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1H2026 RESULTS BRIEF

14 August 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**")
Mr. Matthew Shi	General Manager, Industrial Equipment Business Unit ("**GM IEBU**")
Mr. Mak Wai Jun	General Manager, Sydrogen Energy ("**GM Sydrogen**")

Presentation Transcript

Duane Tan
Investor Relations
:
Good morning, ladies and gentlemen. Welcome to Nanofilm's first half 2026 results brief. I am Duane from Investor Relations and thank you for joining us.

Please allow me to introduce the panel for this morning's briefing. Firstly, we have Dr. Shi, our Executive Chairman and Group CEO. Mr. Kay Lim, our Group CFO. Mr. Gian Yi-Hsen, our Group Chief Strategy Officer. Dialling in from the U.S., Mr. Ian Howe, our Group Chief Commercial Officer. Dialling in from China, we have Mr. Matthew Shi, General Manager for IEBU, and Mr. Mak Wai Jun, General Manager for Sydrogen Energy ("**Sydrogen**").

For today's session, Dr. Shi will bring us through an introduction and overview before handing the time over to Kay for financial highlights. Yi-Hsen, Ian, Matthew, and Wai Jun will then provide business unit-specific updates and outlooks. Dr. Shi will conclude the presentation with closing remarks before we open the floor for the Q&A session.

Without further ado, I will pass the time now over to Dr. Shi for the overview.

Dr. Shi, please.

Dr Shi
Group CEO
:
Good morning, ladies and gentlemen.

I am pleased to begin our presentation with an overview of the first half of 2026 ("**1H2026**"). We delivered broad-based growth across our core businesses, accompanied by improved profitability, margin expansion, and greater operational efficiency. Together, these results reinforce the strength of our business model and position us well to capture the growth opportunities ahead.

In the first half of 2026, Group revenue grew by 6% year-on-year to S$114 million, driven primarily by the strong performance of our Advanced Materials Business Unit ("**AMBU**") and Nanofabrication Business Unit ("**NFBU**").

AMBU remained our largest revenue contributor, accounting for 87% of Group revenue, with revenue growing 10% year-on-year to S$98 million.

I am pleased to report a significant improvement in the Group's profitability. Our Adjusted EBITDA[1] increased 28% year-on-year to S$31.3 million, while profit after tax increased 282% year-on-year to S$5.3 million, reflecting stronger revenue contribution and better operational execution.

Our cash position remains healthy at S$89 million, providing us with a strong financial foundation to support our growth initiatives.

In view of our performance and healthy cash position, I am pleased to announce that the Group is proposing an interim dividend of 0.60 Singapore cents per ordinary share, increasing from 0.33 Singapore cents per ordinary share in the first half of 2025.

We delivered a strong first half performance with broad-based growth across our core businesses and a significant improvement in profitability.

AMBU Consumer and AMBU Industrial revenue grew 10% and 9% year-on-year respectively, supported by programme ramp-ups, increasing adoption across functional applications, and a healthy solutions pipeline that provides good visibility for future growth.

NFBU achieved 11% year-on-year growth despite project delays, with mass production only beginning to pick up in June. We expect the business to gain further momentum as these programmes scale.

Industrial Equipment Business Unit ("**IEBU**") maintained a healthy secured order backlog, supporting a stronger delivery schedule in the second half of 2026 and good visibility into 2027.

Sydrogen is seeing stronger customer and project activity, supported by favourable policy developments and an improving outlook for China's hydrogen industry.

GPM [2] expanded significantly by six percentage points to 38.6%, demonstrating the benefits of higher productivity, better resource allocation, increased automation, and disciplined cost management. Adjusted EBITDA grew 28% year-on-year to S$31.3 million, with the margin expanding to 27.5%, up from 22.8% in the first half of 2025.

PAT[3] increased substantially by 282% year-on-year to S$5.3 million, reflecting the strong improvement in our underlying operating performance. We have

[1] EBITDA refers to Earnings before Interest, Tax, Depreciation & Amortisation
[2] GPM refers to Gross Profit Margin
[3] PAT refers to Profit after Tax

made encouraging progress in the commercialisation of new products across Semiconductor, Optical, AI[4] PCB[5], and New Energy applications.

Our new equipment platforms, including the compact mold coating and inline coating systems, are progressing towards commercialisation and creating additional growth opportunities.

Overall, we are entering the second half with stronger margin, a healthy project pipeline, and multiple new growth drivers. Our focus will be on scaling existing programmes, converting our strong order pipeline into revenue, and accelerating the commercialisation of new products. With a healthy balance sheet, continued innovation, strong customer engagement, and expanding product pipelines, we believe we are well-positioned for the next phase of growth.

I will now pass the time over to Kay, who will elaborate on our financial performance.

