Nanofilm Technologies International Limited
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1Q2026 BUSINESS UPDATE BRIEF

23 April 2026, 10.00am

Management Panel:

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**")
Mr. Ian Howe	Group Chief Commercial Officer ("**Group CCO**")

Presentation Transcript

Duane Tan
Investor Relations

: Good morning, ladies and gentlemen, and welcome to Nanofilm's first quarter 2026 Business Update Brief. I am Duane from Investor Relations. Thank you for joining us this morning.

Before we start today's session, please allow me to introduce the management panel for today's session. Dr. Shi will be joining us later; he is caught up in a discussion. For now, we have Mr. Kay Lim, our Group CFO; dialling in from Vietnam, we have Mr. Gian Yi-Hsen, our Group Chief Strategy Officer; and lastly, we have Mr. Ian Howe, our Group Chief Commercial Officer.

For today's briefing, Kay will be taking us through the overview of our performance for the first quarter ended 31 March 2026 ("**1Q2026**"), before handing it over to Yi-Hsen and Ian, who will be providing the BU specific outlook.

Without further ado, I will now pass the time to Kay.

Kay, please.

Kay Lim
Group CFO

: Good morning, ladies and gentlemen. Let me walk you through our 1Q2026 performance.

We delivered S$55 million in revenue, up 24% year-on-year, driven mainly by strong execution in our Advanced Materials - consumer segment. Within the Advanced Materials Business Unit ("**AMBU**"), consumer-related business grew 32% year-on-year, reflecting continued strength in key programmes. The industrial segment grew 9% year-on-year, supported by improved contributions from Europe.

Meanwhile, Industrial Equipment Business Unit ("**IEBU**") and Nanofabrication Business Unit ("**NFBU**") continue to show encouraging momentum, growing 52% and 20%, year-on-year respectively.

Overall, we are seeing broad-based growth across our multiple business units, not just reliance on a single segment. More importantly, this growth is becoming increasingly resilient. We are seeing better contributions from industrial and European markets, continued expansion in our equipment and nanofabrication capabilities, and a stronger pipeline building beyond traditional consumer segments. In terms of structure, the business is becoming more balanced, which is important as we scale.

Next, we move on to our margin performance. Our operating performance and margin recovery are anchored on three key drivers. We have seen a very strong rebound in margins in 1Q2026. Our gross profit margin grew from 27% to 39%, and our EBITDA[1] margin increased from 12% to 26%. This represents a step-change improvement, not just a marginal uplift.

There are three key drivers behind this. First, operating leverage: with higher revenue, particularly in our core consumer segment, we are seeing much better absorption of fixed costs. Second, cost discipline: while OPEX[2] increased in absolute terms, it declined as a percentage of sales as we scaled. This reflects tighter cost control and improved efficiency across the group. Third, execution improvement: as newer lines stabilise and the team gains experience, we are seeing better yields, improved productivity, and overall, more efficient operations.

This margin improvement is structural, not incidental. It reflects the normalisation of operations after the prior investments we made, the benefits of scale coming through, and a more disciplined operating model across the group. As a result, the group has returned to a healthy level of profitability in 1Q2026, with a much stronger earnings profile.

At the same time, we remain focused on sustaining this trajectory by continuing to drive sales and expand our portfolio globally. We will maintain strict cost discipline and remain selective and targeted in our CAPEX[3], particularly in equipment that supports growth.

Overall, 1Q2026 is a very strong start to the year. Growth is solid, margins have rebounded meaningfully, and execution is improving across the board. This gives us confidence that the business is moving in the right direction, with both growth and profitability strengthening together.

With that, I will pass over to Yi-Hsen to take us through the outlook.

Yi-Hsen, please.

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

Good morning, everyone. I am speaking to you from Vietnam.

[1] EBITDA refers to Earnings before Interest, Taxes, Depreciation, and Amortisation
[2] OPEX refers to Operating Expenditure
[3] CAPEX refers to Capital Expenditure

Our Advanced Materials – Consumer ("**AMC**") business has delivered good growth year-on-year for the first quarter. We are wrapping up the strong programmes from 2025 that drove the 20% year-on-year growth you saw last year.

We continue to have very strong engagement with our key customers. In particular, we are seeing opportunities in functional coatings, and we are continuing to deepen our penetration in the local Chinese market.

