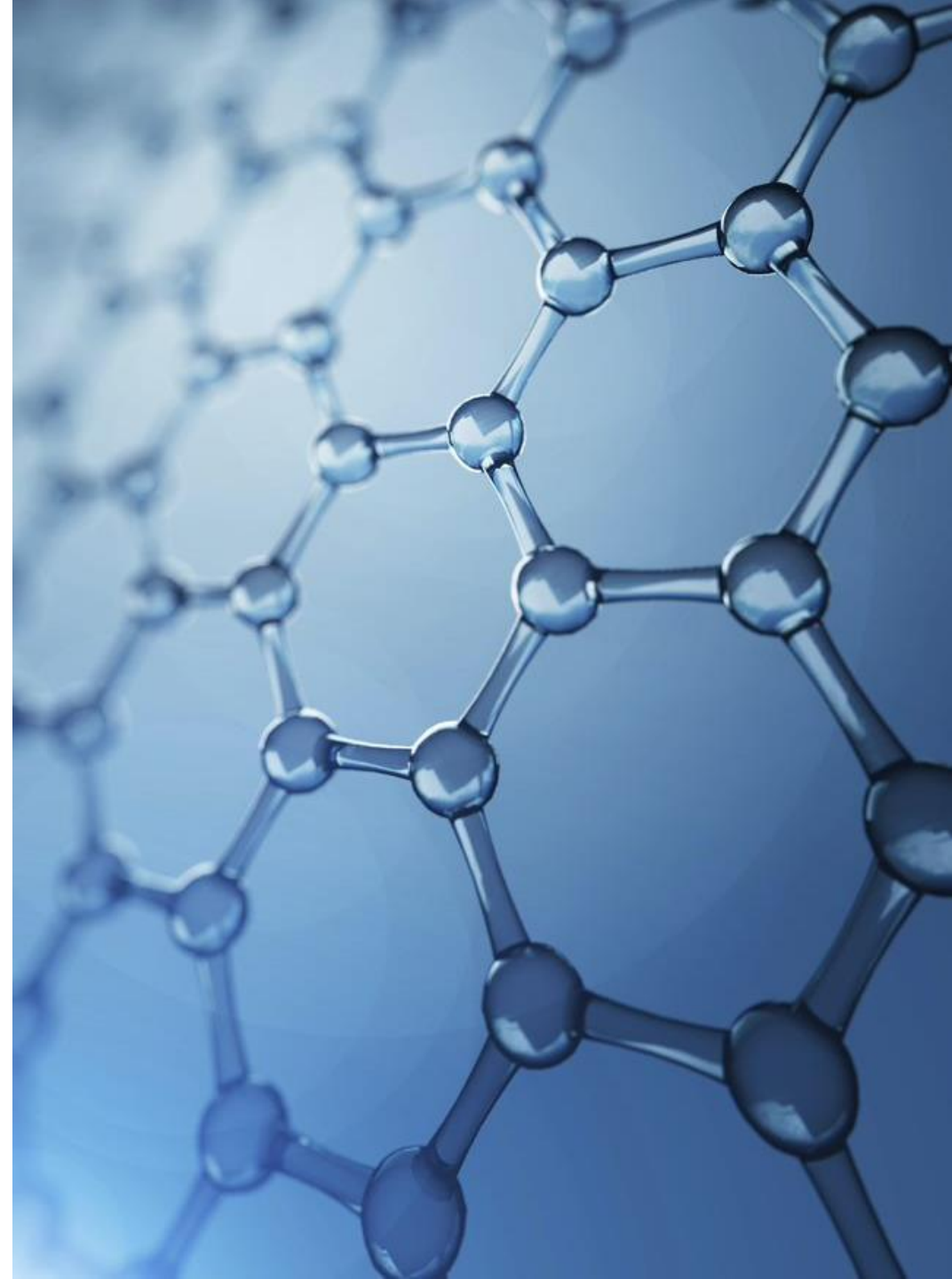




NANOFILM TECHNOLOGIES INTERNATIONAL

1H2024 Results Announcement

August 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, Sydrogen



Mr Ian Howe

Group Chief Commercial Officer

Agenda

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



1 | Overview

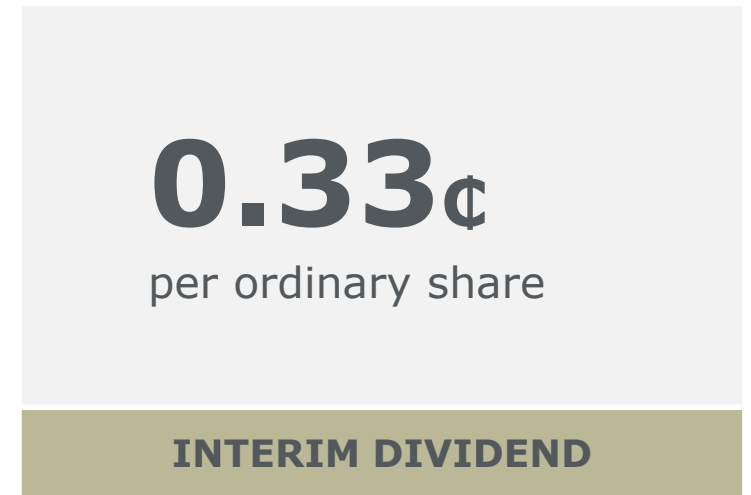
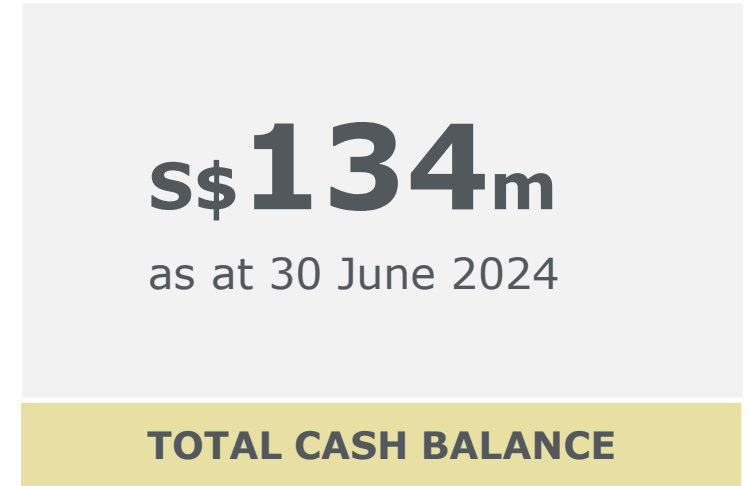
Mr Gary Ho

Executive Director and
Group CEO



1H2024 At a Glance: Improving Business Performance

Steady Revenue Growth and Effective Cost Management



Source: Company information

Overview



Steady Revenue Growth in 1H2024

- Revenue recovery continued into 1H2024
- 1H2024 Group revenue grew 13% YoY, led by 20% YoY growth in AMBU and 50% YoY growth in NFBU. However, these gains were partially offset by a decline of 56% YoY growth in IEUBU



Continuing Cost Optimisation & Investment into Required Areas

- Ongoing cost optimisation and automation efforts led to a S\$1.9m or 5.0% YoY reduction in total staff cost
- Continuous focus on enhancing efficiency through process streamlining and automation



Meaningful Progress in Strategic Initiatives

- Our strategic footprint, aligned with the China Plus One strategy, positions us favourably for business in China and rest of the world
- The acquisition of AxynTeC has fast-tracked our entry into the European market
- Sydrogen is making strides in fuel cell product development with strategic partners and BPP coatings gaining traction
- The NTI-NTU Corp Lab enables us to combine resources for deep-tech innovation