Kay, please.

Kay Lim
Group CFO

: Thank you, Dr. Shi.

I would like to emphasise a few points. On the respective business units' performance, Advanced Materials – Consumer ("**AMC**"), which is our coating services business, grew 10% year-on-year. Bear in mind that we have relatively larger projects that only started ramping up in June this year. So, we see better sales momentum as we enter the second half of this year.

Meanwhile, the Advanced Materials – Industrial ("**AMI**") segment, which covers industrial applications as well as Automotive, grew 9% year-on-year. The Industrial segment itself would have grown at a much higher rate if not for the Automotive sub-segment, which was relatively flat year-on-year.

Then, on Nanofabrication, NFBU grew 11% year-on-year, despite mass production only picking up in June, similar to the Advanced Materials Consumer segment, due to the scheduling of our new projects coming through in the second half of this year.

IEBU, revenue declined 29% year-on-year, but this was not due to weak demand. Rather, it was due to the timing of our project deliveries, as the first half of last year benefited from the recognition of several key projects. The overall secured order book is healthy and is now at a multi-year high, so we expect deliveries to be scheduled in the second half of 2026 as well as into 2027.

Last but not least, Sydrogen revenue declined 44% year-on-year, as its key project with secured new business will only commence mass production in

[4] AI refers to Artificial Intelligence
[5] PCB refers to Printed Circuit Board

the second half. The market remained in a preparation stage in the first half of this year because of the wait-and-see approach pending the latest China Five-Year Policy, which turned out to be very favourable for the hydrogen business. Wai Jun, our GM of Sydrogen, will touch on this later in the outlook.

Overall, looking at our Group's three-year revenue trend, we have maintained a consistent growth trajectory, as seen in the bars on your left, increasing by approximately 38% throughout these periods.

To conclude our revenue performance, while we achieved broad-based growth in the first half across our core businesses, our revenue pace is expected to accelerate into the second half from the secured sales pipeline.

Next, on the margins, both gross margins and core expenses have shown improving metrics across the board. Starting with gross margins, our gross profit margin expanded by six percentage points year-on-year to 38.6%, driven by better labour productivity, resource optimisation, increased automation, and disciplined spending in the right areas as part of our targeted efficiency initiatives. Overall, the three-year trend in gross profit margin has shown a significant expansion, reaching its highest level over the period and demonstrating stronger operational efficiency. We expect this positive trend to continue.

Moving to administrative expenses, these increased by 2% year-on-year, well below the pace of our revenue growth and the anticipated revenue growth in the second half of the year and into 2027 and beyond. The three-year trend in administrative expenses as a percentage of revenue has declined consistently, reflecting improving cost efficiency and, very importantly, operating leverage and scalability.

On selling and distribution expenses, these remained stable during the period. However, we expect these expenses to increase going forward in line with the increase in our commercial activities. We are laying the foundation for future growth and will continue to invest in areas such as sales and marketing.

Next, on investment in technology and innovation, total R&D [6] and Engineering spend, including capitalisation, was S$17.4 million, compared with S$19.1 million year-on-year, reflecting our continued investment in new product development and customer programmes.

R&D and Engineering expenses recognised in the P&L[7], as highlighted in the second bullet point, increased 59% year-on-year to S$10.3 million. This represents an increase of approximately S$3 million in absolute terms, mainly due to lower capitalisation.

[6] R&D refers to Research & Development
[7] P&L refers to Profit & Loss

The lower capitalisation reflects projects moving beyond the development stage and progressing towards commercialisation, with these projects now contributing to revenue.

As a result of the revenue growth and cost improvements, PAT increased 228% year-on-year to S$5.3 million, with a margin of 4.6%. The three-year PAT trend demonstrates a sustained turnaround, from a loss position in the first half of 2024 to progressively stronger profitability in the first half of 2025 and the first half of 2026.

Adjusted EBITDA increased 28% year-on-year to S$31.3 million, with a margin of 27.5%. Over the three-year period, Adjusted EBITDA has recorded consistent growth, accompanied by sustained margin expansion, demonstrating stronger operating leverage.

Next, turning to our cash generation, the Group generated healthy operating cash flow of S$44.8 million during the first half. First-half capex of S$19.1 million was mainly incurred for new projects tied to customer programmes, which are expected to contribute, or have already contributed, to revenue in the coming periods and quarters.

Following these disciplined investments in strategic production and R&D capabilities, the Group maintained a healthy cash balance of S$88.7 million. The continued improvement in our profitability and Adjusted EBITDA is translating into stronger cash generation and greater financial flexibility.

As a result, the Group increased its interim dividend from 0.33 Singapore cents to 0.60 Singapore cents for the first half of 2026. This increase reflects our confidence in the Group's financial position while maintaining sufficient capacity to support future growth.

