# FY2024 RESULTS BRIEF

**26 February 2025, 2.30pm**

**Management Panel:**

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| **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 afternoon, ladies and gentlemen, and welcome to Nanofilm's results brief for FY2024. I am Duane from Investor Relations.

We are delighted to have you here as we provide updates on our performance and initiatives.

Before we start today's session, please allow me to quickly introduce the presenters from the management.

Dialling in from the U.S., we have Dr. Shi, our Executive Chairman and Group CEO and Mr. Gian Yi-Hsen, our Group CSO and CEO of Sydrogen.

Dialling in from China, we have Mr. Kay Lim, our Group CFO. Dialling in from Singapore, we have Mr. Ian Howe, our Group CCO.

For today's session, Dr. Shi will start with an overview before passing over to Kay, who will elaborate more on the financials. Yi-Hsen will then provide updates on the sustainability front and Ian will introduce our recent acquisition in Germany.

Ian and Yi-Hsen will then be providing some business unit specific outlook before Dr. Shi closes the session with some concluding remarks. Without further ado, I will now pass the time to Dr. Shi.

Dr. Shi, please.

**Dr. Shi**
Group CEO
: Good afternoon, ladies and gentlemen. I am pleased to begin today's presentation with an overview of our performance for the second half and the full year of 2024 ("**FY2024**"). The second half of 2024 marked an improvement in our business and operational performance.

During the past year, we achieved significant milestones, including strengthening our core business segments, diversifying our customer base, and expanding into new markets. While 2024 presented its fair share of headwinds, our ability to sustain and even grow in the market reflects our resilience, strategic vision, and strong focus on innovation, supported by our positive operating cash flow.

I am pleased to share that in 2024, we achieved a 15% year-on-year growth in Group Revenue, reaching S$204 million. This improved performance was fuelled by the expansion of the 3C[1] segment, supported by increasing demand from both new and existing customers, along with our strategic growth initiatives. Additionally, our adjusted EBITDA[2] rose by 31% year-on-year to S$52 million.

At the same time, we saw a significant improvement in our profit after tax and minority interest, with net margin improving to 3.8%, up from 1.8% in the previous year.

AMBU[3] remained the highest contributor to revenue, accounting for approximately 84% of total revenue. NFBU[4] and Sydrogen also recorded year-on-year revenue growth, while IEBU[5] faced headwinds with a decline in revenue due to slow recovery in customer orders.

Our cash balance remains healthy at S$110 million. Considering both our cash position and financial performance, I am pleased to announce that the Group is proposing a final dividend of 0.33 Singapore cents per ordinary share.

Recapping 2024, there were key strategic initiatives that pave the way for our long-term growth.

In China, we have set up new production bases in the Southern and North-Central regions to support our growing customer business and strengthen our market presence. In India and Vietnam, our new operational facilities are enhancing supply chain resilience, ensuring that we can meet global demand more efficiently.

In Europe, our expansion through the AxynTeC[6] acquisition is helping us localise production and better serve regional customers. Additionally, our strategic acquisition of the EuropCoating Group[7], a leading German thin-film coating supplier with a strong customer base, further strengthens our capabilities and market reach.

The successful onboarding of leading Asian and Chinese customers has added meaningful revenue streams to our 3C business. Furthermore, the expansion of our solutions to new product segments and sectors such as mid-frame and

[1] 3C refers to Computer, Communications, and Consumer Electronics
[2] EBITDA refers to Earnings before Interest, Taxes, Depreciation and Amortisation
[3] AMBU refers to Advanced Materials Business Unit
[4] NFBU refers to Nanofabrication Business Unit
[5] IEBU refers to Industrial Equipment Business Unit
[6] AxynTec refers to AxynTeC Dünnschichttechnik GmbH
[7] EuropCoating Group refers to EC Europ Coating Gmbh and MC Europ Coating GmbH

solar in-line coating equipment has positioned us well to capitalise on emerging opportunities.

Innovation is at the core of Nanofilm, and we remain committed to developing cutting-edge commercial solutions, including advanced material solutions used in electrolyser and hydrogen fuel cell systems, as well as introducing new generation mould coating equipment and advanced BPP bipolar plates equipment designed to enhance efficiency and precision.

Despite a challenging environment last year, we remained resilient and sustained our position in the market. We are taking proactive steps to drive growth across all our business units and remain dedicated to realising our long-term growth potential.

