3Q2026 RESULTS BRIEF

29 October 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 and welcome to Nanofilm's third quarter 2026 business update. I am Duane from Investor Relations and thank you for joining us.

Before we begin, please allow me to introduce our management panel for this morning's session. Our Executive Chairman and Group CEO, Dr. Shi, will be joining us shortly as he is currently engaged in another meeting. Joining us now are Mr. Kay Lim, our Group CFO; Mr. Gian Yi-Hsen, our Group Chief Strategy Officer; Mr. Ian Howe, our Group Chief Commercial Officer; Mr. Matthew Shi, our General Manager for IEBU; and Mr. Mak Wai Jun, our General Manager for Sydrogen Energy.

For today's session, Kay will begin with an overview of the third quarter of 2026 and provide a brief update on the Company, followed by Yi-Hsen, Ian, Matthew, and Wai-Jun, who will share business unit-specific outlooks and updates.

Without further ado, I will now hand the time over to Kay for the overview.

Kay, please.

Kay Lim
Group CFO

: Thank you, Duane. Good morning, ladies and gentlemen.

Let me begin with our third quarter 2026 ("**3Q2026**") business performance. For 3Q2026, Group revenue increased 2% year-on-year to S$74 million, bringing revenue for the first nine months of the year to S$187 million, representing a 4% increase year-on-year. While overall growth was relatively modest, we are encouraged by the strong performance of our Equipment and Nanofabrication businesses, which helped offset softer revenue from the Advanced Materials Business Unit ("**AMBU**").

Starting with Advanced Materials Consumer ("**AMC**"), revenue declined 19% year-on-year to S$39 million. This was primarily due to changes in smartphone

substrate requirements, which temporarily affected demand for some of our existing coating applications.

However, we view this as a transitional phase rather than a structural change in our business. We continue to work closely with our customers on new coating programmes, including a flagship project that has now reached full production following supply chain-related delays.

More importantly, we are collaborating with our customer on new substrate applications for a major product launch scheduled for 2027. Supported by these opportunities, we expect AMBU to return to year-on-year revenue growth in 2027.

On the Industrial side, revenue grew 8% year-on-year to S$16 million, supported by the continued strength of our European operations.

And moving to the Industrial Equipment Business Unit ("**IEBU**"), our Equipment business delivered strong growth, with revenue increasing 66% year-on-year to S$7 million. This growth was driven by the delivery of coating equipment for AI[1]-related PCB[2] drill bit applications.

This remains an exciting area for us, as we continue to see increasing opportunities to apply our coating technologies to support AI-driven advanced manufacturing.

Our Nanofabrication Business Unit ("**NFBU**") also delivered a strong performance, with revenue growing 120% year-on-year to S$12 million. The growth was supported by strong demand for microlens arrays ("**MLAs**") used in a new smartwatch series, for which we are a key supplier.

For Sydrogen Energy ("**Sydrogen**"), revenue was S$300,000 as we continue to focus on ramping up production and improving yields.

Overall, the key takeaway is that IEBU and NFBU are becoming increasingly important contributors to the Group's growth. At the same time, we see significant opportunities for AMBU, particularly its Consumer segment, to recover in 2027.

This gives us confidence in the Group's growth prospects as we continue to execute our strategy and move forward.

Moving on to profitability, this is an area where we are particularly pleased with the progress we have made. Despite relatively modest revenue growth, we achieved a significant improvement in margins. Our gross profit margin increased from 40% to 45%, while our EBITDA[3] margin expanded from 27% to

[1] AI refers to Artificial Intelligence
[2] PCB refers to Printed Circuit Board
[3] EBITDA refers to Earnings before Interest, Tax, Depreciation & Amortisation

32%, representing an improvement of 5 percentage points year-on-year for both metrics.

Importantly, this improvement is also reflected in our performance. For the first nine months of the year, gross profit margin increased from 36% to 41%, while EBITDA margin improved from 24% to 29%.

Over the past several years, we have consistently focused on automation, productivity enhancement, cost optimisation, and better utilisation of our manufacturing resources. These initiatives have enabled us to improve margins even as volumes in certain parts of our Consumer business have remained relatively soft. At the same time, the strong growth of our Nanofabrication business has provided additional support to our overall performance.

Looking ahead, we see several opportunities to build on this momentum.

First, we expect a recovery in AMC segment, supported by new substrate applications and upcoming product launches in 2027.

Second, we continue to see growth opportunities in our Equipment business, particularly in AI-related applications.

Third, we remain focused on disciplined execution across our operations, including further improvements in production efficiency and cost competitiveness at Sydrogen.

We will also continue to take a disciplined approach to capital expenditure, ensuring that investments remain aligned with commercial opportunities and expected returns.

Our priority remains clear: to deliver sustainable revenue growth while maintaining healthy margins and enhancing profitability.

We are encouraged by the progress achieved thus far and remain committed to building on these improvements.

Having covered our third quarter performance, let me now move on to our outlook, beginning with the technology capabilities that underpin our growth opportunities.