I am also glad to report that we remain focused on building a portfolio of larger parts. For example, watch housing will continue to make up a larger proportion of our business going forward, alongside functional coatings as another key pillar of growth within the Advanced Materials – Consumer segment.

Overall, we performed well in 1Q2026, completing programmes that started in mid-2025. Going forward, we will shift gears in 2Q to prepare for upcoming programmes in 2026, with MP[4] programmes starting from the middle of the second quarter onwards.

That's all I have for our Advanced Materials – Consumer business. We will continue to focus on execution and expanding our portfolio.

Thank you.

Ian Howe
Group CCO : Next on the Advanced Materials – Industrial ("**AMI**"). We are targeting double-digit growth year-on-year. The first driver is in the Automotive space, where our existing business in piston ring applications across China and Japan is performing strongly. In addition, we have several new initiatives in e-mobility and related areas.

The back-end Semiconductor segment is also progressing positively in Southeast Asia and China. Across all regions, General Industrial applications are advancing strongly.

On the Nanofabrication Business Unit side, we are seeing a strong ramp-up in our core business opportunities, with a robust pipeline continuing to build. We are also growing double-digit year-on-year, mainly driven by 3C[5] health sensing projects, while accelerating initiatives in 3C and flash lens.

In parallel, we are driving several business development initiatives to expand into additional 3C brands beyond our main customer, as well as into Automotive applications, Smart Eyewear, AI[6] Data Centres, Robotics, and other areas to diversify beyond 3C.

[4] MP refers to Mass Production
[5] 3C refers to Computer, Communications, and Consumer Electronics
[6] AI refers to Artificial Intelligence

Moving to the Industrial Equipment Business Unit, we are seeing sustained momentum and a positive outlook across our core markets. In particular, in Photonics and New Energy, we are seeing continued recovery and growth within our core customer base and business areas.

Additionally, we have new initiatives in the General Industrial space for machining solutions, particularly for printed circuit boards supporting AI Data Centres and related applications. We are also placing strong emphasis on micro-tools for machining in 3C applications.

On top of that, we have other business development initiatives gaining traction in the Automotive, Industrial, and Semiconductor segments.

Back to you, Yi-Hsen, for Sydrogen.

Gian Yi-Hsen
Group CSO
: Sydrogen has undergone a strategic pivot, but we continue to maintain our positioning within the Chinese market. As the energy crisis continues to impact the global economy, I personally see renewed conviction within the Chinese ecosystem to pursue energy security.

We expect to see increased announcements and stronger support for overall energy security and, for Sydrogen in particular, in China. Sydrogen is well-positioned in this market, with a focus on the Chinese Automotive sector, and we are actively participating in several major tenders that have been announced in recent months.

Beyond China, we have invested significant effort and will continue to engage with major players in Europe, Japan, South Korea, and Southeast Asia. This includes both our fuel cell-related solutions as well as partnerships at the fuel cell systems level.

That’s all for Sydrogen.

I will hand it back to Duane.

Q&A Transcript

Duane Tan
Investor Relations
: Thanks, Yi-Hsen and Management team.

We will now open the floor for Q&A. Please feel free to either use the raise hand function or type your questions in the chat box, and we will address them.

Prior to this morning's session, I received a couple of questions from the sell-side. I will combine these questions and address them first before moving on to the questions coming in through the chat.

The first question is: Which customers or products drove the first quarter 2026 performance?

Gian Yi-Hsen
Group CSO
: Let me speak more specifically about AMC, broad-based growth was seen across the different lines of business we serve. This growth was not driven by a single product or a single programme. Overall, we experienced strong, broad-based growth in the first quarter of 2026.

I will now hand it over to Ian to cover the rest of the segments.

Ian Howe
Group CCO
: For AMI, the continued strength is primarily in the piston ring business, which is one of our top-performing areas. This strength is mainly driven by service business in China, as well as equipment and after-sales service in Japan.

Europe is also ahead of track. Overall, we see strong business across General Industrial, Medical, and Decorative applications. In addition, the Semiconductor back-end business is showing positive momentum, with various applications gaining traction in Southeast Asia.

Nanofabrication growth is mainly driven by Customer Z, specifically in the health sensing business for watch-type applications, which is currently the front-runner.