I will now pass the time over to Kay, who will bring you through the financial performance in a little more detail.

Kay, please.

**Kay Lim**
Group CFO
: Thank you, Dr. Shi.

We will be covering revenue, cost, our investments in innovation, as well as the cash flow.

In terms of revenue, the revenue recovery trend continued in second half 2024 with 17% growth year-on-year. The higher growth momentum was driven by our coating services for the Consumer segment. In terms of the Advanced Material – Industrial segment, we saw a 30% year-on-year growth attributable to the inaugural contributions from AxynTeC.

Our Automotive business posted a 7% year-on-year growth, with lower coating solution sales from passenger cars, partially offset by higher growth from commercial vehicles. NFBU grew 12% year-on-year with the increased allocation of our MLA[8] project, and Sydrogen grew 166% year-on-year from a lower base, enjoying a continued traction for its solutions, especially in the Chinese market. The weakest BU[9], IEBU, remained soft over the period with a decline of 39% year-on-year.

Next, covering the key core expenses, we continued to prioritise business expansion expenses by enhancing our operational efficiency. On the top section, we have COGS[10] as its corresponding gross profit margin. We saw improvement in our operational performance in the second half 2024 compared to the first half 2024, largely driven by our peak production period.

In terms of margin, our gross profit margin increased slightly to 37.1%, which was a marginal increase compared to 2023. That was because we had higher

[8] MLA refers to Micro Lens Array
[9] BU refers to Business Unit
[10] COGS refers to Cost of Goods Sold

fixed depreciation and amortisation expenses, equivalent to 1.3% of sales, which impacted margins.

Moving to operating expenses, administrative OPEX[11] saw an increase of 9% year-on-year due to the site expansion costs and higher business activities associated with sales, but this increase was at a slower pace compared to the sales growth of 17% in the same period. Full year administrative OPEX was also impacted by (i) higher depreciation and amortisation cost of S$2.3 million, effectively accounting for 1.1% of sales and (ii) S$1.1 million in professional fees related to M&A[12] activities which were one-off in nature.

In the last portion, we have our OPEX (sales) in which we have seen an increasing trend in spending and investments in sales. Our sales expenses in 2024 increased by 24% year-on-year and by 22% in the second half of 2024.

We continue to strengthen our sales efforts, expand our market presence including in Europe and New Energy, while deepening our engagement with existing customers. This involved the expansion of business development, sales and marketing personnel to drive our growth forward.

In our investments in technology and innovation, we continue to see a shift towards commercialisation where we focus on the returns. In 2024, we saw a higher capitalisation of R&D[13], which is a reflection of our commercialisation efforts towards such projects and henceforth reducing our R&D expenses as a percentage of sales from 9% to 7% correspondingly.

Additionally, we have investments in our new products platforms, hydrogen fuel cells and Nanofabrication projects. The Company will continue to optimise R&D spend while leveraging on partnerships such as our NTI-NTU Corporate Laboratory to drive innovation.

After reviewing the revenue and key cost drivers, our net margin improved from 1.8% in 2023 to 3.8% in 2024. Our net profit has taken into account our increase in depreciation and amortisation expenses of S$5.3 million and within this S$5.3 million, we also had a full depreciation of S$1.6 million for an end-of-life project in NFBU.

Additionally, we accounted for losses related to various site expansions that amounted to S$4.4 million associated with our AMI[14] China (in Zigong and Huizhou), AMI in Germany and Japan, as well as our 3C business sites in Vietnam and India.

We also incurred a loss under Sydrogen, which amounted to S$4.5 million before tax. Overall, in another matrix of measuring our profits especially when our long-term investments require time to perform, we saw a corresponding

[11] OPEX refers to Operational Expenditure
[12] M&A refers to Mergers & Acquisitions
[13] R&D refers to Research & Development
[14] AMI refers to Advanced Materials – Industrial

increase in our adjusted EBITDA which grew 31% year-on-year to S$52 million, and margin improved to 25% in 2024, driven by improved revenues and operational performance.

Cash flow continues to be positive. In 2024, we continued to generate higher core operating cash flow before working capital. We can see the trend of rebound from S$39 million in 2023 to S$50 million in 2024. However, our 2024 net operating cash flow was impacted by higher working capital requirements as a result of the increase in sales during our peak period in the third quarter of 2024, resulting in a higher balance of yet-to-due receivables at the end of 2024.

Next, I will pass on to Yi-Hsen to touch on sustainability.