Before discussing the outlook for our individual business units ("**BUs**"), we would like to briefly revisit who we are and the capabilities that support our future growth.

Nanofilm was founded in Singapore in 1999, and over the past 27 years, we have built a strong foundation in materials science and advanced manufacturing. Today, we are a deep-tech manufacturer with three core technology platforms.

The first is Advanced Surface and Interface Engineering, where we develop coating solutions that enhance the performance and functionality of materials.

Interface engineering focuses on the interactions between different materials, improving adhesion, electrical performance, heat transfer, and long-term reliability. These capabilities are particularly important in applications such as semiconductors, advanced packaging, thermal management, automotive systems, and energy solutions, where material interfaces play a critical role in overall product performance.

In simple terms, surface engineering enhances the performance of materials, while interface engineering ensures that different materials interact and function effectively together.

The second platform, shown in the centre, is Plasma and Precision Equipment. Here, we design and manufacture our own proprietary plasma and deposition sources, covering a comprehensive range of coating technologies.

By owning both the core deposition sources and the equipment engineering capabilities, we are able to develop integrated solutions tailored to our customers' requirements, from process development through to high-volume industrial production. This provides us with greater control over technology, performance, and cost, while further strengthening our competitive advantage.

The third platform, shown on the right, is Micro- and Nano-fabrication and Functional Structures. Through this platform, we develop highly precise micro- and nano-scale structures for advanced optical and functional applications.

What differentiates Nanofilm is the integration of these three technology platforms. We are able to develop the technology, design and manufacture the equipment, and ultimately deliver products at commercial scale.

This capability is supported by the strong foundation we have built over the years. Today, we hold more than 100 patents and trademarks, employ over 300 R&D[4] and engineering professionals, and have the capacity to process more than 8 million parts and modules every day.

These capabilities provide a strong foundation for serving customers across a wide range of industries and applications. Looking ahead, our focus is on translating deep technological expertise into scalable products and converting our technology leadership into sustainable value creation.

Nanofilm addresses critical surface, interface, and micro- and nano-manufacturing challenges through proprietary advanced materials, plasma processes, precision engineering, and scalable manufacturing capabilities.

[4] R&D refers to Research & Development

In practical terms, this means leveraging the technologies and expertise we have developed over many years and applying them to new commercial opportunities. We believe this will enable us to further diversify our business, expand into new growth markets, and create long-term value for our shareholders.

Let me now take you through these three technology platforms in greater detail.

Why are we a global leader in vacuum coating? The answer lies in the integration of our first and second technology platforms, highlighted in the upper section of this slide.

Over the years, Nanofilm has developed a broad portfolio of coating technologies, including our proprietary FCVA [5] technology, as well as sputtering, PECVD [6], arc evaporation, and other deposition processes, as illustrated in the upper section of the page.

Different customers have different requirements. Some require coatings that enhance wear resistance and durability, while others require specific electrical, optical, chemical, or thermal properties. Having such a broad range of technologies enables us to provide tailored solutions across a wide variety of applications.

What makes our business particularly unique, however, is that we also design and manufacture the equipment required to deliver these solutions. Our equipment portfolio ranges from batch coating systems to highly automated inline production systems.

This enables us to support customers throughout the entire value chain, from the initial development stage through to full-scale mass production.

And importantly, our technologies can be applied across a wide range of materials, including metals, plastics, glass, and ceramics.

As shown at the bottom of this slide, we address a diverse range of industrial applications. While consumer electronics remains an important market for us, we are also developing opportunities in industrial applications, such as in automotive, robotics, semiconductors and advanced packaging, photonics, optics and sensing, as well as energy.

For example, we are already seeing opportunities in AI-related PCB manufacturing, and we continue to explore additional applications where our coating technologies can enhance product performance or improve manufacturing efficiency.

From a business perspective, the opportunity lies in leveraging the technologies and capabilities we have already developed and applying them

[5] FCVA refers to Filtered Cathodic Vacuum Arc
[6] PECVD refers to Plasma Enhanced Chemical Vapour Deposition

to new markets. We do not need to reinvent our technology platform for every new application. Instead, we can build on our existing expertise, develop application-specific solutions, and work closely with customers to commercialise them.

We believe this represents an important competitive advantage for Nanofilm and a key driver of our future growth.

Next, let me move on to our third platform, Micro- and Nano-fabrication and Functional Structures. This is an area where we have made strong commercial progress, particularly in advanced optical applications.

In simple terms, we manufacture highly precise micro- and nano-scale structures that help control and manipulate light. These structures are becoming increasingly important in products such as smartwatches, smart glasses, advanced sensing systems, semiconductor and co-packaged optics applications, as well as next-generation devices.

At the technology level, we utilise five-axis diamond turning together with our proprietary software to manufacture highly precise moulds, tooling, and functional structures. As shown on the slide, these include freeform MLAs, random MLAs, and multi-lens MLAs.

