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FY2025 RESULTS BRIEFING

26 February 2026, 10.00am

Management Panel:

Dr. Shi Xu	Executive Chairman and Group Chief Executive Officer ("**Group CEO**")
Mr. Kay Lim	Group Chief Financial Officer ("**Group CFO**")
Mr. Gian Yi-Hsen	Group Chief Strategy Officer ("**Group CSO**")
Mr. Ian Howe	Group Chief Commercial Officer ("**Group CCO**")

Presentation Transcript

Duane Tan
Investor Relations
: Good morning, ladies and gentlemen. Welcome to Nanofilm's 2025 result brief. I am Duane from investor relations.

Before we start the presentation, please allow me to introduce the management panel for today's session. 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, and Mr. Ian Howe, our Group Chief Commercial Officer.

For today's session, Dr. Shi will lead us with an overview before passing the time over to Kay who will run through the financial highlights. After that, Yi-Hsen and Ian will provide BU-specific outlooks. Dr. Shi will then close the presentation before opening the floor for Q&A.

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

Dr. Shi, please.

Dr. Shi
Group CEO
: Good morning, ladies, and gentlemen. I am pleased to begin today's presentation with an overview of our performance for the second half and the full year of 2025 ("**FY2025**"). During the year, we delivered strong growth with revenue rebounding and demand sustaining into the second half of 2025. Growth across our key segments has strengthened our position and provided a solid platform for future expansion.

For FY2025, Group revenue increased 20% year-on-year to S$245 million, and for the second half of 2025, revenue increased 13% year-on-year to S$137 million, reflecting a strong recovery and demand across our businesses. This was supported by sustained momentum in the Advanced Materials Business Unit ("**AMBU**") and the recovery in the Industrial Equipment Business Unit ("**IEBU**").

Coming to the performance of our business units, AMBU remained the key revenue contributor, rising 20% year-on-year to S$207 million. Within AMBU, the Consumer segment delivered healthy gains, supported by higher volumes from both new and existing 3C[1] customers. The Industrial segment also contributed positively, with inaugural revenue from EuropCoating Group[2].

Our IEBU delivered a strong 50% year-on-year increase, supported by improved order momentum for our new-generation mold coater and the delivery of solar CSS[3] inline systems.

Meanwhile, Nanofabrication business unit ("**NFBU**"), was flat year-on-year as market share gains in MLA[4] were offset by softer demand from another customer programme. Sydrogen Energy's performance was affected by deferred customers' orders, and we expect the revenue ramp-up to progress gradually over time.

Adjusted EBITDA[5] increased 21% year-on-year to S$63 million for FY2025 and increased 9% year-on-year to S$38 million for the second half 2025. This was supported by higher sales and continued cost discipline across the Group.

Correspondingly, PAT[6] rose 58% year-on-year to S$12 million for FY2025. In second half 2025, PAT was S$11 million, down 6% year-on-year, after taking into consideration S$3.6 million for a loss on disposal and write-off of fixed assets and related reinstatement costs arising from the closure of two workshops.

Our cash position remains strong at S$85 million, providing support for strategic capital expenditure and potential acquisitions. Considering our robust performance and healthy cash reserves, I am pleased to announce that the Group is proposing a final dividend of 0.87 Singapore cents per ordinary share.

For FY2025, we made significant progress in strengthening our global footprint. In China, we are expanding our factory-in-factory operations in Huang Jiang Dongguan and Zhou Ko Henan with strategic supply chain partners, while further streamlining and consolidating production sites. This includes closing loss-making sites such as Zigong and merging facilities like Huizhou into Dongguan to improve market access.

We are advancing our China Plus One strategy in India and Vietnam, enhancing production capabilities to strengthen global supply chain resilience. In Europe, our acquisitions of EuropCoating Group in 2025 and AxynTec[7] in 2024 have expanded our footprint in Germany and Europe and provided access to new industries and advanced coating technologies.

[1] 3C refers to Computer, Communications, and Consumer Electronics
[2] EuropCoating Group refers to EC Europ Coating GmbH and MC Europ Coating GmbH, which were subsequently merged into Nanofilm AM Germany GmbH
[3] CSS refers to Closed Space Sublimation
[4] MLA refers to Micro Lens Array
[5] EBITDA refers to Earnings before Interest, Taxes, Depreciation and Amortisation
[6] PAT refers to Profit after Tax
[7] Axyntec refers to AxynTeC Dünnschichttechnik GmbH, which was subsequently merged into Nanofilm AM Germany GmbH

We will continue to focus on business expansion and operational efficiency while maintaining strict cost discipline. This includes deepening wallet share with key customers, onboarding new clients, and advancing production line developments.