Yi-Hsen, please.

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

Good afternoon, everyone. Please allow me to give a quick update on our sustainability front.

We continue to work on our environmental sustainability initiatives as well as social responsibility. In terms of water recycling, we have achieved a 60% water recycling rate through our investments in a reverse osmosis water recycling system.

On the energy front, we remain committed to achieving 100% electricity sourced from renewable energy, of which electricity for almost 2.7-gigawatt hours was from solar power that is generated in-house and the rest through green certificates.

An interesting initiative on our part is the repurposing of energy generated from our hydrogen labs because our hydrogen labs do a lot of experimentation that generate a lot of electricity from hydrogen. We are recovering all this electricity for use inside our facility to better reduce our footprint from the experimentation.

In terms of waste recycling, we have increased our waste recycling rate, achieving a 32% recycling rate for our entire operations.

Finally, on the social responsibility front, we continue to increase our diversity of hires by hiring from disabled populations and this has continued especially in our Shanghai plant.

That is the quick update on sustainability.

Over to Ian, please.

**Ian Howe**
Group CCO

: Happy to announce the EuropCoating Group deal which we completed last week. This strategic acquisition further strengthens our position in the European market, building on what we did last year, acquiring AxynTeC.

EuropCoating Group has a history in premium thin film coating, operating since the 80s. Their main business areas include R&D, luxury and high-end decorative and partially medical markets within Germany and Europe.

In terms of capabilities, they have several interesting technologies. They have arc-based PVD[15] solutions, sputtering-based, DLC[16], and also very interesting precious metal gold coating application.

They bring a wide technology and product portfolio which will support faster growth in Europe. As for the main segments they are serving, they have more than 200 active customers and are very active in fuel cell application, and the medical and decorative markets.

In terms of footprint, it is also complementary to the acquisition of AxynTeC in Augsburg. AxynTeC is located down in Augsburg close to Munich in Bavaria, while EuropCoating Group has several factories today across Germany.

The EuropCoating Group is headquartered in Hohenlockstedt, which is in the area of Hamburg in the north of Germany, and they also have a site on the east in Zittau, close to the Czech and Polish border.

There are several synergies we will be working on. The top line synergies are the most important where we see greater customer access, also market access into the luxury, decorative and medical industries. We will drive the revenue expansion into these new markets and new customers and work on the strategy on the technologies that we will deploy in those sites.

The post-merger integration project is now in full swing. We have dedicated local project management, and our European team are fully supporting. In the coming months, we will define the exact strategy and how to integrate these businesses together in Germany.

We will move on to the next section on Outlook, which Gian Yi-Hsen and I will cover.

**Gian Yi-Hsen**
Group CSO

: I am back with the Advanced Materials – Consumer outlook.

Overall, we are cautiously optimistic for the continued recovery of the Advanced Materials – Consumer business, specifically within our customer base where Customer Z orders are quite stable. We also have a slight increase on the accessories and wearables front with a new product line that we are starting to do.

[15] PVD refers to Physical Vapour Deposition
[16] DLC refers to Diamond-Like Carbon

In terms of diversification of our customer base, our Asian and Chinese customer continue to show good growth potential, and we will continue to work on that from their low base.

On the operating front, we have continued diversification in Southern China, Vietnam as well as India where we will continue to build our base of operations and capacity.

Finally, we see a good potential for more strategic partnerships in terms of a factory-in-factory approach with some metal vendors, especially in the Chinese market, which will give us a very stable demand from these customers.

Thank you.

**Ian Howe** Group CCO : Thanks, Yi-Hsen.

On the Advanced Materials – Industrial, we are predicting overall growth for 2025. However, within that growth, there is some mixture. In Asia, we see quite strong growth in semiconductor, e-mobility, and in general industrial market segments. However, we do see a partial offset, where we see the automotive industry in China is slightly suppressed. Overall, business in Asia is expected to grow, with contraction in some segments and a bigger expansion in other segments.

For Europe, we are expecting a strong growth. We are deploying currently the TAC[17] technologies for industrial applications in the Augsburg facility. The first line was already installed at the end of last year and is now commissioned. First projects for that coating will come online in the second quarter of 2025. In the third quarter of 2025, we will also then deploy the decorative sputtering technologies from Nanofilm into the German market and there we are working on projects for the automotive interiors, consumer electronics, and luxury markets.

