

NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2025 ("1H2025")

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A. Unaudited condensed interim consolidated statement of profit or loss and other comprehensive income

		Group		
	Note	1H2025 S\$'000	1H2024 S\$'000	Change %
Revenue	5	107,150	82,646	29.6
Cost of sales		(72,204)	(54,989)	31.3
Gross profit		34,946	27,657	26.4
Other operating income		1,944	2,215	(12.2)
Finance income		956	1,701	(43.8)
Expenses:				
Research & development and engineering ⁽¹⁾		(6,920)	(7,003)	(1.2)
Selling and distribution		(4,777)	(4,744)	0.7
Administrative		(22,656)	(21,181)	7.0
Finance		(1,441)	(1,857)	(22.4)
Share of loss of associate		(18)	(59)	(69.5)
Profit/(Loss) before income tax	6	2,034	(3,271)	n.m.
Income tax expenses	7	(655)	(403)	62.5
Profit/(Loss) after income tax		1,379	(3,674)	n.m.
Other comprehensive (loss)/income, net of tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange difference arising from translation of foreign operations		(17,340)	406	n.m.
Total comprehensive loss for the period		(15,961)	(3,268)	388.4
Profit/(Loss) attributable to:				
Equity holders of the Company		1,614	(3,738)	n.m.
Non-controlling interests		(235)	64	n.m.
		1,379	(3,674)	n.m.
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company		(15,194)	(3,387)	348.6
Non-controlling interests		(767)	119	n.m.
		(15,961)	(3,268)	388.4
Adjusted EBITDA	4	24,443	16,717	46.2
Profit/(Loss) per share attributable to the equity holders of the Company (cents)				
Basic earnings/(loss) per share	8	0.25	(0.57)	n.m.
Diluted earnings/(loss) per share	8	0.25	(0.57)	n.m.

n.m. – Not meaningful

(1) "Research & development and Engineering" includes Research & development, Engineering and Quality assurance expenses.

B. Unaudited condensed interim statements of financial position

		Group		Company	
		30/6/2025	31/12/2024	30/6/2025	31/12/2024
	Note	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	292,090	304,515	55,228	59,880
Land use rights		10,388	11,051	-	-
Intangible assets	10	64,019	53,013	8,412	9,058
Investment in subsidiaries	11	-	-	148,459	148,169
Investment in associate	12	3,771	3,789	-	-
Trade and other receivables and other non-current assets	13	-	-	10,744	3,595
Other financial assets	21	1,367	1,367	-	-
Deferred tax assets		4,144	4,278	-	-
		375,779	378,013	222,843	220,702
Current assets					
Inventories		21,386	17,104	5,895	5,011
Trade and other receivables, and other current assets	13	96,545	111,757	27,185	20,646
Contract assets		26,234	18,012	-	-
Cash and bank balances		95,127	110,207	41,741	57,051
		239,292	257,080	74,821	82,708
Total assets		615,071	635,093	297,664	303,410
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	14	266,927	266,927	266,927	266,927
Treasury shares	14	(23,342)	(23,498)	(23,342)	(23,498)
Reserves		127,273	144,431	8,551	11,920
		370,858	387,860	252,136	255,349
Non-controlling interests		41,323	42,090	-	-
Total equity		412,181	429,950	252,136	255,349
Non-current liabilities					
Bank loans	16	75,705	76,728	19,732	20,668
Lease liabilities	16	14,549	17,375	8,149	9,241
Provisions		375	-	-	-
Other payables	17	53,100	53,100	-	-
Deferred tax liabilities		1,578	1,526	1,331	1,331
		145,307	148,729	29,212	31,240
Current liabilities					
Trade and other payables	17	39,017	42,605	11,785	12,669
Contract liabilities		3,251	602	1,464	221
Bank loans	16	11,826	8,229	1,872	1,872
Lease liabilities	16	2,691	3,344	940	1,757
Provisions		291	297	153	200
Provision for taxation		507	1,337	102	102
		57,583	56,414	16,316	16,821
Total liabilities		202,890	205,143	45,528	48,061
Total equity and liabilities		615,071	635,093	297,664	303,410

C. Unaudited condensed interim statements of changes in equity

	Attributable to equity holders of the Company						Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury Shares S\$'000	Translation reserve S\$'000	Statutory reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000		
Group								
At 1 January 2025	266,927	(23,498)	(34,985)	7,351	(70,697)	242,762	387,860	429,950
Profit/(Loss) for the period	-	-	-	-	-	1,614	1,614	1,379
Other comprehensive loss	-	-	(16,808)	-	-	-	(16,808)	(17,340)
Total comprehensive (loss)/income for the period	-	-	(16,808)	-	-	1,614	(15,194)	(15,961)
Transactions with equity holders, recognised directly in equity								
- Dividends (Note 18)	-	-	-	-	-	(2,151)	(2,151)	(2,151)
- Treasury shares re-issued under RSP 2021	-	156	-	-	(156)	-	-	-
- Adjustment on employee share options	-	-	-	-	6	-	6	6
- Adjustment on restricted share plan	-	-	-	-	337	-	337	337
Total transactions with equity holders		156	-	-	187	(2,151)	(1,808)	(1,808)
At 30 June 2025	266,927	(23,342)	(51,793)	7,351	(70,510)	242,225	370,858	412,181

C. Unaudited condensed interim statements of changes in equity (cont'd)

	Attributable to equity holders of the Company						Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury Shares S\$'000	Translation reserve S\$'000	Statutory reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Total S\$'000	
Group								
At 1 January 2024	266,927	(32,653)	(36,525)	7,142	(64,543)	239,524	379,872	424,004
(Loss)/Profit for the period	-	-	-	-	-	(3,738)	(3,738)	64
Other comprehensive income	-	-	351	-	-	-	351	55
Total comprehensive income/(loss) for the period	-	-	351	-	-	(3,738)	(3,387)	119
Transactions with equity holders, recognised directly in equity								
- Dividends (Note 18)	-	-	-	-	-	(2,148)	(2,148)	-
- Treasury shares re-issued for settlement of NTI Swap Shares to acquire interest in non-controlling interest	-	7,704	-	-	(5,809)	-	1,895	(1,895)
- Treasury shares re-issued under RSP 2021	-	178	-	-	(178)	-	-	-
- Adjustment on employee share options	-	-	-	-	136	-	136	-
- Adjustment on restricted share plan	-	-	-	-	380	-	380	-
Total transactions with equity holders	-	7,882	-	-	(5,471)	(2,148)	263	(1,895)
At 30 June 2024	266,927	(24,771)	(36,174)	7,142	(70,014)	233,638	376,748	42,356

Note:

Other reserves consist of share option reserve, other reserve mainly relating to put option over interest in non-controlling interest, and capital reserve relating to loss on re-issue of treasury shares.

C. Unaudited condensed interim statements of changes in equity (cont'd)

	Share capital S\$'000	Treasury Shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Company					
At 1 January 2025	266,927	(23,498)	(12,198)	24,118	255,349
Loss for the period	-	-	-	(1,311)	(1,311)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,311)	(1,311)
Transactions with equity holders, recognised directly in equity					
- Dividends (Note 18)	-	-	-	(2,151)	(2,151)
- Treasury shares re-issued under RSP 2021	-	156	(156)	-	-
- Adjustment on employee share options	-	-	6	-	6
- Adjustment on restricted share plan	-	-	243	-	243
Total transactions with equity holders	-	156	93	(2,151)	(1,902)
At 30 June 2025	<u>266,927</u>	<u>(23,342)</u>	<u>(12,105)</u>	<u>20,656</u>	<u>252,136</u>
At 1 January 2024	266,927	(32,653)	(11,836)	33,463	255,901
Loss for the period	-	-	-	(3,393)	(3,393)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(3,393)	(3,393)
Transactions with equity holders, recognised directly in equity					
- Dividends (Note 18)	-	-	-	(2,148)	(2,148)
- Treasury shares re-issued for settlement of NTI Swap Shares to acquire interest in non-controlling interest	-	7,704	-	-	7,704
- Treasury shares re-issued under RSP 2021	-	178	(178)	-	-
- Adjustment on employee share options	-	-	136	-	136
- Adjustment on restricted share plan	-	-	201	-	201
Total transactions with equity holders	-	7,882	159	(2,148)	5,893
At 30 June 2024	<u>266,927</u>	<u>(24,771)</u>	<u>(11,677)</u>	<u>27,922</u>	<u>258,401</u>

Note:

Other reserves consist of share option reserve, other reserve and capital reserve relating to loss on re-issue of treasury shares.