During the year, our Solar CSS line for BIPV[8] applications was successfully delivered and commissioned with a leading Chinese building materials customer, while order momentum strengthened for new-generation mold coater, supported by the positive outlook for the optics industry.

Technology development remains a key focus as we drive product conversion and the commercialisation of our innovations. We are advancing new optical coating applications while strengthening technology capabilities across our corporate lab, ATRC[9] and global R&D teams.

These enable us to translate innovation into scalable production solutions and reinforce Nanofilm's position as one of the world's most comprehensive coating companies with self-designed and self-manufactured coating sources and equipment.

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.

FY2025 was a year of strong financial performance and improving operational momentum for the Group. Our revenue increased 20% year-on-year to S$245 million, driven primarily by strong growth in the consumer segment supported by both new and existing 3C customer programmes.

We also saw a robust recovery in the equipment business with higher deliveries of next-generation coating systems. Meanwhile, our Industrial segment delivered solid expansion, benefiting from contributions from our European acquisitions. Overall, demand strengthened progressively throughout the year, with particularly strong momentum in the second half.

Moving to core expenses, we maintained disciplined cost management while supporting business growth and product ramp-ups. Our gross margin was 36% for the year, marginally lower due to interim manpower costs associated with new products ramp-ups. Encouragingly, as these programs stabilised, margins improved significantly to 39% in the second half, demonstrating the scalability of our operating model.

Our administrative expenses continued to decline as a percentage of revenue, reflecting strong cost discipline and operating leverage. At the same time, we

[8] BIPV refers to Building-Integrated Photovoltaic
[9] ATRC refers to Advanced Technology Research Centre

maintain healthy investment in sales activities to support market expansion and customer engagement.

Turning to our investments in technology and innovation, we continue to invest in this area with a strong focus on product conversion and commercialisation. R&D [10] and Engineering spend remained stable as a percentage of revenue, supporting increased new product introduction ("**NPI**") activities and strengthening our future technology pipeline. Our corporate lab investments further enhance our ability to translate innovation into scalable revenue-generating solutions.

Moving to profit after tax, these efforts translated into meaningful improvement in our profitability and earnings quality. Net profit increased 58% year-on-year to S$12 million with net margin improving to 4.9%. Adjusted EBITDA grew 21% year-on-year to S$63 million with margin expanding to 25.7%, reflecting higher revenue and improved operating leverage. Importantly, this profit growth was achieved despite higher depreciation from prior capacity investments, one-off optimisation costs, and continued investment phase losses in Sydrogen, underscoring the strong underlying performance of our core business.

In terms of cash generation, our cash flow remained healthy. Our operating cash flow more than doubled year-on-year to S$49 million, demonstrating the strong cash generating capacity of our business. The reduction in cash balance was mainly due to strategic Capex[11] and working capital timing, including S$142 million in receivables and contract assets with corresponding payables of S$59 million.

Our Capex was largely driven by expansion projects that are nearing completion and transitioning into the operational phase. As such, our Capex cycle is largely completed. With working capital expected to normalise, we anticipate stronger free cash flow generation going forward.

Accordingly, we increased our final dividend to 0.87 Singapore cents, reflecting sustained cash flow, disciplined capital management, and our confidence in the Group's long-term outlook and ability to deliver sustainable shareholder returns.

With that, I will now pass the outlook over to Yi-Hsen and Ian, who will discuss business outlooks, followed by the overall outlook covered by Dr. Shi.

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

Let me briefly cover our Advanced Materials – Consumer ("**AMC**") segment. The AMC segment grew 20% year-on-year. Pricing has remained stable, while volumes have increased. We have seen strong demand for larger

[10] R&D refers to Research and Development
[11] Capex refers to Capital Expenditure

components, such as watchcase enclosures, which has supported growth in 2025 and is expected to remain an important driver going forward.

Beyond higher volumes and larger enclosures, we are focusing on diversification and growth across three areas. First, we are extending our partnerships with Korean and Chinese brands, and we expect this momentum to continue into 2026. Second, we are introducing new offerings such as functional coatings for the consumer electronics industry. This expands our capabilities beyond our traditional focus on decorative coatings. Third, we are exploring new segments such as AR[12] and VR[13], where we are beginning to see early signs of new product growth.