Additionally, globally, we are investing significantly into business development and sales teams. Specifically in Southeast Asia, we have invested into our agent networks that will further enhance our sales and business development activities.

On IEBU, we are also cautiously optimistic. Last year, we hit the bottom. It was a slow year for many reasons, as we have discussed in previous discussions. For the Asian market, we are receiving new orders for mould coater applications within the photonic segment, both in China and Japan, and have additional orders for the automotive piston ring business in Southeast Asia, in India, Korea and other markets.

[17] TAC refers to Tetrahedral Amorphous Carbon

Finally, we are working on the renewable energy space and solar energy in the China market with expected first orders this year.

For Europe, step one for IEBU will be to replicate the success that we have in Asia. First equipment delivery will be made in the middle of this year to a leading European OEM [18]. We are working quickly on the business development for the rest of the European photonics market for sales of mould coaters.

**Gian Yi-Hsen**
Group CSO
: On the NFBU front, we continue to have gains of wallet share for existing production projects. In terms of the same customer, we are also gaining new applications that we are developing, and we are making good progress that will allow us to substantially increase our production moving into 2026. Finally, in terms of diversification as well, in 2025, we will be working on making inroads into automotive applications, albeit from a lower base.

For Sydrogen, let me talk it through in three parts.

On the bipolar plate coatings front, the Chinese market continues to mature. While the market is relatively stable, we do see good support from the government into the heavy trucking market and we can see the possibility of doubling the output that we have had done in 2024.

On the air-cooled fuel cell front, which is our own internal fuel cell product that we developed, we are in the final phases of evaluation with a good customer from Europe. With that, we expect to be able to ship units from the second half of this year. These units, beyond the system being designed by us, incorporate our SydroDIAMOND® coating capabilities.

On the maritime power module front that we have announced last year in July, we continue to make the technical progress, and we hope to be able to share more good news around the technical development, and also progress on the type approval certification towards the maritime market.

Finally, we are expecting to make progress on trials together with Singapore Town Gas, City Energy Private Limited, where we will do demonstrations of using the hydrogen in town gas to generate electricity.

Thank you.

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

Looking ahead, the uncertain business environment, shaped by geopolitical tensions and trade restrictions, presents both risks and opportunities to us. However, we are well positioned to navigate these risks and capitalise on the opportunities they present due to the strategic investments made earlier.

[18] OEM refers to Original Equipment Manufacturer

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We had strategically expanded our geographical presence in Vietnam, India, Southern China and Europe. This has positioned us better given the uncertain macro environment in which we are operating in.

One, increasing our geographical presence has allowed us to be closer to our customers' supply chains, broadening our customer base. Two, we have penetrated the European market through the acquisition of AxynTeC in 2024, and most recently, the EuropCoating Group in 2025, further strengthening our capabilities and market reach.

We continue to develop and expand our suite of technological solutions. Firstly, we had successfully expanded our solution coverage to larger surface areas, such as the mid-frame product segment, where we have applied our solutions to our new 3C customers for handphones. Secondly, we have introduced a new generation of coating equipment, as well as cost-effective high-throughput inline equipment that will help improve our BUs' production efficiencies. Thirdly, we will continue to strategically sell our equipment externally, for example, new generation mould coaters, allowing us to proliferate our solutions.

Lastly, our solutions in the renewable energy space tackle pain points faced by our customers and may aid in the adoption of such technologies.

Through Sydrogen, we have increased our market share in coating services for bipolar plates and we have expanded our use case applications beyond automotive, expanding into maritime and backup power applications.

We have also expanded our capabilities beyond coating and into modules and integrated systems, what we term as Tiers 3, 2, and 1 respectively. The launch of the new solar CSS[19] line will further strengthen our market position in the renewable energy sector, driving continued growth and solidifies our leadership in the industry.

As we look toward the future with anticipation, we remain firmly grounded in our core values, and we will execute our strategies to drive sustainable growth.

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

Thank you.

[19] CSS refers to Closed Space Sublimation

***Q&A Transcript***

**Duane Tan**
Investor Relations
:

Thank you, Dr. Shi and Management team.

We will now open the session to Q&A. If you do have questions, please feel free to either use the raise hand function on Teams or type your questions on the chat.

We have some questions raised in the chat.

We will start with Onkar. He is asking 'how are the solutions provided by AxynTec compared to that of EuropCoating? Are they complementary and do you have any common customers?'

**Ian Howe**
Group CCO
:

Let me take that question. Thanks, Onkar.