For IEBU, on the Photonics side, growth is driven by our mold coater applications. This business is heavily supported by our existing customer base, primarily China OEMs[7] in the glass mold industry. In New Energy, we are focusing on Solar and New Energy applications.

That summarises the performance by customer and area.

Dr. Shi
Group CEO
: Overall, in the first quarter, we saw an increase in business across all BUs[8]. This growth was not driven by any one particular customer or product. Instead, we are seeing a general increase and outperformance across the

[7] OEM refers to Original Equipment Manufacturer
[8] BU refers to Business Unit

businesses, which we attribute to the preparation and foundation laid last year, along with enhanced marketing and sales efforts.

Duane Tan
Investor Relations
: Thanks Dr. Shi, Ian, and Yi-Hsen.

Moving on to the next question, it is in relation to Customer Z: In the first quarter of 2026, what was Customer Z's percentage of AMBU revenue and as a percentage of total Group revenue?

Kay Lim
Group CFO
: I will take the question.

For 1Q this year, the contribution from Customer Z is similar compared to last year on a year-on-year basis. We are in the fifties percent range.

Dr. Shi
Group CEO
: Yes, that reflects the increase in business across all business units.

Kay Lim
Group CFO
: Given that we have a 24% increase in overall sales on a year-on-year basis.

Duane Tan
Investor Relations
: I will combine the next two questions, which are in relation to AMI.

The first question is: What was Europe's contribution in the first quarter of 2026 versus the first quarter of 2025?

Secondly, was there any contribution from the Semiconductor industry in the first quarter of 2026?

Perhaps Ian can take this.

Ian Howe
Group CCO
: On the contribution, Europe is currently around 5% of revenue. What we are seeing now is double-digit growth in Europe, at over 20% plus. This is driven partly by increased business volumes from existing customers, as well as the deployment of our new TAC[9] technologies there. Additionally, our decorative sputtering technologies will be deployed in 2Q or, at the latest, 3Q. So, the pipeline there is strong.

On Semiconductors, we are still mainly focused on the back-end area. One of the key segments is back-end packaging. We provide anti-static discharge protective coatings, which are used across packaging equipment, test and metrology equipment, and precision tooling for Semiconductor manufacturing.

In the next phase, we are working closely on areas such as wafer lapping carriers, which move into the front-end. The R&D[10] pipeline will also include

[9] TAC refers to Tetrahedral Amorphous Carbon
[10] R&D refers to Research & Development

more such topics in the near future. We see strong growth potential here, especially in Southeast Asia and China, particularly in the back-end segment.

Dr. Shi
Group CEO
: As you are probably aware, we are progressing well on our NTI-NTU Corporate Laboratory projects and advancing our long-term deep technology research.

We are now well-positioned to capture a larger contribution from the Semiconductor industry, especially in the front-end, targeting next-generation advanced requirements in Semiconductor equipment.

Duane Tan
Investor Relations
: Moving on to the next question on gross profit ("**GP**") margin profile.

The question is: What is the gross margin profile between AMC and AMI? If possible, please provide a range, if you cannot specify exactly.

The sell-side is essentially asking which segment has higher margins.

Kay Lim
Group CFO
: For gross profit margin contribution, both business units are similar, but AMC is slightly higher. We are looking at a range of 43% to 46%, which would be the GP margin range.

Dr. Shi
Group CEO
: I would also like to share some insights. This is an interesting comparison between AMC and AMI. At the moment, overall GP margins are similar.

However, if you look at manpower contribution to revenue, AMI typically requires about double that of AMC. Yet, we still achieve similar GP margins. AMI may ultimately have a slightly lower PBT[11], but this reflects the strong growth potential of the AMI segment.

For coating services, as we know, fixed costs are high. The business is initially positioned to cover these fixed costs. Once we move into the second phase, variable costs are relatively much lower. For AMI, we are now at the edge, crossing the strategic barrier to cover fixed costs and moving into a more flexible, variable cost-driven structure. As AMI continues to grow its top line, the bottom line should scale faster.

Duane Tan
Investor Relations
: Staying on margins, the next question is: What is the net margin range for 1Q2026? Did it fall in the low to mid-single-digit range?

