

We had our second investment talk in our SRS Investment Talk Series on 4th April 2022.

The Top Management of Nanofilm Technologies International Ltd gave an interesting talk on the investment merits of their company.

Our members found it very informative and were able to understand the business fundamentals of Nanofilm better.



NANOFILM TECHNOLOGIES INTERNATIONAL

Corporate Presentation

April 2022



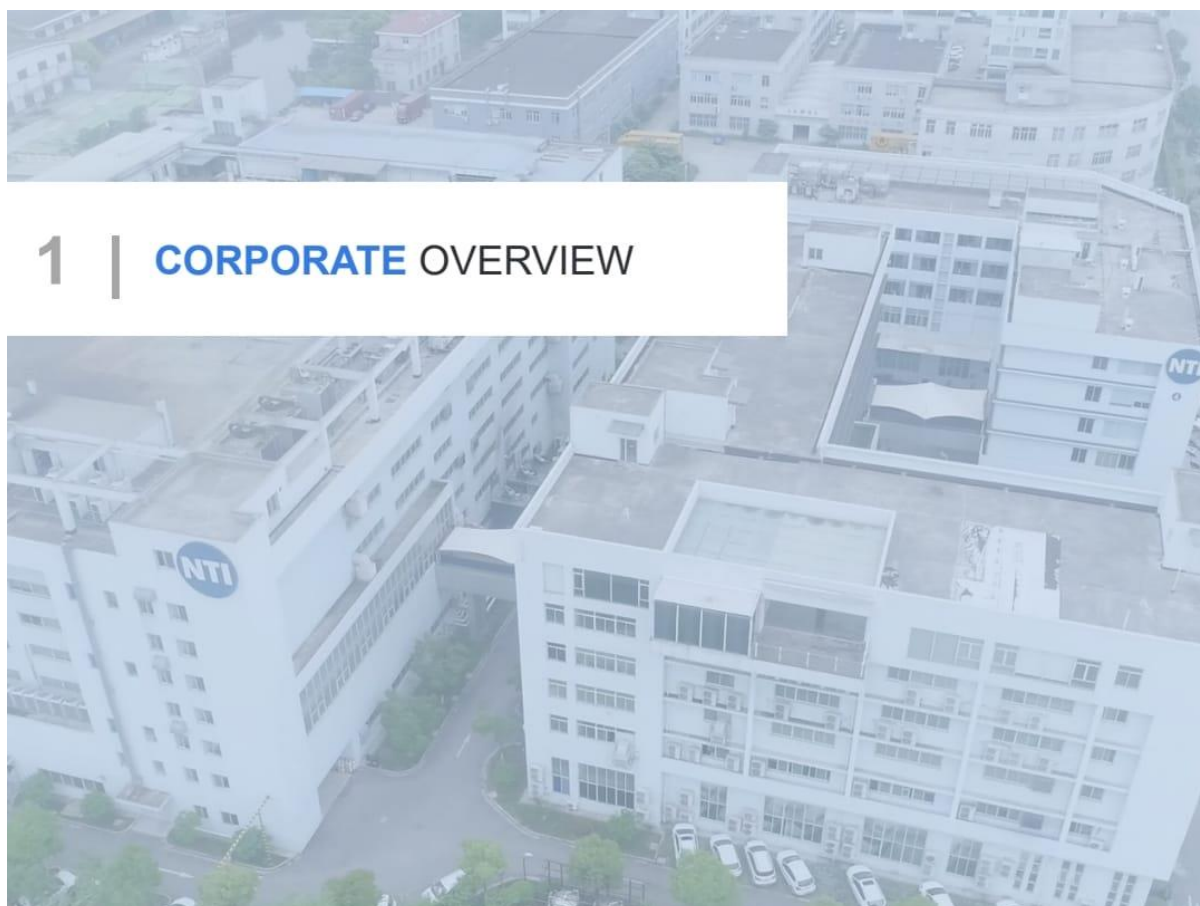
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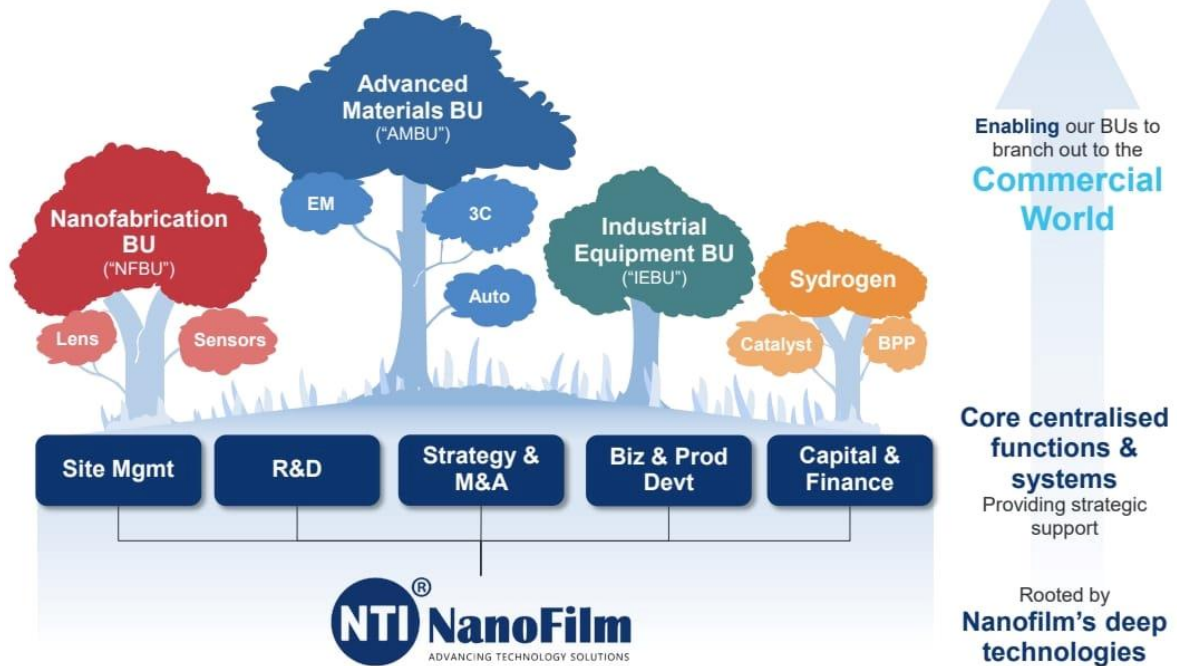
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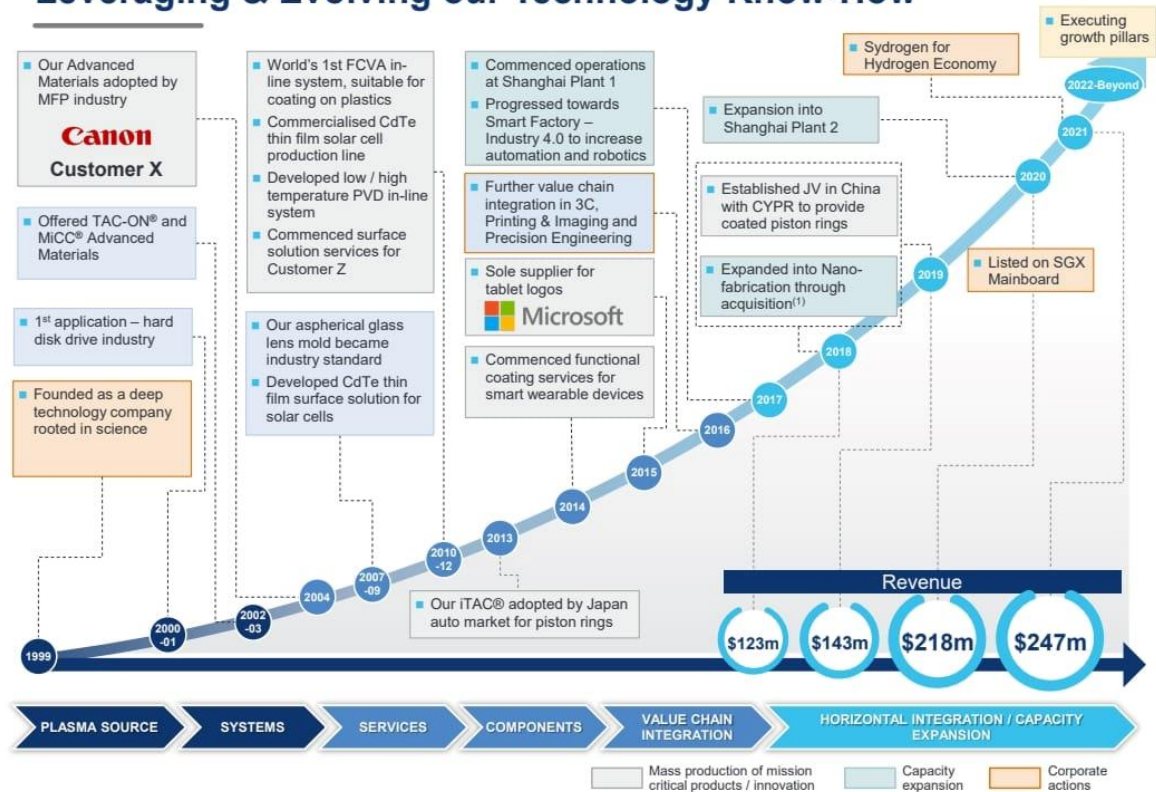
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Connecting Deep-Tech to the Commercial World



