



STRENGTHENED FOUNDATIONS EXPANDING HORIZONS

ANNUAL REPORT 2025

CORPORATE PROFILE

Nanofilm Technologies International Limited (“**Nanofilm**” or the “**Company**”), together with its subsidiaries (the “**Group**”), provides advanced materials and nanotechnology solutions across multiple end-markets. We leverage proprietary technologies, self-built equipment and deep expertise in research and development (“**R&D**”), engineering and production to deliver technology-based solutions that enhance customers’ products and support their sustainability objectives.

The Group specialises in surface solutions based on vacuum deposition, including its patented Filtered Cathodic Vacuum Arc (“**FCVA**”) technology and related vacuum deposition processes such as magnetron sputtering, arc evaporation and plasma-enhanced chemical vapour deposition (“**PECVD**”). Our solutions are utilised across industries including computer, communications and consumer electronics (“**3C**”), automotive, precision engineering, printing and imaging, semiconductor and advanced manufacturing, optics and photonics, life sciences and medical devices, luxury and lifestyle, and new energy.

Innovation is central to our business and is protected by a portfolio of patents, utility models and trademarks. As at 31 December 2025, the

Group held over 70 granted patents, more than 80 granted utility models and over 80 trademark registrations, with additional applications pending.

Our operating footprint spans Asia and Europe. The Group is headquartered in Singapore, with established operations across China, Japan, Vietnam and India, and has expanded its European presence through acquisitions and the build-out of local capabilities in Germany.

As at 31 December 2025, the Group reported a workforce of more than 3,000 (including outsourced workers), with approximately 300 personnel dedicated to R&D and engineering.

The Company was incorporated in Singapore on 13 May 1999 and was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 30 October 2020.

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OUR VISION

Integrating
Nanotechnology in
Advanced Materials
and Nanoproducts into
Everyday Life.



OUR MISSION

The Key Catalyst to
Enable Advancement of
Customers' Products
in a Sustainable Manner.



MAKING THE WORLD A BETTER PLACE

THROUGH UBIQUITOUS APPLICATIONS OF OUR DEEP TECH CAPABILITIES

High Performance Culture

- Decisive, Agile
- Strive for the Best Results
- Communicate Amply
- Outcome-Oriented
- Challenge Assumptions, Adjust where Necessary

Resilience & Perseverance

- Indomitable Spirit
- Learn from Setbacks
- Insist on Doing the Right Thing and Doing it Right

Owner's Mindset

- Sense of Belonging, Cohesion
- Regard Nanofilm's Business As Own
- Infinite Mindset
- Nanofilm's Long-Term Interest As Prime
- Winning Together

Innovation as Our DNA

- Idea generator
- Cumulative Innovation Capability
- Growth Mindset
- Life-Long Learning, Continual Improvement

Authenticity

- Open, Candid, Sincere
- Tactful & Respectful
- Honest

Customer First

- No Nanofilm without our Customers
- Listen Deeply to Customers' Needs
- Proactively Provide Solutions

CHAIRMAN'S MESSAGE



Growth in our Advanced Materials Business Unit remained a key driver, underpinned by healthy volumes from both new and existing customers in the consumer electronics segment, as well as contributions from industrial applications.

Dr Shi Xu (史旭)

Board Chairman and
Group Chief Executive Officer

DEAR STAKEHOLDERS,

I am pleased to extend my warmest greetings as we reflect on Nanofilm's performance and progress over the past year.

FY2025 has been a year of recovery and renewed momentum. Against an increasingly complex and fast-moving macroeconomic environment, characterised by shifting policy dynamics, evolving trade conditions, and uneven demand trends across regions, the Group delivered a strong set of results. This performance underscores the resilience of our business model, the strength of our strategic positioning, and our ability to execute with discipline while capturing opportunities across our key markets.

On behalf of the Board of Directors, I am pleased to present the FY2025 Annual Report to our stakeholders.

DELIVERING RESILIENT GROWTH

During the year, we achieved a strong rebound in revenue, supported by sustained demand across our core businesses. Growth in our Advanced Materials Business Unit remained a key driver, underpinned by healthy volumes from both new and existing customers in the consumer electronics segment, as well as contributions from industrial applications.

Our Industrial Equipment Business Unit also recorded a notable recovery, supported by improved order momentum for our new-generation mold coating equipment and the successful delivery of our solar Close Space Sublimation ("CSS") in-line system. These developments reflect our continued ability to align our capabilities with evolving industry demand.

At the same time, we maintained a disciplined approach to cost management and operational efficiency, which supported improvements in profitability and earnings. Our strengthened financial position and healthy cash reserves provide us with the flexibility to pursue strategic investments while continuing to reward shareholders.

ADVANCED OUR FACTORY-IN-FACTORY MODEL ALONGSIDE KEY SUPPLY CHAIN PARTNERS IN CHINA

In China, we advanced our factory-in-factory model alongside key supply chain partners, while streamlining and consolidating selected operations to enhance efficiency and market access

CONTINUED TO EXECUTE OUR "CHINA PLUS ONE" STRATEGY

We continued to execute our "China Plus One" strategy, advancing our presence in Vietnam and India to enhance supply chain resilience and support customer diversification

EXPANDED OUR FOOTPRINT IN EUROPE

Our acquisitions of AxynTeC Dünnschichttechnik GmbH in 2024 and the EuropCoating Group in 2025 have expanded our footprint in Germany, enabling us to access new industries and broaden our technological capabilities.

STRENGTHENING OUR GLOBAL PLATFORM

We continued to make meaningful progress in maintaining and optimising our global footprint in FY2025.

In China, we advanced our factory-in-factory model alongside key supply chain partners, while streamlining and consolidating selected operations to enhance efficiency and market access. These initiatives strengthen our competitiveness and reinforce our ability to serve customers more effectively.

Beyond China, we continued to execute our "China Plus One" strategy, advancing our presence in Vietnam and India to enhance supply chain resilience and support customer diversification.

In Europe, our acquisitions of AxynTeC Dünnschichttechnik GmbH in 2024 and the EuropCoating Group in 2025 have expanded our footprint in Germany, enabling us to access new industries and broaden our technological capabilities. These strategic moves position us to sustain our global presence and capture growth opportunities across multiple regions and end-markets.

ADVANCING TECHNOLOGY AND COMMERCIALISATION

Innovation remains central to our long-term growth strategy. Building on our established R&D framework, we are increasingly focused on the productisation of our technologies, ensuring that our innovation efforts translate into scalable, market-ready solutions.

During the year, we continued to make progress in this area. The successful commissioning of our solar CSS line for building-integrated photovoltaic applications demonstrates our ability to bring advanced solutions to market, while growing demand for our new-generation mold coating equipment reflects positive industry dynamics and the relevance of our offerings.

As we move forward, we will continue to invest selectively in high-impact areas, optimising our R&D efforts to enhance commercial outcomes and strengthen our competitive advantage.



CHAIRMAN'S MESSAGE

WE REMAIN FOCUSED ON EXECUTING OUR KEY STRATEGIC PRIORITIES



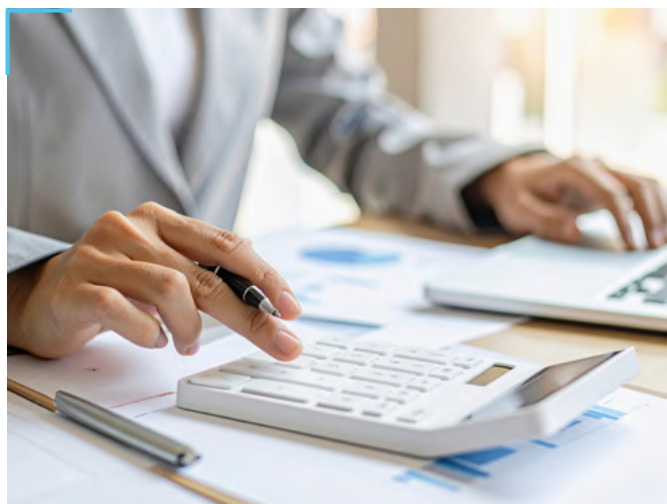
Maintaining our global presence following years of expansion while deepening customer relationships



Accelerating the commercialisation of our technologies



Driving operational excellence and financial discipline



DRIVING OPERATIONAL EXCELLENCE

With our major capital expenditure cycle largely completed, our focus is shifting towards improving asset utilisation and driving higher returns on our existing infrastructure.

We remain committed to operational excellence and disciplined cost management across the Group. This includes strengthening cash flow management, enhancing productivity, and maintaining tight control over expenses. At the same time, we are taking targeted actions to improve the performance of newer business segments, including efforts to reduce losses and enhance operational efficiency.

These initiatives will support our objective of delivering sustainable improvements in profitability, cash flow, and overall financial performance.

NAVIGATING UNCERTAINTY WITH DISCIPLINE

Looking ahead, the macroeconomic environment is expected to remain uneven, with varying growth trajectories across markets and continued geopolitical and trade-related uncertainties.

In this context, agility, disciplined capital allocation, and close customer engagement will remain critical. Our diversified global footprint, broad customer base, and strong balance sheet position us well to navigate these challenges.

We remain focused on executing our key strategic priorities:

- Maintaining our global presence following years of expansion while deepening customer relationships
- Accelerating the commercialisation of our technologies
- Driving operational excellence and financial discipline

Through these efforts, we aim to strengthen our growth platform, enhance asset efficiency, and deliver improved revenue, profitability, and cash flow over time.

In recognition of our strong performance and healthy cash generation, the Board has proposed a final dividend of 0.87 Singapore cents per share, bringing the total dividend for FY2025 to 1.20 Singapore cents per share, reflecting our commitment to delivering sustainable returns to shareholders while maintaining financial prudence.



SPECIAL THANKS

I would like to express my sincere appreciation to my fellow Board members for their continued guidance and support.

I also extend my gratitude to our management team and employees for their dedication and resilience. Their commitment has been instrumental in positioning Nanofilm for the next phase of growth.

To our customers, business partners, and suppliers, thank you for your continued trust and collaboration.

Lastly, I would like to thank our shareholders for your unwavering support and confidence in Nanofilm. We remain committed to creating long-term value and delivering sustainable growth in the years ahead.

As we move forward, we will continue to build on our strengths, remain disciplined in our execution, and stay focused on capturing opportunities in an evolving global landscape.

Thank you for being part of the Nanofilm journey.

Dr Shi Xu (史旭)

Board Chairman and
Group Chief Executive Officer

OUR BUSINESS

Founded in 1999 as a deep-tech spinoff from Nanyang Technological University, Nanofilm has built an integrated model that combines in-house R&D, process engineering and production capabilities. We work closely with customers to develop, qualify and industrialise solutions that meet demanding functional and / or aesthetic requirements, while maintaining a strong focus on reliability, scalability and cost competitiveness.

Over the years, the Group has established a track record of commercialising proprietary material technologies and scaling them into high-volume manufacturing through strong process engineering, vertically integrated tooling capabilities and disciplined execution. This foundation supports our ability to serve diverse industries, from 3C, automotive and precision engineering to semiconductor, optics and new energy with solutions that improve performance, durability and overall product value.

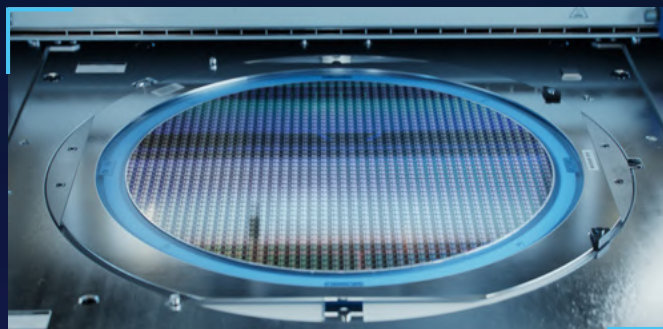
BUSINESS UNITS



ADVANCED MATERIALS

The Advanced Materials business develops and provides advanced materials surface solutions through proprietary vacuum coating technologies and processes across a wide range of end-markets. The Group deposits proprietary coatings on components and parts within the global supply chain to meet customers’ functional and / or decorative requirements, including performance enhancements such as wear resistance, low friction, corrosion and chemical resistance, and improved surface aesthetics.

Our capabilities span multiple vacuum deposition platforms, including FCVA and complementary Physical Vapour Deposition (“PVD”) / PECVD process technologies, supported by self-built equipment and robust process control to deliver consistent quality at scale.



NANOFABRICATION

The Nanofabrication business designs, manufactures and supplies microproducts incorporating nanoscale features, including for optical sensory components. Our capabilities support customers in achieving precise dimensional specifications and the required functional performance in their end-products.

The business also provides contract manufacturing services as an original equipment manufacturer (“OEM”) and original design manufacturer (“ODM”) partner, offering integrated optical and mechanical design with scalable, replicable manufacturing to deliver high-performance micro-optical solutions with competitive total cost of ownership.



INDUSTRIAL EQUIPMENT

The Industrial Equipment business designs, builds, sells and supports customised coating equipment, cleaning lines and automation systems, supported by installation, training, spare parts and after-sales service. This business supports internal business units and also supplies external customers in selective markets.

By industrialising the Group’s coating know-how into production-proven systems, we enable high-volume manufacturing with stable yield, high uptime and efficient commissioning, helping customers scale both decorative and functional coatings with lower total cost of ownership.

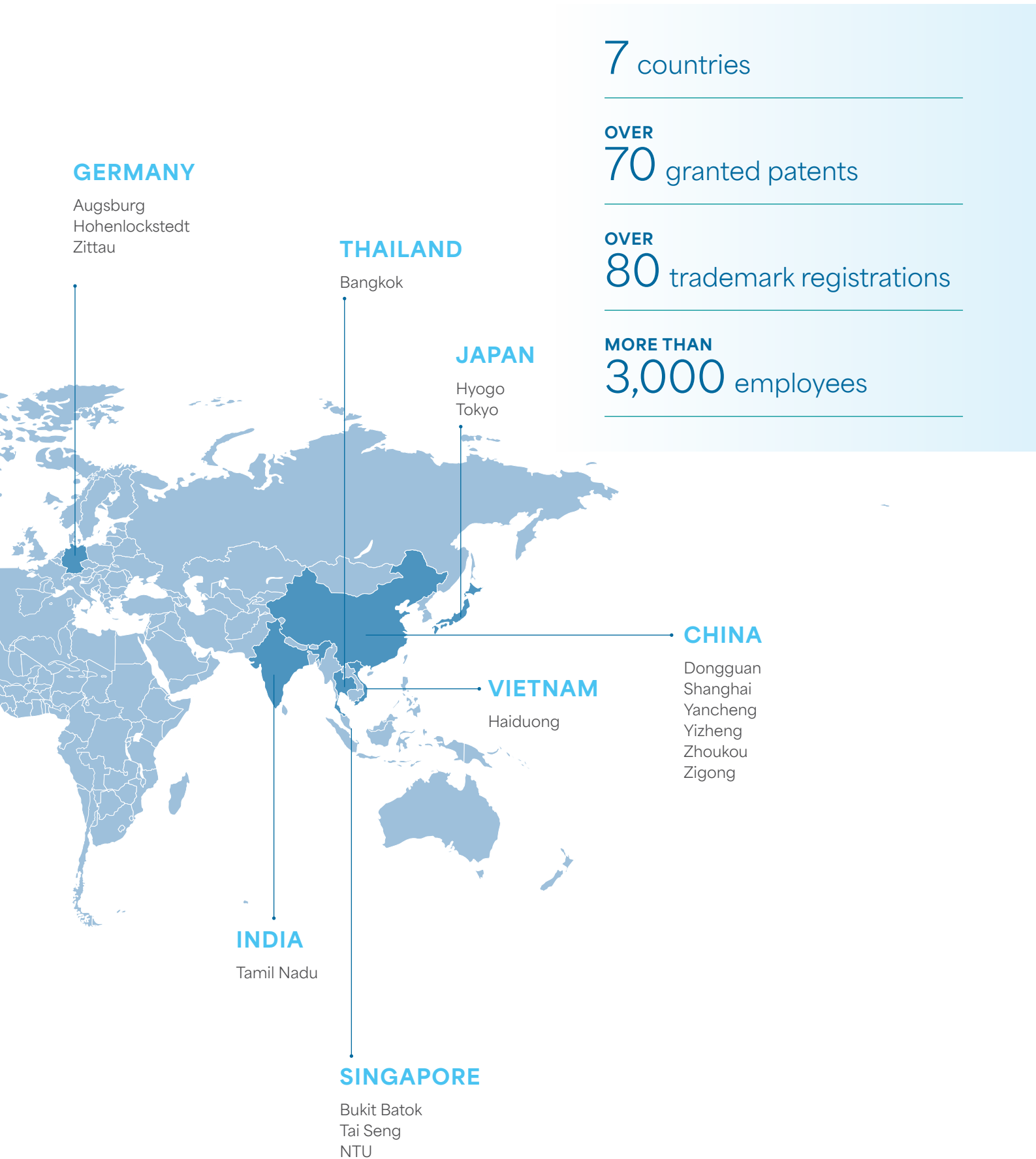


SYDROGEN ENERGY

Through the Group’s Sydorgen business, we provide end-to-end solutions for the hydrogen energy market, spanning coatings and coating equipment, complete bipolar plate manufacturing and hydrogen power generators. We design FCVA, magnetron sputtering and arc-evaporation coating systems, supply advanced coatings for Proton-Exchange Membrane (“PEM”) Fuel Cells, PEM Electrolysers and Solid Oxide Fuel Cells / Solid Oxide Electrolysis Cells stacks, and manufacture bipolar plates to extend stack life and support system affordability.

Our generator offerings range from portable plug-and-play units to OEM stacks / engines for mobility and containerised systems for data centres, marine and other critical-load applications, supported by technical evaluation and integration support from R&D through production scale.