Yes, they are complementary. AxynTeC's portfolio when acquired was a pure DLC player producing diamond-like coatings which is a specific carbon-based coating. In addition, we are now launching our own TAC capabilities in Augsburg.

What EuropCoating brings are a few things. As mentioned in the slides, they have sputtering and arc-based technologies. The pure gold coating is complementary and a very interesting area to develop. With the arc-based technologies, we can also provide different solutions to what they have today, whether it is in tooling solutions or in decorative aspects. On the decorative side, there are also some specific very large frame coating machines in EuropCoating. These are a few of the areas where we have a complementary business to develop.

In terms of common customers, there are very few. There is a small overlap, but all the top customers are very different.

**Duane Tan**
Investor Relations
:

Thanks, Ian.

We have the next questions from William. William's questions are three parts.

The first part is 'what was the utilisation rate in the first half of 2024 and the second half of 2024? And what is the expected utilisation rate in the first half of 2025?'.

The next is 'do you expect to be profitable in first half of 2025?'.

And what is the 'planned CAPEX[20] FY2025?'.

[20] CAPEX refers to Capital Expenditure

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| **Kay Lim**<br>Group CFO | : | Utilisation rates, as you are aware, William, are making up of different blocks. Essentially, if you look at our revenue contribution, utilisation in the second half 2024 was higher than first half 2024.<br><br>For the expected utilisation rate in 2025, we do not provide specific guidance on forward-looking events. We are however cautiously optimistic that 2025 would see improvements.<br><br>And on the question do we 'expect it to be profitable in first half 2025?'.<br><br>Again, we do not provide a specific guidance on that front.<br><br>For the planned CAPEX, we expect CAPEX to be lower in our infrastructure-related investments apart from strategically adding coating equipment in various BUs to support our expansion efforts in Southern China, Germany as well as our collaboration for the NTI-NTU Corporate Laboratory. |
| **Dr. Shi**<br>Group CEO | : | Adding on, we are continuing our innovative approach to the equipment we design, build and utilise ourselves.<br><br>AMC[21] is undergoing a planned equipment upgrade. With such an exercise, we can free up some potential machine time, increase machine utilisation, and increase the machine utilisation efficiency.<br><br>By doing so, as Kay had just said, apart from the few areas that we have the commitment to make a bit of CAPEX for BU operations, we do not see any requirement for significant CAPEX this year. |
| **Duane Tan**<br>Investor Relations | : | The next question is from Gerard.<br><br>Gerard is asking, 'what was the contribution in revenues from the Asian and Chinese new customers in the second half of 2024? And what is the trend for 2025 for these new customers?'. |
| **Gian Yi-Hsen**<br>Group CSO | : | Allow me to take that.<br><br>The contributions from the Asian and Chinese customer in the second half of 2024 is relatively healthy. We had single-digit percentages as shared previously.<br><br>In terms of the trend for 2025, we are seeing good growth albeit from a lower base compared to the other segments and we are continuing to be hopeful on this front. |
| **Duane Tan**<br>Investor Relations | : | Thanks, Yi Hsen. |

[21] AMC refers to Advanced Materials – Consumer

Perhaps we can go to Lee Keng first before we continue the rest of the questions in the chat.

Lee Keng, would you like to unmute yourself and ask your question?

**Lee Keng Ling**
DBS
: Thank you.

I would just like to follow up on the earlier question on contribution from the Asian and the Chinese 3C customers. What kind of products are we doing now and what is the product pipeline going forward?

**Gian Yi-Hsen**
Group CSO
: Okay, let me take that question.

We have a couple of different products that we are doing. We talked about the mid-frame product; this is a high value product that we have started taking on and we are taking that on for not just the Asian customer but also for some of the Chinese customers. In addition, we are starting to take on more small parts. Examples of these are camera rings as well as sim trays and so on.

We do have a good pipeline which has allowed us to tap on new supply chains in the Vietnam market, beyond Customer's Z supply chain.

**Lee Keng Ling**
DBS
: In terms of margins, is there any difference between this customer and customer Z?

**Gian Yi-Hsen**
Group CSO
: The net margin, when taking into consideration the overall process and investment needed, is similar. At the same time, it varies from product to product. Nevertheless, we are confident that this is a very useful business for us to move into.

**Lee Keng Ling**
DBS
: Just one more last question on contributions from Customer Z - are you affected by the slowdown in shipment in China and because of DeepSeek driving the higher adoption of AI[22], is there any positive effect on that?