Leveraging & Evolving our Technology Know-How



Our Vision



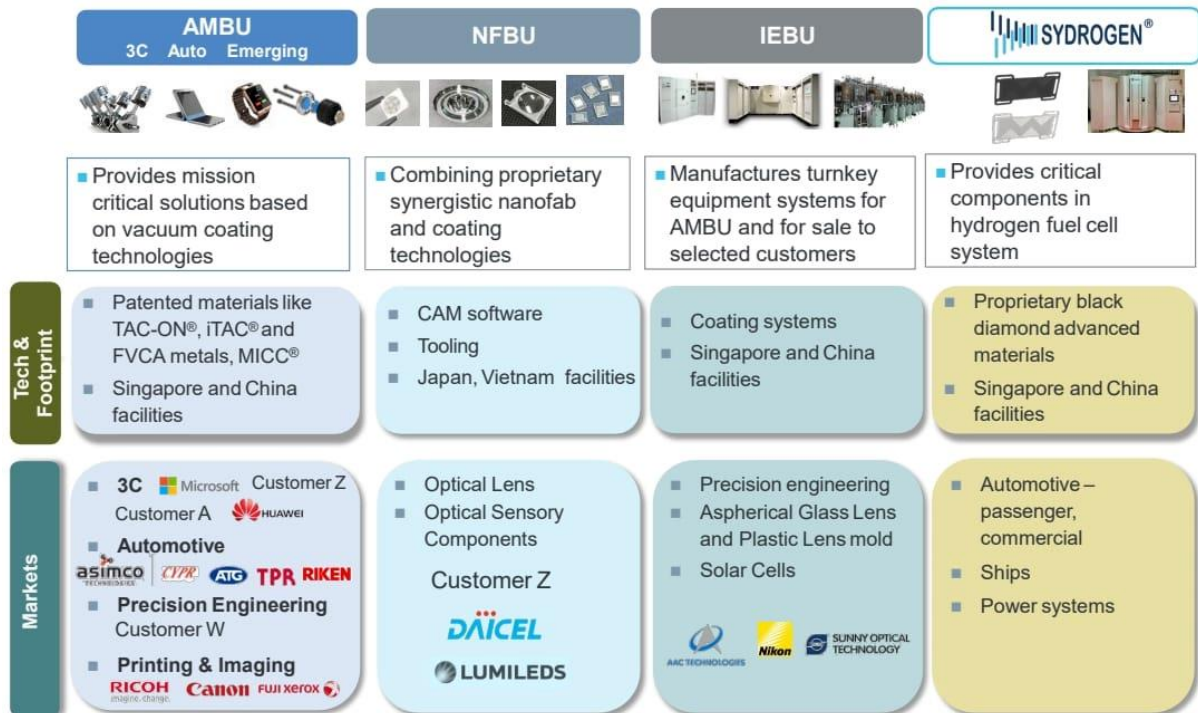
Our nanotechnology solutions are adaptable for use across a wide range of industries