D. Unaudited condensed interim consolidated statement of cash flows

		Group	
	Note	1H2025 S\$'000	1H2024 S\$'000
Cash Flows from Operating Activities			
Profit/(Loss) before income tax		2,034	(3,271)
Adjustments for:			
Depreciation of property, plant and equipment		15,131	15,098
Amortisation of land use rights		192	210
Amortisation of intangible assets		5,723	3,622
Finance expenses		1,441	1,857
Finance income		(956)	(1,701)
Provision for warranties and restoration of property, plant and equipment		131	239
Reversal of provision for warranties and restoration of property, plant and equipment		(120)	(193)
Write off/loss on disposal of property, plant and equipment (net)		34	25
Share options expenses		6	136
Award shares expenses		337	380
Exchange differences – unrealised		590	(6)
Share of loss of associate		18	59
Operating cash flows before working capital changes		24,561	16,455
Inventories		(4,714)	(2,908)
Trade, other receivables and other current assets (include contract assets)		4,250	11,673
Trade, other payables and provisions (include contract liabilities)		(2,237)	(3,316)
Cash generated from operations		21,860	21,904
Interest paid		(1,193)	(1,479)
Interest received		956	1,701
Income tax paid		(1,529)	(1,144)
Net cash generated from operating activities		20,094	20,982
Cash Flows from Investing Activities			
Acquisition of a subsidiary, net of cash acquired	11	(3,952)	(9,210)
Purchase of property, plant and equipment		(19,309)	(20,095)
Proceeds from disposal of property, plant and equipment		443	-
Additions to intangible assets		(11,056)	(7,387)
Additions to other financial assets		-	(6,531)
Net cash used in investing activities		(33,874)	(43,223)
Cash Flows from Financing Activities			
Proceeds from bank loans		9,121	9,435
Repayment of bank loans		(5,366)	(3,968)
Payment of lease liabilities and interest		(2,002)	(2,228)
Dividends paid		(2,151)	(2,148)
Net cash (used in)/generated from financing activities		(398)	1,091
Net decrease in cash and cash equivalents		(14,178)	(21,150)
Cash and cash equivalents at the beginning of the period		110,207	155,209
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		(902)	167
Cash and cash equivalents at the end of the period		95,127	134,226
Note:			
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:			
Cash and bank balances and fixed deposits		95,127	134,226

E. Notes to the unaudited condensed interim consolidated financial statements

These notes form an integral part of and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements.

1 General Information

Nanofilm Technologies International Limited (the “**Company**”) is a public company limited by shares, incorporated and domiciled in Singapore. The Company’s registered address and its principal place of business are at 11 Tai Seng Drive, Singapore 535226.

The Company is listed on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”).

The unaudited condensed interim consolidated financial statements as at and for the six months ended 30 June 2025 comprise of the Company and its subsidiaries (collectively, the “**Group**”).

The Company is a leading nanotechnology material company in Asia, leveraging its proprietary technologies through its self-built equipment to produce advanced materials coatings and nanofabricated products, with core competencies in R&D, engineering and mass production. Nanofilm’s environmentally sustainable nanotechnology solutions serve as key catalysts in enabling its customers to achieve high value-add advancements in their end-products across wide range of industries.

2 Basis of Preparation

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The unaudited condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last interim financial statements for the year ended 31 December 2024.

The unaudited condensed interim financial statements are presented in Singapore dollar (“**S\$**”) which is the Company’s functional currency. The unaudited condensed interim financial statements are presented and rounded to the nearest thousand (**S\$’000**) except when otherwise indicated.

The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2024 except for the adoption of new amendments to SFRS(I) that are effective as of 1 January 2025 which did not have significant impact on the financial performance or financial position of the Group. The Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In preparing the unaudited condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2024.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

E. Notes to the unaudited condensed interim consolidated financial statements

3 Seasonal Operations

The Group typically enjoys significantly better results in the second half of the year, primarily driven by the Advanced Materials BU's and Nanofabrication BU's exposure to the 3C market. Increase in demand for the Group's services and products in the 3C sector tend to be in line with new product launches or product upgrades by the Group's customers and increases in demand during the holiday season. However, such seasonality trend may change along with changes in consumer pattern or the Group's customers' timing in new product launches.

The Group does not experience material seasonality impact with respect to the Group's customers from the other BUs.

4 Operating Segment Information

Management has determined the operating segments based on the reports reviewed to make strategic decisions. The Group has four reportable segments, as described below, which are the Group's strategic business units ("BU") based on different services/products ranges.

Advanced Materials BU ("AMBU")	- material science provider of advanced materials through proprietary vacuum coating technology across wide range of end industries.
Industrial Equipment BU ("IEBU")	- designs and develops customised coating equipment, cleaning lines and automation systems, including after sales support for internal BUs and external sales to selective markets.
Nanofabrication BU ("NFBU")	- manufacturer and supplier of nanoproducts in optical imaging lens and sensory components critical to customers' end-products.
Sydhrogen BU	- provider of critical fuel cell components with its proprietary conductive diamond coatings and fuel cell system solutions for the hydrogen energy market.

E. Notes to the unaudited condensed interim consolidated financial statements

4 Operating Segment Information (cont'd)

	Advanced materials S\$'000	Industrial equipment S\$'000	Nanofabrication S\$'000	Sydhrogen S\$'000	Inter-segment eliminations S\$'000	Total S\$'000
1H2025						
Revenue from external customers	89,596	8,465	7,634	1,455	-	107,150
Inter-segment sales	-	5,768	-	-	(5,768)	-
	89,596	14,233	7,634	1,455	(5,768)	107,150
Cost of sales	62,186	3,907	4,030	2,081	-	72,204
Adjusted EBITDA	20,152	1,965	2,991	(665)	-	24,443
<u>Other information</u>						
Depreciation	12,352	705	1,349	725	-	15,131
Amortisation of land use rights	158	12	19	3	-	192
Amortisation of intangible assets	4,725	257	156	585	-	5,723
Impairment loss on trade receivables	-	-	7	-	-	7
Loss on disposal of property, plant and equipment	(11)	(15)	-	60	-	34
Listing expenses –						
Recurring	15	8	1	-	-	24
Share option expenses	4	2	-	-	-	6
Award share expenses under RSP 2021	211	117	9	-	-	337
Staff costs (recognised as operating expenses)	13,513	2,643	1,295	689	-	18,140
Provision for warranties and restoration of property, plant and equipment	-	131	-	-	-	131
Reversal of provision for warranties and restoration of property, plant and equipment	-	(120)	-	-	-	(120)
At 30 June 2025						
<u>Assets</u>						
Segment assets	410,093	56,895	12,151	31,523	-	510,662
Cash and bank balances						95,127
Other financial assets						1,367
Investment in associate						3,771
Deferred tax assets						4,144
						615,071
Segment assets include:						
Additions to non-current assets:						
- Property, plant and equipment	15,525	2,070	207	1,507	-	19,309
- Intangible assets	9,851	1,441	271	1,872	-	13,435
<u>Liabilities</u>						
Segment liabilities	47,283	9,056	1,506	2,329	-	60,174
Bank loans						87,531
Deferred tax liabilities						1,578
Other payables (non-current)						53,100
Provision for taxation						507
						202,890

E. Notes to the unaudited condensed interim consolidated financial statements

4 Operating Segment Information (cont'd)

	Advanced materials S\$'000	Industrial equipment S\$'000	Nanofab- rication S\$'000	Sydsrogen S\$'000	Inter-segment eliminations S\$'000	Total S\$'000
1H2024						
Revenue from external customers	71,051	3,897	6,974	724	-	82,646
Inter-segment sales	-	2,095	-	-	(2,095)	-
	71,051	5,992	6,974	724	(2,095)	82,646
Cost of sales	48,518	1,171	3,957	1,343	-	54,989
Adjusted EBITDA	14,959	(134)	2,624	(732)	-	16,717
Other information						
Depreciation	11,878	364	2,275	581	-	15,098
Amortisation of land use rights	176	10	22	2	-	210
Amortisation of intangible assets	2,889	186	56	491	-	3,622
Write off/loss on disposal of property, plant and equipment	11	10	(2)	6	-	25
Listing expenses – Recurring	14	7	1	-	-	22
Share option expenses	85	47	4	-	-	136
Award share expenses under RSP 2021	239	131	10	-	-	380
Staff costs (recognised as operating expenses)	12,484	2,410	1,210	589	-	16,693
Provision for warranties and restoration of property, plant and equipment	-	239	-	-	-	239
Reversal of provision for warranties	-	(193)	-	-	-	(193)
At 30 June 2024						
Assets						
Segment assets	361,907	55,860	18,245	30,972	-	466,984
Cash and bank balances						134,226
Other financial assets						7,898
Investment in associate						3,832
Deferred tax assets						3,701
						616,641
Segment assets include:						
Additions to non-current assets:						
- Property, plant and equipment	17,804	1,543	825	813	-	20,985
- Intangible assets	6,079	557	-	2,668	-	9,304
Liabilities						
Segment liabilities	41,424	5,798	2,654	3,940	-	53,816
Bank loans						89,075
Deferred tax liabilities						1,333
Other payables (non-current)						53,100
Provision for taxation						213
						197,537