Source: Company information



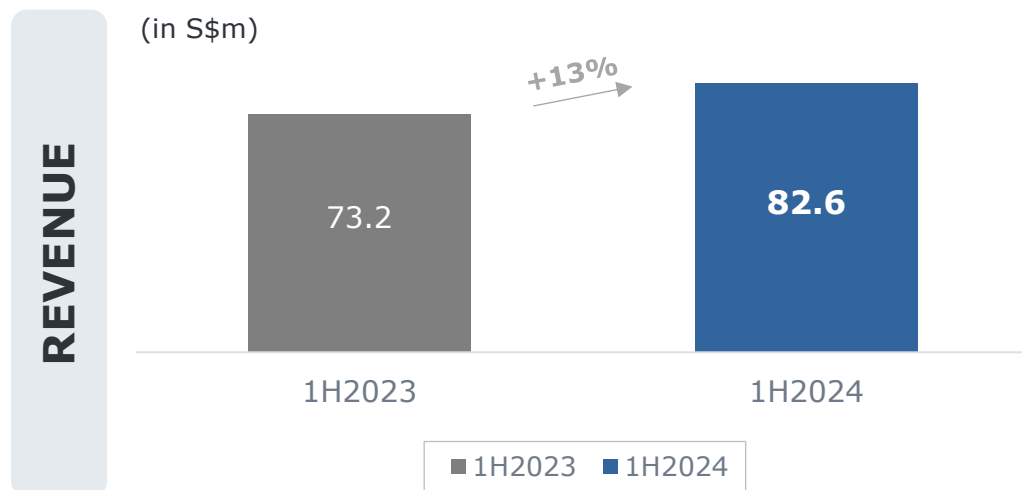
2 | Financial Highlights

Mr Kay Lim

Group CFO

1H2024 Revenue Performance

Momentum in Revenue Recovery Led by AMBU



- 3C within AMBU grew 16.7% YoY with higher contributions from existing and new customers. However, a few 3C projects have encountered delays in mass production ramp-up to 2H
- Industrial within AMBU grew 26.1%, largely led by contributions from Automotive and the European business through AxynTeC
- NFBU grew 49.8% from increased contribution from the MLA project
- 1H2024 saw challenges in industrial equipment sales for IEBU, due to longer sales cycle

Business Units

S\$m	1H2023	1H2024	YoY
AMBU	59.3	71.1	19.9%
IEBU	8.9	3.9	-56.0%
NFBU	4.7	7.0	49.8%
Sydrigen	0.4	0.7	92.0%
TOTAL	73.2	82.6	13.0%

End-Markets

S\$m	1H2023	1H2024	YoY
Consumer ⁽¹⁾	43.9	52.8	20.2%
Industrial ⁽²⁾	28.9	29.2	1.0%
New Energy ⁽³⁾	0.4	0.7	92.0%
TOTAL	73.2	82.6	13.0%

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

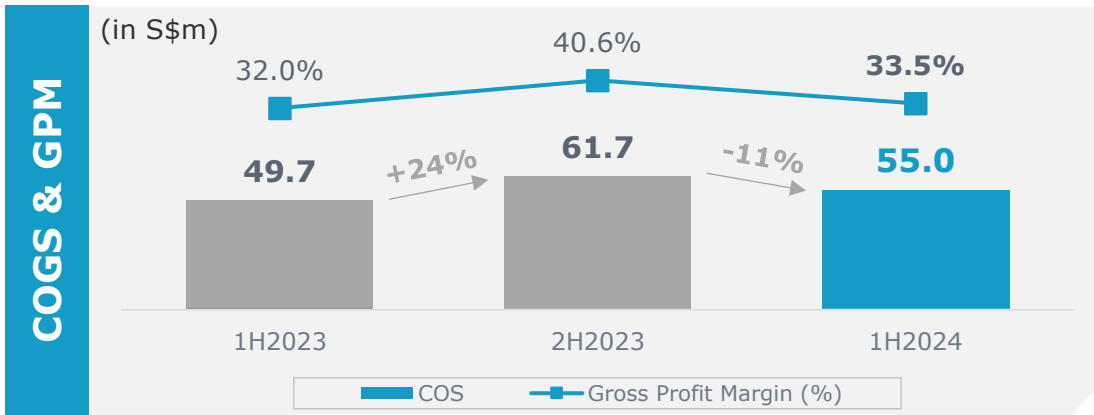
(1) Consumer comprises revenue contributions from 3C and NFBU