Kay Lim
Group CFO
: To remain consistent with our disclosure policy, we do not specify exact net margins. However, as stated in our presentation, we were profitable in 1Q2026. Margins are healthy compared to last year on a year-on-year basis. Please also note that 1Q is historically a softer quarter due to the Lunar New Year holiday, which impacts production. Despite this, margins remain at a healthy level.

[11] PBT refers to Profit before Tax

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Duane Tan
Investor Relations
: Moving on to the next question: What is the gross margin outlook for the rest of the year? Logically, it should improve from 39% in the first quarter of 2026. Can it go back to 50% for the second half of 2026 or the remaining nine months?

Kay Lim
Group CFO
: Our 1Q margins do reflect a strong rebound and more importantly, this reflects a normalisation of our resilient operating model.

I think as we mentioned, the improvement is driven by three structural factors: better utilisation and operating leverage, improved cost discipline across the group, and we have a better stabilisation of our production lines.

While quarterly margins may fluctuate, the direction is clear. We expect margins to be structurally higher than the levels we have seen in previous years.

Duane Tan
Investor Relations
: Last question before moving to those raised in the chat.

This one is specific to Sydrogen: 1Q2026 revenue is slightly down. Is there any seasonality, perhaps due to festive periods like the Chinese New Year? What is the outlook for the rest of the year, and can we achieve net profit break-even?

Dr. Shi
Group CEO
: This needs to be viewed from multiple dimensions.

For the overall hydrogen industry, activity is heavily dependent on government funding and policies. In 1Q, the whole China market was patiently waiting for the government’s next five-year plan. As policy details are gradually unveiled, we are now seeing the market becoming more active.

This is represented in few major tenders we have participated in, and we are in a very strong position to win large portion of China market projects. We remain cautiously optimistic about the outcome of Sydrogen this year and in the coming years in the China market.

Duane Tan
Investor Relations
: I will move on to the questions being raised in the chat.

First, we have one from David: Last quarter you said that you are launching a new programme in Semiconductor this year. I understand that Nanofilm’s coating is applied to wafer lapping carriers in Semiconductor manufacturing. Are you delivering this solution already to one of the big four raw silicon wafer makers in Asia? Can you share with us how or why wafer makers are using your coating and the growth potential of this opportunity for Nanofilm going forward?

Ian Howe
Group CCO
: Yes, we are in the final stages of validation, with volume production expected to start in 3Q this year.

There are two angles we are taking. The first is to promote the TAC-ON® product, which is a TAC coating. This specific coating offers a longer lifespan for wafer lapping carriers. These carriers should be viewed as consumables in wafer production.

They are expensive consumables with long lead times, often shipped from Asia to Europe. With TAC, we can offer both extended lifespan and a significantly shorter supply chain, resulting in lower inventory and associated costs. We are collaborating directly with the global leader in this application, and once launched, this solution is expected to gain traction in China, Southeast Asia, and Europe.

For the second angle, there are some players who prefer a more comfortable solution and insisting on a more replication of the existing technology, which is hydrogenated DLC[12] type technology. Here, it's more a question of the value we add which is drastically reduced lead times, lower inventory requirements and faster cycle times.

We will offer both offerings in the market, and they are expected to gain commercial traction by the end of the year.

Duane Tan
Investor Relations : I will move on to the next three questions raised by Gregory.

The first question: 1Q2026 revenue grew 24% year-on-year, exceeding the 20% full-year growth in 2025. With watch enclosures now diversified across multiple brands, strong growth from Korean and Chinese customers, and the Semiconductor programme launching this year, is 20% now the floor for full-year 2026 growth rather than the ceiling? Or is there a path to sustain above 20% growth into 2027?

Dr. Shi
Group CEO : Our target is to sustain fast-paced growth. That is our strategy and direction. The first quarter of this year exhibits good strength. Part of this growth reflects sustained strong market demand from last year but it also reflects our capability to handle such market demand.

We have a very healthy technology pipeline. As we continue to focus on conversion, product development, and commercialisation, you will see more new products from Nanofilm entering the market.

Over time, more of our technological solutions will be applied across a broader range of applications.