E. Notes to the unaudited condensed interim consolidated financial statements

4 Operating Segment Information (cont'd)

A reconciliation of the Adjusted EBITDA to profit before income tax is as follows:

	Group	
	1H2025	1H2024
	S\$'000	S\$'000
Adjusted EBITDA ⁽¹⁾ for reportable segments	24,443	16,717
Depreciation	(15,131)	(15,098)
Amortisation	(5,915)	(3,832)
Write off/loss on disposal of property, plant and equipment	(34)	(25)
Other professional fees	(507)	(497)
Award shares expenses under RSP 2021	(337)	(380)
Finance income	956	1,701
Finance expenses	(1,441)	(1,857)
Profit/(Loss) before income tax	2,034	(3,271)
Income tax expenses	(655)	(403)
Profit/(Loss) after income tax	1,379	(3,674)

⁽¹⁾ Net profit before interest, tax, depreciation and amortisation (EBITDA).

Revenue from external customers based on the Group's entities' place of business are as follows:

	Group	
	1H2025	1H2024
	S\$'000	S\$'000
Singapore	18,811	15,480
China	80,021	61,445
Japan	3,182	3,325
Vietnam	772	34
Europe	4,361	2,362
India	3	-
Total revenue	107,150	82,646

E. Notes to the unaudited condensed interim consolidated financial statements

5 Revenue

(a) Revenue by business segment

	Group	
	1H2025	1H2024
	S\$'000	S\$'000
Advanced materials	89,596	71,051
Industrial equipment	8,465	3,897
Nanofabrication	7,634	6,974
Sydhrogen	1,455	724
Total	107,150	82,646

(b) Disaggregation of revenue from contracts with customers

	Group	
	1H2025	1H2024
	S\$'000	S\$'000
Performance obligations satisfied at a point in time		
Sale of equipment	4,744	-
Sale of products and spare parts	9,299	7,887
	14,043	7,887
Performance obligations satisfied over time		
Service rendered	91,051	74,605
Sale of equipment	2,056	154
	93,107	74,759
Total	107,150	82,646

E. Notes to the unaudited condensed interim consolidated financial statements

6 Profit/(Loss) before Income Tax

This is stated after charging/(crediting) the following:

	Group	
	1H2025	1H2024
	S\$'000	S\$'000
Finance expense on:		
- bank loans	1,142	1,500
- lease liabilities	299	357
Finance income from:		
- bank deposits	(956)	(1,701)
Material items included in expenses/other operating income:		
Government grants and incentives	(995)	(973)
Depreciation of property, plant and equipment	15,131	15,098
Amortisation of land use rights	192	210
Amortisation of intangible assets	5,723	3,622
Lease expenses (short term leases)	106	-
Listing expenses – Recurring	24	22
Write down of inventories	208	-
Impairment loss of allowance on trade receivables	7	-
Staff costs (including directors' remuneration)		
- Salaries and related costs	45,839	33,501
- Contribution to defined contribution plans	2,470	2,789
- Share option expenses under ESOS Schemes	6	136
- Award shares expenses under RSP 2021	337	380
Write off/loss on disposal of property, plant and equipment	34	25
Exchange loss/(gain)	674	(392)
Provision for warranties and restoration of property, plant and equipment	131	239
Reversal of provision for warranties and restoration of property, plant and equipment	(120)	(193)

E. Notes to the unaudited condensed interim consolidated financial statements

7 Income Tax Expenses

The Group calculates the income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses in the unaudited condensed interim consolidated statement of profit or loss are:

	Group 1H2025 S\$'000	1H2024 S\$'000
Income tax:		
- Current period	597	378
- Under/(over) provision in prior years	51	(18)
	<u>648</u>	<u>360</u>
Deferred tax:		
- Current period	(4)	11
- Over provision of deferred tax assets in prior years	11	32
	<u>655</u>	<u>403</u>

8 Earnings per Share

(a) Basic Earnings per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial periods as follows:

	Group 1H2025	1H2024
Profit/(loss) for the period attributable to equity holders of the Company (S\$'000)	<u>1,614</u>	<u>(3,738)</u>
Weighted average number of ordinary shares ('000)	<u>654,860</u>	<u>654,465</u>
Basic earnings/(loss) per share (cents)	<u>0.25</u>	<u>(0.57)</u>

E. Notes to the unaudited condensed interim consolidated financial statements

8 Earnings per Share (cont'd)

(b) Diluted Earnings per Share

For the purposes of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and restricted share plan

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial period) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share amounts attributable to equity holders of the Company are calculated as follows:

	Group 1H2025	1H2024
Profit/(Loss) for the period attributable to equity holders of the Company (S\$'000)	1,614	(3,738)
Weighted average number of ordinary shares ('000)	654,860	654,465
Adjustments for ('000):		
- Share options	7	35
- Restricted share plan	1,886	1,585
	656,753	656,085
Diluted earnings/(loss) per share (cents)	0.25	(0.57)

9 Net Asset Value

	Group 30/6/2025	31/12/2024	Company 30/6/2025	31/12/2024
Net assets value (S\$'000)	370,858	387,860	252,136	255,349
Number of shares ('000)	651,729	651,651	651,729	651,651
Net asset value per share (cents)	56.90	59.52	38.69	39.18

E. Notes to the unaudited condensed interim consolidated financial statements

10 Property, Plant and Equipment and Intangible assets

During the six months ended 30 June 2025, the Group acquired property, plant and equipment amounting to S\$19,309,000 (1H2024: S\$20,985,000) and disposed of/write off property, plant and equipment amounting to S\$2,165,000 (1H2024: S\$1,028,000). The additions to property, plant and equipment included Nil (1H2024: S\$890,000) acquired under right-of-use assets under leasing arrangement. The disposal of property, plant and equipment included derecognition of right-of-use assets arising from early termination of leased properties amounting to S\$1,688,000 (1H2024: S\$1,003,000). The Group derecognised the corresponding lease liabilities in the same period.

During the six months ended 30 June 2025, the Group added intangible assets amounting to S\$13,435,000 (1H2024: S\$9,304,000). Additionally, the Group recognised provisional goodwill of S\$4,393,000 (1H2024: S\$8,815,000) under intangible assets. The provisional goodwill arose from the acquisition of 100% equity interest in EC Coating and MC Coating during the current period (1H2024: acquisition of 100% equity interest in Axyntec Dünnschichttechnik GmbH (“**Axyntec**”)).

11 Investment in Subsidiaries

Additional injection in capital/ acquisition of subsidiaries

During the six months ended 30 June 2025, the Company carried out the following investment in subsidiaries:

- (a) On 15 February 2025, the acquisition of 100% equity interest of EC Europ Coating GmbH (“**EC Coating**”) and MC Europ Coating GmbH (“**MC Coating**”) was completed for a purchase consideration of EUR3,070,000 (equivalent to S\$4,305,000), of which a sum of EUR2,838,000 (equivalent to S\$3,980,000) was paid to the seller on the same day. Following the completion of the acquisition, EC Coating and MC Coating have become indirect wholly-owned subsidiaries of the Company.

Payment of an earn-out consideration of up to EUR1,195,000 (equivalent to S\$1,676,000) (“**Earn-Out Consideration**”) is conditional upon EC Coating and MC Coating meeting certain financial performance targets for the financial year ended 31 December 2024 (“**FY2024**”). The Earn-Out Consideration is expected to be paid in the second half of 2025. As at the acquisition date, the Group recognised an Earn-Out Consideration payable of EUR 1,195,000 (equivalent to S\$1,676,000), representing its fair value. The Earn-Out Consideration is subject to the completion of the audit of the combined financial statements of EC Coating and MC Coating for FY2024, which is currently ongoing and expected to be completed in Q3 2025.