Source: Company information

Sustainability Strategy

 Sustainable Innovation	 Environment	 Social	 Governance
Striving for innovation and operational excellence in a sustainable and responsible way	Protecting the environment for the benefit of future generations	Caring for our employees' well-being and providing for their training and development	Ensure a sound corporate governance structure to drive the overall strategy of the group
Continued R&D of technologies to create solutions with positive sustainability impact and improve lives	Committing to improve carbon footprint and water efficiency	Caring for the community that we operate in through various ways of community involvement	Compliance with rules and regulations to ensure the continued operation of the group

BU's Demonstrated Strong Track Record & Capabilities



Source: Company Information

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Current Global Footprint



Source: Company Information

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Core Management Team



Dr Shi Xu

Founder & Executive Chairman

- Founded Nanofilm in 1999, as a technology spin off from Nanyang Technological University ("NTU")
- Recipient of National Technology Award from National Science and Technology Board in 2000, Innovation Award from Economic Development Board in 2001, EY Entrepreneur of the Year (Singapore) in 2017, Businessman of the Year (Singapore Business Awards) in 2021
- Appointed the Nanyang Professor of the Practice, NTU



Gary Ho

Group CEO

- Managing overall operations and resources of the Group
- Driving strategic initiatives of the Group
- Previously Group Chief Commercial Officer, prior to appointment as Group CEO; oversaw Group's commercial strategy and development activities



Gian Yi-Hsen

Group CCSO

- Manages and drives Group's commercial strategy and development activities
- Developing Group's sustainability strategy



Kay Lim

Group CFO

- Leadership in financial management, corporate finance
- Strategic financial planning, budgeting, reporting & analysis



Lars Lieberwirth

Group CTO

- Implementing technology strategies
- Ensuring technological resources are aligned with business needs