We are able to achieve contour accuracy of less than 100 nanometres, which illustrates the exceptional level of precision involved.

However, the real value lies not only in achieving this level of precision, but also in our ability to replicate these structures consistently and manufacture them at commercial scale. We believe this is a key differentiator for Nanofilm.

This is where our micro-replication and mass-production capabilities come into play. We are able to manufacture various types of microlens arrays and integrate them with our coating technologies to achieve specific optical performance requirements.

In terms of applications, we see opportunities across smart glasses, AR[7]/VR[8] devices, automotive sensing, 3D displays, consumer electronics, and semiconductor-related applications.

Importantly, we are already seeing commercial traction in several of these areas, which reinforces our confidence in the long-term growth potential of this platform.

As mentioned earlier, our Nanofabrication business grew 120% year-on-year in the third quarter, driven by strong demand for MLAs used in advanced smartwatch sensing applications.

[7] AR refers to Augmented Reality
[8] VR refers to Virtual Reality

This serves as a strong example of how our technology capabilities can be translated into meaningful commercial opportunities and business growth.

Looking ahead, as devices become smaller, smarter, and increasingly reliant on advanced sensing and optical technologies, we believe demand for these solutions will continue to grow.

For Nanofilm, this provides an additional growth avenue beyond our traditional Advanced Surface and Interface Engineering applications, while allowing us to leverage our expertise in precision manufacturing and surface engineering.

To conclude, across these three technology platforms, we have built a strong foundation of technological capabilities and business expertise. The next step is to continue translating these capabilities into commercial opportunities, while maintaining the financial and operational discipline that we have demonstrated throughout the year.

With that, let me hand over to my colleague, Yi-Hsen, who will take you through the outlook for our individual business units.

Gian Yi-Hsen
Group CSO

: Thanks, Kay. Good morning, everyone.

Yi-Hsen here. Let me provide a brief update on our AMC business.

As mentioned earlier, our flagship programme in the functional coatings segment has commenced production. While the ramp-up was delayed initially, we have now achieved full production capacity in line with our expectations. We expect this momentum to continue from the current quarter into the next.

Looking ahead, we are pleased to be participating in a significant engineering programme with one of our key customers. The programme involves both a new substrate and a new component that is targeted for production in 2027.

We are working on this project as one of two critical suppliers and will be among the few providers supporting the supply chain beyond China. In addition, we are evaluating opportunities to establish the necessary capability and capacity in India to support this programme.

That concludes my update on the outlook for the AMC business.

I will now hand over to Ian, who will take you through the remaining updates.

Ian, please.

Ian Howe
Group CCO

: Thank you, Yi-Hsen, and good morning, everyone.

Turning to the Advanced Materials Industrial ("**AMI**") segment, we have continued to deliver solid results and remain positive on the outlook. We

expect strong performance to continue across all key regions, including China, Southeast Asia, and Europe.

Growth is being supported by a broad range of industry segments, including general industrial applications, semiconductors, machining solutions for PCB and light-metal applications, microtools, medical and life sciences, as well as printing and imaging.

I hand over the time to Matthew.

Matthew Shi
GM IEBU : Thank you, Ian.

Turning to the outlook for IEBU, we continue to see attractive growth opportunities driven by increasing demand related to AI applications. In particular, the rapid expansion of AI infrastructure is driving demand for more advanced PCBs, which is creating opportunities for our PCB drill bit coating equipment business.

As customers expand their manufacturing capacity to support these requirements, we expect this demand to translate into additional equipment orders.

Beyond this, we remain focused on developing new equipment solutions and strengthening our technological capabilities to capture opportunities across a range of emerging high-growth industries.

Overall, our priority is to convert these market opportunities into sustainable business growth while continuing to build a broader and more competitive equipment portfolio.

I'll pass my time on to Ian.

Ian Howe
Group CCO : Thank you, Matthew.

Turning to Nanofabrication, we have achieved significant success in premium smartwatch health-sensing applications. Over the past few years, we have built substantial capabilities in this area, positioning us well to expand across additional brands and technology platforms.

Looking ahead, we expect our primary growth drivers over the coming quarters to come from smartphone and smartwatch health-sensing applications. At the same time, we are extending our capabilities into adjacent markets, including automotive and smart eyewear, creating further opportunities for long-term growth.

I will now hand over to Wai Jun, who will provide an update on Sydrogen.

Mak Wai Jun
GM Sydrogen : Thank you, Ian, and good morning, everyone.

Turning to Sydrogen, our immediate focus remains on ramping up our secured programmes while maintaining strict cost discipline.

In our fuel cell bipolar plate business, supplies to a leading Chinese automotive OEM[9] under the largest order of its kind were impacted during the past quarter by delays in the non-coating production process. Specifically, these delays were related to the sealing process, which takes place after the coating stage.

As a result, certain delivery schedules were affected, and the recognition of related revenue has been pushed into next year. Remedial actions are currently underway, with a strong focus on improving yields, increasing delivery capacity for our customer, and further reducing production costs.