Consideration transferred

	S\$'000
Cash paid	3,980
Deferred consideration	325
Earn-out consideration	1,676
	<u>5,981</u>

E. Notes to the unaudited condensed interim consolidated financial statements

11 Investment in Subsidiaries (cont'd)

(a) (cont'd)

The provisional fair values of identifiable net assets and the cash outflow on the acquisition as at 15 February 2025 were as follows:

	Provisional amount S\$'000
Non-current assets	2,530
Cash and cash equivalents	28
Current assets (excluding cash and cash equivalents)	1,692
Total liabilities	(2,662)
Net identifiable assets acquired	1,588
Add: Goodwill	4,393
Total consideration transferred	5,981
Cash paid	3,980
Less: Cash and cash equivalents acquired	(28)
Net cash outflow on acquisition	3,952

The non-current assets included a property with a carrying amount of S\$781,000, held for disposal to EC Coating's former shareholder for a consideration of approximately S\$805,000. A bank loan of S\$440,000, secured by the property, has in April 2025 been assumed by the former shareholder and offset against the purchase price of such property.

The initial accounting for the acquisition of EC Coating and MC Coating have only been provisionally reported based on the book value as of the acquisition date as the necessary purchase price allocations and other calculations have not been completed as at the date of this report. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the amounts above or any additional provisions existed at the date of acquisition, the accounting for the acquisition will be revised.

The goodwill is attributable to EC Coating and MC Coating, whose complementary strengths allow the Group to accelerate its business expansion in Europe by capitalising on their established customer base and presence in Europe, as well as expertise in decorative coatings.

- (b) On 30 June 2025, Nanofilm Technologies Europe B.V. ("**NTEBV**") (as the sole shareholder of Nanofilm AM Germany GmbH ("**NAMG**")) passed a shareholders' resolution to record and confirm that the payment of a total sum of EUR420,000 (equivalent to S\$628,000), made by NTEBV to NAMG between August 2024 and December 2024, will be deemed as payment towards the free share capital reserve of NAMG.

E. Notes to the unaudited condensed interim consolidated financial statements

12 Investment in Associate

	Group		Company	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
	S\$'000	S\$'000	S\$'000	S\$'000
Investment in associate	3,771	3,789	-	-

<u>Name of associate</u>	<u>Principal activity</u>	<u>Place of incorporation and operation</u>	<u>Proportion (%) of ownership interest</u>
Zulu Inc.	Design and manufacturing of adjustable eyecare lenses	United States of America	21.9

On 21 January 2022, Nanofilm Investments Pte. Ltd., a wholly owned subsidiary of the Company entered into a stock purchase agreement with Zulu Inc., a Delaware corporation for the purchase of 30,000,000 shares of preferred stock in Zulu Inc. at a consideration of US\$3,000,000 (equivalent to S\$4,061,000), for a stake of 21.9%. The purchase was completed on 15 February 2022. Concurrently, on 16 February 2022, the Company subscribed for 4,061,100 new ordinary shares in the capital of Nanofilm Investments Pte. Ltd., for an aggregate consideration of S\$4,061,100. The purpose of the capital injection was to fund the subscription of the 30,000,000 shares of preferred stock in Zulu Inc.

Nanofilm Investments Pte. Ltd. shall have the right and option, but not the obligation, to require Zulu Inc. to issue, for the price of US\$3,000,000, such number of shares of Series A Preferred Stock which, assuming full conversion into common stock, would comprise 13.0% of the common stock issued and outstanding immediately after the option closing on a fully diluted basis.

The call option shall be treated as mandatorily and automatically exercised if the following conditions are met:

- (a) Zulu Inc. raised any equity fundraising round of which the pre-money valuation of the company will be no less than US\$30,000,000; and
- (b) Zulu Inc. will receive no less than US\$3,000,000 in investment proceeds

The exercise period is at any time from and including the date of the agreement (dated 21 January 2022) up to and including the date which is the fifth anniversary thereof (21 January 2027).

The following table summarises the financial information of Zulu Inc. as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Zulu Inc.

	Zulu Inc	
	30/6/2025	31/12/2024
	S\$'000	S\$'000
Non-current assets	54	93
Current assets	1,425	1,487
Current liabilities	(866)	(884)
Net assets of the associate	613	696
Proportion of the Group's ownership in Zulu Inc.	21.9%	21.9%
Group's share of net assets	134	152
Goodwill	3,637	3,637
Carrying amount of the Group's interest in Zulu Inc.	3,771	3,789
Revenue	168	79
Loss for the year	(82)	(469)

E. Notes to the unaudited condensed interim consolidated financial statements

13 Trade and Other Receivables, and Other Current/Non-Current Assets

	Group		Company	
	<u>30/6/2025</u>	<u>31/12/2024</u>	<u>30/6/2025</u>	<u>31/12/2024</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
Trade receivables:				
- Third parties	76,316	96,158	9,389	8,842
- Loss allowance	(482)	(497)	(67)	(67)
	75,834	95,661	9,322	8,775
- Subsidiaries	-	-	11,778	5,795
- Loss allowance	-	-	(73)	(73)
	-	-	11,705	5,722
	75,834	95,661	21,027	14,497
Other receivables:				
- Deposits	815	589	586	363
- GST/VAT and other taxes receivable	2,976	1,555	423	459
- Due from subsidiaries	-	-	1,878	1,842
- Sundry debtors	1,504	1,842	80	229
	5,295	3,986	2,967	2,893
Other current assets:				
- Prepayments	4,212	4,087	2,873	3,137
- Advances to suppliers	11,204	8,023	318	119
	15,416	12,110	3,191	3,256
Total current	96,545	111,757	27,185	20,646
Non-current				
Other receivables:				
- Loans due from subsidiaries	-	-	10,744	3,595
Gross amount (non-interest bearing)	-	-	10,995	3,595
Less: Fair value adjustment to investment in a Group's subsidiary	-	-	(283)	-
Add: Accumulated imputed interest recognised in profit or loss, net of exchange differences	-	-	32	-
Total non-current	-	-	10,744	3,595

Current

Trade receivables are interest-free and are generally on 30 to 90 days' terms.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand, except for an amount due from subsidiaries of S\$374,000 (2024: S\$354,000) which is interest bearing at 3% (2024: 3%) per annum and are repayable within the next 12 months.

Non-current

As at 30 June 2025, loan amounts of S\$3,220,000 (2024: S\$1,295,000) due from subsidiaries are unsecured, bearing interest at 3% (2024: 3%) per annum and repayable by 20 January 2027 (2024: 1 January 2026).

As at 30 June 2025, loan amounts of S\$7,524,000 (2024: S\$2,300,000) due from subsidiaries are unsecured, interest-free and repayable on 31 December 2027.

E. Notes to the unaudited condensed interim consolidated financial statements

14 Share Capital and Treasury Shares

	Group and Company			
	As at 30 June 2025		As at 31 December 2024	
	No. of ordinary shares ('000)	S\$'000	No. of ordinary shares ('000)	S\$'000
<u>Fully paid ordinary shares</u>				
At 1 January	663,443	266,927	663,443	266,927
At 30 June / 31 December	663,443	266,927	663,443	266,927
<u>Treasury shares</u>				
At 1 January	11,792	23,498	16,387	32,653
Treasury shares re-issued for settlement of NTI Swap Shares to acquire interest in non-controlling interest	-	-	(3,866)	(7,704)
Treasury shares re-issued under ESOS Scheme 2017 and RSP 2021	(78)	(156)	(729)	(1,451)
At 30 June / 31 December	11,714	23,342	11,792	23,498
Total issued shares excluding treasury shares	651,729	243,585	651,651	243,429

Treasury shares

For the six months period ended 30 June 2025, the Company held 11,714,175 treasury shares, representing 1.80% of the total number of issued ordinary shares (excluding treasury shares) comprising 651,728,935 shares as at 30 June 2025.

For the six months period ended 30 June 2024, the Company held 12,431,596 treasury shares, representing 1.91% of the total number of issued ordinary shares (excluding treasury shares) comprising 651,011,514 shares as at 30 June 2024.

During the six months period ended 30 June 2025, the Group transferred 78,400 treasury shares for the vesting and release of shares pursuant to the RSP 2021.

For the twelve months period ended 31 December 2024, the Company held 11,792,575 treasury shares, representing 1.81% of the total number of issued ordinary shares (excluding treasury shares) comprising 651,650,535 shares as at 31 December 2024.

During the financial year ended 31 December 2024, the Group transferred 3,866,104 treasury shares to MG Holdings in settlement of the NTI Swap Shares, 688,121 treasury shares for the vesting and release of shares pursuant to the RSP 2021 and 40,000 treasury shares in settlement of the exercise of Options granted under the ESOS Scheme 2017.

Subsidiary holdings

There were no holdings in the Company by any subsidiary as at 30 June 2025, 30 June 2024 and 31 December 2024.