Sean Tan

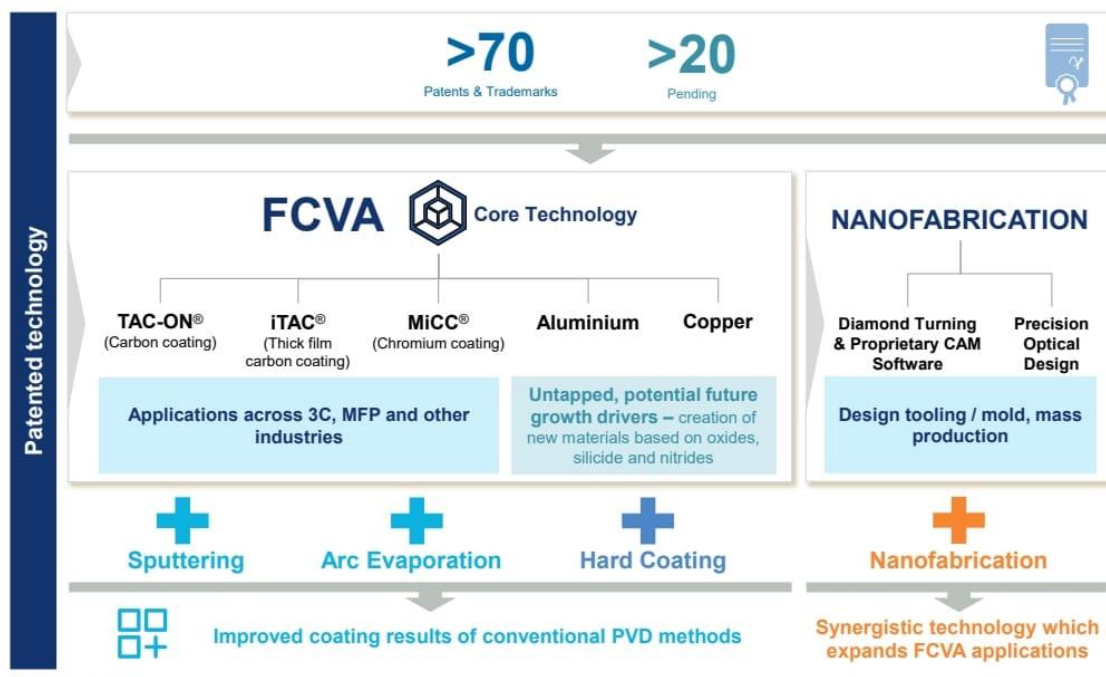
Group CHRO

- Developing and executing HR strategies, managing overall HR function of the Group
- Corporate administration and global site management

2 | CORE TECHNOLOGY



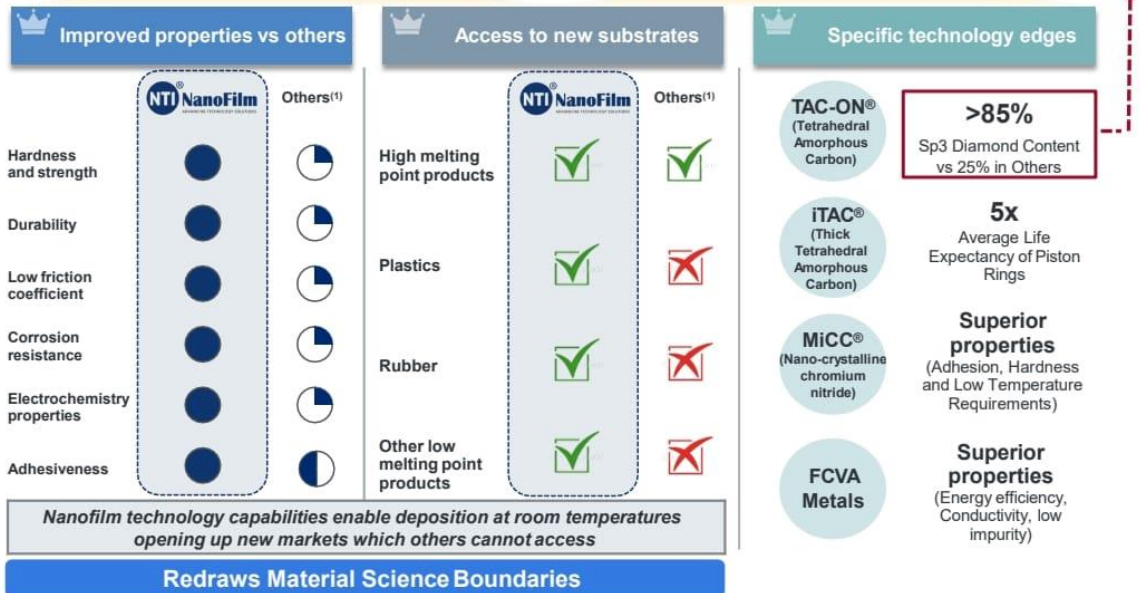
Leading in Innovation & Uncharted Areas of Application