I will now pass the call to my colleague, Yi-Hsen, who will discuss the outlook.

Gian Yi-Hsen
Group CSO
: Good morning, everyone. this is Yi-Hsen here.

Let me provide a brief update on the AMC business. We continue to see growth with key customers and the programme ramp-ups. As we previously shared, the first quarter was strong, while the second quarter was largely focused on preparing for all the new mass production programmes scheduled for the second half of this year.

Specifically, we continue to see increasing demand for functional coatings. Today, I would like to highlight our conductive TAC[8] coatings, which have been used quite widely in Smart Glasses, glasses as a launch category, electrodes for smart glasses. We are also seeing increasing interest beyond this product category, with potential applications across different products.

[8] TAC refers to Tetrahedral Amorphous Carbon

We currently have six programmes in mass production and another eight programmes in the pipeline. From a customer perspective, we are also directly engaging with Chinese and Korean customers on new opportunities. We have already gained good traction in Smartwatch housings and continue to see potential for additional opportunities in functional coatings.

With that, I will hand over to Ian.

Ian Howe
Group CCO
: Thank you, This is Ian speaking.

On AMI, or Industrial Coatings business, we have many new opportunities across all regions. Additionally, we are working on many new application areas, including Micro Tools for PCB machining applications and light metal machining applications such as aluminum.

Across General Industry, we also have many new applications. One example listed here is Textile systems. In the back-end Semiconductor segment, we are working extensively on ESD[9] coating technologies, precision tooling, and related applications. We also have new applications launching.

In addition, and closely linked to these applications, we have several new product launches coming up. We have NTI ESD Control, which is electrostatic discharge protection for back-end Semiconductor components and systems. We also have NTI Real Gold Finish, which is designed for decorative jewelry and similar products that use real gold. In addition, we have NTI Hydro Repel, a hydrophobic coating with applications across many areas. There are also other new products that we will be launching in 3Q and 4Q.

Additionally, we have several global expansion plans underway. In India, AMC and AMI are launching together. In Southeast Asia, we are planning to open a new location toward the end of the year. In China, we are adding locations in the south, and in Europe, we are also preparing for further expansion.

With that, I will now hand over to Matthew for Industrial Equipment outlook.

Matthew Shi
GM IEBU
: Thank you, Ian.

IEBU's lower revenue in the first half of 2026, as mentioned earlier, was mainly due to equipment delivery timing rather than weaker customer demand. We have good visibility and a very healthy secured order backlog, which supports a much stronger delivery profile in the second half of the year and provides good revenue visibility into 2027 as well.

At the same time, IEBU has new coater platforms for use in AI PCB tooling applications, as well as Optics and Semiconductor applications. These are expanding our addressable market and will support the next phase of growth for IEBU.

[9] ESD refers to Electrostatic Discharge

With that, I will now pass the time back to Ian for the Nanofabrication outlook.

Ian Howe
Group CCO
: Yes, thanks, Matthew.

NFBU is also seeing significant growth this year and is expected to accelerate into the second half, as mentioned earlier. We are already established as the technology leader in Micro-Optical Sensing. Our main strength in the past has been in the 3C[10] market, and we continue to see expansion there with our main customer, as well as across other 3C brands, especially in China.

Additionally, we are also launching new application areas. We have the first success in the automotive industry for DMS[11] and ADAS[12] systems. We are also developing, and continuing to develop, new products for Smart Eyewear, Data Centre, CPO[13], and Robotics. So, plenty of new applications are launching there as well.

Okay, thank you. I will now hand over to Wai Jun.

Mak Wai Jun
GM Sydrogen
: Thanks, Wai Jun here from Sydrogen.

The business outlook for this year is very much focused on the execution of our turnaround strategy. A very large proportion of this strategy is related to our fuel cell bipolar plates business. One of the major important developments is that we have secured a business with a leading Automotive company in China, and that’s going to lead to tens of millions of revenue over the next five years.

More importantly, it is the largest business of its kind, which positions us as a market leader not only in China but also in the world as well. Aside from that, we have ongoing pipeline development with other market leaders in China. As part of our turnaround strategy, we are also expecting to be EBITDA positive by the end of this year.

As Kay mentioned earlier, there has been some new news coming out from the Chinese market related to the China Five-Year Policy, and all of these point towards favourable and continued investment into the Hydrogen industry, including among our end customers, especially in the commercial transportation sector.

Lastly, for some of the other projects that Sydrogen has been working on in power and integrated solutions, we have continued to have our product launches underway. For example, we have successfully completed five-city certifications and obtained the necessary permits. We have also continued to

[10] 3C refers to Computer, Communications, and Consumer Electronics
[11] DMS refers to Driver Monitoring System
[12] ADAS refers to Advanced Driver Assistance Systems
[13] CPO refers to Co-Packaged Optics

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develop our pipeline for applications such as Microgrids, Data Centres, and off-grid applications.