E. Notes to the unaudited condensed interim consolidated financial statements

15 Employee Share Options and Share Awards

Pre-IPO Employee Share Option Scheme 2017 ("ESOS Scheme 2017")

As at 30 June 2025 and 30 June 2024, details of the options granted under the ESOS Scheme 2017 to acquire ordinary shares in the capital of the Company are as follows:

Date of grant of options	Options outstanding at 1.1.2025	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 30.6.2025	Exercise price S\$	Date of expiry
1 July 2020	100,000	-	-	-	100,000	0.5868	30 June 2026
	100,000	-	-	-	100,000		

Date of grant of options	Options outstanding at 1.1.2024	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 30.6.2024	Exercise price S\$	Date of expiry
3 December 2018	70,000	-	-	-	70,000	0.5868	9-27 December 2024
1 July 2020	100,000	-	-	-	100,000	0.5868	30 June 2026
	170,000	-	-	-	170,000		

As at 30 June 2025, all the 100,000 outstanding options (30 June 2024: 170,000) granted under the ESOS Scheme 2017 had vested.

Employee Share Option Scheme ("ESOS Scheme 2020")

As at 30 June 2025 and 30 June 2024, details of the options granted under the ESOS Scheme 2020 to acquire ordinary shares in the capital of the Company are as follows:

Date of grant of options	Options outstanding at 1.1.2025	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 30.6.2025	Exercise price S\$	Date of expiry
26 March 2021	684,500	-	(20,000)	-	664,500	4.9279	26 March 2031
6 April 2021	380,000	-	-	-	380,000	5.1135	6 April 2026 & 6 April 2031
19 August 2021	330,000	-	-	-	330,000	4.1185	19 August 2026
31 March 2022	1,345,000	-	(10,000)	-	1,335,000	2.6907	31 March 2027
	2,739,500	-	(30,000)	-	2,709,500		

Date of grant of options	Options outstanding at 1.1.2024	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 30.6.2024	Exercise price S\$	Date of expiry
26 March 2021	684,500	-	-	-	684,500	4.9279	26 March 2031
6 April 2021	510,000	-	(22,500)	-	487,500	5.1135	6 April 2026 & 6 April 2031
19 August 2021	530,000	-	-	-	530,000	4.1185	19 August 2026
31 March 2022	1,965,000	-	(110,000)	-	1,855,000	2.6907	31 March 2027
	3,689,500	-	(132,500)	-	3,557,000		

As at 30 June 2025, out of the 2,709,500 options granted under the ESOS Scheme 2020, 2,293,250 had vested and 416,250 will vest between 2025 and 2026.

As at 30 June 2024, out of the 3,557,000 options granted under the ESOS Scheme 2020, 1,607,750 had vested and 1,949,250 will vest between 2024 and 2026.

E. Notes to the unaudited condensed interim consolidated financial statements

15 Employee Share Options and Share Awards (cont'd)

Nanofilm Restricted Share Plan ("RSP 2021")

As at 30 June 2025 and 30 June 2024, details of the shares awards granted under the RSP 2021 are as follows:

Date of RSP	Shares awards outstanding at 1.1.2025	Shares awards granted	Shares awards vested	Shares awards forfeited	Shares awards outstanding at 30.6.2025
31 December 2021	353,300	-	-	(1,200)	352,100
31 March 2022	99,200	-	(29,900)	-	69,300
26 August 2022	175,400	-	-	(5,000)	170,400
29 February 2024	346,724	-	-	(55,043)	291,681
6 September 2024	1,002,683	-	-	-	1,002,683
	1,977,307	-	(29,900)	(61,243)	1,886,164

Date of RSP	Shares awards outstanding at 1.1.2024	Shares awards granted	Shares awards vested	Shares awards forfeited	Shares awards outstanding at 30.6.2024
31 December 2021	498,600	-	(48,950)	(24,850)	424,800
26 January 2022	18,750	-	(6,250)	-	12,500
31 March 2022	161,100	-	(33,900)	(16,000)	111,200
26 August 2022	394,200	-	-	-	394,200
29 February 2024	-	647,531	-	(5,428)	642,103
	1,072,650	647,531	(89,100)	(46,278)	1,584,803

As at 30 June 2025, a total of 3,625,223 share awards were granted under the RSP 2021. Of these, 813,938 shares awards had been forfeited, 925,121 shares were vested and released, and 1,886,164 will vest between 2025 and 2032.

As at 30 June 2024, a total of 2,102,531 share awards were granted under the RSP 2021. Of these, 274,028 shares awards had been forfeited, 243,700 shares were vested and released, and 1,584,803 will vest between 2024 and 2032.

16 Borrowings

	Group		Company	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current</u>				
Bank loans	11,826	8,229	1,872	1,872
Lease liabilities	2,691	3,344	940	1,757
	14,517	11,573	2,812	3,629
<u>Non-current</u>				
Bank loans	75,705	76,728	19,732	20,668
Lease liabilities	14,549	17,375	8,149	9,241
	90,254	94,103	27,881	29,909

E. Notes to the unaudited condensed interim consolidated financial statements

16 Borrowings (cont'd)

	Group		Company	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amount repayable in one year or less, or on demand</u>				
Secured	14,517	11,573	2,812	3,629
Unsecured	-	-	-	-
	<u>14,517</u>	<u>11,573</u>	<u>2,812</u>	<u>3,629</u>
<u>Amount repayable after one year</u>				
Secured	90,254	94,103	27,881	29,909
Unsecured	-	-	-	-
	<u>90,254</u>	<u>94,103</u>	<u>27,881</u>	<u>29,909</u>

Details of any collateral

As at 30 June 2025, the Group has the following secured bank loans:

- A bank loan amounting to S\$21,604,000 (2024: S\$22,540,000) was outstanding to a local bank. The loan was obtained by the Company for general working capital purposes after the acquisition of the property at 11 Tai Seng Drive, Singapore, which was funded by internal sources of funds on completion. The bank loan was secured by a mortgage over the property. The Company incurred an interest of approximately 3.11% to 3.78% (2024: 3.88% to 4.65%) per annum based on a fixed interest spread and cost of fund.
- A bank loan amounting to S\$51,089,000 (2024: S\$55,077,000) was outstanding by a wholly owned subsidiary, Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd. to a local financial institution for working capital purposes. The bank loan was secured by a mortgage over the Shanghai Plant 1 and 2 and corporate guarantee of the Company and a wholly owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd. The bank loan incurred interest at 2.79% (2024: 2.79%) per annum.
- Bank loans amounting to S\$13,105,000 (2024: S\$6,068,000) were outstanding by a wholly owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd., to a local financial institution for working capital purposes. The bank loan was secured by a mortgage over the Shanghai Plant 1 and 2 and corporate guarantee of the Company. The bank loan incurred interest at a range from 2.34% to 2.60% (2024: 2.60%) per annum.
- Bank loans amounting to S\$1,192,000 (2024: S\$1,272,000) were outstanding by a wholly owned subsidiary, Axyntec, to local financial institutions for capital expenditure purposes. The bank loans were secured by mortgage over machinery of Axyntec. The bank loans incurred interest at a range from 2.27% to 2.95% (2024: 2.27% to 2.95%) per annum.
- Bank loans amounting to S\$541,000 (2024: Nil) were outstanding by a wholly owned subsidiary, EC Coating, to local financial institutions for working capital and capital expenditure purposes. The bank loans were secured by mortgage over the machinery of EC Coating. The bank loans incurred interest at a range from 1.99% to 3.99% per annum.

As at 30 June 2025, lease liabilities of the Group and the Company amounting to S\$17,240,000 (2024: S\$20,719,000) and S\$9,089,000 (2024: S\$10,998,000) respectively are secured by the leased properties and plant and machinery under the leasing arrangements.

E. Notes to the unaudited condensed interim consolidated financial statements

17 Trade and Other Payables

	Group		Company	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current</u>				
Trade payables:				
- Subsidiaries	-	-	956	472
- Third parties	18,453	21,106	732	1,156
	<u>18,453</u>	<u>21,106</u>	<u>1,688</u>	<u>1,628</u>
Other payables:				
- Accrued operating expenses	6,253	11,015	1,320	1,874
- Advances received from government	1,211	1,372	19	19
- VAT and other taxes payable	2,051	1,534	4	4
- Deferred and earn-out consideration payable	2,134	-	-	-
- Sundry creditors	8,915	7,578	162	250
- Due to subsidiaries	-	-	8,592	8,894
	<u>20,564</u>	<u>21,499</u>	<u>10,097</u>	<u>11,041</u>
Total current trade and other payables	<u>39,017</u>	<u>42,605</u>	<u>11,785</u>	<u>12,669</u>
<u>Non-current</u>				
Other payables:				
- Put option liability	53,100	53,100	-	-
Total non-current other payables	<u>53,100</u>	<u>53,100</u>	<u>-</u>	<u>-</u>

Trade payables are interest-free and are normally settled on 30 to 90 days' terms. The trade amounts due to subsidiaries are unsecured, interest-free and repayable on normal credit terms.

