

InnoTek Limited

(Company Registration No. 199508431Z)
(Incorporated in the Republic of Singapore)

Responses to Questions Raised at 1H'26 Results Briefing

The Board of Directors of InnoTek Limited received the following questions at its recent briefing held on 14 August 2026 in connection with its financial performance for the six months ended 30 June 2026 ("1H'26"). The Board's and Management's responses to the questions are set out below.

Opening Remarks by Group CEO Mr Lou Yiliang

Mr Lou noted that the briefing was attended by the Chairman, other Board members, and the Group's management team from China. He explained that, over the preceding 18 months, the Group had undertaken extensive preparatory work across four strategic growth areas: namely, artificial intelligence ("AI") infrastructure, new energy (including electric vehicles and energy storage), robotics, and power and industrial control systems.

In the AI segment, the Group was recognised as an approved vendor of Nvidia during the period. Mr Lou noted that the Group had delivered server chassis cases and was now developing racks and components for liquid cooling systems, including coolant distribution units ("CDUs") and cold plates — all of which require precision structural components.

In the new energy segment, the Group has been working with the largest battery maker in China for approximately four to five years, supplying battery pack brackets, and is now exploring opportunities in enclosure components such as upper covers and bottom trays. Mr Lou described the growth prospects in this area as promising.

Mr Lou also highlighted two further areas: (1) power and industrial control system components, where the Group is developing customers in Germany, the United States, and Taiwan; and (2) robotics, where the Group is developing components for humanoid robots. He expressed confidence in the Group's ability to capture further business opportunities across these areas, and reiterated management's commitment to building trust through demonstrable operational performance.

Q1. With regard to the latest liquid cooling components project, does the Group categorise the revenue under the AI server segment? What is the scope of the project?

The Group is focused on providing precision metal components for CDUs, cold plates, and various other thermal management modules of liquid cooling systems for the AI industry. The Group produces these components for a well-known Japanese customer in this sector, which supplies leading AI data centre solution providers worldwide.

Q2. Are you able to disclose the size of the liquid cooling project?

It will be a ramp-up process from the Group's new facility in Thailand with an investment of about S\$7.5 million. The Group expects pilot production in the fourth quarter of this year and mass production early next year.

Q3. The AI server segment was lower this half year. Do you foresee it recovering or even exceeding previous levels going into 2027?

The Group is cautiously optimistic that the AI server segment will see a recovery in 2027. Barring unforeseen circumstances, the Group plans for AI server revenues to increase. The target over the next three years is for more than half of the Group's revenue to come from new energy and AI components.

Q4. Was any revenue from Nvidia deferred to the second half of the year, or was all the revenue recognised in the first half?

During 1H2026, the Group manufactured rack components for Nvidia's Viking series. The Group has since commenced production for Nvidia's next-generation Vera Rubin series. While it is a gradual process, as the Group is still a relatively new supplier to Nvidia, the expectation is that this business will continue to grow. There are a number of Nvidia-related projects the Group is currently bidding on, with contract awards expected in the coming months.

Q5. The Group's break-even appears to be at revenue of approximately S\$210 million to S\$220 million, with incremental earnings to shareholders only beyond S\$230 million. Is that correct?

That estimation is broadly correct. However, the Group is working to improve its margin profile so that it can generate more earnings at the current revenue level. In parallel, with the capital expenditure being deployed, the Group hopes to drive revenues higher.

Q6. Supermicro's performance and order book are very strong, with orders of approximately US\$60 billion. Is the Group capturing that growth?

The Group is engaged with Ablecom, which is an original equipment manufacturer (OEM) for Supermicro. However, it is worth noting that Supermicro's main demand during the reporting period has turned towards smaller-form-factor servers, which the Group does not focus on. Strategically, the Group is focused on larger-form-factor servers and storage units.

That said, Supermicro is moving aggressively into providing full data centre support equipment, including racks and liquid cooling components, which is consistent with the Group's strategic direction. The Group is proactively in discussions with Ablecom to explore how it can support Supermicro's rack initiative.

Q7. How should investors think about the timing and magnitude of next-generation AI server projects in the second half of the year, compared to the current revenues achieved in the first half?

The first half of the year has certainly been a lower period, and the second half is likely to be better with an improvement in AI revenues. The Group anticipates revenue in 2027 to be stronger as new projects, such as the Thailand computer numerical control ("**CNC**") machining facility for liquid cooling components, will commence mass production next year.

Q8. Why did the AI segment not grow alongside some of the customers' financials? Many ODMs in Taiwan are seeing revenues at all-time highs, and Supermicro has also reported strong earnings — yet InnoTek's performance diverged. What explains this?

Please refer to the response in Q6 with reference to Supermicro. The Group is still a new supplier for other AI customers and is gradually obtaining new projects.

The Group's focus remains on high-precision components where it can earn a good return on the engineering and capabilities it provides. Other competitors are moving aggressively to gain market share while the Group does not wish to compromise on margins.