With that, I will hand it back over to Dr. Shi for the overview outlook.

Dr Shi
Group CEO
: Thank you, Wai Jun.

Let me now turn to our overall outlook and the priorities for the second half of 2026. We remain encouraged by the stronger execution and commercial momentum across the Group. Our core businesses are well-positioned to sustain positive momentum, supported by programme ramp-ups, new product applications, and opportunities across high-growth industries.

In the second half, our focus will be on three key strategic priorities. First, we will continue to strengthen our global expansion and business development, with a focus on deepening our presence in China, consolidating and advancing our operations in Vietnam and Europe, and selectively expanding our presence in India.

Second, we will accelerate the productisation of our technology, with a clear focus on translating our technology and R&D capabilities into commercially scalable solutions. We are seeing encouraging opportunities across Semiconductor, Optics, Robotics, and New Energy, with several new product lines progressing towards commercialisation.

Within Semiconductors, we are advancing solutions including ESD coatings for wafer chucks, copper seed layer deposition for TGV[14] applications, TAC coatings for wafer lapping carriers, as well as Micro Tools, and coatings for PCB applications.

In Optics, our third-generation compact mold coating system and new inline coating systems for optical applications such as HUD[15] and LiDAR[16], as well as AR[17] coatings for MLA[18] and far-infrared lenses are progressing towards commercialisation.

We are also seeing increasing traction for tribological coating solutions in humanoid robotics, opening up another promising application area for our technology.

In New Energy, beyond our coated bipolar plates for hydrogen fuel cells, Sydrogen is progressing towards opportunities in electroplating replacement for lithium battery applications in collaborating with a leading materials company.

[14] TGV refers to Through Glass Vias
[15] HUD refers to Head-Up Display
[16] LiDAR refers to Light Detection and Ranging
[17] AR refers to Anti-Reflective
[18] MLA refers to Micro Lens Array

Together, these developments demonstrate the expanding application potential of our technology, broadening our addressable opportunities.

Third, we will continue to drive operational excellence through AI implementation, automation, and productivity improvements, while maintaining disciplined cost management. This will remain important as we scale our businesses and ensure that growth translates into sustainable profitability.

Overall, we believe our strengthening commercial pipeline, expanding global footprint, growing portfolio of productised technologies, and continued focus on operational excellence provide us with a strong foundation for the next phase of growth.

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

Thank you.

Q&A Transcript

Duane Tan
Investor Relations

: Thanks, Dr Shi and Management team.

We will now open the floor to Q&A. I would like to invite participants to either use the raise hand function, and we will invite you to unmute yourself to ask your questions, or feel free to use the chat function within Microsoft Teams and we will get to your question.

I believe we have a question in the chat from Ernest, he says, "Good morning, Dr. Shi, Matthew, Kay, and management. Thanks for the informative presentation."

He has three questions. The first question is on IEBU, "the first half weakness was due to delivery timing, not demand. I understand that the order book is at a multi-year high and you have visibility until 2027."

This is a four-part question for IEBU. The first part is, "can you give us more colour on this delay, and has this delay been resolved?"

Perhaps Matthew can take this question.

Matthew Shi
GM IEBU

: Yes, I can take this question.

Just to clarify on the delivery timing this year, the revenue is more heavily loaded into the second half of the year, but this is not due to any delays in the projects. Rather, our delivery timing is tied to the requirements of our end customers. Our equipment is used in their own production lines, and we deliver our equipment when they need it, for example, when the equipment needs to be in their new factory. This will always shift from year to year in terms of delivery timings.

Additionally, for IEBU this year, the focus in the first half of the year was on capacity build-up to support our other Business Units ("**BUs**") for their mass production projects in the second half of the year. This is just to give some colour on the question asked.

Thanks, Ernest, for the question. I think we are not able to give specific quantitative details, but we do have good order book visibility into the second half of 2026 as well as the first half of 2027. Additionally, with our new products coming out, this will support our growth into 2027 as well.

Thanks again for the question.

Duane Tan
Investor Relations
: Thanks, Matthew.

I think Matthew has also covered the other three parts, but for the benefit of everyone else on the call, the questions in relation to IEBU are as follows.

The second part is also regarding visibility up to 2027, he is asking whether this refers to the second half, and Matthew has already addressed this portion.

On the third part of the question, comparing the same period last year for IEBU, he is asking, "whether you had similar visibility at that time. In terms of the order book size now versus a year ago, how large has it grown in percentage terms?"

And the last part is, "what is the percentage to be recognised in the second half of 2026 versus the first half of 2027?" As Matthew has shared, unfortunately, we cannot provide the quantitative details at this time, but we will make the necessary announcements in the coming months.