Duane Tan
Investor Relations : Moving on to Gregory's next question on gross margin: Your gross margin was above 50% at IPO[13] and is now recovering through the trough. With the CAPEX cycle complete and operating leverage improving on your extended footprint,

[12] DLC refers to Diamond-Like Carbon
[13] IPO refers to Initial Public Offering

what product mix between consumer and industrial would take you back to that number? Is this a realistic scenario for 2027 or 2028?

Kay Lim
Group CFO
: I would like to clarify that we need to break down the annual gross profit margin disclosed during the IPO into quarterly comparisons.

If we look at 1Q performance across the years 2026, 2025, 2024, 2023, and so on, we can see that 1Q2026 margins are already very close to the peak levels achieved in 2021.

This provides some context on margin sustainability. Across the cycle, margins do fluctuate, but we typically observe stronger gross profit margins in certain quarters due to seasonality.

Duane Tan
Investor Relations
: For Gregory's last question, it's more focused on AMC: The language in today's deck shifted from building out the Korean and Chinese customer base to increasing penetration, which suggests these are now established relationships rather than early-stage BD[14]. Can you give us a sense of what Korean and Chinese brand revenue looks like as a percentage of Group revenue today and what the growth trajectory looks like for 2026 and 2027?

Gian Yi-Hsen
Group CSO
: Let me take that on, Yi-Hsen here.

At a Group level, Chinese and Korean brands' revenue contribution is probably at the single-digit percentage levels. What we are hoping to achieve is to grow this into the double-digit range as a first milestone, but that may not happen in 2026 or 2027 as it takes some time for momentum to build.

That said, progress is encouraging and aligns with the growth of both our existing customers and this newer segment we are focusing on.

Duane Tan
Investor Relations
: I will move on to the next question being raised by William.

William is asking: What is the yield rate in the first quarter of 2025 compared to the first quarter of 2026 and what did you do to improve the yield?

Gian Yi-Hsen
Group CSO
: In terms of quality yields, they are comparable between the two periods. We are always in the 90%-odd range, depending on the specific product. These levels meet our customers' requirements.

I think perhaps the more pertinent question that William may be referring to is (equipment) utilisation, which is one of his next questions.

Overall (equipment) utilisation rate has improved in the first quarter of 2026 versus 2025. We have not increased our asset base substantially, but as we

[14] BD refers to Business Development

can see, there's a significant revenue improvement driving higher (equipment) utilisation rates.

Duane Tan
Investor Relations : William's next question relates to revenue performance in the first quarter of 2026: Was the growth driven more by average selling price, by volume, or by a combination of both?

Gian Yi-Hsen
Group CSO : Let me address both this and the next question on smart eyewear.

Revenue growth has primarily been volume-driven, while pricing has remained relatively stable. As you may be aware, price increases in Consumer Electronics are relatively rare. Instead, growth is driven by our ability to reduce costs, maintain strong margins, and increase volumes, which in turn improves our total loading factor. This is something we have executed well in 2026.

In terms of Smart Eyewear, Nanofilm as a Group, between Nanofabrication and AMC, offers multiple solutions in this space. As of right now, our key traction comes from the coating side where we are doing very interesting black conductive coatings for the Smart Eyewear market that are used as electrodes or charging points for the eyewear.

Duane Tan
Investor Relations : The last question from William is on Sydrogen: For the Sydrogen tenders, can you share an indication of tender value? Is it single, double, or triple digit, and what is the participation in terms of coating services or products?

Kay Lim
Group CFO : I think we should wait until we secure it; then we will make the proper announcement.

Duane Tan
Investor Relations : Yes, as Management has shared earlier, we are currently involved in several tender proposals and will provide disclosures at the appropriate time.

The next question is from Ben: What products are you coating in China and Japan? Are these also higher-value products, such as watch housings for Customer Z? When are they expected to enter volume manufacturing? I believe the question is also in relation to AMC. Are they also for higher valued products like watch housings for Customer Z?

Dr. Shi
Group CEO : The geographical coverage of our production base for AMC products is mainly in China and Vietnam. We are also exploring India. We do not currently have coating production in Japan. China remains our largest production base for AMC.

Yi-Hsen, would you like to add?

Gian Yi-Hsen
Group CSO : Yes, for AMC, around 90% of our production capacity is still based in China. Until our upstream and downstream supply chain partners significantly

diversify away from China, we expect to maintain a strong presence there. Shanghai is our main mega-site, and as of today, we already have four different satellite sites outside of Shanghai for AMC. This is to plug into various supply chains in the rest of China.