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

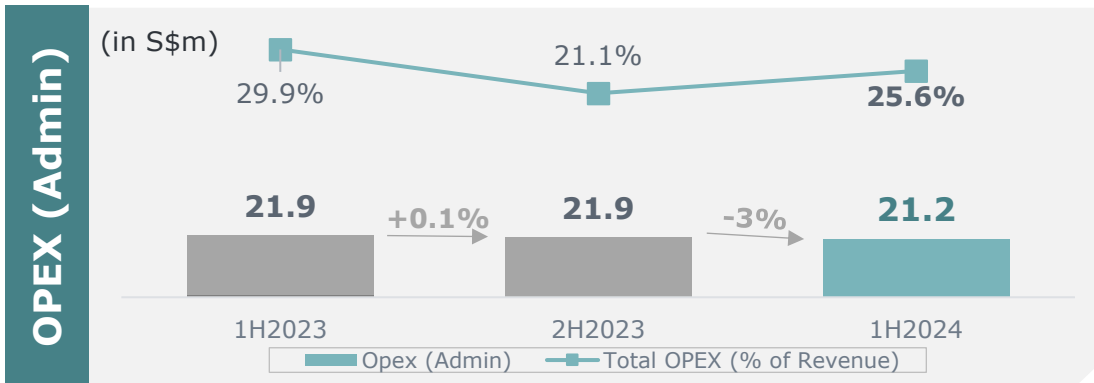
(3) New Energy comprises revenue contribution from Sydrigen

Core Expenses Review

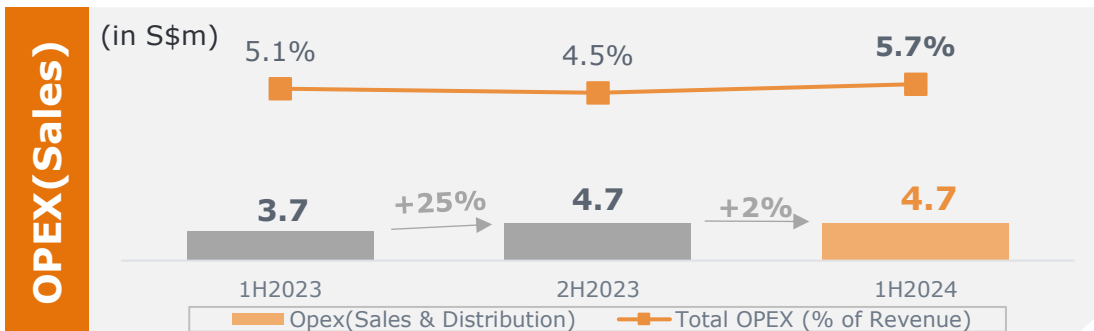
Continuing Cost Optimisation with Strategic Sales Investment



- GPM improved on a YoY basis to 33.5% in 1H2024 compared to 32.0% in 1H2023
- Stronger business and operational performance from AMBU and NFBU, but offset by operating losses from IEUBU
- 1H2024 GPM was also impacted by an YoY increase in direct depreciation and amortisation (D&A) cost of S\$2.3m



- 1H2024 administrative expenses decreased to S\$21.2m, S\$0.7m (3.3%) drop from S\$21.9m in 1H2023
- The decline was driven by a S\$1.0m reduction in staff costs from continuing process optimisation



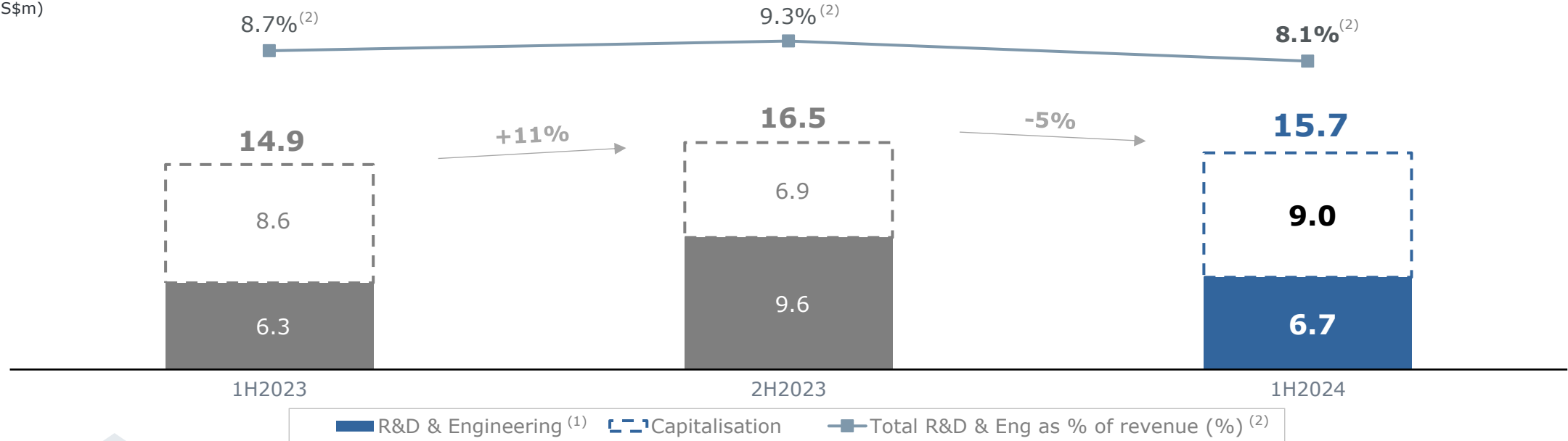
- Selling & Distribution costs reached S\$4.7m in 1H2024, marking a 27.7% increase of S\$1.0m from S\$3.7m in 1H2023
- The increase is primarily driven by a rise in staffing expenses, which are part of our strategy to boost sales performance