Technological Superiority grounded by Science



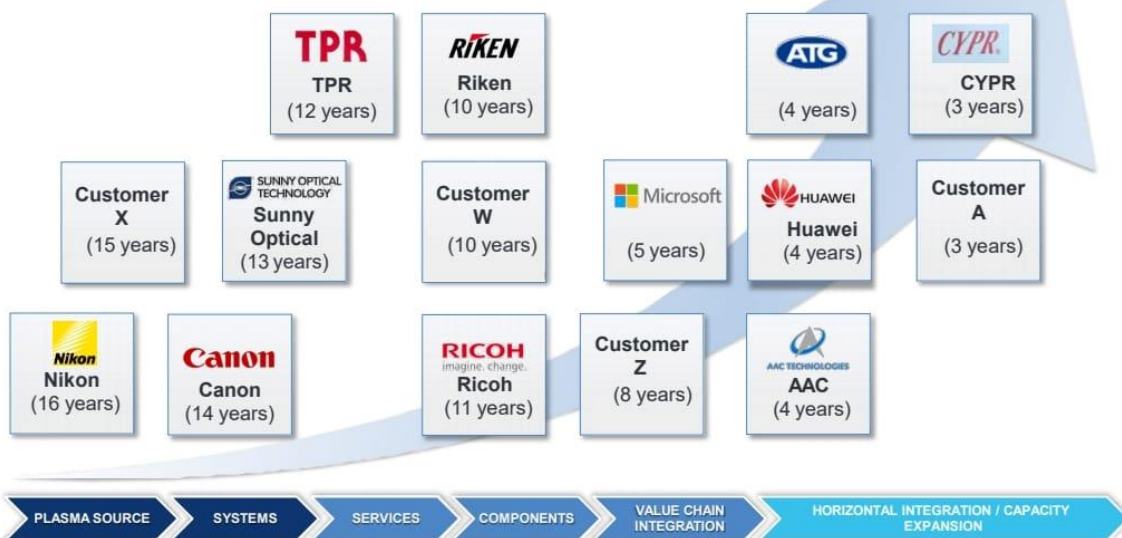
"Conductive Diamond"



Source: Company information
Note: (1) Such as PVD and CVD

Mission-Critical Applications for Top-Tier Customers

Single source supplier status to **9⁽¹⁾ out of top 10** major customers for the nanotechnology solutions NTI supplies to them



(1) Including customers where Nanofilm is partially sole source
Source: Company information

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3 | FY2021 FINANCIAL HIGHLIGHTS



FY2021 Performance at a Glance



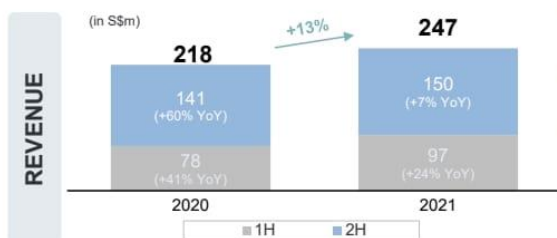
Source: Company information

(1) Property, plant and equipment

(2) R&D & Engineering expense excludes Quality Assurance expense and includes depreciation & amortisation expenses

(3) Includes the interim dividend of one Singapore cent paid on 08 Sep 2021 and the proposed final dividend of one Singapore cent to be paid in May 2022

FY2021: Our Underlying Performance is Much Stronger



- Top line increased 13% YoY despite a challenging operating environment

- Revenue contribution from other customers ⁽¹⁾ increased from 32% to 39% YoY

- Revenue contribution by BUS:

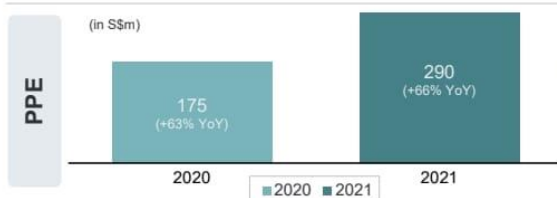
S\$m	2020	2021	YoY
AMBU	182.5	194.3	6.5%
NFBU	11.3	7.8	-30.7%
IEBU	24.6	44.6	81.3%
TOTAL	218.3	246.7	13.0%