Duane Tan
Investor Relations
: I will move on to the next question from Onkar: Can you remind us what is the content value for Smart Glasses coating and what kind of volumes are we talking about here?

Gian Yi-Hsen
Group CSO
: To clarify, we are coating electrodes and related components for Smart Glasses, not the glass itself. These components represent a relatively small portion of the overall product cost or the price of smart glasses. However, volumes are significant, we are producing in the range of multiple millions of pieces per year.

So that's a sense of the scale. I am unable to comment on the exact monetary value at this stage.

Duane Tan
Investor Relations
: The next question from Onkar is: Lastly, I missed this comment, but could you provide some colour on the opportunity size for Semiconductor solutions? What is the revenue opportunity you are targeting?

Ian Howe
Group CCO
: I think on the near term, for back-end Semiconductor as mentioned there, we are talking about a few tens-of-millions in market potential. We are targeting to get a significant market share there.

For the future areas we have talked about on wafer lapping carrier and ESD[15], so there this is another tens-of-millions opportunity.

Overall, we are targeting a significant tens-of-millions revenue opportunity at this stage.

Duane Tan
Investor Relations
: Moving on to the next question from Bernard: for your AMC customers, how far in advance do your customers confirm their order quantities to you, and how does that compare with AMI customers?

Gian Yi-Hsen
Group CSO
: Maybe let me take that question and provide a little bit of context for AMC versus how we interact with our customers.

Every year we work on different programmes and for confirmed programmes (going into MP) that we will participate in, we get actual volumes and forecasts from our both metal vendors as well as the final end brands.

Overall, it depends on both customers' estimation and projection as well as actual market response after products are launched. As we all know, if a product performs well, demand increases and flows through to us. If demand

[15] ESD refers to Electrostatic Discharge

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drops over time or demand is not as expected, then overall volumes to us will also likewise be affected.

Dr. Shi
Group CEO
: AMC products often go through annual redesign cycles, although some products have longer lifecycles of several years.

In contrast, AMI products typically have much longer lifecycles, as they are used in industrial applications. Even when redesigns occur, they tend to be minor and progressive. As a result, the project will stay much longer, or the programme will stay even longer.

So that's why we manage these two units separately because they do have very different characteristics.

Duane Tan
Investor Relations
: Moving on to the next question from Onkar: Could you throw some colour on what NPI[16] you are working on for AMC and, also, what NPI from last year are moving on to mass production this year?

Perhaps Yi-Hsen can shed some light.

Gian Yi-Hsen
Group CSO
: It is hard to disclose too much about NPI, as this is obviously a very sensitive topic for customers. But what I can say is that we are seeing positive diversification as we move into MP for 2026.

I have mentioned functional coatings as one of the diversification areas since late last year, and we are getting some traction there. I believe this could make a meaningful contribution in terms of diversification of our offering to our customers.

In terms of moving into the following year, I do think that some of our key customers are ramping up well. They are developing new ideas and applications, and we are working very closely with them on these initiatives.

Kay Lim
Group CFO
: From a quantifiable angle, our R&D and Engineering operating expenses in first quarter of 2026 were up by more than 60% year-on-year basis.

What we saw in terms of a tighter OPEX cost control came from our administrative cost, corporate HQ[17] cost, which actually declined by more than double-digits. This reflects improvement in our operating efficiency and productivity.

So that gives a sense in terms of the NPI activity, that we have incurred.

[16] NPI refers to New Product Introduction
[17] HQ refers to Headquarters

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Duane Tan
Investor Relations
: Moving on to the next question from Gregory: The first quarter of 2025 GP margin did not include GP contributions from EuropCoating[18], which was acquired on the 11th of February 2025. What is the comparable margin if it is excluded in the first quarter of 2026? Did it make a meaningful difference?

Kay Lim
Group CFO
: No, there was no meaningful difference.

Duane Tan
Investor Relations
: Moving on to William's next question on the three-year planning horizon: Does a triple-digit revenue target for Semiconductor fall within the internal budgeting analysis for AMI?

I believe William is referring to an absolute value rather than percentage.