GLOBAL FOOTPRINT



7 countries

OVER 70 granted patents

OVER 80 trademark registrations

MORE THAN 3,000 employees

2025 HIGHLIGHTS

NTI WELCOMES EUROPCOATING

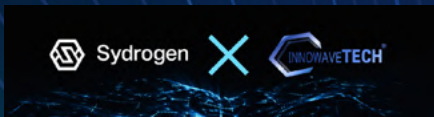


Acquisition of Europcoating and Expansion in Europe



Rebranding of Europe Sites

CONTINUAL COLLABORATION WITH STRATEGIC PARTNERS



Sydrogen's new strategic partnership with Innowave Tech Pte. Ltd, integrating Innowave Tech's Automated Optical Inspection (AOI) system into its manufacturing process

EMPLOYEE LONG SERVICE AWARD



EMPOWERING INNOVATION, INSPIRING THE FUTURE



Nanofilm Tech Forum 2025

PRODUCT CERTIFICATION



Awarded the Basic Design Assessment (BDA) and Approval-in-Principle (AiP) Certificates for our SydroPOWER MZ250N Power System from Bureau Veritas Group

ANNIVERSARY CELEBRATION



26th Anniversary @ Jewel

CSR

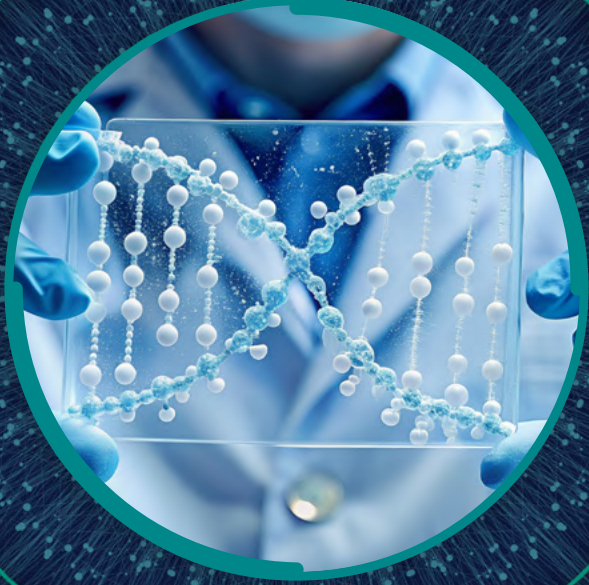


Volunteering at Willing Hearts

AWARDS RECOGNITION



Deloitte Singapore Best Managed Companies 2025

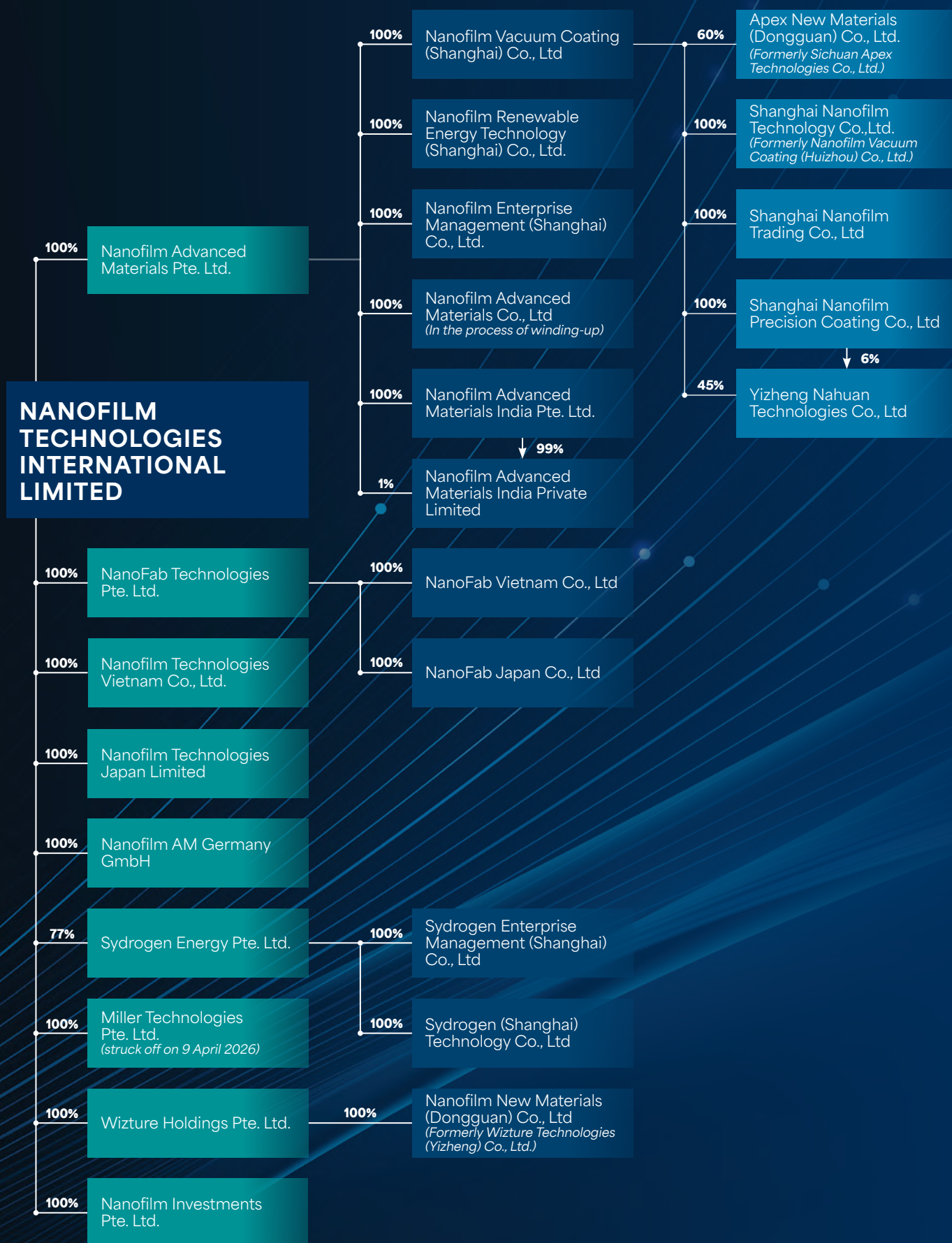


Building on Strength, Scaling with Purpose

From innovation to execution, FY2025 marked a year of disciplined growth and renewed momentum. As we strengthen our global platform and deepen our capabilities, we continue to scale with clarity—translating technology leadership into measurable performance across markets.

GROUP STRUCTURE

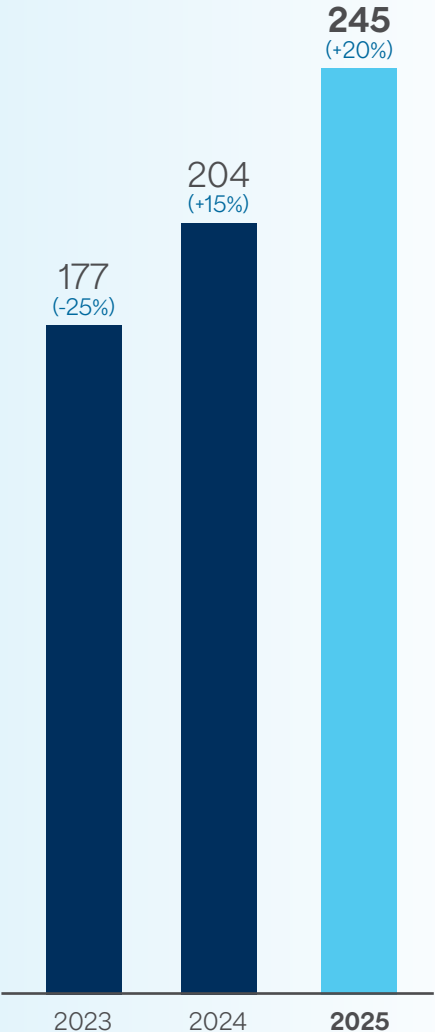
AS AT 16 MARCH 2026



FINANCIAL HIGHLIGHTS

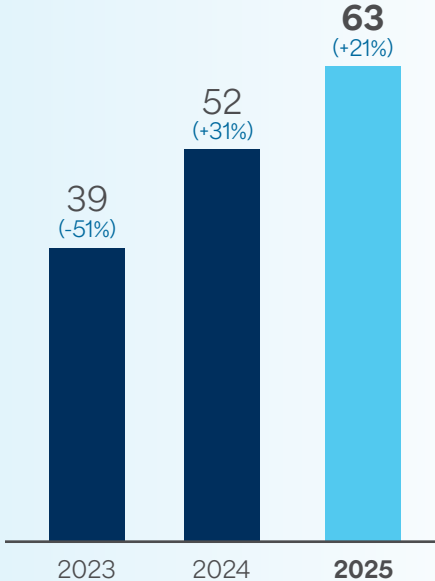
REVENUE (IN S\$M)

S\$245 million



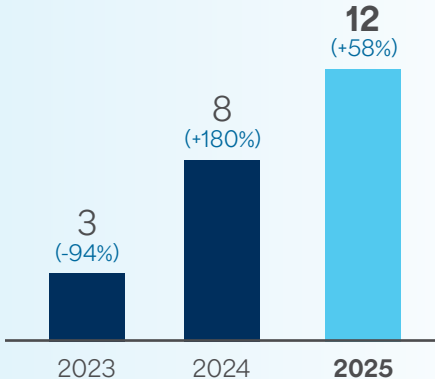
ADJUSTED EBITDA (IN S\$M)

S\$63 million



PAT ⁽¹⁾ (IN S\$M)

S\$12 million



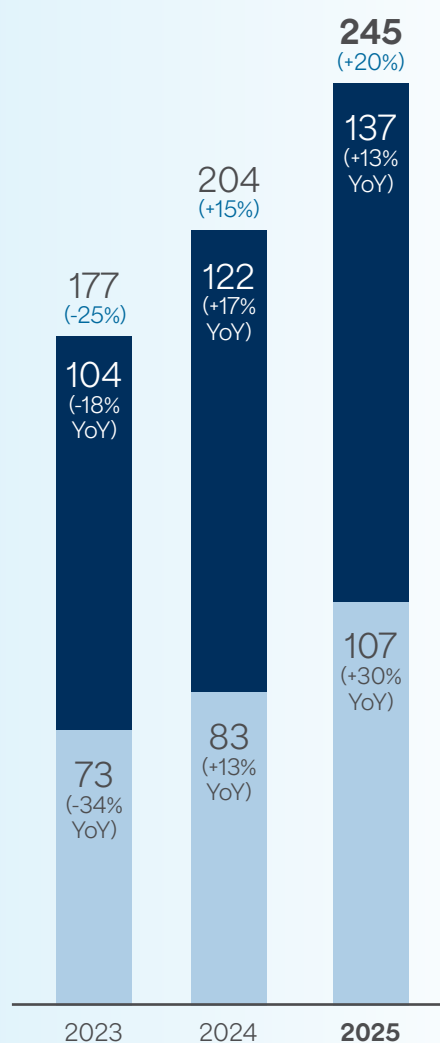
Source: Company information

(1) Profit after tax

REVENUE BREAKDOWN (IN \$M)

\$245 million

■ 1H ■ 2H



BUSINESS UNITS

S\$M	2023	2024	2025
AMBU	141.5	172.1	206.9
IEBU	18.4	11.3	17.0
NFBU	16.0	18.0	18.2
Sydrigen	1.1	2.8	2.5
TOTAL	177.0	204.3	244.6

END-MARKETS

S\$M	2023	2024	2025
Consumer	115.3	141.4	166.5
Industrial	60.6	60.1	75.5
New Energy	1.1	2.8	2.5
TOTAL	177.0	204.3	244.6

Source: Company information, numbers may not tie due to rounding

FINANCIAL HIGHLIGHTS

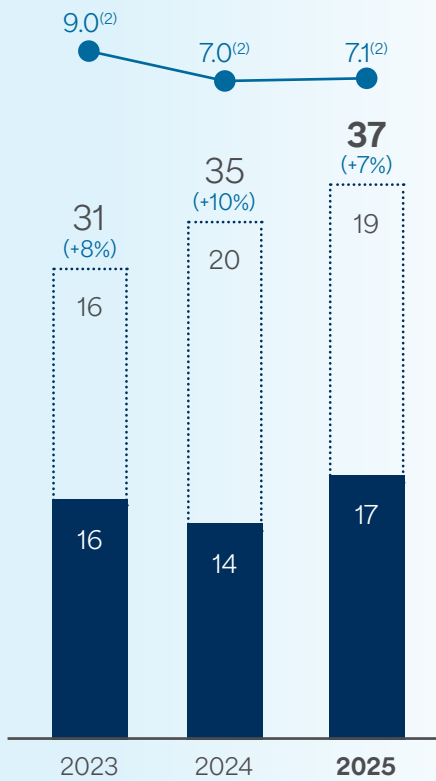
INVESTMENT IN TECHNOLOGY & INNOVATION

Prioritise commercialisation while expanding pipeline for future applications

R&D AND ENGINEERING EXPENSES⁽¹⁾ (IN S\$M)

S\$37 million

- R&D & Engineering⁽¹⁾
- ▤ Capitalisation
- Total R&D & Eng as % of revenue (%)⁽²⁾

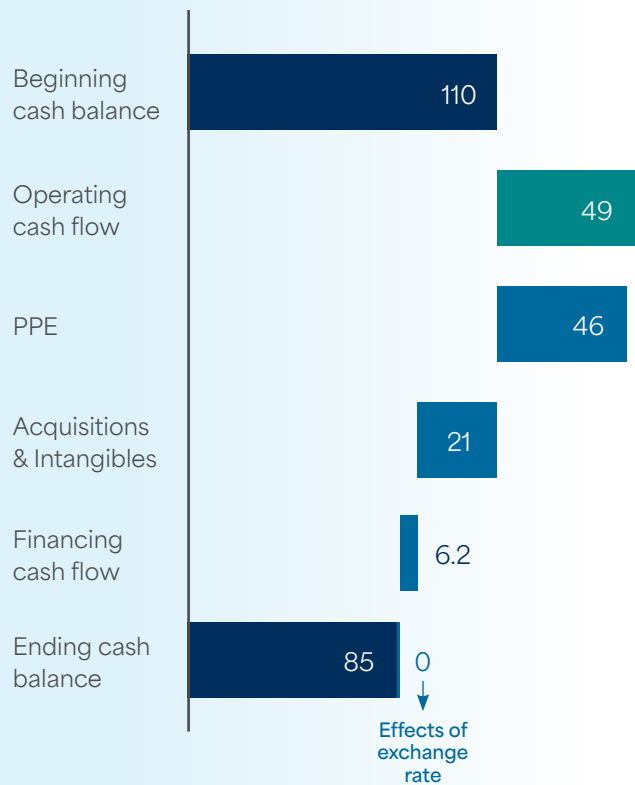


CASH GENERATION

Stronger operating cash flow, supporting strategic capex and acquisition initiatives

TOTAL CASH BALANCE AS AT 31 DECEMBER 2025 (IN S\$M)

S\$85 million



Source: Company information, numbers may not tie due to rounding (refer to results announcement)

⁽¹⁾ R&D & Engineering expense excludes Quality Assurance expense

⁽²⁾ Excludes capitalised R&D & Engineering expenses

Source: Company information, numbers may not tie due to rounding (refer to results announcement)

Turning Performance into Sustainable Value

Our results reflect more than growth—they demonstrate resilience, operational discipline, and the strength of our integrated model. As we optimise assets, enhance efficiency, and accelerate commercialisation, we are building a foundation for consistent, long-term value creation.



OPERATING & FINANCIAL REVIEW

In FY2025, the Group delivered strong financial performance, with revenue increasing 19.7% year-on-year (“YoY”) to **\$244.6 million**.

This growth was driven by sustained momentum in the Advanced Materials Business Unit (“**AMBU**”), a recovery in the Industrial Equipment Business Unit (“**IEBU**”), and stable contributions from the Nanofabrication Business Unit (“**NFBU**”), partially offset by lower revenue from Sydrogen. Demand strengthened progressively throughout the year, with particularly strong momentum in the second half.

REVENUE BREAKDOWN BY BUSINESS UNITS

	2025		2024		2025 vs 2024
	\$M	% of Sales	\$M	% of Sales	YoY (%)
AMBU	206.9	84.6%	172.1	84.3%	20.2%
IEBU	17.0	7.0%	11.3	5.5%	50.2%
NFBU	18.2	7.4%	18.0	8.8%	0.7%
Sydrogen	2.5	1.0%	2.8	1.4%	-9.8%
GROUP	244.6	100.0%	204.3	100.0%	19.7%

Note: Figures may not add up due to rounding

AMBU remained the key contributor, accounting for 84.6% of total revenue. Revenue increased 20.2% YoY to \$206.9 million, driven primarily by strong growth in the consumer segment supported by both new and existing 3C customer programmes. Growth was also supported by contributions from automotive and other industrial segments, as well as the Group’s expanding European operations.

IEBU recorded a strong recovery, with revenue increasing 50.2% YoY to \$17.0 million. This was mainly attributable to higher deliveries of next-generation coating equipment during the year, reflecting improved customer demand and project timing.

BUSINESS UNITS REVENUE

ADVANCED MATERIALS BUSINESS UNIT

S\$206.9 MILLION ↑ **20.2%**

(FY2024: S\$172.1 million)

INDUSTRIAL EQUIPMENT BUSINESS UNIT

S\$17.0 MILLION ↑ **50.2%**

(FY2024: S\$11.3 million)

NANOFABRICATION BUSINESS UNIT

S\$18.2 MILLION ↑ **0.7%**

(FY2024: S\$18.0 million)

SYDROGEN ENERGY

S\$2.5 MILLION ↓ **9.8%**

(FY2024: S\$2.8 million)

NFBU recorded stable performance, with revenue of S\$18.2 million, a marginal increase of 0.7% YoY, supported by continued demand in the consumer electronics sector.

Sydrogen recorded revenue of S\$2.5 million, a decrease of 9.8% YoY, primarily due to lower commercial output during its production ramp-up phase.

The Group recorded gross profit of S\$88.4 million in FY2025, representing an increase of 16.6% YoY. Gross profit margin (“**GPM**”) was 36.2%, slightly lower than 37.1% in FY2024, mainly due to higher manpower costs incurred to support new product ramp-ups. As these programmes stabilised, margins improved significantly in the second half of the year, reflecting the scalability of the Group’s operating model.

Administrative expenses increased modestly by 3.4% YoY to S\$46.6 million, primarily due to higher staff-related costs to support business growth, as well as one-off costs associated with the consolidation of workshops. These were partially offset by lower depreciation and amortisation expenses. As a percentage of revenue, administrative expenses declined, reflecting improved operating leverage and continued cost discipline.

Selling and distribution expenses decreased slightly by 3.0% YoY to S\$10.1 million, mainly due to lower staffing-related costs, while the Group continued to invest in sales and marketing capabilities to support market expansion and customer engagement.

Research and development (“**R&D**”) and engineering expenses increased 22.0% YoY to S\$18.2 million, in line with higher staff costs to support product development activities and new product introductions. R&D spending remained aligned with the Group’s strategic focus on productisation and commercialisation, supported by ongoing investments in its corporate laboratory to strengthen its technology pipeline.

Write-offs and losses on disposal of property, plant and equipment amounted to S\$3.1 million in FY2025, compared to S\$0.1 million in FY2024. This increase was primarily attributable to the consolidation and closure of selected workshops across the Group’s operations in Singapore and China, as part of ongoing efforts to streamline operations. These initiatives are expected to enhance cost efficiency and support improved financial performance over the long term.

OPERATING & FINANCIAL REVIEW

Adjusted earnings before interest, tax, depreciation and amortisation (“**Adjusted EBITDA**”) increased 21.3% YoY to S\$62.8 million, driven by higher revenue and improved operating leverage. The growth was led by strong contributions from AMBU, partially offset by lower profitability in IEBU and NFBU.

Profit after tax (“**PAT**”) increased 58.2% YoY to S\$11.9 million, reflecting improved earnings quality and operational performance. This improvement was achieved despite higher depreciation from prior capacity investments, one-off optimisation costs associated with operational consolidation, and continued investment phase losses in Sydregen.

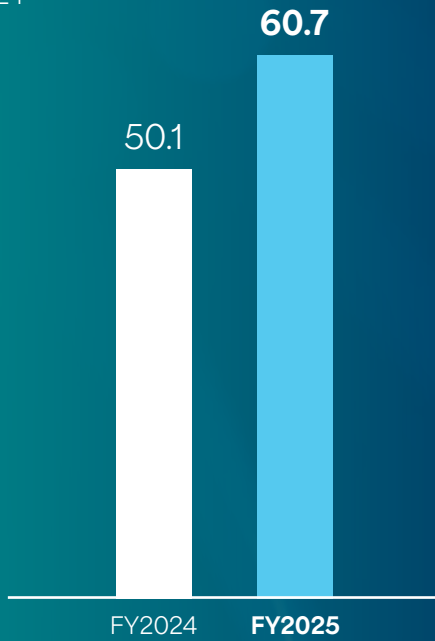
Property, plant and equipment increased marginally to S\$306.3 million, reflecting continued investments in expansion projects, particularly in China and Vietnam. Total capital expenditure for FY2025 amounted to S\$47.8 million, primarily relating to construction-in-progress and the expansion of coating service equipment. As major expansion projects near completion and transition into operational phase, the Group expects its capital expenditure cycle to moderate.

Intangible assets increased to S\$65.3 million, mainly due to the capitalisation of development costs and goodwill arising from recent acquisitions, partially offset by amortisation during the year.



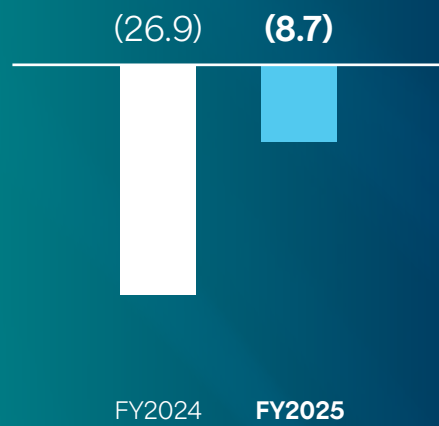
OCF BEFORE WORKING CAPITAL (\$M)

■ 2025
■ 2024



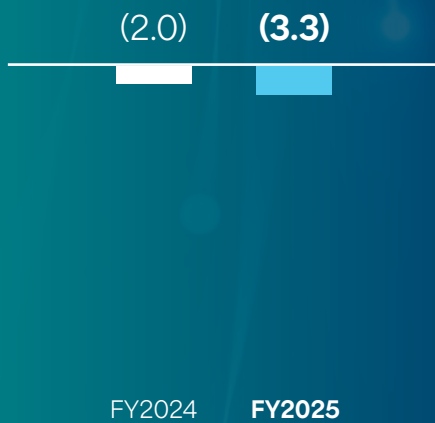
WORKING CAPITAL (\$M)

■ 2025
■ 2024



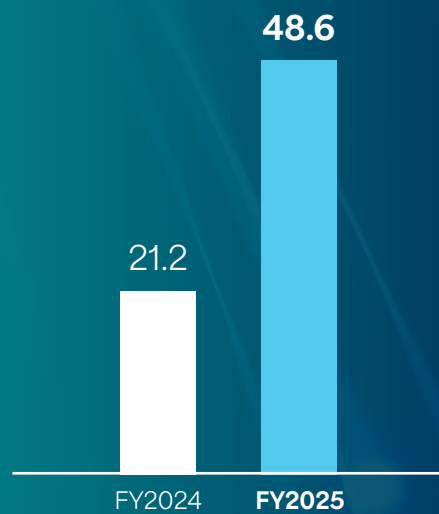
INTEREST & TAXES (\$M)

■ 2025
■ 2024



NET OCF (\$M)

■ 2025
■ 2024



OPERATING & FINANCIAL REVIEW

OPERATING CASH FLOW

The Group continued to generate strong operating cash flows, with net operating cash flow increasing to S\$48.6 million in FY2025. This improvement was driven by higher operating cash flow before working capital changes, supported by stronger profitability. Working capital outflows were lower compared to the prior year, although still impacted by higher receivables in line with increased sales.

