur cost in RMB.

William Tng
CGSI
: Okay. Can I also ask you when you return the Ayer Rajah facility in 4Q2025, what kind of rental savings do you get on a per annum basis?

Gian Yi-Hsen
Group CSO
: You should check JTC’s posted rental rates. They are available online.

William Tng
CGSI
: But you are paying the latest rates, or did you lock-in the rates from three years ago?

Gian Yi-Hsen
Group CSO
: I do not think it has changed that much.

Dr. Shi
Group CEO
: But it is a good saving, yes.

William Tng CGSI	:	So maybe a million or more?
Kay Lim Group CFO	:	More than that.
William Tng CGSI	:	Okay, thanks.
Duane Tan Investor Relations	:	Thanks William. We are just under 10 minutes to 11am. Maybe we will leave the line open for any additional questions or clarifications from the participants.
Dr. Shi Group CEO	:	One last comment is that we really want to enhance investor relations and strengthen our presence with the public. We are planning programmes to invite and welcome investors and analysts to visit our factories. For the coming year, we are looking at a visit to our Shanghai factory to really see our operations and its scale. I think that will help to understand better our Company's overall situation.
Duane Tan Investor Relations	:	Thanks Dr. Shi. William, do you have a follow up?
William Tng CGSI	:	Can I just check what was on your mind when you showed slide 22, what's the message you are trying to communicate to the readers? Is there something that we are missing or what's the objective of putting slide 22?
Kay Lim Group CFO	:	We wanted to highlight that the overall environment is uncertain. That has also put pressure on the other industry participants, that we have listed out, more than ourselves, while also highlighting Nanofilm’s resilience and growth. Our growth is multi-pronged, multi-segmented and even within Customer Z we have multiple products that are well mixed and well diversified.
William Tng CGSI	:	Can I just clarify, OC Oerlikon, what segment do you compete against on that?
Kay Lim Group CFO	:	Industrial.
Ian Howe Group CCO	:	Yes, that is more on the industrial markets, industrial, automotive, and similar markets.

William Tng CGSI	:	Okay, thank you.
Duane Tan Investor Relations	:	Thanks William. As there are no further questions, we will conclude today's briefing. I would like to remind participants that if there are further questions or clarifications, please feel free to reach out to us offline. We will be happy to take your queries and questions. Thank you, once again, for joining us this morning. With that, I will close today's session. Thank you and have a nice day ahead.

END.