At the same time, we continue to diversify the business. We expect to commence deliveries of our titanium electrode coatings to an industrial customer within the current quarter. This represents an adjacent application of our electrochemical coating capabilities and demonstrates the potential to expand beyond our existing end markets.

For our Power and Integrated Solutions business, the current priority remains the execution of contracted and grant-supported projects. These include the commissioning of Singapore's first hydrogen pipeline-to-power system, as well as several smaller pilot projects.

Overall, Sydrogen's near-term priorities are clear. We remain focused on stabilising our existing automotive programme, improving yields, reducing costs, expanding the coating business through our electrochemical expertise, and advancing selected opportunities within the power systems segment.

With that, I will hand the time back to Duane.

[9] OEM refers to Original Equipment Manufacturer

Q&A Transcript

Duane Tan
Investor Relations

: Thank you, Wai Jun, and the management team.

We will now open the floor for Q&A.

I would like to invite participants with questions to either unmute themselves and raise their questions, or submit them through the chat function, and we will address them accordingly.

Prior to today's session, we received several questions from Ernest Lim at CGSI. For the benefit of all participants, I will read out these questions and direct them to the respective business unit leaders. There are five questions in total.

The first question is a three-part question relating to the AMC segment.

The first part: a new functional coating programme for a key customer's flagship device, which has ramped up to full production capacity towards the end of the third quarter. Given that there were complaints on the cracks on this flagship device, do you see this as potentially more ways of you selling your functional coating to them?

The second part: engineering development programme with key customer on new substrates for a major component has commenced, targeting mass production in 2027. Can you elaborate more on this? Is it for their flagship device or it's a different product or for a different customer?

The third part of the question: will this mass production for the major component and the functional coating on the flagship product drive significantly stronger revenue in the AMC space compared to 2026?

Perhaps I could invite Yi-Hsen to address these questions.

Gian Yi-Hsen
Group CSO

: With respect to the issues that our customer appears to be experiencing with its screen, we have not received any information indicating that these issues are related to our products or processes. As such, we remain confident that there are no concerns associated with our component.

As to whether these developments could create additional opportunities for the adoption of our functional coating solutions, it is difficult for us to comment at this stage. Based on our current understanding, the product is performing as intended, and the reported issues are not related to our component and the screen itself.

Turning to the additional engineering programme, this initiative is linked to one of our customer's flagship product programmes. However, as we have seen historically, our customer periodically reviews and restructures its product portfolio, and product launch schedules may evolve over time.

That said, we remain encouraged by the progress of both the engineering programme and our existing production programmes. Taking these opportunities together, we believe 2027 has the potential to be a strong year for the AMC segment.

Duane Tan
Investor Relations : Thanks, Yi-Hsen.

Moving on to the second question, which relates to Nanofabrication. This is again a three-part question.

Nanofabrication revenue grew 120% year-on-year to a remarkable S$12 million in the third quarter of 2026 due mainly to MLA sensor demand from a new smartwatch programme.

The first part of the question is: how should investors think about the sustainability of this revenue level in 2027?

Secondly: what proportion of current NFBU sales is tied to this single programme versus newer opportunities such as smartphones, smart eyewear, AI optics, and robotics?

And finally: is it fair to say that this is going to be your fastest growth segment in 2027, perhaps even doubling the revenue in 2026?

Ian, perhaps you could address these questions.

Ian Howe
Group CCO : Thank you, Duane, and thank you for the questions.

Looking ahead to 2027, we have good visibility on our main programme, particularly for the first half of the year. Based on what we see today, demand remains strong, and we expect the programme to continue performing well throughout next year, given that it is still in the early stages of its lifecycle.

Regarding your second question, I am unable to disclose the exact percentage contribution. However, this programme is clearly one of our largest revenue contributors and accounts for a significant portion of NFBU's current revenue.

In terms of our growth pipeline, our immediate priority is to replicate the capabilities and success we have achieved in the smartwatch programme across the broader 3C[10] market, particularly smartphones and smartwatches. As such, our business development and sales efforts are primarily focused on these areas, where we already have proven capabilities and established customer relationships.

At the same time, we continue to develop opportunities in adjacent markets, including automotive, smart eyewear, AI optics, and robotics. We are already

[10] 3C refers to Computer, Communications, and Consumer Electronics

engaged in customer development programmes across these segments and are encouraged by the opportunities we see.

That said, it is fair to say that our primary focus today remains the 3C market, particularly smartphones and smartwatches, which we believe will continue to be the key drivers of growth for the business in the near term.

Duane Tan
Investor Relations : The third question from Ernest relates to IEBU: in the first half of 2026, we understand that IEBU sees record order book and visibility stretching to end 2027. As this is not reiterated in 3Q business update, I am wondering whether is this still the case?

Matthew, perhaps you could address this question.

Matthew Shi
GM IEBU : Thanks, Duane, and thank you for the question.