Finally, in terms of our AMC manufacturing footprint, as Kay mentioned earlier, we have largely completed the buildup of our supply chain network. Our operations are now established in Eastern China, Southern China, Vietnam, and Chennai in India. With this footprint in place, we will focus on driving demand growth across these regions.

With that, I will hand over to Ian.

Ian Howe
Group CCO : Thanks, Yi-Hsen.

For the Advanced Material - Industrial segment, performance in 2025 was positive, with around 20% year-on-year growth. The main contributor was the acquisition of the EuropCoating Group in Germany, Europe. In addition, we continued to see growth in our China Automotive business, as well as in our Singapore and Southeast Asia-based operations.

Looking ahead to 2026, we are targeting double-digit growth, driven by business development across several segments, including Automotive, Semiconductor, and General Industry, across all regions. This growth will also be supported by new product launches and innovations, particularly in the Semiconductor back-end segment.

For the Industrial Equipment Business Unit, 2025 performance showed a strong recovery from the low of 2024. Revenue rebounded significantly, increasing by around 50% year on year, driven mainly by our new-generation mold coater systems for the photonics business, as well as demand from the new energy solar segment highlighted earlier. Looking ahead to 2026, we expect the positive momentum to continue, with further growth anticipated in the photonics business, supported by the new-generation mold coater systems and opportunities in new energy. We also see growth potential in Automotive, Industrial, and Semiconductor segments.

For the Nanofabrication Business Unit, performance in 2025 remained flat. This was largely due to the offset of end-of-life projects by new business and incoming projects, resulting in a net neutral impact. Looking ahead to 2026,

[12] AR refers to Augmented Reality
[13] VR refers to Virtual Reality

we expect to return to a double-digit growth trajectory, driven by new projects in 3C health sensing applications as well as flash lens solutions. Beyond this, we are intensifying our business development efforts to expand our application areas beyond 3C, moving into segments such as Automotive, Smart Eyewear, Data Centres, and Robotics.

Gian Yi-Hsen
Group CSO
: For Sydrogen, the hydrogen market in the second half of 2025 was slower than in the first half as many policy support announcements were delayed.

Despite the challenging environment, Sydrogen continued to do well in the Chinese market, where we remain the leading coating service provider. We have sustained our volumes, despite slightly lower revenue, mainly due to the shift from being supplier of full plates to providing coating services.

With policy statements and support measures now finally out, we expect this year to be better. Our focus remains on maintaining our market share and further expanding our presence in the Chinese market. On the product, our ACFC[14] product has completed its development and certification process. We will now focus on the marketing and sales of the product into different markets, especially in Europe.

In addition, we have a pipeline of power proof-of-concept projects with City Energy, which has completed its FAT[15], and commissioning is expected to take place in the coming months. As highlighted earlier, we will also focus on optimising Sydrogen's operations, ensuring that we reduce losses through asset optimisation and capability improvements.

With that, I conclude the BU-by-BU outlook and hand it back to Dr. Shi.

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

Looking ahead, the uneven macro environment driven by geopolitical tensions and the evolving trade restrictions, adds uncertainty. Nanofilm is well-positioned to manage these risks, supported by our proactive initiatives, diversified portfolio, global presence, disciplined capital allocation, and close customer engagement. These strengths enable us to stay agile, mitigate risks, and capture opportunities for sustainable growth.

Let me now outline our key strategic priorities.

First, enhancing global expansion and business development: under our China Plus One approach, we will continue to deepen our presence in China while accelerating expansions in Vietnam and India and further advancing our footprint in Europe. These initiatives are expected to support higher revenue growth, strengthen client and geographical diversification, and increase our

[14] ACFC refers to Air-Cooled Fuel Cell
[15] FAT refers to Factory Acceptance Test

penetration into high-growth markets and applications using our existing product portfolio.

Second, advancing innovation and productisation of technology: we will accelerate the productisation of our technologies. With a focus on improving the commercial conversion of R&D efforts and ensuring that innovation translates into scalable market-ready solutions. R&D spending will be optimised in selected focus areas.

