

## News Release Highlights

# Nanofilm Achieves 10% YoY Growth in 3Q2024, Supported by Consumer Business and Strategic Market Expansion

### 3Q2024 Review

- The Group recorded a revenue of S\$60 million in the third quarter of the financial year ended 30 September 2024 ("**3Q2024**"), representing a 10% YoY increase and a 38% QoQ growth, driven by strong performance in the consumer business segments of the Advanced Materials Business Unit ("**AMBU**") and Nanofabrication Business Unit ("**NFBU**").
- AMBU grew 11% YoY, driven by the Computer, Communications, and Consumer electronics ("**3C**") segment, which saw an 11% YoY increase to S\$37m. Industrial and Automotive within AMBU grew 10% YoY to S\$12m.
  - Growth in 3C was primarily driven by the Communication (smartphones) and Computer (tablets) sub-segments which on average grew 27% YoY, offset by a decline of 20% YoY in Wearables & Accessories. The decline in Wearables & Accessories was impacted by the supply chain but has commenced production from mid-September.
  - Industrial and Automotive growth was mainly supported by the European market, partially offset by a slight decline in Automotive due to seasonal softness and lower contributions from Industrial sub-segments in China and Singapore.
- NFBU experienced an 8% YoY growth and a 50% QoQ increase, reaching S\$8 million, primarily due to a higher allocation for the micro-lens array ("**MLA**") project which has been adopted in smart wearables, resulting in increased demand and production.
- Industrial Equipment Business Unit ("**IEBU**") remained flat YoY, contributing S\$3 million in revenue, mainly from equipment deliveries and after-sales services.
- Sydrogen Energy ("**Sydrogen**") recorded a 688% YoY growth from a lower base, largely due to increased coating production for hydrogen fuel cell bi-polar plates used in the automotive sector.
- The Group's focus on operational excellence and economies of scale led to improved performance, with 3Q2024 gross profit margin exceeding 40%, up from 33% in the first six months ended 30 June 2024 ("**1H2024**").

- Comparable gross profit for 3Q2024 increased by 66% QoQ and 4% YoY, reversing the losses from 1H2024 and achieving profitability for 3Q2024 and the first nine months ended 30 September 2024 (“**9M2024**”).
- In 3Q2024, the earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) margin exceeded 28%, up from 19% in 1H2024, with EBITDA experiencing a 34% QoQ growth and a 17% YoY increase.
- The Group's strategic footprint, aligned with the China Plus One strategy, positions the company favorably for business growth both in China and globally. In Vietnam, Plant 2 has commenced small-scale production of coating services for 3C customers. In India, the Group’s operations are undergoing qualification, with small-batch production slated to begin for a key customer in end-4Q2024 or 1Q2025.

### **Outlook**

- **Capital Expenditure (“CAPEX”)**: Lower infrastructure-related CAPEX is expected for the full year, with strategic additions of coating equipment to support expansion in Southern China, Europe, and Corporate Lab.
- **Revenue Growth Drivers:**
  - **Consumer:** Expanded customer base, supporting flagship products of top global players.
  - **Industrial:** Penetration into the European market from a lower base offers strong growth opportunities.
  - **New Energy:** Sydorgen expects to deliver meaningful Tier 3 volume in the three months ending 31 December 2024 (“**4Q2024**”), driven by momentum in China’s fuel cell market following hydrogen adoption incentives, while continuing to expand market development activities across China, Singapore, and Europe.
- **Cost Optimisation:** Focus on operational excellence to improve productivity and drive cost efficiency while supporting margin growth.
- **Financial Performance:** Anticipating higher revenue and profit in FY2024 as compared to FY2023, with growth momentum expected to be carried into 4Q2024, all barring any unforeseen events.

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## **About Nanofilm Technologies International Limited (MZH / NANO.SI)**

Listed on the Mainboard of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 30 October 2020, Nanofilm Technologies International Limited (“**Nanofilm**”) is a leading provider of nanotechnology solutions in Asia, leveraging its proprietary technologies, core competencies in R&D, engineering and production, to provide technology-based solutions across a wide range of industries. Nanofilm’s solutions serve as key catalysts in enabling its customers to achieve high value-add advancements in their end-products in an environmentally sustainable manner. Nanofilm continues to be represented by the relevant FTSE ST and MSCI indices.

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