There has been no change since our last business update. We continue to have good visibility into the first half of 2027.

Given the current industry outlook and our customers' production planning, we continue to expect a healthy flow of orders going forward.

Duane Tan
Investor Relations : The fourth question from Ernest is directed at Sydrogen where he mentioned: in your 1H2026, you mentioned that Sydrogen should reach EBITDA positive by end-2026 and the target is it may break even on a net profit basis.

The first part of the question is: given the production delays in a non-coating production process impacting delivery schedules and revenue in the quarter, do you see that it can still reach the above EBITDA and net profit targets?

Secondly: have these production delays been resolved?

And finally: I understand this supply to a leading Chinese automotive OEM is in the tens of millions of revenue over the next five years. What is the contract size to deliver the titanium electrode coatings to an industrial customer?

I would invite Wai Jun to address these questions.

Mak Wai Jun
GM Sydrogen : Thanks, Duane.

With regard to the EBITDA target, our objective of achieving EBITDA breakeven remains unchanged and continues to be a key focus. While the recent delays have had an impact, the question is more about timing than the target itself. The objective still stands; however, the timeline may shift somewhat.

At the same time, we are implementing our planned improvement initiatives. This is an ongoing process and will take time, as it is closely tied to operational improvements. We expect these issues to be resolved within this year.

On the final question regarding the titanium electrode project, in addition to the flagship programme, we expect this project to contribute annual revenue in the seven-figure range going forward. As such, it is not a small project.

Duane Tan
Investor Relations : Thank you, Wai-Jun.

The final question from Ernest relates to FY2027: which business unit do you expect to contribute the largest increase in absolute EBITDA dollars; AMC, AMI, NFBU, IEBU, or Sydrogen ,and why?

Perhaps Kay could address this final question.

Kay Lim
Group CFO : Perhaps I could reframe Ernest's question.

All of our business units are at different stages of growth, addressing different markets and leveraging different aspects of our underlying technology platforms, which we discussed earlier. As such, they are not directly comparable, nor did they start from the same base.

For that reason, it would not be fair to compare which business unit will contribute the largest increase in absolute EBITDA dollars.

What we can say is that we expect all of our business units to continue growing and to be profitable across their respective segments.

Duane Tan
Investor Relations : Thank you, Kay, and the management team.

I see that we have a question from Lee Keng.

Would you like to unmute yourself and ask your question?

Lee Keng Ling
DBS : Good morning.

I would appreciate some additional colour on the AMC segment.

It was mentioned that the lower revenue was due to changes in smartphone substrate requirements, as well as certain supply chain-related issues. At the same time, it was noted that the programme ramp-up had already commenced towards the end of the third quarter.

However, on Slide 7, references were made to developments in the fourth quarter and into 2027. Could you clarify whether these relate to the same customer and the same programme?

In addition, could you provide some insight into the type of surface materials or substrate technologies being discussed?

Gian Yi-Hsen
Group CSO
: Thanks, Lee Keng.

Yes, we are referring to the same project. The flagship functional coating programme was originally expected to commence much earlier in the third quarter. However, due to issues that were not related to us, the programme only began ramping up towards the end of the quarter.

We are now operating at full capacity and are continuing to support the demand requirements of the programme. Based on current expectations, we anticipate this demand extending into the first quarter of next year, which is less typical for the product cycle.

With respect to the new engineering programme, I am unable to comment on the specific details. However, we view it as a positive development and believe it represents a meaningful shift for us. Importantly, it provides an opportunity for Nanofilm to participate in a much larger portion of the supply chain going forward.

Kay Lim
Group CFO
: Maybe just to clarify, Lee Keng, and apologies if this was not sufficiently clear in the statement on Slide 7.

Under the growth opportunities section, where it refers to the recovery of the AMC business, the reference to the new product substrate in 2027 is a separate point. This relates to a new opportunity that is expected to enable our surface engineering solutions to return to growth.

Separately, the point regarding the delayed key project ramp-up now expected in 4Q relates to the existing programme that we are already working on in 2026.

They are two separate programmes.

Lee Keng Ling
DBS
: So, that means there are two different programmes.

Kay Lim
Group CFO
: Correct.

The new substrate programme in 2027 may enable us to reintroduce our solutions in areas where we lost parts of our phone business in 2026 due to changes in substrate requirements.

Lee Keng Ling
DBS
: Is this the same customer or a different customer?

Kay Lim
Group CFO
: Customer-wise, I do not think we are in a position to comment on the specific customer involved.

Lee Keng Ling
DBS
: Okay, got it.

My second question relates to semiconductors. Comparing the third quarter with the second quarter, have you seen any improvement in the semiconductor business? In addition, has there been any progress in engaging with new customers?

Kay Lim
Group CFO
: With respect to semiconductors, I assume you are referring to two of our business units.

The first is the AMI segment, where we provide coating services and solutions. The second is the Equipment business, where we supply products such as AI-related PCB drill bit coating equipment.