Other payables due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

Deferred consideration and earn-out consideration payable in relation to the acquisition of EC Coating and MC Coating amounted to EUR232,000 and EUR1,195,000, respectively (equivalent to S\$347,000 and S\$1,787,000, translated at the closing exchange rate).

Included in sundry creditors are payables to vendors of property, plant and equipment of S\$4,156,000 (2024: S\$3,670,000).

The non-current other payable of S\$53,100,000 as at 30 June 2025 and 31 December 2024 was attributed to a financial liability to acquire non-controlling interest. Arising from the investment in Sydhrogen Energy Pte. Ltd., the financial liability relates to a put option agreement with Venezio Investments Pte. Ltd. (an indirect wholly owned subsidiary of Temasek Holdings (Private) Ltd) for the Company to acquire its 35% equity interest in Sydhrogen Energy Pte. Ltd. in the event of a put option event based on the terms of the agreement. The measurement of the fair value of the financial liability is derived from valuation techniques that include inputs for the liability that are not based on observable market data (level 3 fair value measurements).

E. Notes to the unaudited condensed interim consolidated financial statements

18 Dividends

	Group and Company	
	1H2025	1H2024
	S\$'000	S\$'000
Ordinary dividends paid:		
One-tier tax exempt final dividend of a total of S\$0.0033 per share paid on 20 May 2025 in respect of the financial year ended 31 December 2024	2,151	-
One-tier tax exempt final dividend of a total of S\$0.0033 per share paid on 20 May 2024 in respect of the financial year ended 31 December 2023	-	2,148
	<u>2,151</u>	<u>2,148</u>

19 Commitments and Contingencies

Capital commitment

Capital expenditure contracted for as at the reporting date but not recognised in the unaudited condensed interim financial statements is as follows:

	Group		Company	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
	S\$'000	S\$'000	S\$'000	S\$'000
Property, plant and equipment	<u>9,586</u>	<u>4,978</u>	<u>2,534</u>	<u>937</u>

20 Related Party Transactions

In addition to the related party information disclosed elsewhere in the unaudited condensed interim financial statements, significant transactions with related parties, on terms agreed between parties, are as follows:

	Group	
	1H2025	1H2024
	S\$'000	S\$'000
<u>Transactions with related parties</u>		
Sales	16,498	16,092
Purchases	9,991	9,185
Lease payments	<u>50</u>	<u>52</u>

E. Notes to the unaudited condensed interim consolidated financial statements

21 Other Financial Assets

	Group	
	30/6/2025	31/12/2024
	S\$'000	S\$'000
<u>Equity Investments – at fair value through other comprehensive income</u>		
Investment in unquoted equity (non-current)	1,367	1,367

The investment in unquoted equity represents investments that the Group intends to hold for the long-term for strategic purposes. No strategic investments were disposed of during 1H2025, and there were no transfers of any cumulative gain or loss within equity relating to these investments. No dividend was recognised during 1H2025. The carrying value approximates its fair value and is derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (level 3 fair value measurements).

22 Fair Value

Fair value measurements recognised in the statement of financial position

The Group provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities at amortised cost, whose carrying amounts approximate fair values

The carrying amounts of the Group's and the Company's financial assets and financial liabilities with a maturity of less than one year approximate their fair values due to their short-term maturities.

Other than as disclosed, the fair values of the Group's and the Company's non-current financial assets and non-current financial liabilities are calculated based on discounted expected future principal and interest cash flows. The discount rate used is based on market rate for similar instruments as at the reporting date ("Level 2"). As at 30 June 2025 and 31 December 2024, the carrying amounts of these non-current assets and non-current liabilities approximate their fair values.

23 Subsequent events

On 5 July 2025, the Company entered into a sale and purchase agreement with Venezia Investments Pte. Ltd. ("Vendor") to acquire 49 million preference shares (the "**Sale Shares**") held by the Vendor in the capital of Sydrogen Energy Pte. Ltd. ("**Sydrogen**"), a 65% owned subsidiary of the Company.

The total consideration for the acquisition is S\$15,000,000, comprising: (i) S\$5,000,000 for the first tranche to acquire 16,333,333 Sale Shares by 30 November 2025; and (ii) S\$10,000,000 for the second tranche to acquire 32,666,667 Sale Shares by 30 November 2026. Upon completion of the acquisition, Sydrogen will become a wholly-owned subsidiary of the Company.

Other Information Required by Listing Rule Appendix 7.2

1 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The condensed consolidated statement of financial position of Nanofilm Technologies International Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company as at 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

2A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: - (a) updates on the efforts taken to resolve each outstanding audit issue; (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

**3 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

The Group derives revenue from its four BU segments: (i) Advanced Materials BU, (ii) Industrial Equipment BU, (iii) Nanofabrication BU and (iv) Sydrogen BU.

The Group's revenue for 1H2025 was S\$107.2 million, registering an increase of S\$24.6 million (29.6%) from S\$82.6 million in 1H2024. The growth was driven by strong performance across all BUs, with higher revenue from the Industrial Equipment BU and Sydrogen BU.

	1H2025 S\$'000	1H2024 S\$'000	Change %
Advanced Materials BU	89,596	71,051	26.1
Industrial Equipment BU	8,465	3,897	117.2
Nanofabrication BU	7,634	6,974	9.5
Sydrogen BU	1,455	724	101.0
Total	107,150	82,646	29.6

Revenue – Advanced Materials BU

Revenue from the Advanced Materials BU for 1H2025 was S\$89.6 million, an increase of S\$18.5 million (26.1%) from S\$71.1 million in 1H2024. The growth was primarily driven by stronger revenue contributions from 3C product sub-segments, automotive product sub-segments, and other industrial segments, including revenue contributions from the newly acquired EC Coating and MC Coating.

Revenue – Industrial Equipment BU

Revenue from the Industrial Equipment BU for 1H2025 was S\$8.5 million, an increase of S\$4.6 million (117.2%) from S\$3.9 million in 1H2024, primarily attributable to the timing of equipment deliveries during the period.

Other Information Required by Listing Rule Appendix 7.2

REVIEW OF THE GROUP'S PERFORMANCE (cont'd)

Revenue (cont'd)

Revenue – Nanofabrication BU

Revenue from the Nanofabrication BU for 1H2025 was S\$7.6 million, an increase of S\$0.6 million (9.5%) from S\$7.0 million in 1H2024, primarily due to higher sales in the consumer electronics sectors.

Revenue – Sydrogen BU

Revenue from the Sydrogen BU for 1H2025 was S\$1.5 million, an increase of S\$0.8 million (101.0%) from S\$0.7 million in 1H2024, primarily due to growing market adoption of its solutions, especially in the Chinese market.

Gross profit

Gross profit for 1H2025 was S\$34.9 million, an increase of S\$7.2 million (26.4%) from S\$27.7 million for 1H2024. Gross profit margin was 32.6% for 1H2025, a decrease from 33.5% for 1H2024, primarily due to changes in product mix.

Other operating income

The breakdown for other operating income for 1H2025 and 1H2024 is as follows:

	1H2025 S\$'000	1H2024 S\$'000	Change %
Government grants and incentives	995	973	2.3
Sundry income	777	799	(2.8)
Scrap sales	53	44	20.5
Gain on disposal of property, plant and equipment	119	7	1,600.0
Exchange gains, net	-	392	(100.0)
Total	1,944	2,215	(12.2)

Other operating income was S\$1.9 million for 1H2025, a decrease of S\$0.3 million (-12.2%) from S\$2.2 million for 1H2024. This was primarily due to an exchange loss of S\$0.7 million recorded under administrative expenses in 1H2025, compared to an exchange gain of S\$0.4 million in 1H2024.

Finance income

Finance income was S\$1.0 million for 1H2025, a decrease of S\$0.7 million (-43.8%) from S\$1.7 million for 1H2024. This was primarily due to lower interest rates for fixed deposits.

Research & development and engineering expenses

Research & development and engineering expenses were S\$6.9 million for 1H2025, a slight decrease of S\$0.1 million (-1.2%) from S\$7.0 million for 1H2024, mainly due to cost optimisation efforts and higher capitalisation of development costs. Commercial production for certain development projects is expected to commence in the second half of 2025.