Third, driving operational excellence and disciplined cost control: operational excellence and financial discipline will underpin all our initiatives. With our main Capex cycle completed, we do not anticipate significant capital expenditure in the near term. Instead, we will prioritise improving return on assets by driving higher utilisation of existing equipment and facilities. We will implement tighter expense controls, streamline product lines, strengthen cash flow management, and identify efforts to reduce the loss at Sydrogen.

As we look ahead to financial year 2026, our focus is clear: to target higher revenue, higher profits, and improved cash flow by executing our sales plan, accelerating product commercialisation, lowering Capex following the completion of the investment cycle, and maintaining focused and disciplined R&D spending.

Guided by our strategic vision and operational discipline, we are confident in strengthening Nanofilm's global leadership and delivering sustainable long-term growth.

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

Thank you.

Q&A Transcript

Duane Tan
Investor Relations

: Thank you, Dr. Shi and management team.

We will now open the floor for the Q&A session. I would like to invite participants to either use the raise hand function on Teams, or you may also use the chat function to submit your questions.

Prior to the meeting, we received two questions from David. For the benefit of all attendees, I will read the questions before we open the floor to other participants.

David's first question relates to Customer Z. His question is: "Customer Z is facing its own margin squeeze from rising memory costs. Historically, it has passed these costs on to the supply chain. How should we think about the impact on Nanofilm?"

Perhaps Yi-Hsen can take this.

Gian Yi-Hsen
Group CSO

: I cannot comment on Customer Z's margin squeeze as I am not privy to the information. However, we have observed that pricing has remained steady so far this year. Typically, Customer Z has a lot of their pricing locked in for long-term. Therefore, I would be surprised if there is too much of a margin squeeze moving ahead.

Duane Tan
Investor Relations

: Thanks, Yi-Hsen.

The second question raised by David also relates to Customer Z. His question is: "Nanofilm's AMBU performance is directly driven by Customer Z's global shipment performance. Customer Z is undergoing a big product upgrade cycle which we have not seen over the past two to three years. Should we continue to think of AMBU sales as primarily driven by volumes, or should we also consider that this upgrade cycle could lead to higher average revenue per user ("**ARPU**"), and margin benefit for Nanofilm? For instance, the new phones appear to have a higher density factor with larger surface area to coat, or a more complex architecture compared to the older generation slimmer models.

Therefore, it may not just be about volumes but also the form factor of the phones in this cycle which we should continue thinking about to assess our ARPU and margin assumptions. Am I correct here?"

Yi-Hsen, please.

Gian Yi-Hsen
Group CSO

: Thank you, Duane.

First of all, I would like to address this in a couple of ways.

Firstly, with Customer Z, we are working with them across all their LOBs[16] in a fairly balanced manner. We are not linked to any particular LOB. I would say that any significant upgrades by our major customers generally drive new volumes or increase in volumes compared to prior years or years where they do not have significant upgrades. So that is certainly a positive for us in terms of volume.

However, I believe bigger shift for us is the move into larger enclosures. As I mentioned earlier, for example, the watch enclosures, tend to generate higher revenues and also higher margins. We will continue to focus on this opportunity, and this is not limited just to our business with Customer Z, we are also doing this across other customers as well.

Overall, with Customer Z, we continue to see good engagement. What we drive towards is not just getting higher volumes on the back of production across also within the supply chain. We are constantly working to strengthen our position, making sure that we secure our fair share of allocations and volumes through deeper technology engagements.

Thank you.

Duane Tan
Investor Relations
: Thanks Yi-Hsen.

We have a question from Lee Keng, would you like to unmute yourself and ask your question?

Ling Lee Keng
DBS
: Hi, I am Lee Keng from DBS.

Just to follow up on the Customer Z order momentum you mentioned, we can expect higher revenue from the watch segment. Besides this, how about the mobile segment? What kind of order momentum are we seeing for Customer Z?

Gian Yi-Hsen
Group CSO
: Customer Z's overall order momentum is strong this year. We continue to see good momentum with them, which is encouraging. I will not go into the specifics, but overall order volume is good.

Ling Lee Keng
DBS
: Okay, so that means we can expect year-on-year improvement for FY 2026?

Gian Yi-Hsen
Group CSO
: That is what we have said as the overall target for the Group, so naturally we have to deliver on that as well at the AMC level.

Ling Lee Keng
DBS
: How about the Chinese and the Koreans? Are we seeing increasing orders from these two customers as well?