Kay Lim
Group CFO
: Just to add on to Matthew's comments on the new products. The new products are in the areas of high growth, including our AI PCB tools, the optics market, AF[19] / AR coatings, including HUD inline and HUD Optics, as well as Semiconductor.

I think just now the team did not touch on the specifics, we are happy to go into the details, such as the TGV, our ESD, wafer lapping carrier coaters. These are the new products out in the market where we see excellent business opportunities, particularly in the local Chinese market, over the next three to five years. The momentum is actually very positive for IEBU.

Duane Tan
Investor Relations
: Moving on to the second question in relation to the EBITDA margin.

[19] AF refers to Anti-Fingerprint

		Ernest is asking, "over the past three years, Nanofilm has demonstrated a very significant second-half uplift in both gross margin and EBITDA margin. In the first half, the EBITDA margin has reached 27.5%. Should investors view 27% to 30% as the sustainable EBITDA margin range for the Group, or perhaps is there scope for the EBITDA margin to cross over 30%, given that the second half is operationally much stronger?"
Kay Lim Group CFO	:	Thanks for the question, Ernest. We do not comment specifically on the margin, especially on the range, but what we can say is that the trend will continue with positive momentum. Meaning to say, yes, the second half would be better than the first half. Historically, there is a trend that you can map out, and we should have better year-on-year results and better year-on-year momentum when it comes to margins compared to the same second half last year.
Duane Tan Investor Relations	:	Thanks, Kay. The last question from Ernest is for Sydrogen, "noted that you are expecting to be EBITDA-positive by the end of the year. Do you think it can break even on a net profit basis? And can you remind us what the net loss from this segment was in 2025?" Perhaps Wai Jun can take this.
Mak Wai Jun GM Sydrogen	:	Sure, it is certainly the target. As seen in the earlier results as well, for the first half of this year, we were in a wait-and-see position, so we are carrying a bit of depreciation and amortisation in the first half of this year. That said, with the secured business that we have won, which will help balance out this depreciation over the coming months and also over the next few years, this puts us on an upward trend in terms of managing profitability.
Kay Lim Group CFO	:	The turnaround of Sydrogen will continue. If you look at the context of the new business that we have secured, which is the world's largest bipolar plate contract. And if you look at it from that timeline since we secured it, on a normalised basis, yes, Sydrogen will turn around on the net profit basis.
Duane Tan Investor Relations	:	Thanks, Wai Jun and Kay. Moving on to the next question from Gregory, "congratulations to management on the strong improvement in margin, PATMI[20], and free cash flow in the first half."

[20] PATMI refers to Profit after Tax and Minority Interests

He has the following questions. I will start with the one on gross profit, which is broken down into two parts.

The first part is, "Group gross profit margin improved by six percentage points to 38.6%, led by AMBU, where GPM jumped 9.3 percentage points to 39.9%. If IEBU and NFBU GPMs were maintained at their first-half 2025 levels, would Group gross margin have landed at or around 40% in the first half of 2026, even before we enter the historically stronger second half?"

Kay Lim
Group CFO
: The answer is yes.

Duane Tan
Investor Relations
: Moving on to the second part, specific to IEBU.

For IEBU, "the lower revenue and GPM in the first half of 2026 were explained by the timing of revenue recognition and equipment delivery. Was there also an increase in pre-ramp costs in the first half of 2026 that temporarily dragged down gross profit margin? And does this also apply to Nanofabrication? Therefore, should we expect 39% to be the floor for Group GPM in the second half of 2026 as revenues catch up to costs for these two BUs?"

Kay Lim
Group CFO
: We are heartened by the questions, reflecting that you are getting better at understanding our business.

Yes, we did front-load expenses – development and NPI[21] costs are front-loaded.

Duane Tan
Investor Relations
: As Kay mentioned previously, we do not give guidance in terms of expectations for margins, especially for projections.

For Gregory's second part on R&D expenses and NCI[22], the first question is, "first, capitalisation of R&D spend was lower in the first half of 2026 than historically, causing recognised R&D costs to rise even though total R&D spend fell.

Second, there was a S$1.2 million swing in NCI, from negative S$235,000 in the first half of 2025 to (positive) S$985,000 in the first half of 2026. Their collective impact is quite significant. Without these two changes, I estimate Group PATMI could have been materially higher, possibly nearing double. Could you explain them?"

Kay Lim
Group CFO
: For Greg's first question, the lower R&D capitalisation is mapped towards the projects. Now that they have moved out of the R&D stage, they are in commercialisation. That is why we are not having higher capitalisation. That

[21] NPI refers to New Product Introduction
[22] NCI refers to Non-Controlling Interest

also explains Greg's point: if there were basically consistent capitalisation, then of course our P&L profits would be much higher.