Cash and cash equivalents stood at S\$84.6 million as at 31 December 2025, with the decrease primarily attributable to capital expenditure, acquisitions, and working capital timing.

During the year, the Group continued to advance its strategic initiatives. This included strengthening its global footprint through expansion in China, Vietnam and India, as well as enhancing its European presence through acquisitions. The Group also continued to focus on productisation of its technologies, accelerating the conversion of R&D into scalable, revenue-generating solutions.

Operationally, the Group undertook consolidation initiatives, including the closure of selected workshops, to improve efficiency and optimise its cost structure. These efforts are expected to generate cost savings and enhance long-term profitability.

With its major capital expenditure cycle largely completed, the Group is transitioning towards a phase focused on improving asset utilisation, strengthening cash flow generation, and driving operational excellence.

Looking ahead, the Group operates in a dynamic macroeconomic environment characterised by evolving market conditions and uneven growth trends across regions. Notwithstanding these challenges, the Group remains confident in its strategic direction.

The Group will continue to execute on its key priorities, including expanding its global footprint under its “China Plus One” strategy, accelerating productisation of its technologies, and maintaining disciplined cost and capital management. With a strong balance sheet, diversified customer base, and improving operating leverage, the Group is well-positioned to capture growth opportunities while enhancing profitability and cash flow generation.

The Board has proposed an increase (compared to the previous year) in the final dividend to 0.87 Singapore cents for FY2025, reflecting the Group’s strong performance, healthy cash generation, and confidence in its long-term outlook.





Strengthening Governance, Enabling the Future

As we navigate an evolving global landscape, strong governance and leadership remain central to our progress. Guided by experience, accountability, and a long-term vision, we are committed to sustaining growth while delivering enduring value for all stakeholders.

BOARD OF DIRECTORS



Dr Shi Xu
Board Chairman and
Group Chief Executive Officer

Dr Shi Xu founded our Group in 1999 and has served as a Director of our Company since 2 August 1999. He was Chief Executive Officer from 1999 to 2017, and subsequently served as Interim Chief Executive Officer from 22 June 2021 to 31 December 2021. With effect from 1 January 2025, Dr Shi resumed the position of Group Chief Executive Officer. In his current capacity, he is responsible for overseeing the management of the operations and resources of the Group, including charting its technological roadmap, strategic direction and business strategies.

Dr Shi has a strong background in research and academia, having served as a Lecturer (1991 to 1993), Senior Lecturer (1993 to 1996) and Associate Professor (1996 to 1999) at Nanyang Technological University. He holds a Bachelor of Science in Physics from the Tongji University and a Doctor of Philosophy in Physics from the University of Reading.

Over the course of his career, Dr Shi has received numerous accolades, including the National Technology Award in 2000 from the National Science and Technology Board (now known as A*STAR), the Innovation Award in 2001 from the Singapore Economic Development Board, the EY Entrepreneur of the Year (Singapore) Award in 2017 from Ernst and Young, and the Businessman of the Year at the Singapore Business Awards in 2020/2021, jointly organized by the Business Times and DHL Express. Dr Shi currently serves as a Director of the NTI-NTU Corporate Laboratory.



**Ong Siew Koon @
Ong Siew Khoon**
Lead Independent Director

Ms Ong Siew Koon @ Ong Siew Khoon was appointed as an Independent Director of our Company on 9 October 2020 and was redesignated as Lead Independent Director with effect from 14 May 2021.

She began her career with Ernst & Young LLP in 1982 and was admitted to the partnership in 1998, a position she held until 2019. Ms Ong also concurrently served as Chief Financial Officer of Ernst & Young LLP in Singapore from 2002 to 2005.

Ms Ong currently serves as the Lead Independent Director of Karooooo Limited, a company listed on Nasdaq. She is also the Lead Independent Director of Maribank Singapore Private Limited and an Independent Director of Mapletree Logistics Trust Management Ltd.

Ms Ong graduated from the National University of Singapore with a Bachelor of Accountancy degree and is a Chartered Accountant of Singapore with more than 35 years of experience in this profession.

BOARD OF DIRECTORS



Ms Lee Lee Khoon
Independent Director



Steve Ghanayem
Independent Director

Ms Lee Lee Khoon was appointed as an Independent Director of our Company on 9 October 2020.

Ms Lee began her career with the Inland Revenue Authority of Singapore in 1979. She joined Ernst & Young Singapore in 1980 and rose to become a partner, advising multinational clients on local and international business tax matters. She also held various management positions, notably as Ernst & Young Asean Business Tax Services Leader and as lead partner of a Business Tax group at Ernst & Young Singapore, and was involved in the finance and human resource matters of Ernst & Young Singapore, tax department, including onboarding new partners.

After retiring from Ernst & Young, Ms Lee joined the Kuok Singapore Group from 2019 to 2021 as its in-house tax adviser, where she was involved in numerous local and overseas projects across its diversified business operations and was responsible for building, strengthening, coaching and training the in-house tax team.

Ms Lee graduated from the University of Singapore (now known as National University of Singapore) with a Bachelor of Accountancy. She is an Accredited Director of the Singapore Institute of Directors.

Mr Steve Ghanayem was appointed as an Independent Director of our Company on 1 November 2022. He is currently the founder and owner of Ghanayem Consulting LLC which provides professional business and operational advisory services.

From July 2024 to present, Mr Ghanayem serves as President of US Operation and Senior Vice President, Global Sales at Tata Electronics Private Limited.

Prior to that, Mr Ghanayem spent over 30 years with Applied Materials, Inc., having joined the company in 1989 as a Process Engineer and subsequently holding various leadership roles driving product innovation and commercialization. In 2014, as Group Vice President and General Manager, he led the Transistor and Interconnect Group, the company's largest business unit at the time. Mr Ghanayem's final role at Applied Materials was Senior Vice President and General Manager, New Markets and Alliances Group, where he was responsible for new business development, mergers and acquisitions. Under his leadership, the team established the META Center, an R&D facility in New York jointly with the State, and launched a new materials business and innovative business models.

Mr Ghanayem holds a Bachelor of Science degree in Chemical Engineering from the University of California, Berkeley, and has completed executive education programmes, including the UC Berkeley - Nanyang Advanced Management Program.

BOARD OF DIRECTORS



Wan Kum Tho
Independent Director

Mr Wan Kum Tho was appointed as an Independent Director of our Company on 14 May 2021. He has more than 24 years of experience in the venture capital and private equity investment industry.

From July 2020 to November 2025, Mr Wan served as Managing Director, Investments, APAC of Singtel Innov8 Pte Ltd, the corporate venture capital arm of Singtel. Prior to that, he was with Heliconia Capital Management Pte Ltd from 2014 to 2019, where his last held position was Managing Director, Value Creation. From 2010 to 2014, Mr Wan was an Executive Director (Investment) at UOB Venture Management Pte Ltd, where he involved in investment decision-making.

From 2009 to 2010, Mr Wan was Vice President, Strategic Planning and Administration at EEMS Asia Pte Ltd, where he was responsible for debt negotiations, fund-raising and planning strategic initiatives with private equity investors.

From 2005 to 2008, Mr Wan served as Vice President, Finance and Administration of EEMS Asia Pte Ltd where he participated in strategic deliberations of EEMS, oversaw financial and overall operational matters of the company, and establishing management incentive structure.

Mr Wan is currently an independent non-executive director of AP Oil International Limited, Tat Hong Equipment Services Co, Ltd. and Info-Tech Systems Ltd. He also serves as an Adjunct Associate Professor in the Department of Finance at NUS Business School. He holds a Bachelor Business Administration (Honours) degree from the National University of Singapore and has completed the Berkeley Executive Program offered by the University of California, Berkeley.

SENIOR MANAGEMENT

Mr Lim Kian Onn, Kay

Group Chief Financial Officer

Kay was appointed Group Chief Financial Officer on 1 August 2020. He oversees capital allocation, investor relations, financial planning and analysis, treasury, financial systems and digital transformation, risk management, and the full spectrum of finance functions.

In addition, Kay plays a key role in driving the Group's commercial and strategic growth initiatives, including the origination, structuring, and execution of joint ventures, partnerships, and cross-border investments. He works closely with business units to translate strategy into executable plans, supporting new business development, market expansion, and disciplined capital deployment.

Kay has extensive leadership experience across fund management, private equity, and investment banking, having held senior roles at Credit Suisse, DNB Bank and OCBC Bank.

He graduated from Singapore Management University with a Bachelor of Business Management and a Bachelor of Accountancy, both awarded summa cum laude. He was a member of the CFA Institute and the Institute of Singapore Chartered Accountants.

Mr Gian Yi-Hsen

Group Chief Strategy Officer

Mr Gian Yi-Hsen was appointed Group Chief Strategy Officer with effect from 15 June 2023. He is responsible for supervising and implementing our Group's corporate strategies, identifying emerging opportunities and managing our Group's mergers and acquisitions activities to support inorganic growth. He also leads our Advanced Materials Business Unit - Consumer segment, oversees our Group's sustainability tracking and reporting processes, and supervises its risk management systems.

Mr Gian joined our Group as Vice President (Strategy & Planning) in May 2021, and subsequently served as Deputy Chief Executive Officer (Strategy & Planning) from June 2021 to December 2021, and as Group Chief Commercial and Strategy Officer from 1 January 2022 to 14 June 2023. He was also the chief executive officer of our subsidiary, Sydrogen Energy Pte. Ltd. from 1 September 2023 to 1 January 2026.

Mr Gian has 20 years of experience in global strategic investment promotion, industry development, technology solutions identification and incubation as well as enterprise transformation. Prior to joining our Group, Mr Gian was with the Singapore Economic Development Board of Singapore ("EDB") from 2001 to 2021, where he served multiple roles, including Senior Vice President and Head of Conglomerate from 2018 to 2021, leading EDB's engagement of large multi-industry industrial conglomerates. Before that, Mr Gian served as Executive Director, Cleantech & Cities, Infrastructure & Industrial Solutions in 2018, Regional President, Americas from 2015 to 2018, Director, Industry Identification & Incubation from 2010 to 2015, Chief Information Officer from 2013 to 2015 and Regional Director, Japan and Korea from 2005 to 2010, where he advised on regional strategies and supported transformations initiatives for growth or focus.

In 1995, Mr Gian was awarded the EDB-Glaxo Scholarship to pursue studies in Japan and he graduated with a Bachelor of Electrical and Electronic Engineering from the University of Tokyo in 2001.

SENIOR MANAGEMENT

Mr. Ian Howe

Group Chief Commercial Officer

Mr. Ian Howe was appointed Group Chief Commercial Officer on 15 June 2023. He is responsible for overseeing, managing and executing our Group's overall commercial strategy, including oversight of the Advanced Materials Business Unit - Industrial segment. From January 2023 until his appointment, Mr Howe was engaged as a consultant to our Company, providing professional business strategy and marketing advisory services.

Mr. Howe has over 20 years of international and cross-functional business management experience in surface technologies, additive manufacturing, and powder metallurgy industries.

Prior to joining our Group, Mr. Howe was Chief Executive Officer of Additive Industries B.V. from 2021 to 2022, where he was responsible for company strategy, business development and growth, as well as leading the management, commercial and business development teams, strategic marketing, innovation roadmaps and business improvement projects.

Before that, Mr. Howe was with Oerlikon Surface Solutions, serving as Director of Sales and Marketing from 2012 to 2014 and as Business Line Head from 2015 to 2021, where he was responsible for business development and growth, management of core teams and mergers and acquisitions. Previously, Mr. Howe held various roles within the Höganäs Group from 1996 to 2012, including Global Marketing Director of Höganäs Sweden from 2010 to 2012 and Director of Application and Product Development of North American Höganäs Inc from 2006 to 2010. In these roles, he led the startup of the additive manufacturing segment, drove business development and growth, managed mergers and acquisitions, and oversaw the establishment of core teams, technology roadmaps and operations footprints.

Mr. Howe graduated from Sandwell College, United Kingdom in 1996 with a Higher National Diploma in Metallurgy. He obtained a Master of Materials Engineering (Metallurgy) and a Master of Business Administration (Strategy, Marketing and Finance) from The Open University, United Kingdom, in 2001 and 2009 respectively.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Shi Xu
(Founder, Board Chairman and Group Chief Executive Officer)

Ms Ong Siew Koon @ Ong Siew Khoon
(Lead Independent Director)

Ms Lee Lee Khoon
(Independent Director)

Mr Wan Kum Tho
(Independent Director)

Mr Steve Ghanayem
(Independent Director)

AUDIT AND RISK COMMITTEE

Ms Ong Siew Koon @ Ong Siew Khoon (Chair)

Ms Lee Lee Khoon
Mr Wan Kum Tho

NOMINATING COMMITTEE

Mr Wan Kum Tho (Chair)
Ms Ong Siew Koon @ Ong Siew Khoon
Mr Steve Ghanayem

REMUNERATION COMMITTEE

Ms Lee Lee Khoon (Chair)
Mr Wan Kum Tho
Mr Steve Ghanayem

COMPANY SECRETARY

Mr Cho Form Po

REGISTERED OFFICE

11 Tai Seng Drive
Singapore 535226
Tel: (65) 6281 1888
Email: enquiry@nti-nanofilm.com

COMPANY REGISTRATION NUMBER

199902564C

GROUP WEBSITE

<https://www.nti-nanofilm.com/>

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
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Singapore 098632

AUDITORS

Moore Stephens LLP
10 Anson Road
#29-15 International Plaza
Singapore 079903
Partner-in-charge: **Ms Lao Mei Leng**
(since financial year ended 31 December 2023)
Chartered Accountant, a member of Institute of Singapore Chartered Accountants

INVESTOR RELATIONS

Nanofilm Technologies International Limited
Mr Lim Kian Onn / Mr Duane Tan
Email: ir@nti-nanofilm.com

MUFG Corporate Markets IR Pty Ltd
Ms Payal Dave / Mr Nikunj Jain
Email: nanofilmprojectteam@mpms.mufg.com

PRINCIPAL BANKERS

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Singapore address:
63 Chulia Street
#10-00 OCBC Centre East
Singapore 049514

China address:
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Pudong New District
Shanghai, China

DBS Bank Ltd
Singapore address:
12 Marina Boulevard
Level 43, DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

India address:
No.3, Salarpuria Windsor,
Ulsoor Road, Bangalore 560042

Citibank, N.A., Singapore Branch
5 Changi Business Park Crescent
Level 5
Singapore 486027

Industrial and Commercial Bank of China
Shanghai Yangtze River Delta Integration Demonstration Zone Sub-Branch
485 Chengzhong Rd (E)
Qingpu, Shanghai, China

China Merchants Bank
Shanghai Qingpu Sub-branch
No. 1 Chengzhong Road (W)
Shanghai, China

China Construction Bank
Shanghai branch
Shanghai Yangtze River Delta integration demonstration zone sub-branch
500 Cheng Zhong East Rd Qingpu
Shanghai, China

Joint Stock Commercial Bank For Foreign Trade of Vietnam
Hai Duong Branch
No. 66 Nguyen Luong Bang
Binh Han district
Hai Duong City
Hai Duong province, Vietnam

Sumitomo Mitsui Banking Corporation - Vietnam (SMBC)
12F, Lotte Center Hanoi,
54 Lieu Giai Street,
Ba Dinh Dist, Hanoi

HSBC Continental Europe
Germany address:
Hansaallee 3, 40549
Düsseldorf, Germany

Volksbank Raiffeisenbank eG
Breite Str. 7,
25524 Itzehoe, Germany



SUSTAINABILITY REPORT

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BOARD STATEMENT

DEAR STAKEHOLDERS,

Nanofilm Technologies International Limited (“Nanofilm”, the “Company” or “we”), together with our subsidiaries (“the Group”) is pleased to present our Sustainability Report for the financial year ended 31 December 2025. This sustainability report reflects our continued commitment to advancing sustainable growth, strengthening climate resilience and delivering long-term value to our stakeholders, communities and the environment.

In FY2025, we continued to deepen the integration of sustainability into our business strategy and operations. Building on the foundations established in previous years, we further strengthened our governance structures, enhanced our climate-related disclosures and advanced key initiatives across our four sustainability pillars—Sustainable Innovation, Environment, Social and Responsible Business.

Notably, the scope and depth of our sustainability data continued to expand, including broader geographic coverage and more granular workforce and diversity disclosures. Our climate-related disclosures became more substantively populated, underpinned by structured climate scenario analysis, the identification of material climate-related risks and opportunities, and clearly defined mitigation and adaptation responses. This marks an important step in embedding climate considerations into strategic planning and enterprise risk management, moving beyond an aspirational approach toward demonstrable climate resilience.

COMMITMENT TO SUSTAINABILITY

Our sustainability strategy remains anchored by our dedication to innovative, responsible and future-ready growth. This year, we continued to enhance our decarbonisation efforts, expanded our clean energy adoption and further embedded a culture of sustainability across our operations. Our Shanghai facilities maintained 100% renewable electricity sourcing supported by solar and hydropower and our Yizheng and Vietnam sites increased its adoption of green energy through renewable energy certificates purchases. Across the Group, we progressed towards our 2030 environmental targets, strengthened operational efficiencies and expanded water-recycling initiatives, reflecting our long-term commitment to reducing our environmental footprint.

A key highlight in FY2025 was the continued development of Sydrogen, our hydrogen energy subsidiary, which plays a role in the green transition supply chain. It evolved from early-stage technology development to tangible commercial validation with key milestones including the award of Basic Design Assessment (BDA) and Approval-in-Principle (AiP) certificates for its fuel cell power systems. Sydrogen achieved notable recognition, being ranked #4 manufacturer of metal bipolar plates for hydrogen fuel cells in China by the Gaogong Industry

Institute (GGII) 2024 rankings (published in early 2025). In a year when China’s overall bipolar plate shipments declined by 19%, the metal bipolar plate segment demonstrated resilience with 9% growth, underscoring growing industry confidence in metal-plate technology. As one of the top 5 manufacturers holding a combined 65% market share, this achievement reflects our team’s sustained commitment to innovation and manufacturing excellence in the hydrogen economy. We remain focused on driving advancements in fuel cell and electrolyser components and enabling clean energy transitions globally.

GOVERNANCE AND OVERSIGHT

The Board remains fully committed to overseeing the Group’s sustainability direction, including the participation in green transition initiatives and management of climate-related risks and opportunities. Sustainability and climate considerations continue to form an integral part of our strategic decision-making and risk management processes and in our determination of the material ESG factors. Guided by the Audit and Risk Committee (ARC) and supported by Management, we strengthened our alignment with the International Sustainability Standards Board (ISSB) IFRS S2 Climate-related Disclosures, reflecting our progressive shift from a TCFD-first reporting approach toward globally harmonised sustainability reporting standards. This transition supports greater consistency, comparability and decision-usefulness for stakeholders, while continuing to enhance oversight of the management and monitoring of material ESG factors.

Our sustainability governance structure ensures clear accountability across all levels of the organisation. The Group Chief Strategy Officer (CSO), reports to the Group Chief Executive Officer (CEO) and leads the sustainability agenda, supported by cross-functional teams responsible for executing the sustainability roadmap, implementing climate resilience measures and monitoring key performance indicators. The Board also continued to participate in ongoing sustainability training to strengthen its oversight capabilities.

LOOKING AHEAD

As the regulatory landscape evolves and expectations from customers, investors and global partners continue to rise, Nanofilm will remain agile and proactive in strengthening our sustainability practices. In the coming year, we will further refine our climate targets, enhance disclosures aligned with ISSB requirements, continue expanding renewable energy integration and strengthen our science-based approach to climate risk management. We will also continue to invest in deep-tech innovation—particularly in clean energy solutions—through Sydrogen and across our core business units, while maintaining a strong focus on operational resilience, workforce development and responsible business conduct.