On the Equipment side, the AI-related PCB drill bit coating business continues to generate strong momentum. Importantly, there was no revenue contribution from PCB drill bit coating equipment in 2025. This is a new secured order backlog that we have built up in 2026.

With regard to semiconductor applications, we continue to see good progress. We are working on opportunities with both existing and new customers, leveraging a range of coating solutions, including ESD[11], wafer lapping, and cavity bar coating solutions.

These remain key areas of focus for us, and we continue to see encouraging growth opportunities, particularly in Singapore, Malaysia, and China.

Lee Keng Ling
DBS
: Okay, understood.

One final question relating to gross profit margin. How sustainable is the 45% gross profit margin achieved in the third quarter?

Kay Lim
Group CFO
: In terms of sustainability, while we do not provide specific guidance on margins, we have seen consistent margin improvement over the years, starting from the trough seen in 2022 and 2023. Since then, margins have continued to improve, underpinned by our ongoing efforts in automation, productivity enhancement, cost control, optimisation, and manufacturing efficiency.

On a quarterly basis, margins may fluctuate due to differences in business mix, volume, and utilisation levels. However, from a full-year perspective, we expect margins to remain on this trajectory. Similarly, we expect this trend to continue into the fourth quarter of this year.

[11] ESD refers to Electrostatic Discharge

We believe we have built a stronger operating foundation, and we will continue to focus on maintaining healthy margins and driving sustainable improvements in margins.

Lee Keng Ling
DBS
: Okay, got it.

Thank you, that's all from me.

Duane Tan
Investor Relations
: Thanks, Lee Keng, Kay.

We will now move on to some of the questions raised in the chat. A few of them have already been addressed, so I will focus on those that we have not touched.

The first question is from Chetan: congratulations on the great set of margins, and thankful to management for sharing more about the company. Given you mentioned that the flagship programme under AMC only ramped in late-3Q, so can I assume that the drop in AMBU revenue won't be repeated in 4Q?

The second part of the question: can we get guidance for 4Q revenue, would it be higher than 3Q due to this one-off impact?

Kay Lim
Group CFO
: Just to clarify the point on Advanced Materials, we do not view it as a single segment. The Advanced Materials business is split into the Consumer and Industrial segments.

For the purpose of this discussion, I think it would be more appropriate to focus specifically on AMC revenue.

Gian Yi-Hsen
Group CSO
: Sure.

From a revenue perspective, many of you will recall that, in previous years, the fourth quarter has typically been stronger than the third quarter. For the current quarter, however, we expect revenue to remain at levels similar to those of the previous quarter.

In that sense, we expect the seasonal uplift to be less pronounced than in prior years. At the same time, as mentioned earlier, we continue to see the impact of the overall change in substrate.

That said, the outlook is positive for us given the change in substrate and our new programmes that we are working on with our customers.

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

Moving on to the questions from Gregory. There are three parts to his question, split between AMBU, margins, and the other business units.

Before that, Gregory has one comment. At the top of his wish list is whether management could consider reporting margins to one decimal place rather than rounding the figures.

Moving to his questions, starting with AMBU, the first part of the question has already been addressed and relates to the highlighted programmes and whether fourth-quarter revenue is expected to be higher than third-quarter revenue.

The second part of the question is as follows: In August, management said AMC's "relatively larger projects only started ramping in June" and that "better sales momentum as we enter the 2H" was expected. What changed since then to produce AMC's 19% decline in 3Q, and when did the substrate shift effect become visible to you? And how should we think about smartphone coating revenue in-between, which you said is expected to soften "temporarily" until returning to YoY growth in 2027? To what extent will the flagship product ramp offset it in 4Q2026 and 1Q2027?

The third part of the question: engineering on a new substrate has started, targeting mass production in 2027. Is that programme secured? How large is the revenue per unit for the new major component compared with what you coated before?

Yi-Hsen, perhaps you could address the second and third parts of the question.

Gian Yi-Hsen
Group CSO

: Sure. Let me reiterate some of the points I shared earlier.

Overall, the change in substrate has temporarily affected us. The impact started to percolate through the third quarter, and it was compounded by the delay in the flagship functional coating programme.

With the functional coating programme ramping up, we see 2026 being at similar levels to 2027.

With respect to the new programme that we are working on, mass production is only expected to commence in 2027. We believe this programme has the potential to significantly increase our wallet share per product, from the final customer, compared to previous programmes. In other words, the revenue contribution we are able to capture per end product shipped by the customer is expected to be substantially higher than before.

That said, as with many programmes in the consumer electronics industry, the programme is not yet fully secured. As I mentioned earlier, we are currently one of two suppliers participating in this programme, which gives us confidence in our position.

However, nothing is fully secured. The consumer electronics industry remains highly dynamic, and programmes continue to be worked on all the way till the end.

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

The second part of Gregory's questions relates to margins. The first part relates to the gross margin and EBITDA margin to which Kay had already mentioned that margins may fluctuate from quarter to quarter.