Kay Lim
Group CFO
: Yes, for Semiconductors, we need to look at it in totality. It is not just AMI, other business units, including our equipment business, are also involved.

Dr. Shi
Group CEO
: So far, this has not been aggressively included in our budget or projections, as these products have not yet been officially announced, and we are still in the process of conversion and commercialisation.

That said, this opportunity is in the pipeline.

Duane Tan
Investor Relations
: I will move on to William's next question: Do you feel that the market is still underestimating your net profit potential for the full year of 2026?

Kay Lim
Group CFO
: We cannot comment specifically on market appreciation. However, we are confident in our intrinsic value. To remind the audience, we are one of the world's most comprehensive vacuum coating companies. Our deep technological capabilities, coupled with increasing productisation and commercialisation, have put us in a much stronger position. Bear in mind that for the past five years, we have been building up our bases globally.

I think that strategic direction turned out to be slower in the past two years, but we have rebounded. We are showing that this business model is resilient and we continue to be in a very good direction going forward.

Dr. Shi
Group CEO
: Yes, let's do a simple comparison.

Our company's intrinsic value and capabilities in terms of technology and product development far exceed the time when the company is initially publicly listed about five years ago. It is a huge leap forward. However, our

[18] EuropCoating refers to EC Europ Coating GmbH and MC Europ Coating GmbH, which were subsequently merged into Nanofilm AM Germany GmbH

current market cap is about 70-80%, 60% of that original IPO time. That gap highlights the strong potential we believe the company still has.

Duane Tan
Investor Relations
: The next question is for Dr. Shi, coming from Ramesh: Hi Dr. Shi, can you please share what NTI-NTU Corporate Lab programmes are becoming commercial? We read about dental implant coatings; is that significant?

Dr. Shi
Group CEO
: Medical applications are new to us. In the past, we focused mainly on mechanical applications, then later expanded into Optics and some of back-end Semiconductor areas. Thanks to our work with NTU in the Corporate Lab, we have now taken a step towards medical applications. This is just the beginning, and that, in itself, is the significance. Our coating technology is naturally ideal for medical implants, and related applications.

This situation is similar to Semiconductor. We have been eyeing front-end wafer level Semiconductor applications since I started FCVA[19] research more than 30 years ago. However, competing technology has been progressing too. We are, therefore, constantly trying to find an opportunity and time to really see the market demand. When market demand aligns with the need for a new generation of technology, beyond what existing solutions can offer.

We believe that time is approaching, driven by a significant leap in applications required to fulfil AI computing needs. We have been preparing for this for many years and have made meaningful progress through our Corporate Lab. This is an area where we intend to focus our marketing efforts.

At the same time, we recognise the challenges, as the Semiconductor equipment space is heavily guarded and monopolised area. So how can we penetrate it by leveraging solely on our technology, right? That is the task I think all our Management is willing to face.

Duane Tan
Investor Relations
: Moving on to Bernard's question: It seems that confidence in actual volumes indicated by customers for individual products is not always high. Therefore, managing a broad portfolio of individually uncertain products becomes critical. Can you explain how you handle this operationally?

Gian Yi-Hsen
Group CSO
: There are a couple of things that we do to help manage this. One of the reasons why we have consolidated into a mega-site in Shanghai is that it allows us economies of scale. In addition to having economies of scale, we have a standardised platform through our Jumbo 1515 equipment, which we use as a standard platform across all our customers and all our product lines.

Again, that gives us high variability. The final bit is how we manage our automation, we invest in automation in a very smart way and this allows us to maintain efficiency without being locked into specific products or incurring

[19] FCVA refers to Filtered Cathodic Vacuum Arc

large CAPEX costs whenever product requirements change thereby avoiding stranded assets.

There are different things that we do operationally to make sure that we are able to operate at scale and with great nimbleness to address the ups and downs in demand from our customers.

Kay Lim
Group CFO
: To add on, ever since our IPO, the message we have communicated to the market is that we are a high mix, high volume company. Operationally, we are structured and designed that way, and this is one of our core capabilities: operational excellence in managing both mix and volume.

It is not a high-mix, low-volume business. Contrary to some perceptions, we are not limited to specific products; rather, we have volume across the board. Otherwise, we would not be able to achieve such margins.