But that's not the case, and we are basically following the principles of R&D capitalisation rules. Projects moving to commercialisation will see an effect in the coming second half.

Then, on the second question regarding NCI, that also relates to the beauty of Nanofilm's business when it comes to operating leverage. The NCI is attributable to our Automotive business, where we have a 49% stake owned by our strategic partner, CYPR, under the NHT[23] joint venture.

The other one is Sydrogen, where we still have minority shares held by Temasek. As we announced, we will be completing the buyout of the remaining Temasek shares towards 4Q this year.

All in all, the effect is that we have better profitability coming from the Automotive business in the NHT joint venture, while we have narrower losses when it comes to Sydrogen. You can see that swing. I think that also reflects NHT's standardised products, piston rings. We are getting the optimisation of, or at least reaping the benefits of, operational efficiencies from the 11 pieces of equipment that we put in NHT.

Just to add on, while we mentioned that the Automotive business is relatively stable, that sort of reflects the overall revenue performance where we park it under AMI.

Going forward, why is the Automotive business relatively stable? Because they are at maximum capacity. We are increasing capacity and have new business opportunities.

As Matthew mentioned, in the first half, we prepared capacity for our internal BUs for the ramp in the second half, which also includes the Automotive business under NHT.

Dr Shi
Group CEO
: Just a little bit of added flavour to that.

NHT is a very successful joint venture. In fact, we have already paid up all fixed asset expenses, and from last year, we started dividend distribution, and this will continue.

Duane Tan
Investor Relations
: Thanks, Kay and Dr. Shi.

His second part of the question in relation to R&D, "in particular, will R&D capitalisation remain at 40% in the second half of 2026, or revert to the historical 50% to 60%?

[23] NHT refers to Yizheng Nahuan Technologies Co., Ltd

		For the NCI shift, I suspect part of it was due to the increase in the Sydrogen stake from 65% to 77%, but was there something else going on between the two subsidiaries within NCI? How do you see this settling in 2H? I believe the second part Kay has already touched on quite a fair bit. Maybe just on the expectations for R&D capitalisation."
Kay Lim Group CFO	:	R&D capitalisation is not something where we set a top-down target of 40% or 60%, and then we go for it. It is not the case. It is actually based on a bottom-up assessment of each project and whether it qualifies for capitalisation based on the commercial viability of the R&D technology we are developing. Going into the second half, if you look at our R&D project pipeline, as we also mentioned in our full-year results for 2025, we will maintain a disciplined approach when it comes to R&D. We have consistently invested in R&D since day one, since 1999 when we set up the company. On that front, coming into the second half, we expect that portion to be quite similar to what we had in the first half of 2026. Bear in mind that we do have new products, these are closing towards the tail end of the development stages.
Duane Tan Investor Relations	:	Thanks, Kay. Moving on to his last portion, which is on the outlook, broken down into three parts again. The first part is, "can you characterise revenue momentum in terms of the first-half and second-half split? You mentioned that, unlike 2025, there was no early peak production period, which I interpreted to mean that the first-half and second-half split was more even in 2025. Does that mean revenue in 2026 will be more back-end loaded, say 30/70 versus 40/60?"
Kay Lim Group CFO	:	We cannot comment on the split because that is very obvious, you can back-calculate the total revenue that we are going to get. But it continues to follow that kind of trend, in terms of the second half being stronger than the first half. That is the kind of revenue trend we are seeing.
Dr Shi Group CEO	:	If we look at our forecast for IEBU, NFBU, and the ramp-up speed of AMC, we can expect much higher growth in the second half compared to last year.
Duane Tan Investor Relations	:	On the second point, "could you give us some colour on Customer Z and the Chinese / Korean customer contribution to Group revenue in the first half of 2026 and the relative momentum of both customer groups in the second half of 2026? Are you doing anything in the new Smartphone segment that Customer Z is expected to debut in September?"

Gian Yi-Hsen
Group CSO
: At a group level, we continue to have Customer Z coming in at about 60% or so. Specifically, around our Chinese and Korean customers, the DRAM[24] story is familiar to everyone. So far, the impact has been stronger on the non-Customer Z side and we see better momentum from Customer Z compared to the non-Customer Z players overall.

We continue to work with Customer Z on many different exciting programmes, both this year and stretching beyond. We are quite heartened by some of the new segments that they are launching this year as well as next year.

Duane Tan
Investor Relations
: Thank you, Yi-Hsen.

On the last part of the outlook, "you mentioned many new supporting developments in key areas in the second half of 2026, such as semiconductors, optics, humanoid robots, etc. Robotics, in particular, sounds very interesting, and I would like to learn more. Also, what is the progress on the PCB opportunity that management was very excited about last quarter?"