On the sensitivity analysis: how much would a 10% increase in revenue have added to margins in 3Q2026?

The second part: using the reported 32% EBITDA margin and the 1H2026 run-rate for D&A[12], tax and NCI[13], I estimate 3Q PATMI[14] of S$8 to 10 million, roughly double 1H2026's S$4.3 million. I appreciate you don't give detailed numbers for 3Q, but is there anything below EBITDA, such as one-offs, tax or D&A, that would make the actual PATMI materially off? If not, are the 1H2026 ratios a fair guide for 4Q?

Perhaps Kay could touch on this.

Kay Lim
Group CFO : Thanks, Gregory, for posting such a complex question.

I think the key consideration here is operating leverage, as our cost structure comprises both fixed and variable costs. Therefore, when assessing the impact of a 10% increase in revenue, the important question is how much of that incremental revenue would be related to variable costs and how much would be related to our fixed costs.

In terms of contribution margin, we do have a very high contribution margin. Once our fixed costs are covered, incremental revenue tends to contribute more meaningfully to profitability.

Our revenue did not drop and, overall, we continued to deliver modest growth. Based on the current run rate, if revenue were to increase by a further 10%, we would expect that to translate into an improvement in margins, potentially by a few percentage points.

Duane Tan
Investor Relations : The final part of Gregory's question relates to the other business units, namely IEBU, NFBU, and Sydrogen.

On IEBU and NFBU: How much did the key programmes contribute to each BU's revenue, i.e., AI PCB drill bit coaters and smartwatch MLA sensors? How

[12] D&A refers to Depreciation & Amortisation
[13] NCI refers to Non-Controlling Interest
[14] PATMI refers to Profit after Tax and Minority Interest

does order visibility now compare with August? Are the margins better for these programmes?

Perhaps Matthew could address the IEBU-related questions first.

Matthew Shi
GM IEBU : Yes, certainly. Thanks, Gregory, for the question.

While I am not able to disclose the exact percentage of revenue contributed by the AI-related PCB drill bit coating equipment, I can say that IEBU's revenue is not derived solely from this programme. We continue to generate revenue from our existing products, selling constantly as well.

The AI-related PCB drill bit coating equipment is currently the area where we are seeing the highest rate of growth. Our third-quarter performance was supported by contributions from both the PCB drill bit coating equipment and our other existing products, including our glass lens mold coating equipment.

Duane Tan
Investor Relations : Thanks, Matthew.

Ian has already touched on the contribution from the MLA programme within Nanofabrication. Is there anything further you would like to add on, Ian?

Ian Howe
Group CCO : Thanks, Duane.

As mentioned earlier, while we do not disclose the exact percentage, it is a significant contribution.

Duane Tan
Investor Relations : And lastly on Sydrogen: is the production delay in a "non-coating production process" within your control or is it dependent on the customer's supply chain, and does the end-2026 EBITDA breakeven target still stand?

Perhaps Wai Jun can address these.

Mak Wai Jun
GM Sydrogen : Thanks for the questions.

As mentioned earlier, the sealing process is very much within our control. It is one of the key production steps for this particular product.

With regard to the EBITDA breakeven target, we remain committed to achieving it. However, given the project delays, the timeline may shift. That said, with the anchor project in place, achieving EBITDA breakeven remains a key objective for the business.

Duane Tan
Investor Relations : Thanks, Wai Jun.

Moving to questions from Onkar, the first question: following reports that Customer Z has officially acknowledged foldable display defects, are these

defects related to any components or coatings supplied by Nanofilm, and how might they affect Nanofilm's business or future opportunities?

I believe Yi-Hsen addressed this earlier and clarified that the reported defects are not related to our solutions.

The second question relates to investor communications: management previously mentioned that the market does not fully understand Nanofilm's business. However, today's briefing is a private, invitation-only event. Would management consider making future briefings more accessible by announcing them through SGX disclosures and allowing more retail investors to participate?

Kay Lim
Group CFO : We will take this into consideration.

Duane Tan
Investor Relations : I think that is something currently under consideration. It is certainly an initiative that we are working on and is already in the pipeline.

The final question from Onkar: since the major capex[15] cycle is largely completed, how much capex should we expect in 2027, and when will free cash flow improve significantly?

Kay Lim
Group CFO : In terms of capex, we expect project-specific and programme-related capex requirements next year, particularly in support of several large customer programmes. However, a portion of this capex is recoverable from customers.

Excluding these recoverable investments, we continue to expand our businesses across the various BUs, particularly in China, Europe, and Southeast Asia.

That said, we remain disciplined in our approach to expansion and capital allocation. While many of these new applications leverage our existing technologies, equipment platforms, and engineering capabilities, we will assess the incremental investments based on commercial readiness, customer demand, and expected returns. Our objective is to ensure that capacity additions remain aligned with market opportunities.

We continue to see healthy opportunities across our end markets, but we will remain selective in where we deploy capital.