Duane Tan
Investor Relations
: Moving on to the second last question from Wen Jie: Global 3C demand seems to be at risk of shrinking because of cost pressure and high interest rates. Are we confident of continued positive growth despite industry headwinds? What needs to happen incrementally for us to achieve positive growth, or what we have in place for the new programmes has already guaranteed that outcome – which is to achieve positive growth?

Gian Yi-Hsen
Group CSO
: Yes, let me take that.

There are no guarantees out there. We are not a fixed income instrument or something like that. However, what we are working towards, as mentioned earlier, is building a nimble organisation that can work on multiple programmes. We also work very closely with our customers to make sure that we are diversified.

The push towards functional coatings is also in a way a form of diversification for us, especially within the 3C market, helping us to be less exposed to different factors of the market.

The final thing for us in terms of mitigating the potential downsides is to work with the best customers and choose the kind of projects that we get involved in.

So far, while there are no guarantees, I am quite confident that this year we can still achieve growth for the AMC side of the house.

Kay Lim
Group CFO
: Definitely growth, though the magnitude of growth remains uncertain. Positive growth, yes, but we cannot guarantee it like a fixed-income return.

Duane Tan
Investor Relations
: Moving on to the last question raised by Gregory: Under IEBU, the disclosure of PCB[20] drill bits and micro tools under General Industry is new. What is the market opportunity size and who are the customers?

Ian Howe
Group CCO
: This is relevant both for IEBU and for AMI.

Typically, the model would be that very high-volume producers are more likely to be an equipment business, and then mid to low volume production can also be a coating services business.

We can't disclose the customers we work with, but you know the market leaders, number one globally is company like Union Tool of Japan and in China, there are around five or six top players that you can easily identify through your own research. They are the main ones. Other global brands include leading tooling companies such as Sandvik and Kennametal.

The main driver here is that the PCB business itself is booming. That is heavily driven by the AI Data Centre. Another technical factor that comes into play is the latest PCB boards for Nvidia-type application are also incorporating additional layers for cooling and other types of ceramics and metals, and this then makes them much harder to machine.

This increases the need for advanced materials for tooling application. Micro tooling is another area where it's also to give improved performance on tooling, these are also micro tools for end milling and machining and drilling and such. These also then need higher productivity, and there again we would work with the leading global tooling solutions companies.

Kay Lim
Group CFO
: Over the years, we have developed various product solutions for PCB drill bits. Last year saw explosive growth, as what Ian said, in relation to the AI industry.

The call for greater requirements, particularly around thermal management and deeper drills, means those drill bits are consumables. There is wear and tear, you need to dispose them, and there is no tolerance for any breakage, in terms of the number of hits.

Our market right now, in terms of opportunities, is very encouraging. We work with the top players in the world. Some of these top players, particularly the local Chinese, they are publicly listed. Given that they are listed, they do make public announcements in terms of their capacity expansion, which is in multiple folds. So that is in line with I think the overall AI sort of fundamental demand.

Then if you link that to what we offer as a product, we look at it from what Ian said, services as well as equipment. So, on that front, that is something that we are sort of working on.

[20] PCB refers to Printed Circuit Board

Dr. Shi
Group CEO
: The PCB industry is a very interesting industry. You see the PCB drill companies' market capitalisations just soared in the last year. The top company in China is probably already over 150 billion RMB, driven largely by PCB drills. We are talking about annual consumption of around 300–400 million pieces.

Nanofilm offers best-in-class coating solutions in this area, which have already been verified and qualified. It is therefore natural for us to capture this wave of growth.

In terms of the business model, as mentioned earlier, this could involve both equipment sales and coating services. In any case, we are determined to capitalise on this opportunity.

Let me share a few final words.

First, thank you all for following our Company and for your interest in our growth. We understand that Nanofilm operates in a segment that requires perseverance and patience. This is not a business model that delivers results overnight. It requires continuous effort, ongoing fundamental improvements, and sustained investment in technology research and development.

We sincerely appreciate the interest and confidence shown by analysts and investors. The Management team and the Board remain committed to delivering value and driving growth.

Thank you very much.

Duane Tan
Investor Relations
: Thanks, Dr. Shi.

As we conclude today's briefing, please feel free to reach out if you have any further questions or require additional clarification.

Thank you again for your time and attention.

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

Have a wonderful day ahead.

END.