Investment in Technology & Innovation

Continued higher capitalisation rate for R&D and Engineering activities

R&D and Engineering Expenses ⁽¹⁾

(in S\$m)



- R&D and Engineering remains stable with higher capitalisation rate due to increased number of development projects progress towards commercialisation
- NPI expenses increased 6.6% YoY with increased number of higher quality projects on development and some of these projects eventually will enter mass production in 2H2024 and in 2025

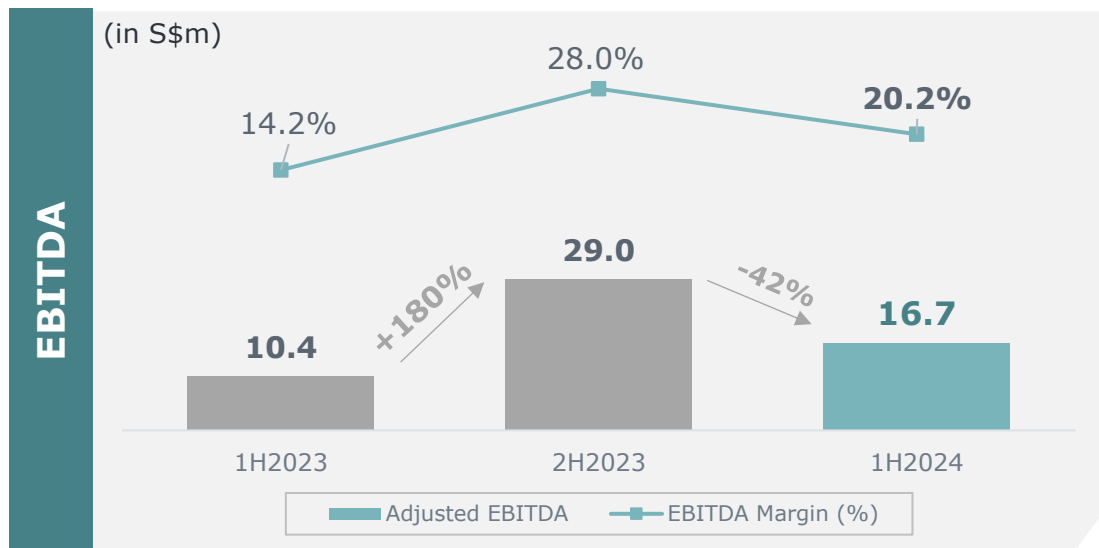
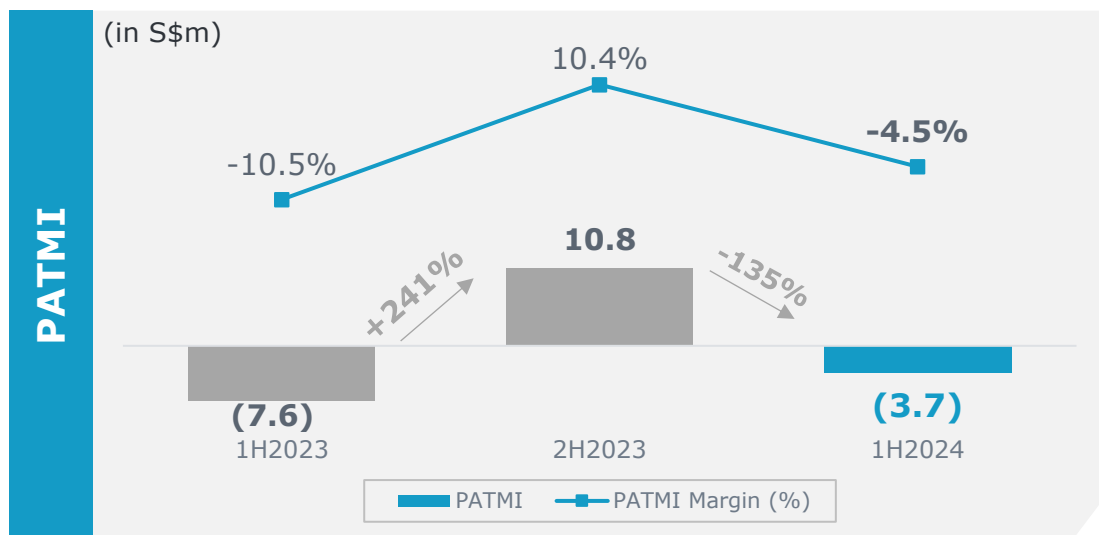
Source: Company information, numbers may not tie due to rounding (refer to results announcement)