**Gian Yi-Hsen**
Group CSO
: So far, we are seeing the regular trends that seasonal volumes and demand have come through from Customer Z.

In terms of AI and DeepSeek, it is still a little early, but we have not seen a clear impact from that associated with AI into our business demand, most of it is still driven by demand of devices in the consumer electronics segment.

**Lee Keng Ling**
DBS
: Okay, got it. Thank you.

[22] AI Refers to Artificial Intelligence

**Duane Tan**
Investor Relations

: Thanks, Lee Keng.

The next question we have from the chat is from Ada. Ada has a couple of questions. Perhaps we take the first two questions that are in relation to the Group's financial performance, specifically in the P&L[23].

She is asking, 'firstly, gross profit margin was largely flattish year-on-year. What are the levers that management has to drive margins in the coming year?

Secondly, I noted that a greater proportion of R&D expenses was capitalised this year due to a shift towards commercialisation. Is this a good run rate that we can expect going forward?'.

Perhaps Kay would like to take this?

**Kay Lim**
Group CFO

: Okay, I will take these questions.

On the gross margin, while it is largely flattish year-on-year, we would like to call out, as we went through the deck earlier, that we had a higher fixed depreciation and amortisation costs, equivalent to 1.3% of sales, that is also a reflection of the investments that we made in the previous years. Such costs are fixed in nature, and we have higher operating leverage effect once the revenue flows in.

When it comes to the levers that the management is putting in place, that would include optimising our operations that impact the level of COGS structure, we seek ways to improve our efficiency and our quality by looking at the four Ms (man, machine, material, method) plus the E (environmental) factors. It also includes our initiative, for example to upgrade our equipment, resulting in a reduction in cycle time in our production, which will result in cost savings when it comes to utility consumption, labour inputs, and the inputs factored into the production processes.

We will also be enhancing our budget control to enhance productivity, continuing to streamline the unnecessary expenses, re-looking at which are the expenses or investments that we want to incur to drive ROI[24]. We hope that will then result in improving our operational efficiency through, which includes, like we mentioned in the previous sessions, adoption of automation.

Automation will be the area of focus for us to reduce the labour content and ensuring certain quality because that will be handled by machines. Altogether, we hope that will drive a sustainable margin growth, not only for 2025, but also for the years ahead.

As for the second question regarding the greater portion of R&D expenses being capitalised this year, if you look at the trend between 2024 and 2023,

[23] P&L refers to Profit & Loss
[24] ROI refers to Return on Investment

we saw an increase, relatively, in the rate of capitalisation. Do note that when it comes to capitalisation, we follow strict requirements from the accounting and commercial standards. Particularly on the accounting standards, we do have certain milestones to meet before the capitalisation can be taken.

In that way, it is subject to the progress and milestones of the R&D projects. From the onset, as we select R&D projects, the amount of investment we want to spend, based on the commerciality of those projects, will be the captialisation run rate that we can expect going forward.

Not to forget, we do have NTI-NTU Corporate Laboratory expenses to incur, which are not capitalised because those are in the frontier research projects that we are combining with NTU resources and government funding.

**Duane Tan**
Investor Relations
: Thanks, Kay.

On the third question, Ada is asking if we are 'able to share on the number of equipment sold under IBEU?'.

**Kay Lim**
Group CFO
: Okay, maybe I can take the question and Ian can chime in.

Altogether, we sold four machines that we recognise revenue, some in partial recognition, in 2024.

**Duane Tan**
Investor Relations
: Lastly, Ada is asking, 'finally, I noted that the company recorded greater short-term debt and higher interest costs in FY2024. Perhaps, I missed this previously. Was the drawdown in debt related to the recent acquisition?

Given the company has a sizable amount of cash, though this has come down in 2024, what is management's thinking around cash and debt given the still elevated interest rates?'.

**Kay Lim**
Group CFO
: Maybe I can take the question, and my team can chime in.

On whether the debt drawdown was related to the recent acquisition, the answer is no, because the acquisition happened in February 2025, that took place this month.

In terms of the short-term debt increase, just to give everyone the context in terms of numbers, we had an increase in short-term bank borrowings from S$4.7 million in 2023 to S$8.2 million in 2024.

