



NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED
(Company Registration Number 199902564C)
(Incorporated in Singapore on 13 May 1999)

ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2026
RESPONSES TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors (the “**Board**”) of Nanofilm Technologies International Limited (the “**Company**”) wishes to thank shareholders for submitting their questions in advance of the Annual General Meeting (“**AGM**”) to be held physically at 11 Tai Seng Drive, Singapore 535226 on Wednesday, 29 April 2026, at 10.00 a.m..

The following are the responses to the substantial and relevant questions raised.

Question 1: There have been persistent impairments related to early project terminations. Can Nanofilm explain your business development and sales strategies to shareholders? Is this a normal attrition rate in the industry or is management inadvertently over-stretching your resources? Is going for projects in disparate non-related sectors common practice in the industry? Is management exercising maximum cost and contract discipline (for example, I believe some other companies insert costs-indexing, penalty clauses and/or progressive payments) in this aspect?

Response:

With respect to sector focus, our business development and sales strategy is centred on key identified sectors and applications (e.g., PVD coating on lapping carriers used in semiconductor manufacturing, PVD coatings for bipolar plates used in hydrogen fuel cell and electrolysers, *etc*) where our technological solutions can deliver meaningful impact to customers. While our capabilities are adaptable and can be applied across a wide range of industries, we remain disciplined in prioritizing these core sectors to ensure strategic alignment and effective resource allocation.

On cost and contract discipline, management places strong emphasis on maintaining rigorous oversight throughout the project lifecycle. This includes careful evaluation of project viability, structured contracting processes, and ongoing monitoring to ensure costs are managed prudently and contractual obligations are met.

For projects that are terminated earlier than expected, we typically incorporate certain protection mechanisms within our agreements to allow for partial cost recovery. These may include provisions such as milestone-based payments or termination clauses. However, such arrangements are generally subject to bilateral negotiation and therefore vary depending on the specific project and customer.

Question 2: For the joint venture in Dongguan, can we understand what is the rationale for Mr. Jin Xiao Zhe to be a shareholder? As an employee of Nanofilm, he is already incentivised to market and promote Nanofilm products. The amount invested is also not large and the company cash holdings could have easily covered it instead. This potentially creates a different kind of optics which the Board and Management may like to clarify.

Response:

The Dongguan JV has been structured as a genuine partnership between Nanofilm and the local operating partners, rather than as a majority-owned subsidiary of Nanofilm. The agreed shareholding proportions – Nanofilm 30.8%, Ms Cheng 38.4%, Mr Dai 15.4% and HeChuang Tech Pte. Ltd. 15.4% – were designed to achieve a shareholding balance acceptable to all parties and to support their long-term commitment to this Southern China platform. Mr Jin’s personal participation via HeChuang does not arise from any funding constraint on Nanofilm, but from the commercial objective of creating a durable, locally anchored partnership structure that is acceptable to all parties and aligned with the JV’s role as Nanofilm’s strategic commercial partner in Southern China.

Nanofilm retains meaningful economic and governance influence through its 30.8% equity interest, the initial RMB 2.0 million convertible loan from its Shanghai subsidiary (convertible on a one-for-one basis into registered capital of the JV), and reserved-matter protections in the shareholders’ agreement.

The Board and Management are mindful of potential conflicts and perceptions arising from Mr Jin’s dual role and have put in place appropriate governance safeguards, including arm’s-length arrangements and decision-making protocols consistent with the SGX Listing Manual and the Company’s internal policies. The Board will continue to monitor the JV’s performance and the alignment of interests among all partners to ensure that the structure remains in the best interests of Nanofilm and its shareholders as a whole.

Question 3: Can management share the specific details of both the tangible and intangible benefits and costs of the NTI-NTU Corp Lab?

Response:

The NTI-NTU Corporate Laboratory forms a key part of our three-tiered technology framework. It is designed to house earlier-stage projects at lower Technology Readiness Levels (“**TRLs**”), allowing these initiatives to be incubated within an academic environment. By leveraging the university’s resources such as talent, research expertise, and specialised facilities, we are able to advance early-stage research more effectively and efficiently.

As projects mature and demonstrate stronger commercial potential, they will be progressively transitioned out of the corporate laboratory into either our internal Advanced Technology Research Centre or directly into the relevant business units. This structure enables us to focus our internal resources on higher TRL projects that are closer to commercial application. From an accounting perspective, this distinction is also important, as development work may be capitalised, whereas pure research activities are typically expensed. Beyond operational and financial considerations, the corporate laboratory also provides strategic and intangible benefits. These include access to a pipeline of emerging technologies, talent development opportunities, and closer collaboration with the broader research ecosystem. Importantly, it enhances our access to high-quality research talent and strengthens our employer profile, positioning the Company as an innovation-driven organisation within the scientific and engineering community.

In addition, the corporate laboratory is supported under the Research, Innovation and Enterprise 2025 (“**RIE2025**”) plan, which underscores Singapore’s commitment to research and innovation, with the aim of driving economic growth and addressing key national challenges.

Question 4: Nanofilm heralds itself as a deep tech company - can I ask how deeply has the organisation utilised AI to enhance productivity and/or reduce costs so far?

Response:

AI is poised to disrupt many industries and sectors, and we are no exception. We have been selectively and progressively integrating automation and AI into various processes across the Group, and we intend to continue doing so where it delivers tangible value.

Within our core PVD coating and equipment space, we are developing AI-enabled tools to support the design and development of new coatings, as well as to enhance the capabilities of our equipment. This includes using AI in combination with our PVD systems to improve process control and make our equipment more adaptive and intelligent. We are also applying AI in the management of our production processes, including areas such as production optimisation and Automated Optical Inspection (“AOI”).

In addition, we are exploring the use of internal AI tools to streamline certain corporate workflows, including reducing manual drafting efforts in selected processes, and are in discussions with external partners to further assess AI integration opportunities.

These initiatives have begun to generate value and are expected to further enhance productivity, improve decision-making, and strengthen overall operational efficiency. At the same time, we view the adoption of AI across both our operations and products as an ongoing journey, and we will continue to evaluate and implement use cases in a disciplined and targeted manner.

Question 5: Has Dr Shi Xu considered placing out his shares at a reasonable price to increase the free float, potentially improve market perception and allow strategic investors or partners to come in?

Response:

As Dr Shi is a controlling shareholder, any decision relating to his personal shareholding, including a potential placement, would be a matter for his independent consideration, and the Company is not in a position to comment on or speak on his behalf.

From the Company’s perspective, we remain focused on supporting sustainable long-term value creation for all shareholders. Where appropriate, the Company will continue to consider options that may strengthen its shareholder base and strategic positioning, taking into account relevant factors such as market conditions, timing, and alignment with long-term objectives.

**BY ORDER OF THE BOARD
NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED**

Lim Kian Onn
Chief Financial Officer

24 April 2026