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

(2) Excludes capitalised R&D & Engineering expenses

PATMI & EBITDA Review

Improvement in profit trend

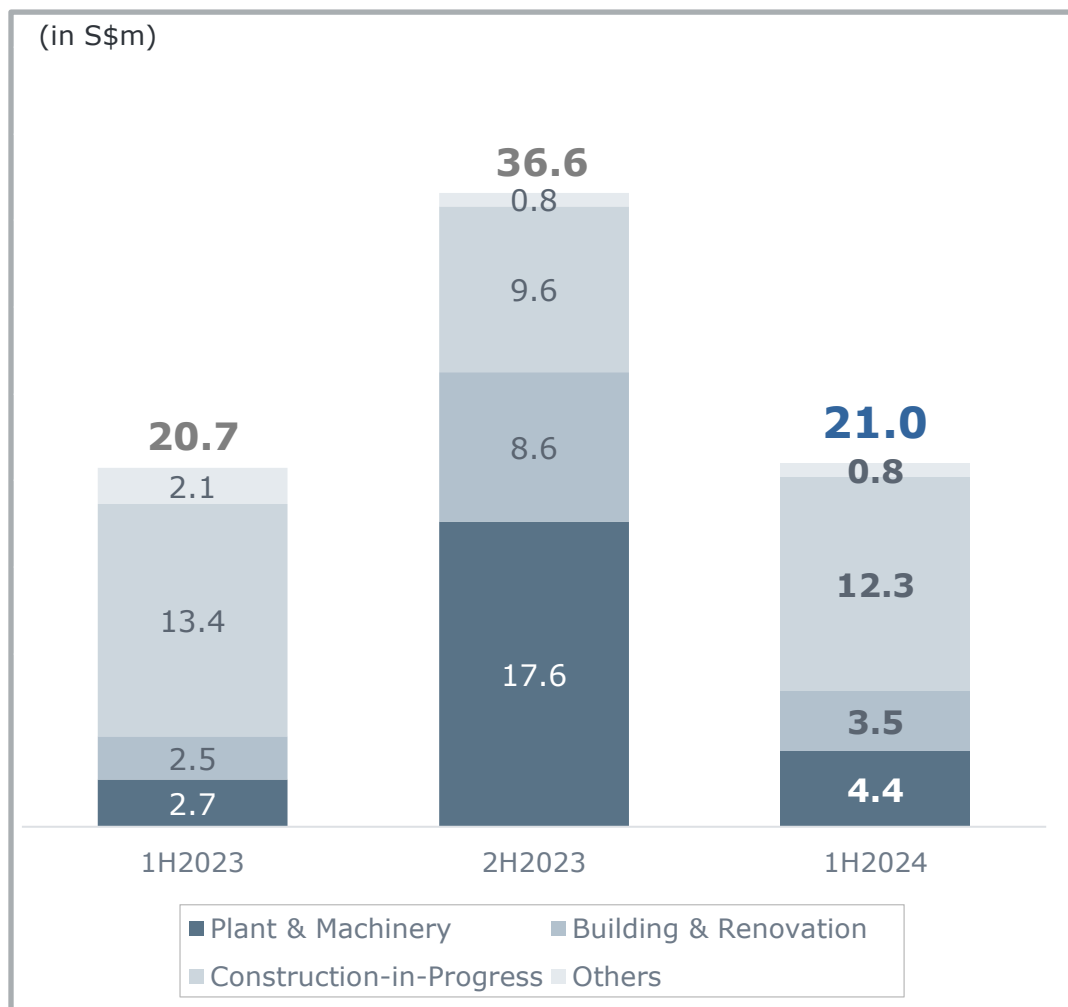


- PATMI losses were narrowed by 51.1% YoY, driven by higher revenue, improved gross profit margins from better operational performance, and streamlined business costs
- 1H2024 net losses of S\$3.7m were also impacted by a YoY increase in total depreciation and amortisation of S\$2.0m, one-off M&A-related professional expenses of S\$0.5m, and operating losses of S\$0.1m in IEUBU and losses of S\$0.7m in Sydronen
- 1H2024 EBITDA stood at S\$16.7m, up 61.4% YoY, while the margin improved YoY from 14.2% to 20.2%. The improvement is attributable to the recovery in business particularly in AMBU and NFBU. However, IEUBU reported an operating loss due to a lack of equipment revenue recognition and Sydronen's losses were due to continuing investment in strategic business initiatives