- FY2021 PAT took in non-recurring expenses of S\$2.9m and a net loss of S\$1.0m from Sydhogen Energy

- Considering higher R&D and Engineering spent of S\$4m

- Increased in other operating income was tied to business activities related mainly to government grants and incentives



- Investments and expenses in Group's new Shanghai Plant 2 (approx. 2x size of Plant 1) and addition of 59 new coating equipment from 176 to 235, have significantly boosted the Group's long-term production capacity

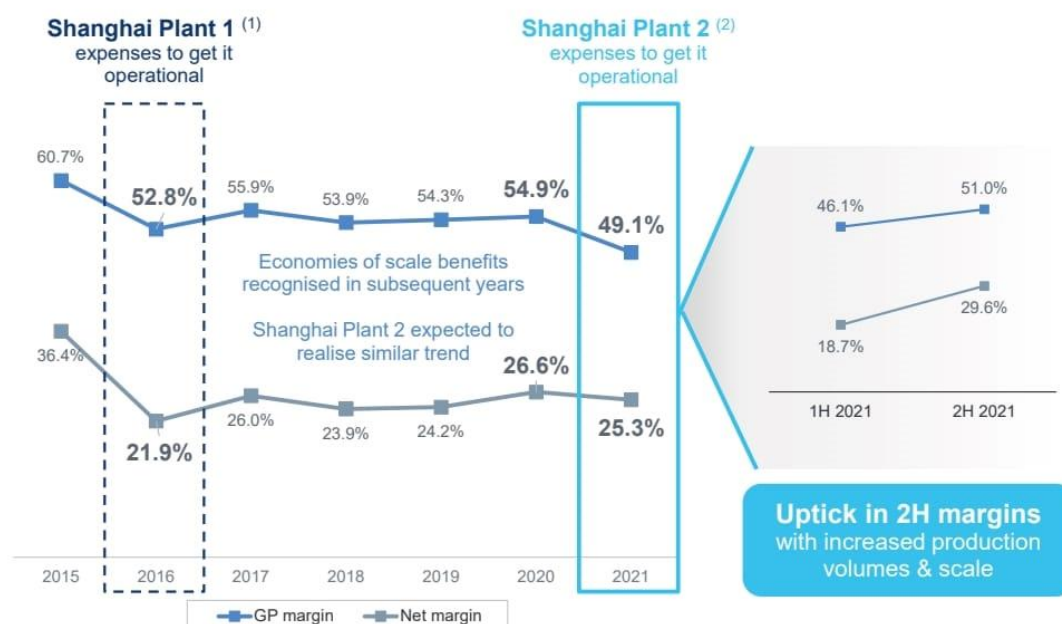
- FY2021 depreciation expenses increased S\$6m YoY

Source: Company information
(1) Customers other than the Group's single largest customer

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Capacity Prepared for Growth – Deja Vu

Scale & Operational Excellence Leading to Stronger Margins



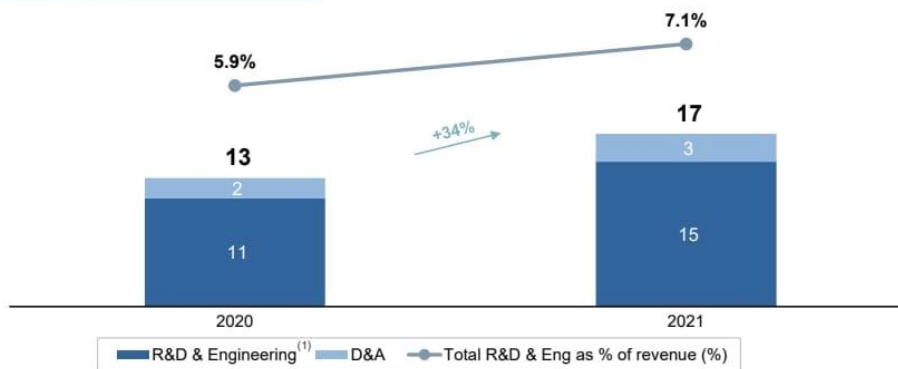
Source: Company information
(1) Shanghai Plant 1 has a gross built-up area of 35,184 sqm
(2) Shanghai Plant 2 has a gross built-up area of 66,406 sqm