In comparison to long-term debt, we had S$77.5 million in long-term debt in 2023 and S$76.7 million, close to S$80 million of long-term debt in 2024. Based on our debt profile, we do have a longer maturity debt profile ranging between 8 and 10 years and that is blended with revolving short-term loans that we have drawn down for the purpose of our operations.

In that magnitude, the ratio of short term and long-term debt is relatively low with a longer-term debt profile.

On the point about the interest rates remaining elevated, we drew down the majority of the S$70 million to S$80 million loan about one and a half years ago, and we announced that in the market. The loan's interest rate, since then, have maintained flattish, and these loans are borrowed in China.

As everyone is aware, China's interest rates are comparatively lower than the global rates, and in our context comparing to the Singapore's interest rates. Henceforth, we borrowed in China and then repatriated the money back to the HQ[25] in Singapore for us to run the capital redeployment and our cash management. In terms of interest rates, it remains stable. In fact, it is considerably lower than the global standards.

Approximately 20% of that loan is related to a Singapore loan that we drew down for our property that has a 10-year loan profile. Over the past two years, Singapore interest rates have been trending downwards.

On CAPEX - we expect lower CAPEX, apart from strategically adding a few coating equipment to support our business.

We watch over our working capital very closely. We are aware that we did have a working capital drag towards the fourth quarter 2024 but that is a part of the ordinary course of business. We saw an increase of S$24m in 2024, compared to 2023, resulting in higher receivables, which remained outstanding as we closed the book on 31st December 2024.

**Duane Tan**
Investor Relations
: Thanks Kay.

We are about five minutes away from being on the hour, but we can still finish up the session with Bernard's questions that he has posted on the chat. Bernard has three questions. I will start with the first one.

First question is on Slide 11 - 'slide 11 suggests that there could be over S$10 million of expenses incurred in 2024, part of which may not recur in 2025. Could you guide how much of this may not recur this year?'.

**Kay Lim**
Group CFO
: I will take that question, Bernard.

Whilst we do not provide guidance on the forward numbers, drawing from historical figures in 2024, we have specifically call out such costs in order to explain that fixed cost, depreciation and amortisation will continue because that trend is fixed in nature, except for the costs relating to end of life fully depreciated project which will not recur.

[25] HQ refers to Headquarters

In terms of the losses, it is to point out the business expansion costs that we have incurred but we have yet to generate meaningful benefits. These are part of our strategic footprint as the team and Dr. Shi, have gone through.

On that, we do have certain targets. It cannot stay in that kind of a performance, and we expect the business to grow. I will leave it to you to draw the conclusion on that part and the different site expansions that we have.

And on Sydrogen, it is still in a business development mode and hence we will continue to invest in this business.

**Duane Tan**
Investor Relations
: Thanks, Kay.

The next question Bernard is asking is, 'what is the mid-frame product segment? Could you explain what it is, and which customers are you using for this?'.

Perhaps Yi-Hsen can take this question.

**Gian Yi-Hsen**
Group CSO
: Yes, so what we call the mid-frame, is actually the metal part that holds a phone together. Typically, these days the phones have a frame that holds two pieces of glass together.

We are doing this for our Asian and Chinese customers, and we are seeing a good demand for this service.

**Duane Tan**
Investor Relations
: Thanks, Yi Hsen.

The last question from Bernard is, 'historically, the seasonal dip going into Q1 from Q4 have been quite large, usually driven by Customer Z. But your presentation suggests that Customer Z is now more stable this time around, plus you have increases in accessories and wearables.

Moreover, I understand the China customer came in later part of 2024. Does this all add together to give a less pronounced seasonality for Q1 this year?'.

**Gian Yi-Hsen**
Group CSO
: Allow me to take that.

We will still have the seasonal dips. That said, even with the Chinese customers, although they have come in late in 2024, they experience the same seasonality that Customer Z has because they are all in the consumer electronics segment.

The new business around accessories and wearables will come in stronger in the second half of 2025. Overall, you will still see seasonality dips and we should expect it to be in similar levels as prior years.

**Duane Tan**
Investor Relations
: Thanks, Yi Hsen.

We are about on the hour. I will do a last round of checks if there is anyone else with any closing questions that you would like to raise.

If not, I thank everyone for their questions and for attending today's session.

Thanks, Dr. Shi and Management team.

As we conclude today's briefing, please do feel free to reach out to us, should you have any further questions or the need for further clarifications.

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

With that, I will bring this briefing to a close.

Thank you and have a wonderful day ahead.

END.