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

PPE Update

Enhancing quality asset base to drive future growth



PPE Changes in 1H2024

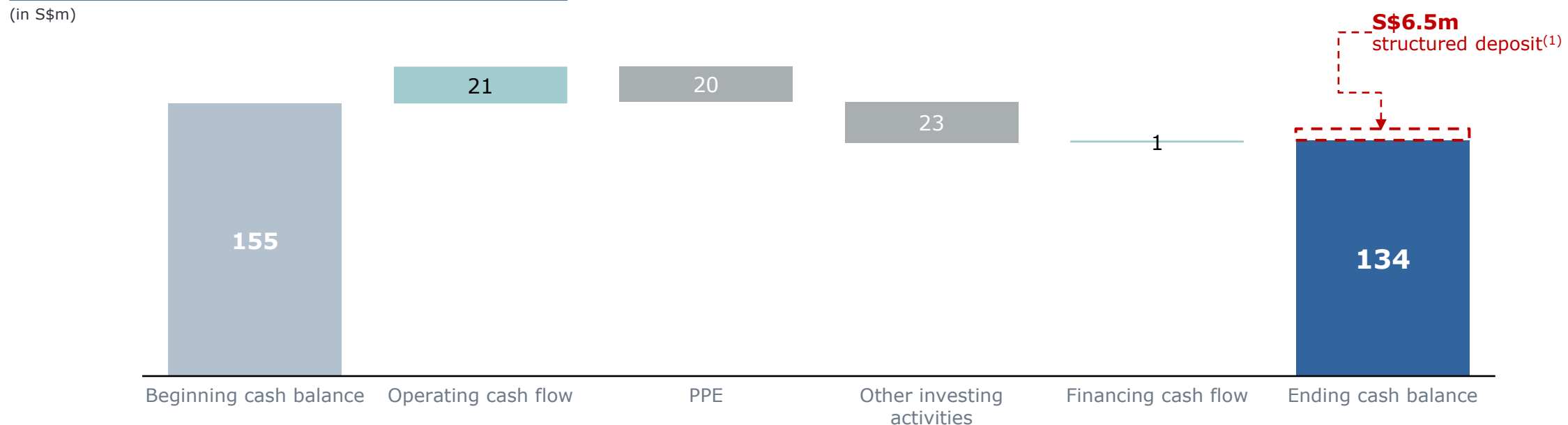
- Total purchase of property, plant, and equipment for 1H2024 was S\$21.0m
- Major PPE investments include:
 - Near completion of Phase 1 in mega plant in Vietnam, totalling S\$9.0m
 - Completion of the automated warehouse in Shanghai Plant 2
 - Maintenance capex for existing facilities in China and Singapore
 - Addition of production and testing equipment in Vietnam & India
 - Equipment additions for R&D, as part of our commitment to Corporate Lab
- Ongoing effort to drive returns and optimising the utilisation of our existing asset base