[16] LOB refers to Line of Business

Gian Yi-Hsen Group CSO	:	For these two customers, we are continuing to strengthen our relationships and build the order books. They are generally not as fast-moving for us, but we are still getting very good engagement across different types of phone models and technologies.
Ling Lee Keng DBS	:	Is there any particular reason for the slower than expected order momentum?
Gian Yi-Hsen Group CSO	:	I would not say it is slower than expected, it is simply the nature of the business. We continue to see the growth, but at a different pace.
Ling Lee Keng DBS	:	Yeah, Got it. Thank you.
Kay Lim Group CFO	:	I would like to provide further context. Despite achieving 20% year-on-year growth in revenue, Customer Z’s percentage contribution to our total revenue remains flat. It is about 60% of total revenue in 2025 versus 60% in 2024. This indicates that we have diversified into various other customers as well as across different Business Units.
Duane Tan Investor Relations	:	Thanks, Kay. Thanks, Yi-Hsen. We have a question from Bernard, would you like to unmute yourself?
Bernard Tan T-Mara Capital	:	Good morning. I have a couple of questions related to some of the minor points mentioned in the presentation. First, when you talk about your involvement in Semiconductors, can you provide a bit more color into what exactly you are doing in that area and if you can indicate what sort of customers you are dealing with? Second question, you have mentioned few times about coating larger parts like the watch cases. I am curious to know what sort of coatings are you providing on the watch case and what is its functionality?
Ian Howe Group CCO	:	I am happy to take the first question on Semiconductors. Today, primarily the sales are in the back-end Semiconductor, it is heavily into precision tooling for Semiconductor packaging as well as into electrostatic discharge protection. Primarily that is driven in back-end Semiconductor today.
Bernard Tan T-Mara Capital	:	You mentioned something about IEBU for Semiconductor.

Ian Howe Group CCO	:	Regarding Semiconductor sales, we are still in the final development stage. This year, we have one program which will launch. It will be partially coating service business, but it will also lead to equipment selling, making it a hybrid model. I cannot comment exactly on the application, as it is confidential, but it is part of our plan.
Bernard Tan T-Mara Capital	:	May I follow up? Are you able to identify where the customer is from? Is it a European customer?
Ian Howe Group CCO	:	Yes, so these will be Southeast Asia and China customers today, first and foremost, but later can be global as well.
Bernard Tan T-Mara Capital	:	Okay, thank you.
Duane Tan Investor Relations	:	Thanks, Bernard. We have question from Mr. Chan. Would you like to unmute yourself and ask your question?
Mr. Chan Invited Investor	:	Thank you, my name is Chan and I have couple of questions. First, regarding the joint venture in Dongguan that was announced last month for the supporting the distribution of products in China. Could you give us some colour on that activity? Second, referring to the margins that Kay mentioned earlier of around 39%, with the many initiatives planned for FY2026, do you expect margins to change during the course of the financial year? Finally, regarding the S$142 million in receivables that Kay mentioned earlier, could you give us a sense of your collection cycle and how this might impact FY2026?
Kay Lim Group CFO	:	Thank you, Chan, for the questions. Let me address the Dongguan joint venture first. This is a sales platform that we have set up, created with key strategic partners that have deep relationships as well as network. They are either industry experts within the domain, or they are experts carrying very strong network. With that, we expect the distribution as well as the selling of our existing products into quick-to-access, high-growth markets that we have identified in China, especially in Southern China. Southern China is a mega operations production powerhouse in the whole of China. China basically distributes its products to the world. Therefore, we remain optimistic regarding the

prospects of this joint venture. It will be asset light as you can see in our announcement, since it is a distribution and sales platform.

Regarding your second question on margins, as we head into 2026, we have guided in our results announcement on the initiative of with stronger cost discipline, tighter cost control, optimisation in our operations including automation, *et cetera*. These initiatives, combined with our expectation of higher revenue and improved profitability, should support margin expansion.

Finally, for the receivables, we have S$142 million of receivables mainly from our 3C customers as of the cut-off date of 31st December. Our collection cycles and efforts do cross the calendar year, extending into 2026. To put things into perspective, for example, in January, we have collected S$25 million of receivables. I think that will continue into Q1 and Q2.

Duane Tan
Investor Relations
: Do we have any other questions from the participants?

If there are no further questions or clarifications at this point, please do feel free to reach out to us should something come up.

We would like to thank you for your time and attention this morning and for joining us for the 2025 results briefing.

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

Thank you everyone and have a wonderful day ahead.

END.