Selling and distribution expenses

Selling and distribution expenses were S\$4.8 million for 1H2025, an increase of S\$0.1 million (0.7%) from S\$4.7 million for 1H2024, primarily due to continued strengthening of sales efforts and expansion of market presence.

Administrative expenses

Administrative expenses were S\$22.7 million for 1H2025, an increase of S\$1.5 million (7.0%) from S\$21.2 million for 1H2024. This was primarily due to an increase of S\$1.3 million in staff-related costs to support business growth and an exchange loss of S\$0.7 million. The increases were partially offset by decreases in repair and maintenance expenses of S\$0.2 million, professional fees of S\$0.2 million and overseas travelling expenses of S\$0.1 million.

Finance costs

Finance costs were S\$1.4 million for 1H2025, a decrease of S\$0.5 million (-22.4%) from S\$1.9 million for 1H2024. This was primarily due to lower bank loan balances following repayments made in the second half of 2024, as well as lower interest rates on the Company's bank loan.

Other Information Required by Listing Rule Appendix 7.2

REVIEW OF THE GROUP'S PERFORMANCE (cont'd)

Income tax

Income tax for 1H2025 was S\$0.7 million, an increase of S\$0.3 million (62.5%) from S\$0.4 million for 1H2024, primarily due to higher taxable profits.

Profit after income tax

As a result of the above factors, the Group's net profit has increased by S\$5.1 million to S\$1.4 million for 1H2025 from a net loss of S\$3.7 million for 1H2024.

Profit after tax and minority interests (PATMI)

PATMI was S\$1.6 million for 1H2025, an increase of S\$5.3 million after excluding loss attributable to non-controlling interests of S\$0.2 million.

Adjusted EBITDA

The Group's adjusted EBITDA increased by S\$7.7 million (46.1%) to S\$24.4 million for 1H2025 from S\$16.7 million for 1H2024.

Advanced Material BU's adjusted EBITDA for 1H2025 was S\$20.2 million, an increase of S\$5.2 million (34.7%) from S\$15.0 million in 1H2024, mainly due to higher revenue contributions and the continued expansion of the Group's European business.

Industrial Equipment BU's adjusted EBITDA for 1H2025 was S\$2.0 million, an increase of S\$2.1 million from a loss of S\$0.1 million in 1H2024, mainly due to an increase in equipment revenue recognition.

Nanofabrication BU's adjusted EBITDA for 1H2025 was S\$3.0 million, an increase of S\$0.4 million (15.4%) from S\$2.6 million in 1H2024, mainly due to revenue growth and continued operational efficiency.

Sydhrogen BU's adjusted EBITDA for 1H2025 was a loss of S\$0.7 million in 1H2025, remaining unchanged from the loss of S\$0.7 million in 1H2024.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Property, plant and equipment

Property, plant and equipment was at S\$292.1 million as at 30 June 2025, a decrease of S\$12.4 million (-4.1%) from S\$304.5 million as at 31 December 2024, primarily due to depreciation of S\$15.1 million charged to profit or loss, disposal/write off of property, plant and equipment of S\$2.2 million, transfer to intangible asset of S\$0.7 million and an exchange difference of S\$15.7 million arising from the retranslation of property, plant and equipment denominated in the functional currencies of the China and Vietnam subsidiaries, following the weakening of Chinese Renminbi and United State Dollars against Singapore Dollars. The decreases were partially offset by additions of S\$19.3 million during 1H2025 and S\$2.5 million from the acquisition of subsidiaries.

In 1H2025, capital expenditure on plant and machinery increased by S\$4.9 million, mainly for operations in China. Construction in-progress amounted to S\$12.6 million for the construction of Plant 2 and the acquisition of plant and machinery for facilities in Vietnam and China. Capital expenditure on office and other equipment, tools and supplies amounted to S\$1.8 million for 1H2025.

Intangible assets

Intangible assets were at S\$64.0 million as at 30 June 2025, an increase of S\$11.0 million (20.8%) from S\$53.0 million as at 31 December 2024. The increase was primarily due to the additions of S\$13.4 million and provisional goodwill of S\$4.4 million recorded from the acquisition of EC Coating and MC Coating. This was partially offset by amortisation of S\$5.7 million charged to profit or loss and an exchange difference of S\$1.7 million in 1H2025.

Deferred tax assets

Deferred tax assets were at S\$4.1 million as at 30 June 2025, a decrease of S\$0.2 million (-4.7%) from S\$4.3 million as at 31 December 2024, due to the utilisation of deferred tax assets in 1H2025.

Inventories

Inventories were at S\$21.4 million as at 30 June 2025, an increase of S\$4.3 million (25.1%) from S\$17.1 million as at 31 December 2024, mainly due to higher inventory purchases to support increased sales activities.

Other Information Required by Listing Rule Appendix 7.2

REVIEW OF THE GROUP'S FINANCIAL POSITION (cont'd)

Trade and other receivables and other current assets, and contract assets - Current

Trade receivables were at S\$75.8 million as at 30 June 2025, a decrease of S\$19.9 million (-20.8%) from S\$95.7 million as at 31 December 2024 primarily due to improved collection efficiency.

Other receivables were at S\$5.3 million as at 30 June 2025, an increase of S\$1.3 million (32.5%) from S\$4.0 million as at 31 December 2024. The net increase in other receivables was mainly due to the increase in GST/VAT receivables of S\$1.4 million and deposits of S\$0.2 million, partially offset by a decrease in sundry debtors of S\$0.3 million.

Other current assets represented mainly prepayments and advances to suppliers which was at S\$15.4 million as at 30 June 2025, an increase of S\$3.3 million (27.3%) from S\$12.1 million as at 31 December 2024. The increase was mainly due to S\$3.2 million higher advances to suppliers for purchases of property, plant and equipment by the Company and its subsidiaries in China, and a S\$0.1 million increase in prepayments.

Contracts assets were S\$26.2 million as at 30 June 2025, an increase of S\$8.2 million (45.6%) from S\$18.0 million as at 31 December 2024 mainly due to work completed but not yet invoiced in 1H2025.

Other financial assets

Other financial assets were at S\$1.4 million as at 30 June 2025, same as S\$1.4 million as at 31 December 2024.

Bank loans

Bank loans were at S\$87.5 million as at 30 June 2025, an increase of S\$2.5 million (2.9%) from S\$85.0 million as at 31 December 2024. The increase was primarily due to a three-year term loan of S\$9.1 million obtained from Industrial and Commercial Bank of China by the Group's wholly-owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd. and bank loans of S\$0.5 million obtained by EC Coating from local banks. These were partially offset by loan repayments of S\$5.4 million.

Lease liabilities

Lease liabilities were at S\$17.2 million as at 30 June 2025, a decrease of S\$3.5 million (-16.9%) from S\$20.7 million as at 31 December 2024. The decrease was mainly due to derecognition of lease liabilities amounting to S\$1.7 million related to factory units in Singapore and principal repayment of lease liabilities of S\$2.0 million, partially offset by an increase of S\$0.3 million arising from the acquisition of EC Coating and MC Coating.

Trade and other payables, and contract liabilities

Trade payables were at S\$18.5 million as at 30 June 2025, a decrease of S\$2.6 million (-12.3%) from S\$21.1 million as at 31 December 2024. The decrease in trade payables was primarily due to the payment made to suppliers in 1H2025.

Other payables were at S\$20.6 million as at 30 June 2025, a decrease of S\$0.9 million (-4.2%) from S\$21.5 million as at 31 December 2024. The decrease was mainly attributable to a reduction in accrued operating expenses of S\$4.7 million, primarily due to lower accrued staff cost and other operational expenses. This was partially offset by increases in sundry creditors of S\$1.3 million, VAT and other tax payable of S\$0.6 million, and deferred and earn-out consideration payable of S\$2.1 million for the acquisition of EC Coating and MC Coating.

Contract liabilities relate to the Group's obligation to transfer goods to customers for which the Group had received consideration. Contract liabilities are recognised as revenue as the Group performs under the contract. Contract liabilities were at S\$3.3 million as at 30 June 2025, an increase of S\$2.7 million (450.0%) from S\$0.6 million as at 31 December 2024.

Provisions

Non-current provisions was S\$0.4 million as at 30 June 2025. This relates to pension obligations under a legacy pension scheme at EC Coating, applicable only to certain long-serving and former employees, as well as provisions for long service anniversary bonuses.

Provision for taxation

Provision for taxation was S\$0.5 million as at 30 June 2025, a decrease of S\$0.8 million (-61.5%) from S\$1.3 million as at 31 December 2024. The decrease was mainly due to income tax payments of S\$1.5 million offset against income tax expenses of S\$0.6 million in 1H2025.