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 continuing positive operating cash flow

Total cash balance as at 30 June 2024



- Generated positive operating cash flow, ensuring financial stability and supporting reinvestment in growth initiatives
- The S\$134.2m cash balance does not include the S\$6.5m short-term capital-protected deposit⁽¹⁾ with a bank, which can be considered as cash equivalent for holding to maturity

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

(1) The structured deposit has been fully redeemed in July 2024

3 | Outlook

Mr Gary Ho

Executive Director and
Group CEO

Mr Ian Howe

Group CCO

Mr Gian Yi-Hsen

Group CSO and
CEO, Sydgen



Business Outlook: **AMBU**

Growth Through Strategic Expansions in Consumer and Industrial Sectors

CONSUMER:

- Our strategic footprint, aligned with the China plus one strategy, positions us favourably for business in China, Vietnam and India
- 2H project pipeline expected to result in higher YoY revenue growth momentum in 2H2024
- Increase in NPI projects carrying possibility of entering into mass production in 2H2024 and 2025
- Expansion of customer base: Commenced smartphone projects with leading Asian consumer brand company and local leading Chinese companies

INDUSTRIAL:

- Anticipating stable functional coating business in Singapore, China and Japan, with continuing growth from Automotive and market expansion in Europe
- M&A: European acquisition of AxynTeC fast-tracked our entry into this market with our differentiated integrated solutions

Business Outlook: IEBU

Business cycle is longer

- One product line has reached market saturation, leading to fewer growth opportunities. However, a major upgrade to this product line has renewed customer interest, resulting in two secured orders for the upgraded product line in YTD 2024
- Sales opportunities are still hindered by slower Chinese market but efforts from a renewed sales structure is expected to improve sales in this region
- 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
- There are promising prospects in the new energy sector, where our class-leading coating performance has encouraged customers to integrate our technology into their own, thereby increasing interest in acquiring our equipment

Business Outlook: NFBU

An emerging player with unique nanofabrication capabilities for next-gen devices

- 2H2024 continues to be driven by the mass production projects for micro-lens array (MLA) lenses in consumer wearables and Fresnel lenses for smartphones
- As consumer electronics enter into the next phase of upgrades, integrating more sophisticated optical technologies to enhanced user experiences will be expected to drive the demand for nanofabrication components

Business Outlook: Sydrogen

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

- Sydrogen has commenced quantity production of BPP coatings for additional automotive customer in 1H2024
 - Continued engagement and addition of new production customers in 2H2024
- Secured technology partnership with Shanghai Hydrogen Propulsion Technology to jointly pursue maritime power module market with new 250kW Power Module MZ250N
 - To be ready for demonstration projects in 2025
- Continued investment and development of own products and demonstration projects while actively engaging market
 - Delivered newly developed 300W Closed Cathode Air-cooled fuel cell, KZ300, to Japanese customer
 - 2.5kW system KZ2500 development and production line on track for completion by end-2024

FY2024 Overall Outlook



MARKET ENVIRONMENT

- The overall macro environment, while uncertain, presents opportunities from anticipated higher consumer demand driven by AI adoption



KEY GROWTH DRIVERS

- **Consumer:** Consumer demand for AI-enabled devices may revive growth. We have expanded our customer base, with increasing contributions anticipated from our new 3C customers, including leading Asian and Chinese companies. Additionally, delayed projects from the first half are expected to ramp up in 2H2024
- **Industrial:** Anticipating stable precision engineering coating business, with continuing growth from Printing Imaging, Automotive and market expansion in Europe
- **New Energy:** Sydrogen's BPP coatings product is ramping up production for automotive customers



COST OPTIMISATION & CAPEX

- Driving cost optimisation through continuous process improvements, automation and strategic procurement initiatives
- Expect full year capex to be lower but there will be additions to our coating equipment in view of business requirements



FINANCIAL PERFORMANCE

- With higher 2H revenue expected, the Group anticipates higher YoY revenues and profits for FY2024, provided there are no major unforeseen events

Focus on executing and delivering projects in the pipeline in 2H

4 | Q&A



THANK YOU