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Investing in Technology & Innovation: Through Higher R&D Spend

R&D and Engineering expenses

(in S\$m)



R&D and Engineering expenses, including depreciation and amortisation, increased 34% YoY to S\$17.4m (equivalent to 7.1% of revenue)

Intensified development efforts in new exciting areas

Sustainable innovation remains a core competency and a key pillar in Nanofilm's Sustainability Strategy

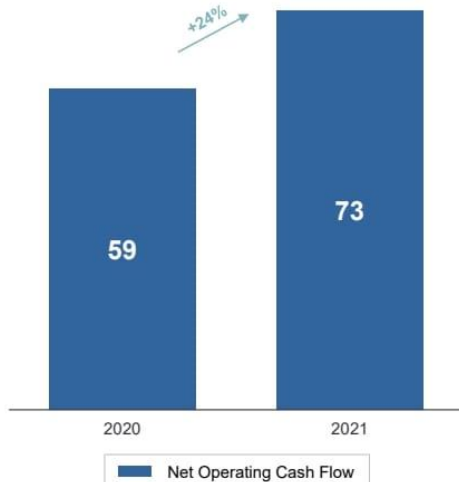
Source: Company information

(1) R&D & Engineering expense excludes Quality Assurance expense and depreciation & amortisation expenses

Cash Flow: Strong Cash Flow Generation Coupled with Effective Cash Management

Solid operating cash flow

(in S\$m)



Cash flow + strong balance sheet to support business requirements & reward shareholders

1



Ongoing
Operational
Requirements

2



Strategic
Initiatives

3



TOTAL DIVIDEND ⁽¹⁾

2¢

per ordinary share

Source: Company information

(1) Includes the interim dividend of one Singapore cent paid on 08 Sep 2021 and the proposed final dividend of one Singapore cent to be paid in May 2022

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4 | BUSINESS OUTLOOK





Business Outlook

GROUP

- Expanding our horizons: strengthen BU-centric structure and operational excellence, intensify BD and sales infrastructure, increase sales coverage in various geographies
- Focus on operational excellence to mitigate inflationary pressures; embracing Industry 4.0 with investments in automation and digitalisation systems, economies of scale benefits expected to be realised at Shanghai Plant 2
- Embedding sustainability in all that we do, contributing to a sustainable world through proprietary deep-technologies that create innovative products and solutions

R&D / Product Devt

- Accelerating efforts to develop core technology and new product offerings, as well as driving synergistic technology solutions combining nanofabrication with advanced materials as enabling catalysts
- Continue to invest in new exciting areas cover transformational fields and disciplines:
 - i. New classes of advanced materials through greener and sustainable composites;
 - ii. Engineered optics for VR and AR; and,
 - iii. Hydrogen fuel cell technologies and components for decarbonisation

M&A and Venture

- Continue to actively assess and seek synergistic M&As or strategic partnerships
- Focused on product value chain that carry the Group's nanotechnology solutions

Business Outlook (cont'd)

AMBU

- Easing of supply chain disruptions
- Growing adoption trend of our advanced materials solutions across the verticals, which will continue to provide a solid business pipeline

NFBU

- With new projects ramping up, optimistically confident of its business performance
- Turnaround expected in FY2022, gaining traction with our unique technologies as part of our value chain integration strategy

IEBU

- Continue to recognise robust demand from external customers with a visible order book going into FY2022
- Developing new equipment designs and solutions in a bid to further penetrate the renewable energy industry

Sydrigen

- Continue building its foundation for technology and production capacity
- On track to recognise initial revenue in an automotive project in 2H2022

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THANK YOU