Q9. You mentioned that AI and new energy could represent more than 50% of revenues. Is there any indication of the gross profit margin the Group could achieve from these new segments by FY2027?

The Group improved its gross profit margin to 14.5% in 1H2026, compared to 13.6% in 1H2025. The Group believes this trend will continue and is working towards increasing the Group-wide gross profit margin to above 15% in the future.

Margins for the AI and new energy segments are higher. In general, gross margins for machining are around 20%, compared to stamping margins of 10% to 15%. As machining projects make up a greater share of the sales mix, barring unforeseen circumstances, the Group's overall gross profit margin is expected to recover and possibly increase in the future.

Q10. Can you share the Group's top five customers?

The Group's principal customers across its key segments include Ricoh in the office automation ("OA") segment, the largest producer of electric vehicle batteries, Aumovio from Germany and Ablecom in the AI server segment. Going forward, the Group expects the top customer list to include further AI names, which may include Nvidia and its supply chain.

Management noted that the Group's customer base typically comprises global leaders in their respective industries.

Q11. For the humanoid robotics component project, is the Group the sole supplier?

Despite the presence of multiple suppliers, profit margins are reasonable because of the precision required and small volumes. Management acknowledges that as the robotics industry scales, some suppliers may adopt aggressive pricing tactics to gain market share, as has been observed in other sectors.

Q12. Is the Group already supplying components for Tesla robots?

The Group has completed initial pilot component production. This project is not yet in mass production and will require further time to confirm. The Group will, where required and appropriate, provide an update when there are material developments.

Q13. How is the Group able to gauge the size of Nvidia's business and over what timeframe?

The Group is a relatively new supplier to Nvidia and does not yet have a long track record from which to accurately predict order volumes or timing. The Group has observed that Nvidia tends to request quotations on a batch basis, rather than provide a long-term forecast. The Group is still developing its understanding of Nvidia's planning and ordering processes. The expectation is that the business with Nvidia will grow, but the Group acknowledges that, as a new player, it needs time to demonstrate its capabilities and establish a deeper working relationship.

Q14. What are the main reasons for winning or losing contracts relative to other precision manufacturers?

The Group is a niche player and does not seek to be a high-volume mass supplier with low margins. The Group focuses on high-end, high-margin niche components and products that meet customers' specific technical requirements.

If the margin is insufficient, the Group will not bid for the business. For example, in the new energy segment, the Group bids for projects where it has a specific edge and wins approximately 50% of the projects it bids on. The same discipline applies to Nvidia: there are companies prepared to enter at very low cost to gain market share. The Group has instead chosen to focus on earning Nvidia's recognition through its precision machining and surface treatment capabilities; since becoming an approved vendor, it has seen a number of new business opportunities.

Q15. What are three milestones that investors can look out for in the next 12 months to judge whether InnoTek's transformation is succeeding?

Management identified the following milestones:

- i. **Revenue growth:** Total revenues should grow, driven by the AI and new energy segments, as well as robotics — even though robotics is still at an early stage.
- ii. **Gross profit margin improvement:** The Group has already seen the margin move from 13.6% in 1H2025 to 14.5% in 1H2026, and management expects further improvement, with the higher contribution from CNC machining.
- iii. **Revenue mix shift:** Fast-growing sectors such as the AI and new energy sectors will represent a larger share of the Group's revenue in 2027.

Q16. Three new factories were started last year. On the capital expenditure of S\$35 million — can you break this down? What is the split between property and machinery, and what types of machines are being acquired?

The Group is not purchasing land or buildings. The capital expenditure plan is fundamentally focused on high-precision CNC machining equipment for the AI sector. The Group currently does significant CNC machining of aluminium; it is now expanding into stainless steel, which is considerably more difficult to machine and requires more advanced equipment.

Some capital expenditure is planned for surface finishing capabilities, and stamping equipment to serve the new energy sector.

Q17. To follow up — for the robotics parts, does the Group require 3D printing?

No. The robotics components are high-precision parts that require CNC machining. 3D printing is not applicable to these components.

Q18. In the three new factories, has mass production commenced? Has equipment already been purchased and installed?

In the new factory extension of Mansfield Thailand, equipment has been installed to produce components for the automotive sector, and for sheet metal fabrication for liquid cooling solutions. In the newly established Mansfield Thailand facility, equipment for CNC machining for liquid cooling components is being installed. The Malaysia facility is scheduled to commence operations this quarter. Management acknowledges that the ramp-up will take time, and that during the initial period, the Group will incur some start-up expenses and losses.

Q19. For next year, does the Group foresee higher capital expenditure?

The Group is currently expecting capital expenditure for the following year to be at the same level as this year. However, if growth in 2027 is stronger than expected, capital expenditure may increase accordingly. Management is cautious with spending and wants to see results from the capital deployed. That said, the expectation is that capital expenditure will remain at a high level, as the Group is currently experiencing a strong pipeline of project opportunities.

By Order of the Board of
InnoTek Limited

Lou Yiliang
Executive Director / Chief Executive Officer
21 August 2026