Board of Directors

Nanofilm Technologies International Limited

SUSTAINABILITY REPORT



ABOUT THIS SUSTAINABILITY REPORT

This Sustainability Report presents the Group’s environmental, social and governance (“ESG”) performance and progress for the financial year from 1 January 2025 to 31 December 2025. Unless otherwise stated, the sustainability report covers the Group’s key operating locations in China, Singapore, Vietnam, Japan and Germany, representing the business units and functions where our core operational activities take place.

REPORTING STANDARDS AND ALIGNMENT

This sustainability report has been prepared with reference to the Global Reporting Initiative (“GRI”) Standards, which provide a comprehensive and globally recognised framework for sustainability reporting. In compliance with the Singapore Exchange (SGX-ST) Listing Rules 711A and 711B, the Report includes mandatory climate-related disclosures based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

With the global transition toward the International Sustainability Standards Board (ISSB) IFRS S2 Climate-related Disclosures, Nanofilm continues to strengthen the quality, robustness and comparability of our climate-related reporting. FY2025 marks further integration of ISSB-aligned expectations into our governance, risk management, strategy and metrics.

SCOPE, BOUNDARIES AND DATA INTEGRITY

This sustainability report covers material sustainability topics identified through our annual materiality assessment process, including the adoption of double materiality considerations beginning in FY2025. Quantitative data presented reflects actual performance across the reporting period and is derived from internal management systems, site-level monitoring and validated processes implemented across our operations.

Where historical data has been restated to reflect improvements in data quality or system enhancements, this is explicitly indicated. There are no restatements of information for FY2025.

The Group has not sought external assurance for this Report. Nevertheless, Nanofilm maintains robust internal controls, conducts regular internal audits of sustainability reporting processes and engages third-party professionals periodically to review aspects of our climate and sustainability disclosures in line with Practice Note 7.6 of the SGX-ST Listing Manual. This Report is subject to internal review processes, including oversight by Management and periodic review by the internal audit function.

COMPLIANCE AND GOVERNANCE OVERSIGHT

This sustainability report is approved by the Board, which has full oversight of sustainability and climate-related matters. It is supported by the ARC, senior management and the Sustainability Team, who are responsible for data collection, validation and the execution of our sustainability strategy across the Group.

FEEDBACK AND CONTACT

Nanofilm welcomes feedback from stakeholders to support continuous improvement in our sustainability reporting and practices and ensures that the Board and Management address any questions raised regarding its sustainable reporting. Comments or queries on this Report may be directed to: sustainability@nti-nanofilm.com

SUSTAINABILITY REPORT



APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

Sustainability is a core priority at Nanofilm, and we remain committed to strengthening our governance framework to ensure that the entire organisation is aligned with our sustainability principles. Our goal is to drive positive, long-term impacts through responsible and coordinated actions across the Group.

Board Oversight

The Board provides oversight on the management of sustainability and climate-related matters, including the development of strategies, principles, goals, policies and guidelines. In accordance with Rule 720(7) of the SGX-ST Listing Rules, all the Directors of the Company have attended sustainability training courses to enhance their knowledge of sustainability matters and support the effective discharge of their oversight responsibilities.

The Board convenes at least twice a year to approve Nanofilm's sustainability plans, and reviews progress reports presented by the CEO and CSO, which addresses sustainability and climate-related risks and opportunities, the associated targets and progress made towards achieving those targets. Oversight extends to both the establishment of these targets and the ongoing monitoring of performance against them.

In addition, the Board reviews and approves the identification of sustainability and climate-related risks and opportunities, the progress and performance of the sustainability and climate commitments, as well as its formulation of strategies and policies. Its oversight also covers material ESG factors, including climate-related topics, which are subject to annual revision to ensure continued relevance and alignment with the Group's evolving needs. These factors play a crucial role in shaping the Group's strategic direction and policy decisions.

Sustainability and climate-related factors have been incorporated into the Board's strategic approval processes, with trade-offs associated with climate-related risks and opportunities taken into account in strategy, major decision-making and risk management.

Audit and Risk Committee

The ARC takes the role to assist the Board in fulfilling its responsibility in the areas of audit governance and risk governance.

In relation to audit governance, the ARC oversees the quality and integrity of the accounting, auditing, internal controls, sustainability and climate-related risk management system and financial practices of the Group. This oversight includes the management of sustainability and climate-related risks and opportunities, specifically the processes and controls for identifying, assessing and managing these risks and opportunities, as well as their integration into the Group's overall risk management and reporting framework.

With respect to risk governance, the ARC ensures that Management maintains a sound system of risk management, including sustainability and climate-related risks and opportunities, and internal controls to safeguard shareholders' interests and the Group's assets. It determines the nature and extent of the material risks, including climate-related risks, that the Board is willing to assume in pursuing the Group's strategic objectives. The ARC also reports to the Board on its activities and its observations regarding the Group's risk management and internal control systems.

Management's Role

The Group Chief Strategy Officer (CSO) leads the Group's sustainability efforts and chairs the sustainability team, taking responsibility for guiding the development of sustainability and climate-related strategies, goals and targets, and ensuring that the material ESG factors are monitored on an ongoing basis and properly managed. The CSO oversees the integration of climate

SUSTAINABILITY REPORT

considerations into key management processes, including risk management, finance and operations, and ensures effective oversight of sustainability and climate-related risks and opportunities through the company’s risk management framework.

As part of this role, the CSO regularly evaluates and tracks the Group’s key performance indicators related to sustainability and climate, implementing controls and procedures to monitor climate-related risks and opportunities to ensure consistent, reliable KPI reporting across functions. The CSO also presents progress reports to the Board, addressing climate-related risks and opportunities, the associated targets and progress made toward achieving those targets.

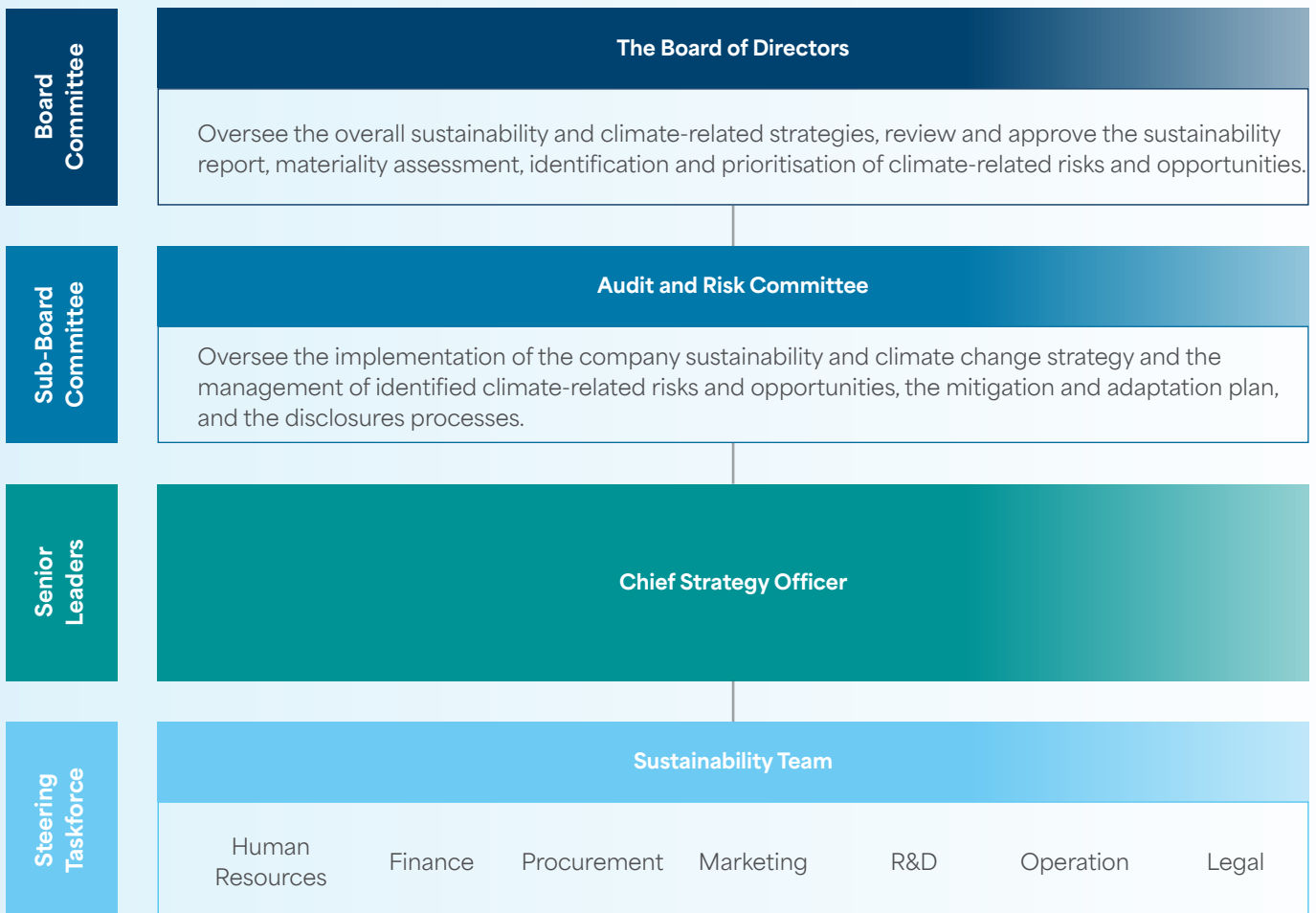
In preparing the Sustainability Report, the CSO actively contributes to the development and review of all climate-related disclosures, ensuring it reflects a comprehensive

and informed viewpoint before final approval and publication.

The CSO receives timely updates on key performance indicators from the sustainability team and oversees the sustainability and climate-related action plan executed by the team, ensuring steady progress towards the Group’s sustainability and climate-related targets. Through collaboration with the cross-functional sustainability team, the CSO works to integrate climate considerations into daily operations.

The sustainability team, collaborating with the experts from various closely connected departments such as human resources, finance, procurement, marketing, R&D, operations and legal, is tasked with executing the sustainability and climate-related action plan. They provide timely updates on key performance indicators to the CSO, ensuring a unified and comprehensive approach to sustainability across Nanofilm’s operations.

Figure 1: Sustainability Governance At Nanofilm

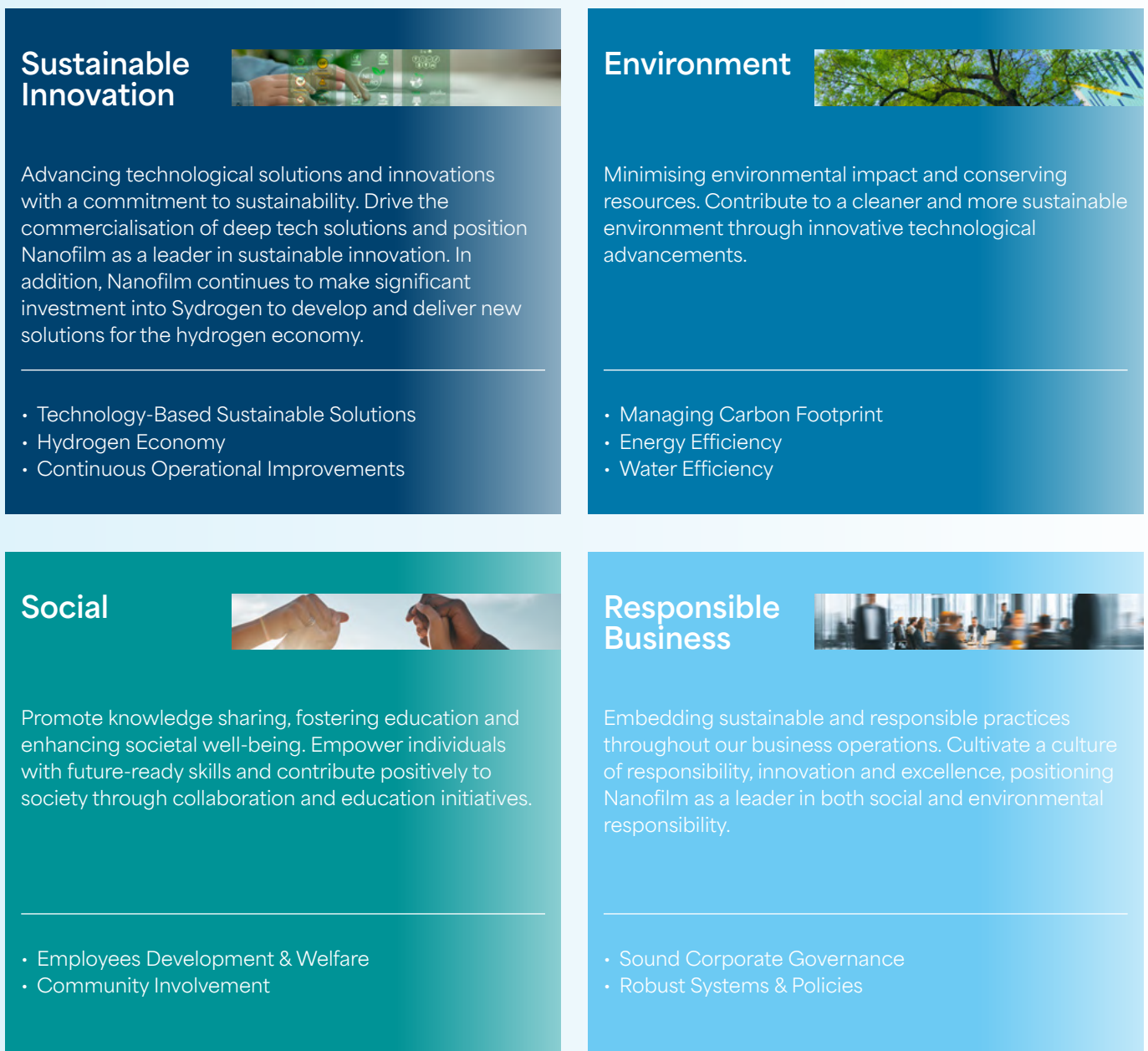


SUSTAINABILITY REPORT

SUSTAINABILITY PILLARS

Sustainability is a vital part of our corporate strategy, enabling us to achieve long-term sustainable growth by creating value for our people, the environment and society. To this end, we have established a dedicated organisational structure to lead and implement our sustainability framework.

Figure 2: Nanofilm's Sustainability Pillars



SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

The materiality assessment is a key process that enables us to identify and respond to emerging sustainability issues, manage critical risks and opportunities, and support the long-term success of our business. Nanofilm is committed to reviewing and evaluating its material sustainability topics on an annual basis to ensure that our sustainability efforts remain aligned with our business strategy and the expectations of our stakeholders. The assessment followed a structured three-step approach as shown in Figure 3.

In FY2025, the prioritisation process was updated to incorporate the concept of double materiality. Under this approach, both impact materiality and financial materiality were assessed through stakeholder engagement. Impact materiality considers the significance of Nanofilm's activities on the environment and society, while financial materiality evaluates the extent to which sustainability-related issues may affect the Company's financial performance and long-term value creation. This updated approach enables a more comprehensive assessment of materiality topics and aligns the Company's materiality assessment with evolving global sustainability disclosure standards.

In FY2025, no new material topics were identified. We continued to focus on the core material topics established in FY2024, which remain aligned with our sustainability strategy across four pillars: Sustainable Innovation, Environment, Social and Responsible Business. This approach reflects our commitment to maintaining a focused sustainability strategy while ensuring our business framework remains adaptable to evolving sustainability priorities.

Figure 3: Three-Step Approach Of The Materiality Assessment Process

Review and Identify

- Conduct benchmarking of peer disclosures
- Review ESG rating agencies' requirements and mainstream sustainability reporting standards.
- Compile a long list of sustainability topics relevant to Nanofilm and short list based on frequency and prominence across above sources.

1

Align and Prioritise

- Gather structured feedback from internal and external stakeholders through surveys to assess the significance of sustainability topics.
- Supplement the survey results with targeted interviews to obtain deeper insights into stakeholder expectations, concerns and perspectives on Nanofilm's sustainable practices.

2

Validate

- Review the material topics by the Board and CSO to ensure the shortlisted material topics remain relevant and pertinent to Nanofilm.

3

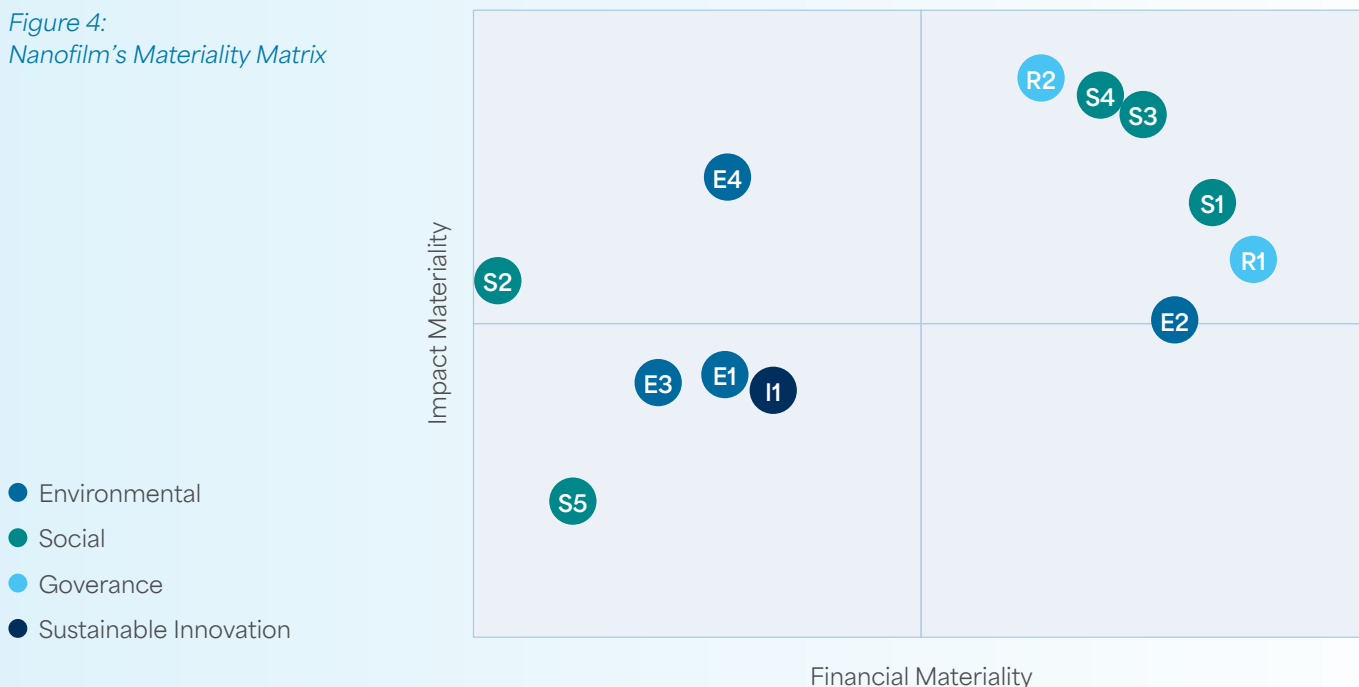
SUSTAINABILITY REPORT

With the introduction of the double materiality assessment, the materiality matrix below illustrates the prioritisation of these topics based on both impact and financial materiality.

Table 1: Nanofilm's Material Sustainability Topics

Sustainability Pillar	Material Topic	Mark	Relevant Section of The Report
Sustainable Innovation	Sustainable Innovation	I1	Sustainable Innovation
Environment	GHG Emissions & Climate Strategy	E1	Environment - Carbon Emissions and Climate Change
	Energy Consumption	E2	Environment - Energy Management
	Water Consumption	E3	Environment - Water Management
	Waste Management	E4	Environment - Waste Management
Social	Human Capital Development	S1	Social - Human Capital Development Social - Employee Profiles and Employee Welfare
	Diversity and Inclusion	S2	Social - Diversity and Inclusion
	Health and Safety	S3	Social - Health and Safety
	Human Rights and Labour Management	S4	Social - Human Rights and Labour Management
	Local Communities	S5	Social - Local Communities
Responsible Business	Corporate Governance	R1	Responsible Business - Corporate Governance
	Business Ethics	R2	Responsible Business - Business Ethics

Figure 4: Nanofilm's Materiality Matrix



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

We value our stakeholders deeply and understand the critical importance of responsible business growth. In order to achieve this, it is essential to understand what our stakeholders expect from us in terms of the economic, environmental and social impact of our business. We engage with our stakeholders consistently and comprehensively to identify key issues.