Gian Yi-Hsen
Group CSO
: Maybe let me just jump in on the PCB side. Matthew and I have already indicated that we have many ways to commercialise different opportunities, and specifically around PCB, we have seen that materialise into good commercial outcomes on the IEBU side. We have made good progress on that front.

On the Robotics side, it is more about tribological solutions, and we are looking at components that require very, very low-friction tribological performance. That is where Nanofilm's FCVA[25]-based TAC coatings come out very strongly. These are new and interesting opportunities that we are working on with leading players in China, in particular.

What is also heartening for us is that the Chinese market iterates much faster than anywhere else in the world. New components and new models come out every three to six months, just like they are churning out software. This gives us a lot of opportunities to engage with all kinds of players and introduce coatings to support their product development.

Kay Lim
Group CFO
: Adding on for Robotics, what we are seeing in the market is that the explosive growth will come in 2027 for the international, and U.S. players as well as the Chinese players. What we are serving in terms of the addressable market includes international players. On that front, for this year, we are making preparations, we are working on locking in the processes and coating stack to be specified into our customers' components, modules and parts.

As we speak, we have also secured initial small batch of production. These are found in the moving parts of the robots, and humanoids, such as bearings,

[24] DRAM refers to Dynamic Random-Access Memory
[25] FCVA refers to Filtered Cathodic Vacuum Arc

reducer, and tensioners, those moving parts where you need to reduce the noise, increase the useful life, and provide thermal management. All in all, our TAC coating, which is best in class in the world, when it comes to DLC[26], provides the best solution for these humanoid robots' parts.

On the PCB side, we need to further expand into PCB equipment as well as tools. Again, we have the tribological coating, which is the carbon coating, where we have secured business for IEBU.

Then we also have PCB coatings, which are electrodes, copper coatings. We are also moving along that line in terms of expansion, both equipment as well as coating services.

Dr Shi
Group CEO
: Just to provide a little more clarity.

We have achieved very good results in terms of improving efficiency and significantly reducing the cost of electroplating the copper to produce electrodes for lithium-ion batteries. It is a huge quantity, and is in collaboration with a materials company providing catalysts. Our coating is a wonderful solution in this application, serving as an indispensable and irreplaceable solution between the titanium electrodes and the catalysts.

That will continue. We just started, and the revenue will start to pour in in the second half of the year. This year is quite interesting because a lot of things will see results, revenue, and benefits from the second half of the year, but that is just a coincidence. We hold very high hopes for this particular application.

Duane Tan
Investor Relations
: Thank you.

We are about 10 minutes away from the hour, but we do see two more questions. I think we have sufficient time to clear them.

I will start with the question from Onkar. He is asking, "could you please give some details on new products that you are developing for Optics, Robotics, and Data Centres? How big are these opportunities, and what is the revenue contribution you are targeting over the next two to three years?"

He is also asking, "whether you are involved in the Smart Glasses that Ray-Ban is making and the upcoming smart glasses from Korean companies."

Dr Shi
Group CEO
: There are a few areas that cover a wide range. For IEBU, we are creating new product lines to cover more growth areas. For example, in PCB, we are not just restricted to PCB drilling bits or TGV; we are also working on the PCB copper solution itself. We are pushing ahead and achieving results progressively.

[26] DLC refers to Diamond-Like Carbon

In Optics, we are creating a new product line to solve a current industry bottleneck. The industry is suffering from a lack of sufficient equipment to produce advanced optical coatings for various applications, notably on the communications and optical fiber side. We are working on that for IEBU, but not only IEBU; our Nanofabrication business is also working in this area.

Our Nanofabrication business is progressively working together with our partners to look at CPO, like compact packaging optics. At the end of the glass fibers, you need to attach some MLA lens to collect the light and to translate that into optical electrical signals. This is a large area, and beyond that, there is also the overall integration of optics and electrical parts, which is a main driving growth area for Data Centre and AI.

For speed and latency reduction, it is very important. This is a big track and we are very happy that we have accumulated experience and knowledge in this field for the last several years. Our solutions are well-suited for some of the key applications, and we are working very hard and quickly in that area.

For tribological applications, this is a continuation of our offerings in the market for our tribological coatings. We see a particular huge demand requirement in humanoid robots and other robots, even like robotic dogs. They need all kinds of tribological coatings and our solution by far is the best, similar to our coatings for bipolar plates.

We have many first-class and unique coatings to offer, and we see significant market opportunities. We are investing in business development, marketing, and sales, and the results are generally giving us a positive outlook.

Duane Tan
Investor Relations
: Thanks, Dr. Shi.

Moving on to a question from Tan. He is asking, "how has our sales product mix changed since 2021? Could we expect gross margin to revert to levels seen in the second half of 2021? How should we think about the sizing and timing of the opportunity of the six programmes in mass production and the eight in the pipeline?"