Other Information Required by Listing Rule Appendix 7.2

REVIEW OF THE GROUP'S FINANCIAL POSITION (cont'd)

Translation reserve

Translation reserve was S\$51.8 million as at 30 June 2025, an increase of S\$16.8 million (48.0%) translation loss from S\$35.0 million as at 31 December 2024. This was mainly due to the depreciation of Chinese Renminbi and United State Dollars against Singapore Dollars, which resulted in a translation loss from the consolidation of financial statements of subsidiaries in China and Vietnam.

REVIEW OF THE GROUP'S CASH FLOWS

We generated positive net cash flows from operating activities for 1H2025 and 1H2024.

Net cash generated from operating activities amounted to S\$20.1 million for 1H2025, mainly attributed to the following:

- Operating cash flows before working capital changes of S\$24.6 million;
- Negative working capital changes of S\$2.8 million;
- Net interest paid of S\$0.2 million; and
- Income tax paid of S\$1.5 million.

Net cash used in investing activities amounted to S\$33.9 million for 1H2025, primarily due to the purchase of property, plant and equipment amounting to S\$19.3 million, additions to intangible assets of S\$11.1 million for development costs, computer software and patents, and a net cash outflow of S\$4.0 million for the acquisition of EC Coating and MC Coating. These were partially offset by proceeds of S\$0.4 million from disposal of property, plant and equipment.

Net cash used in financing activities amounted to S\$0.4 million for 1H2025, primarily due to dividend payments of S\$2.1 million and repayment of bank loans and lease liabilities of S\$7.4 million. These cash outflows were offset by proceeds from bank loans of S\$9.1 million.

As at 30 June 2025, cash and cash equivalents amounted to S\$95.1 million, a decrease of S\$15.1 million (-13.7%) from S\$110.2 million as at 31 December 2024.

4 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been made previously.

Other Information Required by Listing Rule Appendix 7.2

5 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As we look ahead, the macro operating environment remains clouded by uncertainty. Despite an uncertain landscape, the Group is well-positioned to navigate the months ahead underpinned by our diversified industry exposure and geographic presence, involvement in high-growth sectors and minimal direct US trade.

Capital Expenditure

Apart from strategic additions of coating equipment to support expansion initiatives in South China, Germany, and for the NTI-NTU Corporate Laboratory, the Group continues to expect lower infrastructure-related investments in FY2025.

We are in the process of consolidating our Singapore Headquarters at Tai Seng Drive and will be progressively returning our Ayer Rajah Crescent premises to JTC with the completion expected by end-October 2025.

Business Units

FY2025 revenue contribution is expected to be driven by Advanced Materials – Consumer, mainly from our key customer. The Group continues to be involved in our key customer's new product introduction ("NPI") projects for various applications, including under NFBU, across their product range. NFBU revenue will be driven by the micro-lens array project and other consumer electronics-related applications. Pipeline projects with key customers provide growth opportunities, subject to their advancement to mass production.

Contributions from Advanced Materials – Industrial is expected to be boosted by contribution from the European business. IEPU customer engagements continue to gain traction with progressive revenue recognition and equipment delivery slated for 2H2025. Revenue contribution from Sydrogen is expected to improve as well with the increased adoption of its solution, especially in the Chinese market.

The Group remains focused on the integration and harmonisation of our recent acquisitions. In addition, the Group will continue to assess opportunities for potential strategic collaborations with industry partners that are aligned with our long-term objectives.

Through its disciplined approach to capital allocation and focus on strategic, value-accretive opportunities, the Group remains committed to building resilience and delivering sustainable growth for all stakeholders.

Other Information Required by Listing Rule Appendix 7.2

6 Dividend Information

(a) Current Financial Period Reported on

The Directors have recommended the following interim tax exempt (one-tier) dividend to be paid to shareholders for the current financial period.

Name of dividend	Interim tax-exempt (one-tier) dividend
Date of Payment	5 September 2025
Dividend Type	Cash
Dividend Amount	S\$0.0033 per ordinary share
Total amount payable	S\$2.1 million

(b) Corresponding Period of the Immediately Preceding Financial Year and Tax Rate

The Company had paid the following final tax exempt (one-tier) dividend to shareholders in the corresponding period of the immediately preceding financial year.

Name of dividend	Interim tax-exempt (one-tier) dividend
Date of Payment	6 September 2024
Dividend Type	Cash
Dividend Amount	S\$0.0033 per ordinary share
Total amount paid	S\$2.1 million

(c) The date the dividend is payable

5 September 2025

(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

The Share Transfer Books and Register of Members of the Company will be closed on 29 August 2025, 5.00 pm. Duly completed transfers in respect of ordinary shares received by the Company's Shares Registrar up to 5.00 pm on 29 August 2025 will be registered to determine shareholders' entitlement to the interim dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited which are credited with shares as at 5.00 pm on 29 August 2025 will be entitled to the interim dividend.

7 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

Other Information Required by Listing Rule Appendix 7.2

- 8 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Not applicable as the Company has not obtained a general mandate from shareholders for interested persons transactions ("IPTs").

However, in the spirit of disclosure and transparency, the IPTs entered into by the Group in the current financial period reported on were as follows: -

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000)
		1H2025 S\$'000
上海纳曦餐饮管理有限公司 ("Na Xi")	Note ⁽¹⁾	156

Note:

- ⁽¹⁾ Na Xi is an associate of the Company's director and controlling shareholder and regarded as interested persons under Chapter 9 of the Listing Manual of the SGX-ST.

- 9 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

Pursuant to Listing Rule 720(1), the Company has procured undertakings from all of its directors and executive officers in the format as set out in Appendix 7.7 of the SGX-ST Listing Manual.

Other Information Required by Listing Rule Appendix 7.2

10 Use of IPO Proceeds

Pursuant to the Listing of the Company, the Company received gross proceeds of S\$200.0 million ("IPO Gross Proceeds"). As at the date of this announcement, the IPO Gross Proceeds have been utilised as follows:

	Amount allocated (as disclosed in the Prospectus) S\$'000	Last announced balance as at 28 February 2025 S\$'000	Amount utilised from 1 March 2025 to 30 June 2025 S\$'000	Balance S\$'000
Capital expenditure on development and building of new machinery for Advanced Materials BU and purchase of new machinery to support Nanofabrication BU	90,000	22,847	2,185	20,662
R&D & engineering for entry into new end industries and new areas and/or products in existing business segments	50,000	-	-	-
Construction, refurbishment and renovation of new and existing production facilities				
- Renovation (including refurbishment, furniture and fittings) of Shanghai Plant 2	20,000	-	-	-
- Construction, refurbishment and renovation of new and existing production facilities	10,000	-	-	-
General corporate and working capital purposes	20,900	-	-	-
Payment of underwriting commissions and offering expenses	9,100	(505)	-	(505)
	200,000	22,342	2,185	20,157

Other Information Required by Listing Rule Appendix 7.2

11 Additional information pursuant to Rule 706A of the Listing Manual

Pursuant to Rule 706A of the Listing Manual, the Company wishes to announce the following acquisitions of shares and incorporations which have resulted in a company becoming a subsidiary of the Company or changes in the Company's percentage shareholding in a subsidiary or associated company during the financial year and up to the date of this announcement.

On 28 March 2025, the Company announced its plan to voluntarily wind up Nanofilm Advanced Materials Co., Ltd., a wholly owned subsidiary of the Company, and appoint a liquidator to effect the same. The winding-up of this dormant subsidiary is not expected to have a material effect on the earnings per unit and the net tangible asset value per unit of the Group for the financial year ending 31 December 2025.

On 15 February 2025, the Company's wholly-owned subsidiary, Nanofilm AM Germany GmbH completed the acquisition of 100% equity interest of EC Europ Coating GmbH ("**EC Coating**") and MC Europ Coating GmbH ("**MC Coating**") for a purchase consideration of EUR3,070,000 (equivalent to S\$4,305,000) with a potential earn-out of up to EUR1,195,000 (equivalent to S\$1,676,000). Following the completion of the acquisition, EC Coating and MC Coating became indirect wholly-owned subsidiaries of the Company. Please refer to Section E, paragraph 11(a) on page 17 of this announcement for more details.

12 Negative confirmation by the Board pursuant to Rule 705(5)

We, the undersigned, being two (2) directors of Nanofilm Technologies International Limited (the "Company"), do confirm on behalf of the board of directors of the Company (the "Board"), that to the best of the knowledge of the Board, nothing has come to the attention of the Board which may render the financial results for the six-month period ended 30 June 2025 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Dr Shi Xu
Board Chairman and Group Chief Executive Officer

Ong Siew Koon
Lead Independent Director

13 August 2025