Our stakeholders are categorised as either internal or external. Internally, we engage with the board, management and employees. Externally, we collaborate with customers, strategic business partners, regulatory authorities, shareholders, investors, the media, analysts, suppliers and vendors.

Table 2: Nanofilm's Internal And External Stakeholders

Stakeholders	Engagement methods	Key concerns	Nanofilm's response
Customers and Strategic Business Partners	<ul style="list-style-type: none"> Direct feedback via sales channel engagement Site visits to our production facilities Co-development of research and development projects Periodic assessment and audits performed by customers relating to impacts on environment, health, safety and social factors 	<ul style="list-style-type: none"> Continue to develop innovative solutions that are mission critical in nature Establish green factory Ensure business continuity 	<ul style="list-style-type: none"> Provide a sustainable factory environment while providing solutions needed by customers Creating value in a sustainable and responsible manner Ensure that we meet customers' ESG requirements
Employees	<ul style="list-style-type: none"> Employee's survey and interactions Internal updates and communication Events and functions 	<ul style="list-style-type: none"> Provide training and education Manage occupational health and safety Maintain work life balance 	<ul style="list-style-type: none"> Ensure workplace health and safety enable employees to work comfortably and safely Employment benefits to address basic needs and help to manage stress and improve health Training and career development are in place to improve effectiveness and productivity
Regulatory Authorities	<ul style="list-style-type: none"> Regular updates and communication Reports and compliance Periodical meetings with government bodies Dialogue with government bodies 	<ul style="list-style-type: none"> Contribute to regulatory landscape shaping as a market participant 	<ul style="list-style-type: none"> Attending market events to increase communication, visibility and transparency Play a part in contributing to economy activities and value adding output in countries we have presence in
Shareholders/ Investors, Media and Analysts	<ul style="list-style-type: none"> Announcements via SGX Shareholders' meeting Annual reports and circulars Company's corporate website Regular updates and communication 	<ul style="list-style-type: none"> Long-term profitability Sustainability matters Group's performance against targets Compliance with all relevant requirements 	<ul style="list-style-type: none"> Committed to delivering economic value to our capital providers through strong financial performance and proactive engagement Regular and effective communication
Suppliers, Vendors	<ul style="list-style-type: none"> Periodic supplier's assessment Supplier's meetings 	<ul style="list-style-type: none"> Ability to meet Company's quality standards Ability to meet Company's delivery timelines 	<ul style="list-style-type: none"> Periodic suppliers' assessments to ascertain quality of products and services acquired to ensure that they are free from hazardous substances Supply chain due diligence to ensure our suppliers uphold human rights and are free from child labour violation

SUSTAINABILITY REPORT



OUR TARGETS AND PERFORMANCE


The United Nations Sustainable Development Goals (UNSDGs) are a central component of the 2030 Agenda for Sustainable Development, a global framework that was unanimously adopted by world leaders at the United Nations Sustainable Development Summit in September 2015. The framework addresses key social, environmental and economic challenges by 2030. Their objectives are to eradicate poverty, protect the planet and ensure inclusive prosperity. They aim to guide collective action towards a sustainable and equitable future.

At Nanofilm, we are fully committed to supporting the UN Sustainable Development Goals. Our commitment to environmental responsibility is complemented by a dedication to fostering social and economic growth within the communities where we operate, in line with our business principles.

In FY2025, we have maintained our 2030 targets, ensuring they continue to align with our long-term sustainability objectives and advance our progress toward achieving the goals. The following table provides a clear overview of our sustainability efforts. It outlines our focus areas, targets and contributions to the SDGs. This commitment underscores our proactive stance in addressing global challenges and contributing to a sustainable future in line with the United Nations' ambitious agenda.

SUSTAINABILITY REPORT

Table 3: Our 2030 Targets Measured And FY2025 Performance Against 2022 Base Year

Nanofilm's Sustainability Pillars	UN SDGs	Metrics	FY2024 Performance	FY2025 Performance	2030 Target
Sustainable Innovation		Research and Development ("R&D") and engineering expenses as a percentage of total revenue	7%	7.1%	>7%
Environment	   	GHG emissions intensity (tCO ₂ e/'000 production hours)	5.78 (market-based)	4.45 (market-based)	40% reduction in GHG emissions intensity to achieve 24.64 tCO ₂ e/'000 production hours ¹
		Percentage of total energy use from renewable sources or purchased carbon credits	88.2%	89.3%	At least 50%
		Production wastewater discharge intensity (m ³ '000 production hours)	347.38	286.05	80% reduction in production wastewater discharge intensity to achieve 129.8 m ³ '000 production hours
Social	  	Annual staff training (average hours/employee)	14.04	27.19	40
		Rate of recordable work-related injuries (per 1,000,000 hours worked) ²	0.99	0.99	<1.0
Responsible Businesses	 	% of critical direct suppliers covered by human rights, environmental, health and safety due diligence screening	100%	100%	100%
		% of new employees who have completed the Compliance and Code of Conduct training within 6 months of employment	100%	100%	100%
		No. of instances of forced and child labour in operations	Zero Instances	Zero Instances	Zero Instances

1 Production hours refer to machine production hours.

2 Number of total recordable work-related injuries over the total man hours for the period (per 1,000,000 hours worked)



SUSTAINABILITY INNOVATION

Striving for innovation and operational excellence in a sustainable and responsible way

Continue R&D of technologies to create solutions with positive sustainability impact and improve lives

SUSTAINABILITY REPORT



Key Highlights



Nanofilm has invested \$ 17.5 million in R&D, underscoring our commitment to pushing technological boundaries



R&D expenditure accounting for 7.1% of total revenue

SUSTAINABLE INNOVATION

As a deep-tech company, Nanofilm recognises that technological innovation and sustainability are inherently connected. We are committed to pioneering solutions that not only propel technological progress but also support environmental responsibility. Our mission is to drive meaningful impacts by pursuing innovation while minimising potential risks to people and the planet.

TECHNOLOGY-BASED SOLUTIONS

Since our establishment in 1999, Nanofilm has evolved into a leading provider of nanotechnology solutions, supported by proprietary technologies and strong R&D, engineering and production capabilities. We work across a diverse range of industries, delivering cutting edge technology solutions that set new industry standards.

Our portfolio includes advanced materials, nanofabrication and equipment engineering. Through ongoing materials innovation and nanofabrication processes, we actively contribute to environmental sustainability by enabling customers to reduce reliance on finite materials, improve product functionality and extend product lifecycles. The adaptability of our proprietary technologies also allows for them to be applied across many industries, including areas where conventional technologies are unable to meet current demands. At Nanofilm, we continue to explore new materials and methods, pushing technological boundaries of the applications we can support.

As part of our long-term strategic vision, we are increasing investment in clean technology research and development. Key focus areas include the hydrogen economy and alternatives to electroplating, which align with our commitment to addressing critical environmental challenges and advancing our sustainability goals. All clean technology investments are guided by clear policies and guidelines, reinforcing our dedication to responsible and sustainable innovation.

SUSTAINABILITY REPORT

To strengthen our capabilities, we have built a highly skilled R&D team dedicated to advancing technical innovation across our operations. In FY2025, R&D and engineering efforts were driven by close to 300 employees globally, enabling Nanofilm to remain at the forefront of nanotechnology advancements and to continue advancing industry standards.

Currently, Nanofilm holds an impressive portfolio of over 70 granted patents, more than 80 granted utility models and over 80 trademark registrations, with additional applications pending. In FY2025, we invested \$ 17.5 million in R&D, underscoring our commitment to pushing technological boundaries, with R&D expenditure accounting for 7.1% of total revenue. Looking ahead to 2030, we plan to continue investing more than 7% of our total revenue in R&D and engineering to support innovative and sustainable growth.

Nanofilm Technology Forum 2025: A Gathering of Minds to Shape the Future

NTI's annual Technology Forum, held in April 2025 brought together over 100 participants across Asia and Europe to exchange insights and reflect on the past year's achievements. Initiated by our Founder and Group CEO, Dr. Shi Xu, this key event now fosters knowledge sharing, cross-functional collaboration and deep-tech leadership.

The forum serves as a platform beyond technological breakthroughs, where engineers, researchers, and commercial teams engage on key industry challenges and opportunities. Participants from R&D, engineering, sales and management brought together a multitude of ideas, innovations and forward-thinking strategies.

Fostering Collaboration and Innovation

The key focus of the forum was strengthening collaboration to drive innovation and create value. Discussions covered:

- Emerging trends and customer needs across advanced materials, optics, hydrogen energy, consumer and industrial applications
- Cross-functional case studies demonstrating how interdisciplinary collaboration fuels cutting-edge breakthroughs
- Technology commercialisation strategies to translate research into scalable, real-world solutions

The forum featured presentations of 18 groundbreaking projects across business units, including the Advanced Technology Research Centre (ATRC), Industrial Equipment Business Unit (IEBU), Advanced Materials Business Unit (AMBU), Nanofabrication Business Unit, and Sydrogen Business Unit. These projects span areas such as advanced coatings, high-precision coating system, optical technologies and hydrogen energy solutions.

Collectively, these initiatives contribute to strengthening the Group's innovation capabilities and support the development of technologies that enhance product performance, improve resource efficiency, and enable participation in emerging green transition value chains.



SUSTAINABILITY REPORT

HYDROGEN ECONOMY

The World Bank has identified clean hydrogen as a critical enabler of decarbonisation in sectors traditionally dependent on fossil fuels, with significant potential to address climate change. Compared with renewable energy sources like solar and wind, which can fluctuate based on weather conditions, clean hydrogen offers a more stable and scalable energy option. Nanofilm recognises the limitations of current renewable energy solutions, including intermittency and the storage challenges associated with batteries.

We see hydrogen fuel cell technology as a key pathway toward carbon neutrality, as hydrogen can be stored, transported and used as a clean energy source. To support this transition, we established Sydrogen Energy Pte. Ltd., which focuses on developing and manufacturing components that address existing performance and durability challenges across the hydrogen value chain. Through Sydrogen, we aim to support wider adoption of hydrogen as a reliable and sustainable energy solution.

Sustainable EV Charger Powered by Fuel Cell Technology

At Sydrogen, we continue to advance our work in sustainable transportation through the development of an electric vehicle (EV) charger powered by our fuel cell technology. The charging system generates only water as a byproduct, resulting in zero pollution and zero carbon emissions. Built with smart energy management between the power station and the charging pile, it supports fast charging even in locations with limited grid access. This makes it a clean, efficient and reliable solution that meets the growing demand for fast-charging infrastructure.

In FY2025, there is an exciting Milestone for Sydrogen. Sydrogen has been awarded the Basic Design Assessment (BDA) and Approval-in-Principle (AiP) Certificates for our SydroPOWER MZ250N Power System from Bureau Veritas Group. This marks an important step toward commercializing Sydrogen’s fuel cell solutions for the maritime industry. With the AiP secured, Sydrogen is preparing to accelerate the deployment of its SydroPOWER MZ250N Maritime Fuel Cell technology. This achievement is not just a validation of our technology’s safety and reliability. It represents a significant step forward in our mission to revolutionise maritime energy solutions.



SUSTAINABILITY REPORT



Reduced Precious Metal Coatings for PEM Water Electrolysers

SydraPEARL[®], developed by Sydregen, represents our sustained commitment to improving Proton Exchange Membrane (PEM) water electrolyser components. The coating enhances the durability and performance of critical parts such as Proton Exchange Membrane Water Electrolysis (PEMWE) Bipolar Plates and Porous Transport Layers. Offering strong corrosion resistance which surpasses platinum, and excellent conductivity, SydraPEARL[®] remains a high-performance alternative to precious metals.

As it reduces the use of scarce materials like gold, iridium and platinum, SydraPEARL[®] supports sustainability by reducing reliance on limited natural resources. Throughout FY2025, we continued to refine and strengthen this technology, with a focus on improving electrolyser performance using more abundant materials. These ongoing advancements contribute to the growth of the hydrogen economy, support the transition to clean energy, and help move the industry toward a carbon-neutral future.

Ongoing Operational Enhancements

At Nanofilm, environmental sustainability is embedded in how we design, innovate and operate. Beyond our products, we remain committed to improving our operational processes to enhance efficiency and minimise environmental impact. To support this continuous improvement, we have developed the Operational Excellence Suite, a framework that integrates key areas including manufacturing systems (MES, QTS, PTS), LEAN principles, process transformation, customer engagement, talent development, sustainability and technology. By integrating these components, we ensure that sustainability is woven into our day-to-day operations. This approach strengthens both our environmental performance and our commitment to operational excellence across the organisation.

In addition, Sydregen introduced a new strategic partnership with Innovave Tech Pte Ltd, a Singapore-based technology leader in AI-powered manufacturing automation solutions. Through this partnership, Sydregen will be integrating Innovave Tech's Automated Optical Inspection (AOI) system into our manufacturing process. This integration enables comprehensive quality control across three critical stages - Incoming Materials, Post-Cleaning and Post-Coating.

ENVIRONMENT



Protecting the environment to preserve it for future generations

Committed to continuously reducing our carbon footprint and improving water efficiency



SUSTAINABILITY REPORT

ENVIRONMENT

RESPONDING TO CLIMATE CHANGE

Climate Change Strategy

Nanofilm is committed to addressing the challenges posed by climate change through a proactive and responsible approach. As strong advocates for sustainability, we recognise that climate change can significantly affect both our operations and the wider business environment. With the growing need for transparency on climate-related risks and opportunities, we are taking steps to enhance the quality and depth of our climate disclosures.

Nanofilm is in the process of aligning with the ISSB climate-related disclosure requirements and remains committed to enhancing the quality, transparency and robustness of our climate reporting over time.

Key Highlights



5,890.90 tonnes of carbon dioxide equivalent (“tCO₂e”) in total from Scope 1 and Scope 2 GHG emissions (market-based)



GHG Intensity: 4.45 tCO₂e/’000 machine production hours (market-based)



Achieved 100% renewable electricity sourcing for our Shanghai site



17.7% reduction in wastewater discharge intensity in FY2025 compared to FY2024

Figure 5: Climate Scenario Analysis Process



SUSTAINABILITY REPORT

Climate Scenarios Selection

To evaluate our climate resilience, we selected two climate scenarios derived from the Shared Socioeconomic Pathways (SSPs) and the Network for Greening the Financial System (NGFS). These internationally recognised frameworks are widely used for climate risk assessments and provide structured pathways for analysing potential future climate conditions and their possible impact on our business operations.

Below 2°C Scenario (NGFS Below 2°C)

This scenario envisions a future where ambitious climate action successfully limits global warming to below 2°C by 2100, aligning with the Paris Agreement. In this pathway:

- Regulators and the private sector demonstrate heightened climate awareness.
- Stringent policies and ambitious net-zero commitments are implemented.
- Technological advancements are driven by renewable energy and clean innovations, supporting a global shift toward sustainable industrial practices.



4°C Scenario (SSP5-8.5)

This scenario represents a future characterised by high greenhouse gas (GHG) emissions and severe climate impacts with an increase in temperature by more than 4°C by 2100. It assumes:

- Continued reliance on fossil fuels, with limited climate policies and a business-as-usual approach.
- Economic growth and technological advancements that remain heavily dependent on carbon-intensive industries.
- Minimal regulatory intervention to curb emissions, leading to accelerating climate change.
- Increasing frequency and intensity of extreme weather events, rising sea levels and long-term disruptions to ecosystems and economies.



Time Horizons for Scenario Analysis

For our assessment of climate-related risks and opportunities, we have defined the following time horizons:

- **Short-term:** Current reporting year
- **Medium-term:** Up to 2030
- **Long-term:** 2031 to 2050

Identification of Climate-related Risks and Opportunities

We have identified climate-related risks and opportunities across our operations and value chain. This assessment allows us to better understand the potential financial and strategic impacts under different climate scenarios.

SUSTAINABILITY REPORT

Table 4: Nanofilm's Identified Climate-Related Acute Physical Risks

Physical Risk (Acute)	Short to Medium-Term (FY2025 - FY2030)	Long-Term (FY2031 to FY2050)
Tropical cyclone, storm surge, extreme wind and intense precipitation	<p>Nanofilm recognises that the increasing frequency and intensity of tropical cyclones and extreme precipitation events may disrupt operations and supply chains, especially in coastal regions where its production and R&D facilities are located.</p> <p>To enhance resilience, Nanofilm maintains typhoon preparedness and mitigation plans across its operations. In Shanghai and Vietnam, for instance, these plans cover key operational, supply chain and facility aspects. The company will also conduct site-level vulnerability assessments to identify exposure to storm surge and wind damage under multiple climate scenarios.</p> <p>The findings will guide infrastructure-strengthening measures – such as reinforcing roofing, drainage and power systems – and support the development of a comprehensive crisis response protocol to ensure consistent emergency preparedness across sites.</p> <p>Nanofilm will further strengthen business continuity planning by incorporating contingency measures for supply chain interruptions and temporary production outages, drawing on industry best practices.</p>	<p>Nanofilm aims to integrate physical climate risk considerations into its capital investment and site selection processes, ensuring that new developments and expansions account for storm, flood and wind exposure.</p> <p>The company will also strengthen its business continuity framework by incorporating climate scenario analysis to guide long-term operational resilience.</p> <p>Over time, Nanofilm will consider adopting advanced extreme-weather monitoring systems (e.g., typhoon tracking and early warning) and requiring key suppliers to implement similar monitoring and emergency response mechanisms, in line with leading industry practices.</p>
Heatwave/ Extreme heat	<p>Nanofilm recognises that intensifying heatwaves and prolonged high temperature events can pose health and safety risks to employees and affect operational efficiency, particularly at its manufacturing facilities in warmer regions such as India. To mitigate these risks, the company maintains fully ventilated and air-conditioned work areas across office and production spaces.</p> <p>In the near term, Nanofilm will strengthen its heat stress management measures by conducting thermal comfort assessments and ensuring that ventilation and cooling systems remain resilient under projected temperature increases.</p> <p>Nanofilm will also develop enhanced employee health protection protocols, focusing on hydration, work-rest scheduling and early warning systems for extreme heat. These measures will align with peer practices such as improved workplace cooling solutions and proactive employee safety programmes.</p>	<p>Nanofilm aims to upgrade its cooling and ventilation infrastructure across key operational sites with energy-efficient, climate-resilient systems to reduce both heat exposure and energy intensity.</p> <p>Over the longer term, Nanofilm will integrate heat resilience into its broader climate adaptation and energy management strategies, including exploring renewable-powered cooling technologies and smart environmental monitoring systems.</p> <p>To strengthen overall resilience, Nanofilm will also assess the inclusion of climate-related disruptions in its business continuity planning, ensuring that productivity and employee welfare remain protected during extreme heat conditions.</p>

SUSTAINABILITY REPORT

Physical Risk (Acute)	Short to Medium-Term (FY2025 - FY2030)	Long-Term (FY2031 to FY2050)
Flooding (Urban/Coastal/River flooding)	<p>The increasing frequency and intensity of flood events – particularly in urban and coastal regions – could threaten facility operations, supply continuity and employee safety.</p> <p>Existing flood resilience measures include elevated construction of office and production compounds in Shanghai and Japan, as well as bund systems for flood mitigation. In the near term, Nanofilm will conduct site-specific flood risk assessments across key operational sites to identify vulnerabilities to urban, coastal and riverine flooding under multiple climate scenarios.</p> <p>These assessments will guide the prioritisation of physical protection measures, such as flood barriers and improved site drainage. Nanofilm will also begin developing flood contingency and response plans to ensure standardised emergency management and business continuity procedures across affected regions.</p>	<p>Nanofilm will integrate flood resilience considerations into future capital investments and facility planning, ensuring that new sites are strategically located and designed to withstand projected flood risks.</p> <p>Over the longer term, the company will embed more comprehensive water and flood management systems, incorporating monitoring technologies, early warning systems and regular emergency drills – consistent with best practices in the semiconductor and advanced manufacturing sectors.</p> <p>Nanofilm also plans to strengthen its supplier resilience framework by encouraging critical suppliers to conduct their own flood risk assessments and contingency planning, helping minimise potential disruptions across the value chain.</p>