I believe this was in relation to what Yi-Hsen said earlier about the Smart Glasses.

Gian Yi-Hsen
Group CSO
: At a Group level, the product mix has shifted a little. Obviously, we did not have Sydrogen back then, and NFBU was also much smaller in 2021. Overall, there has been further diversification. I cannot comment on the gross margin levels right now.

Specific to the opportunity and timing that I mentioned earlier, that is with reference to our functional coatings, specifically the conductive TAC programme. These are still relatively small within the AMC ambit, but they are exciting because we see them as a key part of driving diversification in the AMC business overall.

That continues to be one of the key strategies for our business unit to ensure that we have resilience and are able to tap into multiple growth streams within our space.

Duane Tan Investor Relations : Thanks, Yi-Hsen.

Moving on to a question raised by Michael, "can you please elaborate further on the quantification of the opportunity sizes of new product developments, particularly in relation to Robotics in 2027 and PCB? Please also discuss what stage you are at in securing orders and how much, if any, of it is confirmed or secured?"

Kay Lim Group CFO : We did not comment on the specific numbers, but based on the overall market opportunities and the specific addressable markets that we are engaging with, what we can say is that the 2027 contribution from PCB drill bits, Optics, PCB, and Robotics should be material for the Group.

Duane Tan Investor Relations : Thanks, Kay.

We have a comment addressed to Dr. Shi. I will just summarise it.

"It was previously mentioned that Nanofilm's intrinsic value and technological capabilities have advanced significantly compared to IPO, but our market cap remains below the IPO period.

Could you elaborate on what you believe the market is currently not recognising or valuing appropriately? In particular, which businesses, technologies, or upcoming commercial opportunities do you believe contribute most to this gap between our intrinsic value and current market valuation?"

Dr Shi Group CEO : Thank you.

I think there are a few layers to the answer. Fundamentally, I see our company's intrinsic value as very high, unique, and highly competitive. That is proven, and the market sees our capabilities and technological advancements in a very favourable and respected way.

Of course, we need to invest further in marketing, sales, business development, and external communication to communicate better with our investment community and the general public.

On the third layer, I need your help to really help the investment community understand our technology and potential. It comes down to the philosophy of the company. I always believe in long-term strategy, long-term growth, and sustainability. We do not particularly rush for short-term profitability. We invest significantly in future technologies and new areas, as Yi-Hsen mentioned, such as Nanofabrication and Sydrogen. These are new, materials-related areas that take time to take off and grow, but we are willing to take the challenge. We are willing to spend resources and time to nurture these two new areas.

That probably makes Nanofilm slightly different and also makes Nanofilm a little more difficult to understand in the marketplace. I hope that this can all turn around.

Duane Tan
Investor Relations
: Thanks, Dr. Shi.

We are on the hour, but I do see one more question. I will quickly go through the last question before we end the session. It is a mixture of a statement and some questions. It is from Mr. Tan and is broken down into three parts.

The first part is, "the company is able to hold on to key clients and expand into new application areas, with management's posture sounding very optimistic. So why not provide revenue guidance to give more clarity to investors, as one of the other players did two days ago by providing clear visibility? Is this something management can consider for future releases?"

Dr Shi
Group CEO
: That is something we should definitely continue to review and adjust. But the fundamental philosophy is that we believe in deliverability. We need to focus on deliverables.

We are well-positioned, and one of the strengths that is probably being missed about Nanofilm is that we spend less money to do bigger things. We do not just try to achieve something and pour tons of money from the market into it. That is something we do not want to do.

For example, a very relevant example is TGV. Many companies in China have raised hundreds of millions of Singapore dollars from the market to develop equipment. For the same application and objectives, I do not think we need to do that. We focus more on true deliverability, outcomes, breakthroughs, and solutions, without spending unnecessarily large amounts of investors' money.

Duane Tan
Investor Relations
: Thanks, Dr. Shi.

The last two comments are actually related, so I will just combine them, "am I correct to assume that the TAM[27] is increasing as the company is expanding to new areas and the company will cross its highest revenue in history?"

And related, "by when management foresees crossing our last highest income of S$62 million?"

[27] TAM refers to Total Addressable Market

Kay Lim
Group CFO

: We do not comment on the specific numbers, but based on the momentum in terms of the breakthroughs in revenue, that is within sight. I think that is something we can triangulate because last year we were already close to peak revenue. This year, without providing any guidance, I hope everyone can come to their own conclusion.

When it comes to profitability, with our continued operating excellence and as we improve and gain benefits from operating leverage and scalability, we are reaping the returns from the investments we have made over the past years. So, profitability will improve.

Duane Tan
Investor Relations

: Thanks, Kay.

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.