You are also correct that the major infrastructure capex cycle, particularly the construction of manufacturing facilities, has largely been completed. Going forward, as we expand closer to our customers and key markets, such expansion is more likely to be undertaken through leased facilities rather than new building investments.

[15] Capex refers to Capital Expenditure

While additional equipment investments will still be required, we will continue to balance these investments against their expected returns. Importantly, many of these equipment platforms are common across multiple applications and are anchored by our core technology platforms, allowing them to be deployed across a range of end markets.

As a result, and given that the investments made in recent years are increasingly beginning to contribute to revenue and profitability, we expect free cash flow generation to continue improving from 2027.

Duane Tan
Investor Relations : Thank you, Kay.

We are about three minutes away from the hour, we should be able to address the remaining three questions.

The next question is from Vincent: Is the shift of your flagship orders from 3Q into 4Q and 1Q2027 linked to the key customer moving from one launch to two? How much of the benefit lands in 4Q versus 1Q2027?

I believe the launch refers to our key customer choosing to have two separate launch windows for their flagship devices.

Yi-Hsen, perhaps you could take this question.

Gian Yi-Hsen
Group CSO : I believe I addressed this earlier. As our customers adjust their product launch schedules, it naturally affects our production ramp-up patterns and peak production periods, which is what we have experienced this year.

Overall, we are seeing a more balanced production profile throughout the year. From our perspective, this is a positive development, as it provides us with greater opportunities to optimise production and has contributed to the margin improvements that we have already reported.

Assuming product launches continue to follow a similar schedule, we believe this will help us maintain healthy margins while also allowing us to plan and prepare our capacity requirements more effectively.

Duane Tan
Investor Relations : Thanks, Yi-Hsen.

The next question is from Jonathan and relates to Sydrogen: what gives you the confidence of Hydrogen HDT orders for your main OEM customer? Recent data points from China are not too promising, pointing to limited cost benefits from switching (either from electric or diesel engines to hydrogen).

Wai Jun, please.

Mak Wai Jun
GM Sydrogen : I assume HDT refers to heavy-duty trucks.

What is encouraging is that the market is becoming increasingly targeted and application-specific. For example, even with deliveries to our key OEM customer, we continue to see order inflows from end users.

More specifically, there are certain use cases where the economics are becoming increasingly attractive. For instance, in selected regions and along specific transportation corridors, the cost of hydrogen has already reached levels that are competitive with, or even below, diesel parity for certain heavy-duty trucking applications.

While the broader automotive market continues to evaluate a range of technologies, including battery electric and other alternative solutions, China's hydrogen strategy is creating favourable conditions in selected regions where hydrogen-powered commercial vehicles are becoming commercially viable.

These are focus areas in our key OEM customer's market strategy.

Duane Tan
Investor Relations
: Thanks, Wai Jun.

We also have a follow-up question from Gregory. He would appreciate it if Kay could address the second part of the earlier margin question.

Specifically, he is asking whether there are any items below EBITDA, such as one-off items, taxes, or depreciation and amortisation, that could cause actual PATMI to differ materially from his estimates. If not, would the ratios reported in the first half of 2026 be a reasonable guide for projecting fourth-quarter 2026 results?

Kay Lim
Group CFO
: I'll comment on that part, the numbers are relatively clean, and there are basically no one-off items that materially affected the results.

Duane Tan
Investor Relations
: Thanks, Kay.

Lastly, we have a question from William regarding IEBU: do you have any early orderbook indication for 2027. Will any of the 2026 orders carry into 2027 and what is the bottleneck for equipment production?

I believe Matthew had already touched on the order outlook earlier. Matthew, perhaps you could elaborate further, particularly on whether there are any bottlenecks that could affect equipment production.

Matthew Shi
GM IEBU
: Thank you for the question.

With regard to equipment bottlenecks, just a quick comment. One of the issues currently being faced across the industry, and not just by our company, relates to supply chain constraints. Our vacuum equipment uses certain

common parts and key components that are also used in semiconductor fabrication equipment.

As a result, the supply of these components is currently somewhat tight, leading to longer lead times and certain supply chain challenges. However, these remain within a manageable range.

Duane Tan
Investor Relations : Thanks, Matthew.

William has one final follow-up question: any accounting one-off non-cash item expected for 4Q2026?

Kay Lim
Group CFO : There may be some one-off items in the fourth quarter; however, we do not expect them to be material.

Duane Tan
Investor Relations : Thanks, Kay.

I believe we have addressed all the questions raised for today's session.

Dr. Shi, before we conclude today's briefing, do you have any closing remarks?

Dr. Shi
Group CEO : No, I am good.

Thank you, everyone, for attending today's session. We continue to expect stronger growth and stronger performance.

Thank you all.

Duane Tan
Investor Relations : Thanks, Dr Shi and management team.

Please do not hesitate to reach out to us, if you have any questions or need further clarification.

Thank you once again for your time and attention this morning, with that I will bring the briefing to a close.

Have a wonderful day ahead.

END.