Table 5: Nanofilm’s Identified Climate-Related Chronic Physical Risks

Physical Risk (Chronic)	Short to Medium-Term (FY2025 - FY2030)	Long-Term (FY2031 to FY2050)
Sea level rise	<p>Nanofilm recognises that gradual sea level rise poses a long-term risk to coastal operations and supporting infrastructure, potentially increasing flood exposure and the risk of asset impairment.</p> <p>Although no dedicated measures are currently in place, Nanofilm will begin baseline assessments of site elevation and proximity to flood-prone coastal areas to better understand exposure across its operational footprint. These assessments will inform the company’s enterprise risk management (ERM) framework, ensuring that sea level rise is systematically monitored and incorporated into ongoing site risk reviews.</p> <p>In parallel, Nanofilm will strengthen its data and scenario-analysis capabilities, using regional sea level projections to support informed decision-making on infrastructure resilience and business continuity.</p>	<p>Nanofilm plans to embed sea level rise projections into new site selection and design processes, ensuring that future developments are located and constructed with long-term flood resilience in mind.</p> <p>For existing facilities in potentially exposed coastal areas, Nanofilm will evaluate adaptive strategies such as site elevation reinforcement, enhanced flood defences, or relocation where necessary. These considerations will be integrated into capital planning and asset integrity programmes, reflecting practices adopted by industry leaders that embed climate risk into enterprise risk and asset management systems.</p> <p>Over time, Nanofilm aims to develop a climate resilience framework that links physical risk assessments, asset planning and governance oversight – ensuring that sea level rise exposure is systematically tracked, managed and disclosed as part of its broader climate transition and adaptation strategy.</p>

SUSTAINABILITY REPORT

Table 6: Nanofilm's Identified Climate-Related Transition Risks

Transition Risk	Short to Medium-Term (FY2025 - FY2030)	Long-Term (FY2031 to FY2050)
<p>Changing behaviour and expectations across the supply chain</p>	<p>Nanofilm recognises that shifting customer expectations and supply chain practices are increasing demand for verified sustainability performance, transparency and responsible sourcing.</p> <p>In Shanghai, the company has begun purchasing green certificates in response to customer requirements – an initial step toward greater accountability and traceability in our energy sourcing and emissions footprint. Building on this, Nanofilm plans to launch supplier engagement programmes to communicate ESG expectations, strengthen environmental data collection and identify improvement opportunities across its upstream value chain.</p> <p>Near-term priorities also include developing a supplier assessment framework to evaluate ESG alignment, ensuring that Nanofilm's sourcing practices keep pace with evolving customer sustainability requirements.</p>	<p>Nanofilm aims to formalise sustainable supply chain and sourcing criteria, embedding environmental, social and governance (ESG) standards into procurement decisions and supplier onboarding.</p> <p>Over time, the company will build capacity with key suppliers, promoting renewable energy, energy-efficient technologies and emissions reduction initiatives across the value chain – aligning with peer practices and global sustainability trends.</p> <p>Simultaneously, Nanofilm will explore leveraging its R&D and innovation capabilities to co-develop low-impact materials and sustainable process solutions with partners, reinforcing its role as a trusted, forward-looking collaborator in the green supply ecosystem.</p>
<p>Increased market demand for sustainable products</p>	<p>Nanofilm recognises that reliance on some traditional segments, such as the automotive component business, offers limited long-term resilience given evolving industry trends and customer expectations. To strengthen future growth, the company is constantly evaluating new opportunities and right-sizing capacity of the traditional segments.</p> <p>This includes developing application-specific technologies—such as components for emerging clean-energy systems—and deepening collaboration between R&D, sales and technical teams to co-design solutions that better address customers' performance, efficiency and sustainability needs.</p> <p>In the near term, Nanofilm will continue expanding its solution-development capabilities, focusing on advanced materials, next-generation surface engineering and equipment enhancements that enable cleaner processes and improved product outcomes.</p>	<p>Nanofilm aims to make sustainability-driven innovation a core growth strategy, expanding its portfolio of environmentally efficient technologies.</p> <p>The company will leverage its R&D capabilities to co-develop next-generation materials and coatings that help customers achieve their decarbonisation goals, positioning Nanofilm as a key enabler in the clean technology value chain.</p> <p>Over time, Nanofilm will formalise a sustainable product framework to assess life cycle impacts and resource efficiency, integrating these considerations into product design, pricing and market positioning. By aligning innovation with global sustainability trends, the company will capture growth opportunities while reinforcing its leadership in advanced materials and precision engineering for a low-carbon future.</p>

SUSTAINABILITY REPORT

Transition Risk	Short to Medium-Term (FY2025 - FY2030)	Long-Term (FY2031 to FY2050)
<p>Enhanced reporting (e.g. emissions, sustainability reporting, energy audit) obligations</p>	<p>Nanofilm recognises the growing stringency of sustainability and emissions reporting across its markets. The company currently complies with SGX requirements and local environmental regulations, demonstrating its commitment to transparent disclosure and corporate accountability.</p> <p>To prepare for emerging standards, Nanofilm will invest in ESG data management systems and strengthen internal reporting processes, enhancing data accuracy, traceability and audit readiness. This will enable proactive compliance with frameworks such as ISSB-aligned or jurisdiction-specific climate disclosure mandates.</p> <p>The company will also benchmark against industry peers and engage external advisors as needed to anticipate new reporting obligations and streamline compliance across regional operations.</p>	<p>Nanofilm aims to embed ESG performance tracking and reporting into core operations, linking environmental data with financial and strategic outcomes.</p> <p>Over time, the company will expand capabilities to include energy and carbon performance analytics, supporting compliance and informed decision-making on emissions reduction and resource efficiency.</p> <p>Through transparent, data-driven reporting, Nanofilm will reinforce stakeholder confidence, strengthen its green brand and align with global expectations for accountability in sustainable manufacturing.</p>
<p>National transition towards renewable energy use and net zero</p>	<p>Nanofilm recognises the alignment between national decarbonisation policies and its commitment to lower-carbon operations. The company has begun transitioning to renewable energy by purchasing green certificates and generating solar power at its Shanghai and Yizheng facilities – a key step toward its 2030 target of sourcing at least 50% of total energy from renewables or purchased carbon credits.</p> <p>In the near term, Nanofilm will expand renewable energy adoption through additional solar installations and Renewable Energy Certificate (REC) purchases, strengthen energy performance monitoring and set internal decarbonisation and efficiency targets aligned with evolving national net-zero pathways and carbon market mechanisms.</p>	<p>Nanofilm aims to decarbonise its operations and value chain by integrating renewable energy into its long-term strategy, including increasing self-generated clean energy, exploring power purchase agreements (PPAs), and collaborating with energy providers to support local grid decarbonisation.</p> <p>Over time, the company will develop a net-zero transition roadmap aligned with national and international climate goals, underpinned by ongoing investment in energy-efficient technologies, process innovations and carbon management systems.</p>
<p>Increased adoption of lower-carbon technology</p>	<p>Nanofilm recognises that rapid technological advancement and global decarbonisation may render existing manufacturing systems less competitive. As industry peers adopt next-generation, energy-efficient equipment, the company faces both the risk of legacy technology obsolescence and the opportunity to improve efficiency and reduce emissions through early adoption.</p> <p>In the near term, Nanofilm will assess current production processes to identify high-emission or energy-intensive operations and evaluate phased replacement with lower-carbon, higher-efficiency alternatives. This will guide an equipment renewal roadmap, prioritising investments that maximise operational and carbon-reduction benefits.</p> <p>The company will also enhance collaboration between R&D and engineering to embed low-power consumption principles into equipment and product design, aligning early with customer and regulatory expectations for low-carbon manufacturing.</p>	<p>Nanofilm aims to embed lower-carbon technologies into its manufacturing strategy, aligning capital expenditure with its decarbonisation and competitiveness objectives. Over time, the company will pursue continuous equipment upgrades to keep production infrastructure technologically advanced and energy-efficient, consistent with leading industry practices.</p> <p>Nanofilm will also explore partnerships with equipment manufacturers and research institutions to co-develop innovative production technologies with lower energy demand and life cycle emissions. These efforts will mitigate transition risks and strengthen the company's capability to produce next-generation materials and coatings for the low-carbon economy.</p>

SUSTAINABILITY REPORT

Table 7: Nanofilm’s Identified Climate-Related Transition Opportunities

Transition Opportunities	Short to Medium-Term (FY2025 - FY2030)	Long-Term (FY2031 to FY2050)
<p>Access to new markets</p> <p>Renewable energy participation</p> <p>Use of lower-emission energy sources</p>	<p>Nanofilm recognises that the shift toward cleaner energy systems is opening new opportunities for advanced materials and equipment solutions. The company is already participating in these markets through its involvement in hydrogen-related applications and is expanding into solar cell components, targeting areas where its coating and surface-engineering technologies can enhance efficiency, applicability and durability.</p> <p>Building on this foundation, Nanofilm plans to further improve the performance of its technologies and equipment, with a focus on achieving higher energy efficiency, better process stability and reduced resource use.</p>	<p>Nanofilm aims to integrate renewable energy participation, efficiency measures and low-emission technologies into a unified energy and market transition strategy, including pilot hydrogen projects to assess commercial viability.</p> <p>Nanofilm will also pursue strategic collaborations and market opportunities where sustainability-driven innovation is a differentiator, such as hydrogen-based products or new solar cell technologies, partnering with customers pursuing net-zero goals and industries seeking advanced, low-energy materials and equipment.</p>

Climate-risk management

At Nanofilm, we adopt a structured approach to identifying and assessing risks, including those related to climate. Our framework considers both internal and external factors which enables us to proactively detect emerging risks, evaluate third-party dependencies and assess the likelihood and potential impact of risk events. Risk management measures are calibrated to the level of risk, supported by defined mitigation timelines and clear accountability.

Regular monitoring, reporting and coordination across business units ensure that risk controls are implemented effectively. We also conduct periodic reviews of high-priority risks and continuously refine our Risk Management Framework to strengthen organisational resilience and enhance overall enterprise risk management.

<p>Risk Identification and Assessment Begins with identifying risks associated with our strategy, business objectives, internal and external environments and third-party dependencies. This includes assessing climate risks such as regulatory changes, extreme weather events and shifts in market dynamics. We also create processes to identify new and emerging climate risks and assess the likelihood and impact of each risk to prioritise them effectively.</p>	<p>Risk Management Focuses on developing tailored, risk-based measures that address the assessed climate and non-climate risk levels, with clear timelines for implementation. We design climate risk responses that consider their impact on other risks and broader operational factors, ensuring a holistic approach to mitigation.</p>
<p>Implementation, Monitoring and Reporting Involves assigning accountability for each risk response and ensuring proper implementation. Regular follow-ups are conducted to confirm responses and climate-related measures are carried out as designed. The risk management team maintains consistent communication with business units, and performance is monitored with regular reporting to management and the board, particularly on climate risks and their evolving impact.</p>	<p>Assessment and Evaluation Includes regular reviews of high-priority climate risks based on their likelihood and impact. We also periodically assess the overall effectiveness of the risk management framework to ensure continuous improvement in addressing both climate and operational risks.</p>

This framework is embedded into our daily operations, supporting ongoing improvements and ensuring we remain focused on effectively managing and mitigating climate-related risks.

SUSTAINABILITY REPORT

CARBON EMISSIONS

GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-7

Nanofilm is committed to adopting sustainable practices that reduce greenhouse gas (GHG) emissions across both Scope 1 and Scope 2. Our efforts continue to align with global standards and we consistently explore innovative ways to minimise our environmental impact.

Our manufacturing activities account for a major portion of our total GHG emissions, and we remain focused on lowering this footprint without compromising operational performance. Our FY2025 reporting scope covered operations in Singapore, China, Vietnam, Japan and Germany—with more sites to be included compared to FY2024, reflecting our intention to include all major sites across the Group and the remain alignment with wide-recognised reporting standards.

Scope 1 and 2 Emissions

Scope 1 emissions refer to direct GHG emissions from sources owned or controlled by the Group, such as petrol and diesel consumption, while Scope 2 emissions reflect indirect GHG emissions from purchased electricity used in our operations. Since FY2023, we have applied the “dual

reporting” approach for Scope 2 calculations in line with the GHG Protocol Corporate Standard (2015 revision), and we continue to adopt this methodology in this Report.

In FY2025, Nanofilm recorded a combined total of 5,890.90 tCO₂e in market-based Scope 1 and Scope 2 emissions across our operations in different regions, which reflects a slight decrease from FY2024. A detailed breakdown of our performance over the past three years is presented in the following table.

Notably, our Shanghai operations reported zero Scope 2 emissions from indirect energy consumption due to the use of self-generated solar power and renewable electricity sourced from the grid. During the reporting period, our Yizheng operations also procured solar energy through renewable electricity purchases, while our Vietnam operations purchased International Renewable Energy Certificates (I-RECs) to support renewable electricity consumption. Together, these initiatives contribute to reducing Scope 2 emissions and advancing the Group’s transition towards cleaner energy sources.

As we continue to expand our global footprint, we plan to explore suitable market-based carbon abatement options across our operating locations to further reduce our emissions profile.

Table 8: Nanofilm’s FY2024 And FY2025 GHG Emissions

	FY2025						FY2024
	Singapore	China ³	Vietnam	Japan	Germany ⁴	Group	Group
Total Scope 1 GHG emissions (tCO ₂ e)	7.97	80.67	1.16	0.37	0	90.17	84.57
Total Scope 2 GHG emissions (Location based) (tCO ₂ e)	1,270.90	51,329.71	4,710.05	176.22	591.65	58,078.53	39,244.55
Total Scope 2 GHG emissions (Market based) (tCO ₂ e)	1,270.90	2,448.51	1,313.45	176.22	591.65	5,800.73	5,935.19
Total Scope 1 and Scope 2 GHG emissions (Location based) (tCO ₂ e)	1,278.87	51,410.37	4,711.22	176.59	591.65	58,168.69	39,329.12
Total Scope 1 and Scope 2 GHG emissions (Market based) (tCO ₂ e)	1,278.87	2,529.18	1,314.62	176.59	591.65	5,890.90	6,019.76

³ Compared to FY2024 data scope, operation in Dongguan was added into the data scope of China operations.

⁴ Compared to FY2024 data scope, operation in Germany was added into the data scope of the Group.

SUSTAINABILITY REPORT

We measure our GHG emissions intensity in tCO₂e per 1,000 machine production hours. In FY2025, our emissions intensity was 4.45 tCO₂e per 1,000 machine production hours based on the market-based method. We are committed to closely monitor emissions intensity across all sites and drive operational efficiencies to reduce our overall footprint. Our long-term target is to achieve a 40% reduction in GHG emissions intensity by 2030, reaching 24.64 tCO₂e per 1,000 machine production hours, using FY2022 as the baseline based on the market-based method.





Air Emissions Reduction

Certain processes within our facilities generate air emissions as part of chemical reactions, including volatile organic compounds (VOCs), sulphuric acid, and hydrogen chloride. At all permitted sites, we actively monitor these emissions to ensure full compliance with local environmental regulations, and we remain committed to maintaining transparency by disclosing key air emissions from our operations.

Our Shanghai factory has implemented a range of environmental protection measures to reduce the impact of waste gases from production activities. Exhaust gases generated during operations are captured and processed through a dedicated exhaust gas treatment system before being released in accordance with regulatory standards. Regular maintenance of the treatment equipment, together with continuous monitoring of emitted gases, ensures that all discharges remain within allowable limits and minimises impacts on the atmospheric environment. All emissions are measured and calculated in accordance with Chinese laws and regulations, including the Shanghai’s legal regulations “DB 31/933-2015 Table 1 Emission Limits for Atmospheric Pollutants.”

During FY2025, our Shanghai and Yizheng operations recorded a total of 1,642.64 kg of air emissions, with a detailed breakdown provided in the following table.

Table 9: Emission Types

Nitrogen Oxides (NO _x)	Volatile Organic Compounds (VOCs)
225.32 kg 	874.77 kg 
Particulate Matter (PM)	Hydrogen Chloride
4.37 kg 	538.18 kg 

SUSTAINABILITY REPORT



ENERGY MANAGEMENT

GRI 302-1, GRI 302-3, GRI 302-4, GRI 302-5

Recognising the increasing importance of environmental responsibility within our industry, Nanofilm places strong emphasis on energy efficiency as a core focus area. While our advanced coating technologies require energy to operate, we remain committed to minimising our environmental footprint and continuously seeking opportunities to improve energy performance.

Nanofilm has achieved ISO 14001 certification across our sites in Singapore, China and Vietnam, and we have implemented environmental policies aligned with national and local regulations. Our sustainability commitment includes pollution prevention, waste reduction, energy conservation and fostering environmental awareness among employees.

In line with these commitments, Nanofilm aims to source at least 50% of its total energy consumption from renewable sources or purchased carbon credits by 2030. To support this goal, we continue to introduce a range of energy-saving and renewable energy sourcing initiatives across all our operational locations. We set energy consumption targets and conduct regular performance monitoring. These activities are supported by established internal practices that facilitate the systematic monitoring and management of energy-related performance.

Renewable Energy

As part of our broader sustainability strategy, Nanofilm is taking significant steps to increase the adoption of renewable energy across our production facilities. The solar power electricity generated in-house showcases our continuous initiatives in electricity generation from renewable energy and further reduced our reliance on national grid power supply through its continuous charging and discharging ability. In addition, energy from hydrogen lab experiments is repurposed and used to supply power to our operations during peak periods, ensuring industry-standard products while reducing grid reliance and lowering operational costs.

In FY2025, Nanofilm consumed a total of 405,664.55 of energy, resulting in an energy intensity of 306.41 GJ per 1,000 machine production hours, representing a marginal improvement of approximately 3% from FY2024, when energy intensity was 314.69 GJ per 1,000 machine production hours. The improvement was primarily driven by higher production output during the reporting period, reflecting enhanced operational efficiency. Of the total energy consumed, 1,215.52 GJ was attributed to fuel, while 404,449.03 GJ was sourced from electricity.

Notably, 89.3% of the electricity consumed across the Group was sourced from clean energy, including solar and hydropower. This substantial share of clean electricity highlights our commitment to responsible energy use and represents a key driver in advancing our sustainability objectives. It also demonstrates the continued progress we are making in reducing our carbon footprint while supporting operational efficiency and long-term resilience.

SUSTAINABILITY REPORT

Figure 6:
Energy Consumed
From Fuel (GJ)

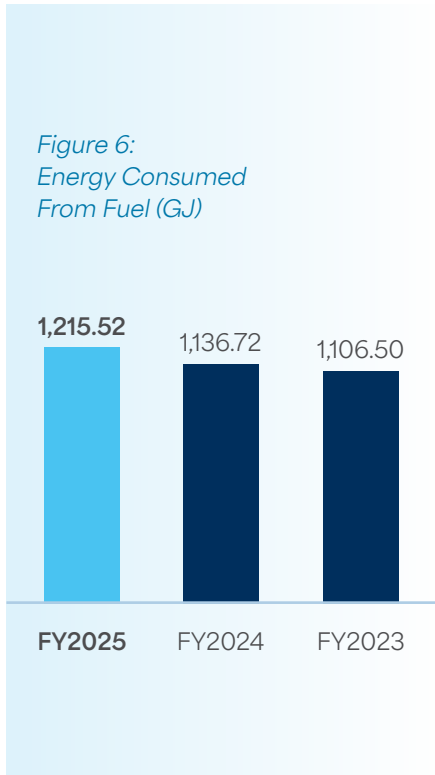


Figure 7:
Energy Consumed
From Electricity (GJ)

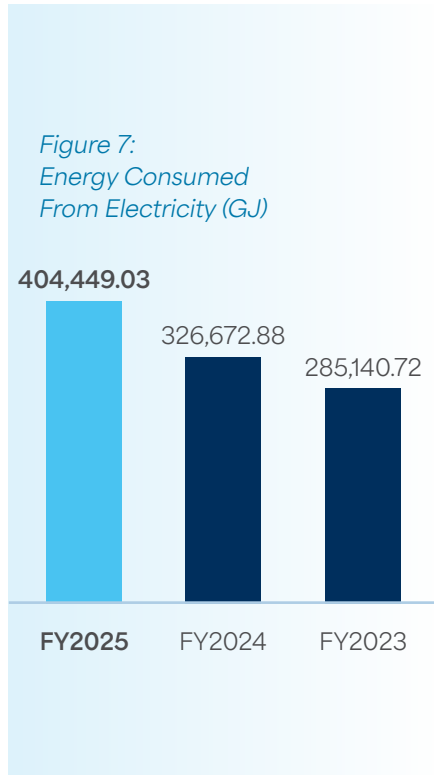
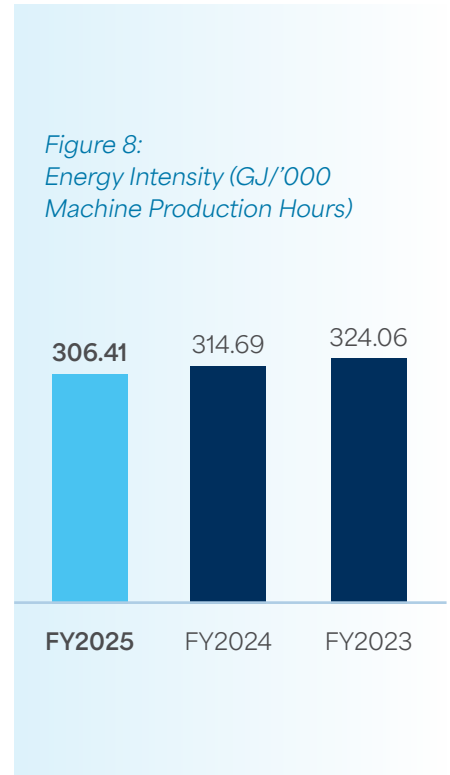


Figure 8:
Energy Intensity (GJ/'000
Machine Production Hours)



Smart Lighting System at Shanghai Site Garage

To improve energy efficiency, the traditional lighting system at the Shanghai site garage was upgraded to a smart lighting system equipped with microwave radar sensors. Each light independently detects vehicles and pedestrians and automatically adjusts brightness – increasing to 30% when motion is detected and switching to 1% standby mode when no movement is present. The adoption of the smart lighting system has delivered multiple operational and environmental benefits:

- **Significant energy savings:** More than 90% reduction in energy consumption compared with the previous lighting system.
- **Cost optimisation:** Lower installation, maintenance and replacement costs due to efficient system design and reduced operating hours.
- **Operational efficiency:** Intelligent controls simplify lighting management and reduce manual intervention.
- **Enhanced safety and reliability:** Precise motion sensing ensures adequate lighting whenever vehicles or pedestrians are present.

SUSTAINABILITY REPORT

WATER MANAGEMENT

GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5

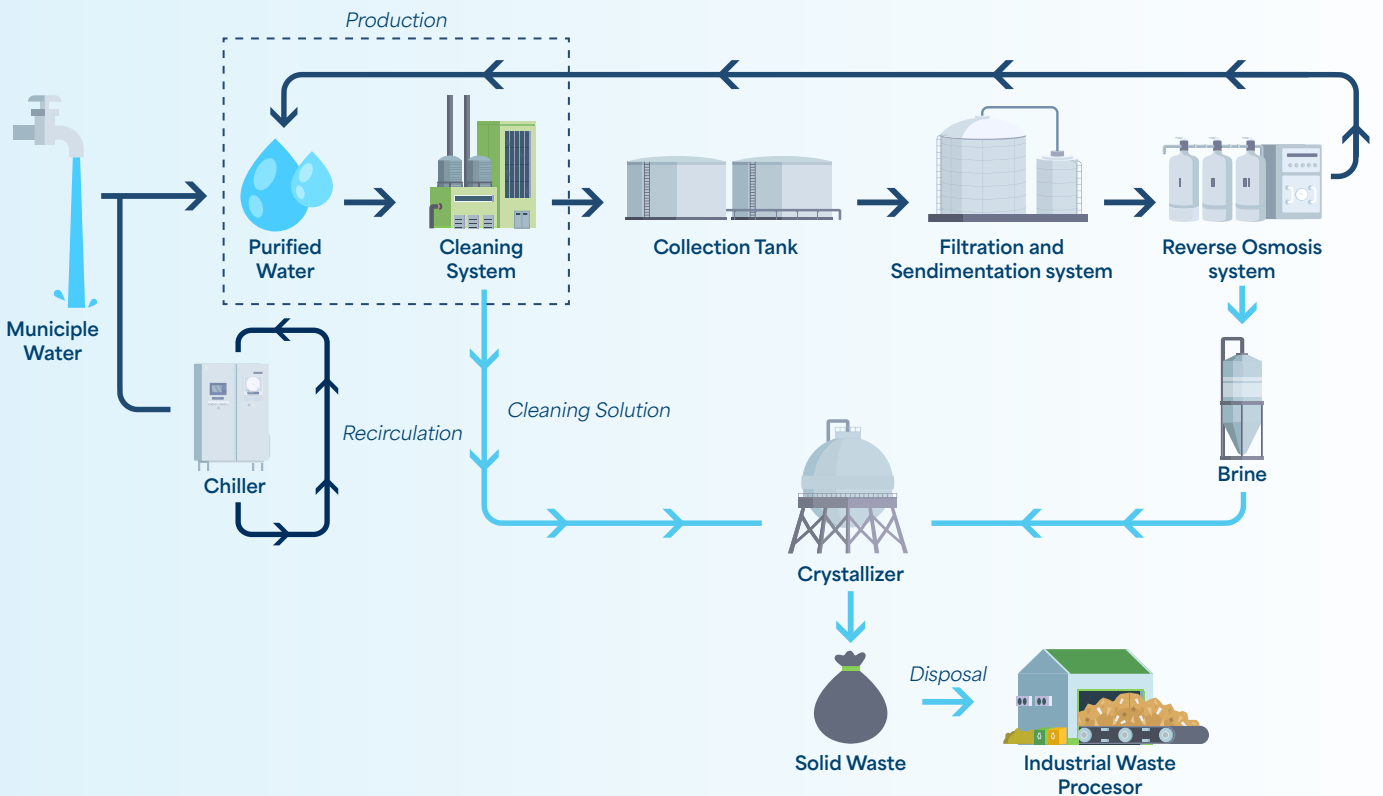
Nanofilm is committed to the responsible use of natural resources and upholding high environmental standards across our operations. In response to growing concerns around water conservation, we are progressing towards zero production liquid waste discharge and implemented various measures to reduce water consumption across our factories. These measures include installing water-efficient systems and promoting awareness among employees on the importance of sustainable water management.

We recognise that improper management of water discharge can lead to contamination, ecosystem disruption and community health risks. To mitigate these risks, we

adhere to applicable environmental standards, conduct periodic monitoring and testing, and invest in continuous improvements to ensure responsible operations.

Since 2015, Nanofilm has actively recycled water used in our cleaning processes. Wastewater generated from pre-coating cleaning is collected, filtered and repurposed for daily use. In 2022, we enhanced our efforts by installing a reverse osmosis system, which purifies wastewater into high-quality water suitable for reuse in cleaning operations. Cleaning solutions that cannot be reused are combined with the brine from the reverse osmosis system and sent to a crystallizer, where they are converted into solid waste for proper disposal. We also set water reduction targets and perform regular monitoring to track performance and drive continuous improvement.

Figure 9: Nanofilm Water Recycling System And Process



SUSTAINABILITY REPORT

China

Across our China operations, all production wastewater is treated. Significant investments in evaporative wastewater treatment and water recycling systems have substantially reduced overall discharge. Building on this progress, we plan to install additional water recycling systems, with the goal of achieving zero production water discharge globally.

In Shanghai, Nanofilm closely monitors sewage and wastewater discharge in compliance with the Shanghai Comprehensive Wastewater Discharge Standard (DB31/199-2018). After crystallisation treatment, wastewater is converted into solid waste and safely managed by licensed third-party contractors. Notably, our production processes do not release or generate chemicals classified as substances of very high concern.

Production-related water use has an impact on overall energy consumption and contributes to potential water pollution risks. The site operates a wastewater recycling system that recycles treated industrial effluent back into production, helping reduce both energy consumption and environmental impact associated with discharge. Additional measures, such as using the recycled water generated from pure water production for toilet flushing and promoting water conservation practices, further decreased the total water extracted.

To ensure safe and reliable operation and minimise environmental risk, the Shanghai facility has upgraded certain water treatment systems (evaporation systems) in line with operational needs. The site also upholds a zero-incident target for environmental pollution events (e.g., wastewater leaks causing soil or water contamination), supporting the protection of local water and soil environments.

Vietnam

Water use in production is minimal, primarily during the grinding stage. Grinding water is continuously recirculated and reused, resulting in no wastewater generation from that process. Domestic wastewater undergoes pretreatment and is then managed in collaboration with the industrial park management board, for further

treatment, ensuring compliance with Vietnamese regulations. Regular sampling and analysis by third-party agencies and local authorities help uphold quality standards in line with the Vietnamese Environmental Law and QCVN 14:2008 Column B (National Technical Regulation on Domestic Wastewater) and QCVN 40:2025 (National Technical Regulation on the Treatment of Industrial Wastewater).

Singapore

In Singapore, water is sourced entirely from third-party (municipal) suppliers and is primarily used in the production cleaning line before being discharged as trade effluent. Any chemicals used in the process are managed as toxic industrial waste and collected by National Environment Agency (NEA) approved toxic industrial waste collectors. Wastewater discharge is closely monitored and sent for periodic laboratory testing to ensure full compliance with Public Utilities Board (PUB) guidelines and national environmental regulations. Trade effluent discharge is also monitored regularly to ensure it remains within allowable regulatory limits.

In FY2025, Nanofilm withdrew a total of 444,388.50 cubic metres (m³) of water, all of which was sourced from third-party municipal supplies. Of this amount, 384,741.55 m³ was used directly in production processes across our facilities. As a result of our expanded reporting scope, the overall volume of water discharged from production activities increased compared with FY2024, with total production wastewater discharge amounting to 378,704.55 m³ for the year.

Our efforts to enhance water recycling, particularly through the implementation of in-house water treatment and reuse systems, contributed to a significant reduction in discharge intensity. In FY2025, Nanofilm recorded a production wastewater discharge intensity of 286.05 m³ per 1,000 machine production hours, representing a decrease from the previous reporting year, driven by our water recycling system and ongoing water efficiency initiatives. We continue to improve the effectiveness of our water recycling systems in reducing both water withdrawal and wastewater generation, while supporting our broader environmental management objectives.

SUSTAINABILITY REPORT

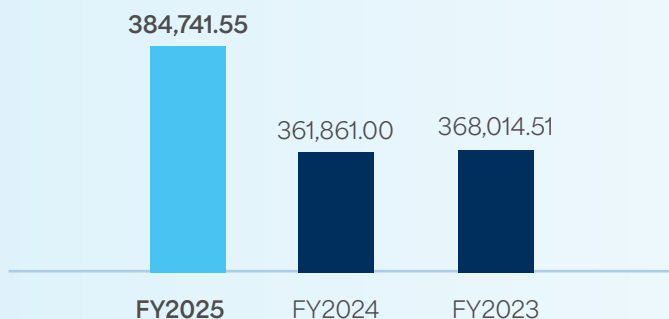
Table 10: Production Water Withdrawal And Discharge (M³)

Site	FY2025		FY2024		FY2023	
	Water Withdrawn	Water Discharged	Water Withdrawn	Water Discharged	Water Withdrawn	Water Discharged
Singapore	4,328.50	4,328.50	3,512.00	3,512.00	9,663.51	9,663.51
China	345,797.05	345,797.05	355,386.00	355,386.00	355,896.00	350,241.00
Vietnam	29,385.00	23,348.00	2,741.00	2,741.00	2,423.00	1,938.00
Japan	149.00	149.00	222.00	222.00	32.00	32.00
Germany ⁵	5,082.00	5,082.00	Not reported	Not reported	Not reported	Not reported
Group	384,741.55	378,704.55	361,861.00	361,861.00	368,014.51	361,874.51

5 Water withdrawn and water discharged were estimated based on historical data; updated information from the building owner will be incorporated when available.

Figure 10: Production Water Withdrawal And Discharge (M³)

Water Withdrawn



Water Discharged

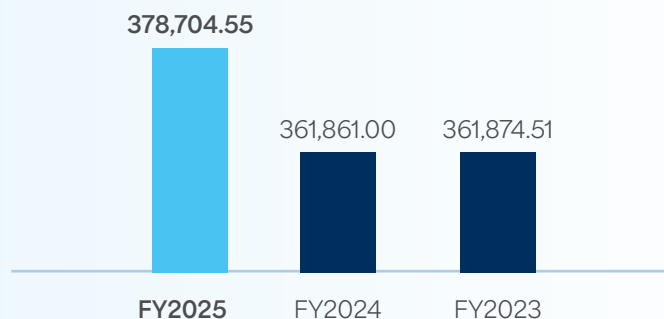
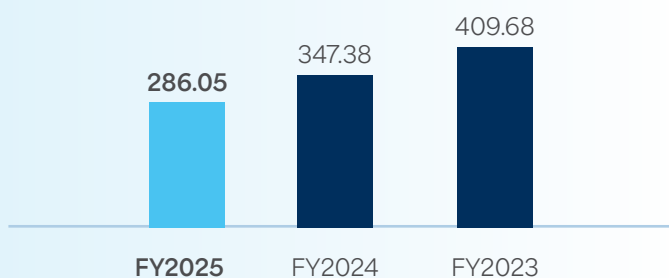


Figure 11: Water Discharge Intensity (M³/’000 Machine Production Hours)



SUSTAINABILITY REPORT

WASTE MANAGEMENT

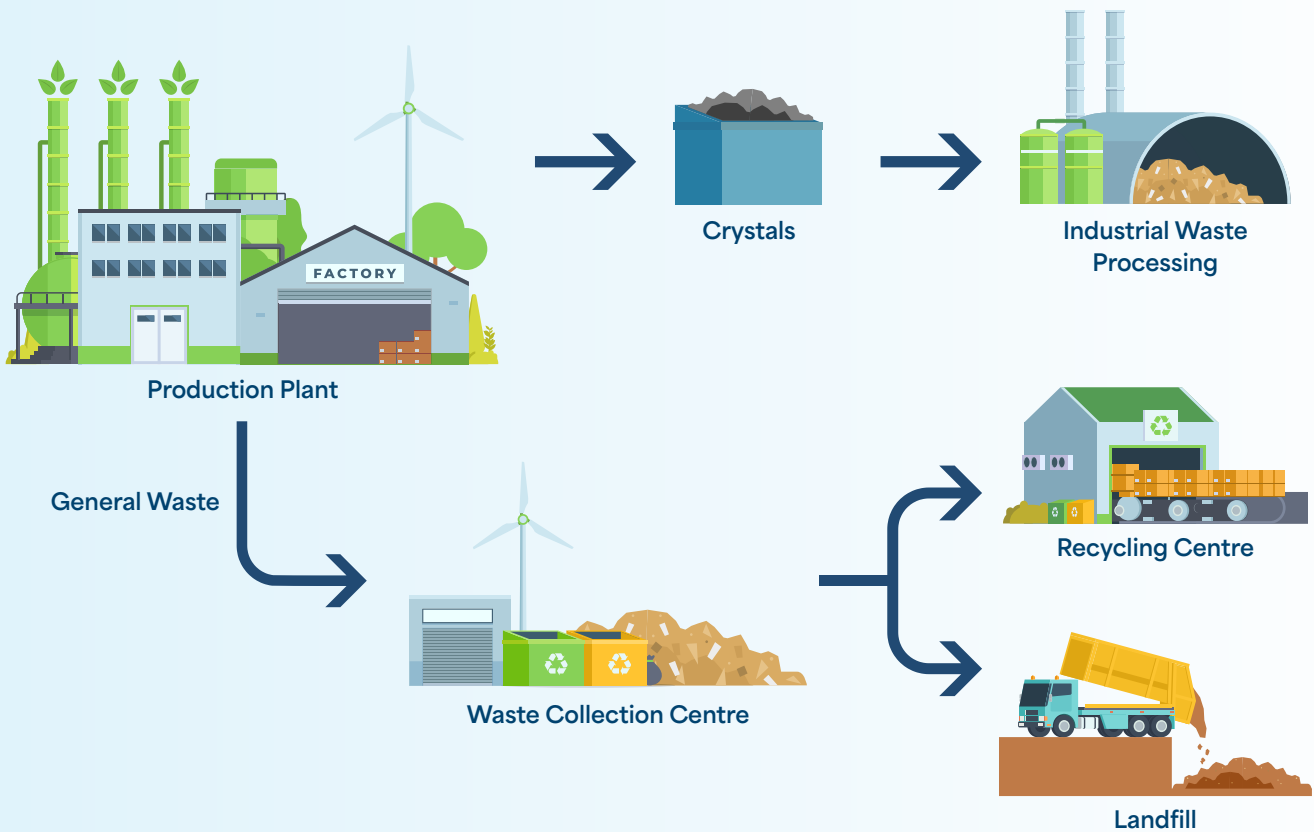
GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5

Effective waste management is a cornerstone of responsible industrial operations and a key pillar of Nanofilm’s sustainability efforts. As our global production footprint continues to grow, we have taken proactive steps to manage waste generation and disposal with care, diligence and full regulatory compliance. Although the majority of waste generated across our operations is non-hazardous, we remain committed to continuously improving our waste management practices to minimise environmental impact and protect the ecosystems in which we operate.

Nanofilm focuses on the responsible handling of materials arising from maintenance activities, such as engine oils and other byproducts. These are collected in designated containers and channelled through appropriate industrial disposal pathways. Hazardous waste is managed with stringent controls and entrusted only to certified third-party contractors.

We continuously identify and assess the factors contributing to waste generation and implement control measures to minimise their impact. Across all jurisdictions, regulatory compliance, operational discipline and continuous improvement underpin our waste management approach.

Figure 12: Nanofilm’s Waste Management System



SUSTAINABILITY REPORT

Promoting a strong recycling culture is an important part of Nanofilm's environmental efforts. Recycling bins are placed throughout our offices and production facilities, and employees actively support these initiatives by ensuring that recyclable materials are properly sorted. Before any waste is sent for incineration, recyclables are carefully separated to ensure they are channelled to the appropriate recycling streams.

China

At our Shanghai site, all aspects of waste management—covering generation, collection, storage and processing—fully comply with Chinese national waste management regulations.

The facility operates under a robust Environmental Factor Identification System, which identifies waste materials, assesses their risks and implements control measures for significant environmental factors to prevent environmental pollution. An Environmental Manual sets forth its environmental policy and provides clear guidelines and direction for waste management and compliance.

To support operational integrity and environmental safety, the Shanghai site maintains a dedicated waste storage facility equipped with leak-proof, windproof and waterproof protection, as well as emergency supplies. An Environmental Emergency Response Plan, filed with the Environmental Protection Bureau, guides the management of potential incidents. Based on this plan, an annual emergency drill schedule is established, and regular environmental emergency drills are conducted to ensure preparedness. A target-based performance management system is also in place to track objectives, implement control measures and verify performance outcomes. The site provides accurate information to stakeholders to demonstrate the effectiveness of its environmental actions.

All waste generated at the Shanghai factory is collected, stored and processed in accordance with national requirements and is entrusted only to qualified third-party entities for compliant disposal. Annual supplier compliance reviews are conducted to ensure compliance. Certain waste types are then disposed of through licensed waste collectors for renewable-energy recovery and surface treatment, while waste generated from wastewater treatment is managed through qualified entities for comprehensive utilisation. All waste management activities are managed and processed through the national waste management platform, including waste generation, collection, storage and treatment.

At our Shanghai site, licensed third-party contractors recycle metal scraps, paper, plastics, and other materials. As a result of these efforts, total recyclables collected from this site is 67.87 tonnes in FY2025, reflecting our

continuous effort in strengthening waste segregation practices and improved recycling outcomes.

Singapore

Waste management in Singapore follows ISO 14001 certification requirements and complies with all relevant national environmental standards. The Environmental Aspect Identification Procedure identifies waste, assesses its risks and develops control measures for significant environmental factors to prevent environmental pollution. All waste generated at the Singapore site, most of which is non-hazardous, is managed in compliance with local regulations standards and entrusted to government approved licensed waste collector. Hazardous waste is handled by qualified, NEA approved Toxic Industrial Waste Collectors to process. Each disposal is documented through consignment notes generated via the NEA Waste and Resource Management System (WRMS) e-tracking government website, ensuring full traceability. Employees receive regular awareness training on the safe handling and proper disposal of toxic waste, promoting workplace safety and ensuring sustainability awareness among employees.

Operational practices emphasise reducing the use of chemicals and prioritising in-sourcing of non-hazardous chemical in production process where possible. To date, no negative environmental impacts have been reported from the Singapore site's waste management activities.

Vietnam

All waste in Vietnam, including municipal and industrial waste, is sorted at source and placed in designated storage areas that comply with local legal requirements. Qualified third-party contractors process waste using advanced waste treatment technologies available in the country, ensuring safe and environmentally responsible disposal. In addition, raw materials, auxiliary materials and chemicals are thoroughly inspected prior to use to ensure proper handling of the chemicals. All production related waste is managed by licensed contractors, following strict regulatory standards.

Our Vietnam operations strictly adhere to ISO 14001 standards and waste management activities are guided by the Water & Wastewater Management OHS10 procedure. Hazardous waste is handled with proper guidance and procedures, as we worked exclusively with certified third-party contractors to ensure its safe and proper treatment, as well as disposal. Annual waste-reduction goals are established, with necessary actions identified and progress is closely monitored to enable the timely implementation of optimal solutions. Waste segregation, reuse and recycling of scrap materials are actively promoted and in strict compliance with local laws and regulations.

SUSTAINABILITY REPORT

In FY2025, Nanofilm generated a total of 909.75 tonnes of hazardous waste, where the vast majority of 783.87 tonnes coming from our China operations. Non-hazardous waste totalled 359.85 tonnes, with China contributing 260.13 tonnes. The increase in overall waste generation was primarily driven by higher production volumes during the reporting year. Despite this increase, our waste-diversion efforts remained strong.

Table 11: Hazardous Waste (Tonnes)

	FY2025			FY2024			FY2023		
	Tonnes	Liter	PCS	Tonnes	Liter	PCS	Tonnes	Liter	PCS
Singapore	0.71	10,692.40	79.00	-	11,835.30	215.00	-	4,245.00	143.00
China	783.87	-	-	458.33	-	-	306.21	-	-
Vietnam	120.17	-	-	2.29	-	-	1.09	-	-
Japan	-	-	-	-	-	-	-	-	-
Germany	5.00	-	-	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
Total	909.75	10,692.40	79.00	460.62	11,835.30	215.00	307.30	4,245.00	143.00

Table 12: Non-Hazardous Waste (Tonnes)

	FY2025	FY2024	FY2023
Singapore	15.44	-	-
China	260.13	305.65	194.13
Vietnam	82.18	49.42	40.30
Japan	2.10	2.45	2.55
Germany	-	Not reported	Not reported
Total	359.85	357.52	236.98





SOCIAL

Caring for our employees' well-being and providing for their training and development

Caring for the community that we operate in through various community involvement

SUSTAINABILITY REPORT

SOCIAL

EMPLOYEE PROFILE AND EMPLOYEE WELFARE

GRI 2-7, GRI 401-1, GRI 401-2, GRI 401-3

In FY2025, the Group employed a total of 2,802 employees, including 579 permanent employees. In addition, we engaged 486 outsourced workers, primarily stationed at our sites in Shanghai, Dongguan and Germany. The overall hiring rate for employees across the Group was 38%, while the turnover rate stood at 45%.

Employee Profile



- 56% Male
- 44% Female



- 6% Singapore
- 75% China
- 15% Vietnam
- 1% Japan
- 3% Germany



- 32% < 30 Years Old
- 64% 30-50 Years Old
- 4% >50 Years Old



- 49% Male
- 51% Female



- 62% Male
- 38% Female

Key Highlights



Employment of 23 individuals with disabilities across various teams



Rate of recordable work-related injuries (per 1,000,000 hours worked): 0.99

SUSTAINABILITY REPORT



We recognise that our employees are central to our success, and we are dedicated to creating a workplace that promotes their well-being and long-term development. Guided by leading industry standards, we have established a robust employment program aligned with our sustainability objectives, supporting both employee growth and the company's long-term success.

In line with our commitment to employee health and well-being, our office at Tai Seng Drive is designed according to the WELL Building Standard, with a focus on Water, Light and Comfort. The office design prioritises a distraction-free and comfortable work environment, featuring breakout areas and meeting rooms to encourage collaboration, quiet zones to support concentration and minimised building system noise to enhance emotional well-being. These design elements reflect our commitment to creating a sustainable and supportive workplace.

We provide our full-time employees with a comprehensive suite of benefits that promote overall well-being, including healthcare coverage, group hospitalisation insurance, disability and invalidity protection and multiple types of leave. Additionally, flexi-work arrangement is in place to allow employees to tailor their working hours according to individual needs. In FY2025, 128 employees were entitled to parental leave, of which 98 employees took parental leave, and 115 employees has returned returning to work after their leave period. These initiatives form part of our broader sustainability strategy, ensuring a positive and inclusive work environment for all employees.

In line with our commitment to employee welfare, we offer health screenings as part of our benefits program, enabling employees to gain greater insight into their health and take proactive steps to address potential health risks. By promoting early detection and preventive care, the program contributes to enhancing employee well-being and fostering a healthier and more productive workforce.

DIVERSITY AND INCLUSION

GRI 405-1, GRI 406-1

At Nanofilm, diversity and inclusion extend beyond policy and are deeply embedded in our core values, underscoring our commitment to social justice and non-discrimination. This commitment is reflected across the Company through a workplace culture grounded in fairness, respect and dignity for all. Our strict adherence to the Code of Business Conduct and Ethics, which expressly prohibits discrimination and harassment, is reflected in our FY2025 record of zero reported incidents of discrimination.

Inclusion at Nanofilm is defined by a workplace where all employees feel valued, respected and integral to the organization. We cultivate a culture that encourages authenticity and open dialogue, recognising that diverse and inclusive teams contribute directly to employee engagement and long-term business competitiveness.

Our approach to advancing diversity and inclusion is systematic and integrated into core human resources processes, including recruitment, succession planning, performance management and leadership development. This ensures these principles are embedded across all aspects of our workforce strategy.

In FY2025, Nanofilm's global workforce consisted of 2,802 employees, with females representing approximately 44% of the total workforce. Our staff predominantly falls within the age range of 30s to 50s years, accounting for 64% of our employees. Geographically, a significant 75% are based in China, followed by 15% in Vietnam, 6% in Singapore and the remainder in Japan and Germany. Reflecting the diversity of our team and our governance policy, our Board is composed of 60% male and 40% female members.

We are deeply committed to inclusive hiring practices, recognising their essential role in enriching our Company culture. As part of our efforts to promote Diversity, Equity and Inclusion (DEI), we actively recruit individuals with disabilities for various operational and corporate roles at our Shanghai and Dongguan operations. This initiative currently employs 23 individuals with disabilities who contribute significantly across diverse functions such as operations, administration, procurement, human resources, EHS and marketing. By embracing diversity in all its forms, we continue to foster a more inclusive and equitable work environment.

SUSTAINABILITY REPORT

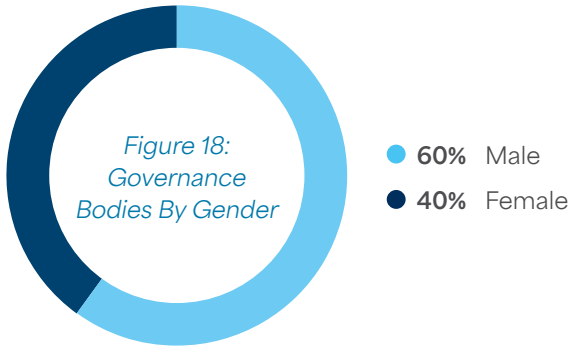
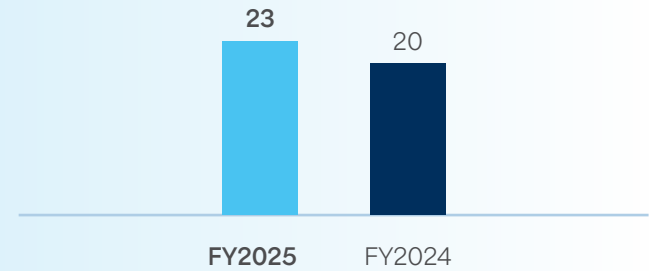


Figure 19: Employee With Disabilities



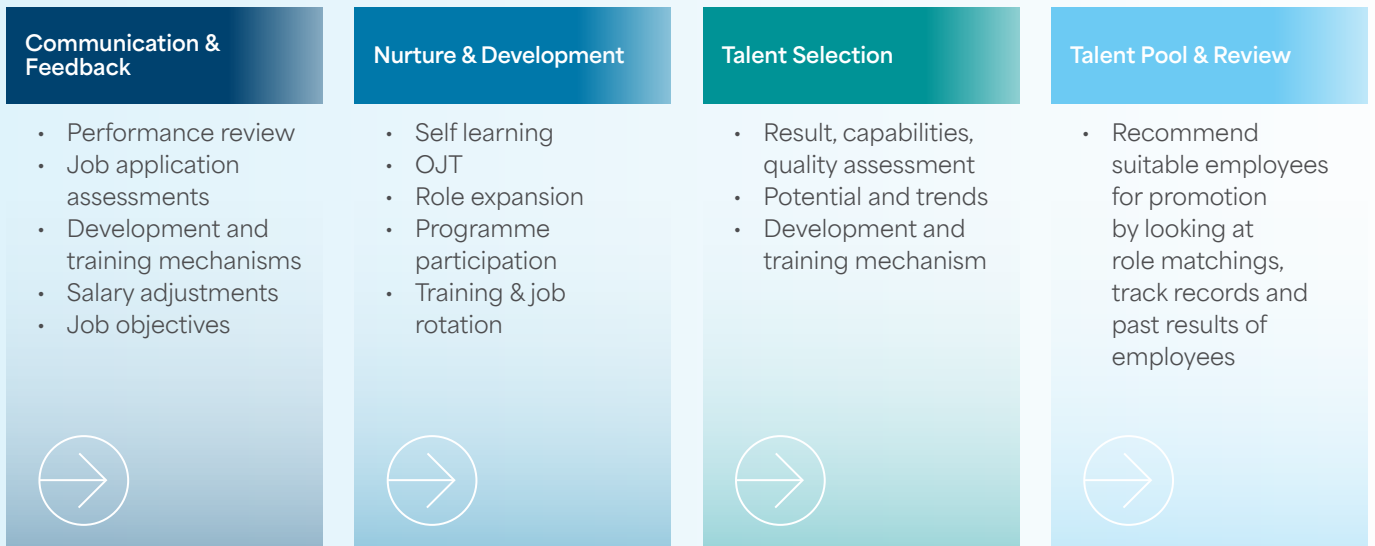
HUMAN CAPITAL DEVELOPMENT

GRI 404-1, GRI 404-2, GRI 404-3

We regard talent as a vital asset in driving our long-term success. To develop and strengthen this asset, we have implemented a comprehensive in-house training and development program. This program is led by our Group Human Resource Vice President and supported by a dedicated Global Learning and Development team, reflecting the Company’s strong commitment to employee development and continuous learning.

Nanofilm delivers a structured and continuous training and development journey that commences from the point of onboarding and continues throughout an employee’s career. Beginning with orientation and on-the-job training (OJT), the programme evolves through specialised learning at each career stage, equipping employees with the skills and knowledge required for advancement. To further strengthen workforce capabilities, Nanofilm offers a broad range of training programs covering technical competencies, compliance, environmental health and safety, professional software proficiency, labour safety, firefighting and project management. These structured learning opportunities aimed at enhancing employees’ technical capabilities, leadership skills and professional growth.

Figure 20: Overview Of Nanofilm Training Process

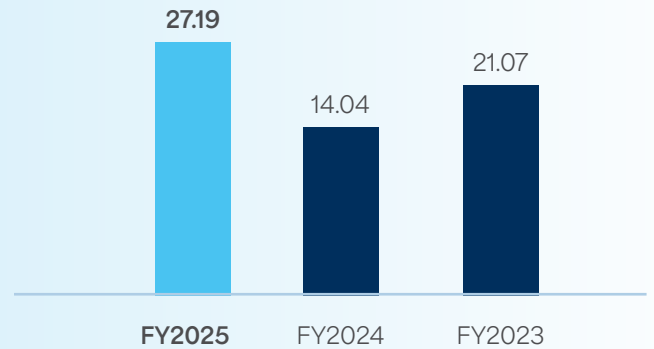


SUSTAINABILITY REPORT

Our training programs are designed to enhance both the technical and professional capabilities of our employees while also fostering essential soft skills. This holistic approach ensures that team members are well-prepared for their current roles and responsibilities while equipping them to tackle future challenges and seize opportunities for growth.

In FY2025, we invested an average of 27.19 hours per employee in training. Looking ahead, our goal is to ensure that by 2030, each employee receives an average of at least 40 hours of training annually, aligning with our steadfast commitment to nurturing a skilled and empowered workforce. To achieve this, we will continuously assess the training needs, diversify training methods and allocate necessary resources to foster a continuous learning culture and regularly track progress to ensure we meet our goal.

Figure 21: Average Hours Of Training Per Employee



Honouring Excellence: The Chairman’s Innovation Awards

In April 2025, NTI hosted its annual Technology Forum, bringing together over 100 participants across Asia and Europe in a hybrid format. The forum has become a key platform for knowledge sharing, cross-functional collaboration and professional development, enabling engineers, researchers and commercial teams engaged in discussions on industry challenges, shared innovations and explored forward-looking strategies.



SUSTAINABILITY REPORT



As part of fostering innovation and learning, the Chairman's Innovation Awards recognised teams that successfully commercialised technical breakthroughs, including:

- Interference based ta-C coatings on watch bands
Advancing durability and aesthetics in the consumer electronics market
- Development of a 12-inch mold coater
Pushing the limits of precision manufacturing
- Decorative PVD coatings on Titanium middle frames for mobile phones
Setting new standards in mobile device design

These initiatives support employee learning and capability development while demonstrating Nanofilm's technical excellence and the ability to translate research and expertise into industry-leading solutions.

Nanofilm Scholar Programme

The Nanofilm Scholars Programme (NSP), a prestigious initiative dedicated to nurturing industry-ready talent and supporting employees' professional growth. NSP offers a variety of funding opportunities, providing participants with exceptional access to higher education, skill development and career advancement.

Through NSP, graduate research projects cover a wide array of cutting-edge fields, including advanced plasma technologies, nanocomposites, optical design, hydrogen fuel cell technologies and other emerging innovations. The program is structured to help participants achieve both their academic and career goals while making meaningful contributions to the Company's growth and success.

Nanofilm has fully sponsored three Engineers, Zhao Sheng Fu, Tan Yik Kai and Lum Ya Woon, for postgraduate study under the IPP program. This sponsorship provides them with valuable opportunities for advanced education and career development, reinforcing Nanofilm's commitment to cultivating talent and driving innovation within the organization.

While no new scholars were added during the reporting period, the Group remains committed to supporting employees in pursuing postgraduate studies and continuous learning. Nanofilm will continue the commitment to empowering its employees and fostering a culture of continuous learning and innovation.

Performance Appraisal

We have developed a comprehensive performance appraisal system, complemented by a rewards program that ties recognition and incentives directly to appraisal results. This system is instrumental in driving corporate performance, aligning employee interests with meaningful rewards, while also enabling the evaluation of workforce skills and capabilities. It further helps identify areas where targeted training may be required to address skill gaps and support continuous professional development.

We prioritise employee growth and career progression, fostering ongoing dialogue through two-way communication channels to better understand individual development needs. Based on these discussions, employees are provided with tailored training and development opportunities to support their personal and professional advancement.

SUSTAINABILITY REPORT

These initiatives demonstrate our dedication to fostering a supportive and enriching work environment. Beyond our internal objectives, we also recognise the broader impact of our efforts in contributing to the development of a skilled workforce and supporting economic growth within the communities where we operate. In FY2025, all full-time employee at Nanofilm received an annual performance appraisal following the completion of their probation and confirmation.

HEALTH AND SAFETY

Occupational Health and Safety System

GRI 3-3, GRI 403-1

Nanofilm is committed to providing a safe and healthy working environment across all its operations. This commitment, outlined in our Health and Safety Policy, applies to employees, customers and contractors ensuring that everyone within Nanofilm adheres to the highest health and safety standards.

In compliance with national laws and regulations, our operations in Singapore align with the Ministry of Manpower's (MOM) Workplace Safety & Health Act. In 2022, MOM introduced a workplace safety and health code of practice, consisting of four principles and seventeen measures for companies to incorporate into their business practices. Likewise, all our site operations rigorously comply with local health and safety regulations.

Our commitment to occupational health and safety (OHS) is further strengthened by ISO certifications across all factory and office locations, reflecting our dedication to robust OHS management. Our Shanghai and Vietnam sites are certified to ISO 45001:2018, an internationally recognised standard for OHS management systems, while our Singapore site is certified to ISO 14001:2015 for environmental management certification. In Vietnam, our OHS system is tailored to local activities and workplaces conditions, incorporating emergency preparedness measures, annual training and drills in compliance with both legal and customer requirements. These efforts are supported by the Emergency Preparedness and Response NFV-E-03 procedure. In Singapore, our safety management approach aligns with Singapore Workplace Safety and Health Act, ensuring a robust and proactive approach to workplace safety.

To reinforce our commitment to safety, we have established safety committees across our operational sites. Comprised of employee representatives from various departments, these committees provide a platform for worker consultation and participation in health and safety matters. The committees oversee safety practices, conduct monthly safety inspections, review workplace hazards and ensure continuous adherence to and improvement of our stringent safety standards across our operations.

Occupational Hazard Identification and Risk Assessment

GRI 403-2

Nanofilm adopts a structured approach to identifying and assessing work-related hazards, ensuring a safe working environment and compliance with applicable local regulations. Our strategy follows the hierarchy of controls, prioritising hazard elimination and minimising risks across all operations.

At our Shanghai site, a hazard identification and evaluation procedure is implemented, with annual assessments conducted using the LEC risk assessment method. Appropriate control measures are applied to address identified major hazards and protect employee well-being. Our safety management system focuses on the prevention of the "three violations" (violations of regulations, operating procedures and labour discipline), promoting a culture of proactive reporting. To encourage transparency, strict anti-retaliation measures are enforced to protect the whistle-blower. Employees' rights are safeguarded under HR protocols, including the right to refuse unsafe work and the ability to report concerns and grievances anonymously via suggestion boxes, email or phone. Our accident investigation follows the "Four No-Misses" principle, ensure root causes are identified, corrective actions are implemented and lessons are learned, to encourage a continuous improvement on workplace safety.

In Vietnam, a comprehensive risk assessment process is implemented to identify and manage high-risk activities. Employees received training in line with our OHS-01 risk assessment procedure and are encouraged to report hazards and near-misses, through anonymous reporting channels. Robust investigation procedures are in place to ensure all work-related incidents are thoroughly examined and addressed. Risk control measures have also been strengthened through the strict application of the hierarchy of controls, including elimination, substitution or reduction, isolation, administrative controls, and the use of personal protective equipment.

SUSTAINABILITY REPORT

In Singapore, our risk management and assessment process identify both routine and non-routine work hazards. Potential hazards are identified and evaluated. Thereafter, appropriate measures are implemented following the hierarchy of controls to eliminate hazards and minimise risks. This structured approach helps ensure that effective safeguards are in place to protect employees and maintain a safe workplace.

Approach to Hazardous Substances/Chemical Safety

At Nanofilm, we maintain the highest standards of regulatory compliance to ensure the sustainable and responsible management of our operations. This includes stringent oversight of all chemical substances used in our processes. All chemical substances are properly registered and handled in full compliance with applicable local regulations in the countries where we operate, including securing and renewing the required permits and licenses for the handling, storage and use of these chemicals. Nanofilm does not use substances classified as substance of concern or high concern, thus phasing out such chemicals or seeking alternatives is not applicable to our operations.

As part of our routine workplace risk assessments, we evaluate key indicators related to hazardous material storage and chemical usage. This proactive approach allows us to identify potential risks early and implement appropriate mitigation measures, ensuring a safe working environment for our employees. We adhere strictly to all regulatory requirements governing the storage, handling and use of hazardous materials and chemicals, reinforcing our commitment to workplace safety and environmental protection.

Occupational Health Services

GRI 403-3

Pre-employment health checks are provided for employees in roles that may involve exposure to occupational hazards, such as prolonged noise exposure that could lead to hearing loss. Regular health monitoring programs are implemented to ensure employees remain protected from potential occupational health risks.

Beyond workplace safety, we also promote employees' overall well-being through various local initiatives that encourage healthy lifestyles. In China, our on-site canteens offer nutritionally balanced meals to support employees' dietary needs. We also organise regular health check-ups and screening programmes to help employees detect and identify potential health issues at early stage and take preventive measures where necessary.

In Singapore, we organise health talk to raise awareness of age-related health conditions and encourage employees to take proactive steps in maintaining their well-being. This session provides information on common eye conditions such as presbyopia, cataracts and macular degeneration, and share practical guidance on maintaining good vision through regular eye examinations and healthy lifestyle practices. A simple eye assessment is also provided at the end of the session. In addition, annual health screening programmes are conducted to support the early detection of potential health concerns and promote proactive health management.

These initiatives serve as proactive reminders for employees to prioritise their health and to embrace a healthier lifestyle. Over time, these efforts contribute to a safer, healthier and more productive workforce, reinforcing Nanofilm's commitment to employee health and occupational wellness.

Communication on Occupational Health and Safety

GRI 403-4

In Shanghai, a joint labour union committee has been established, supported by internal and external communication procedures that mandate employee participation in Occupational Health and Safety (OHS) activities. Monthly meetings, attended by the labour union chairman and department managers, provide a platform to discuss, review and make decisions on OHS-related matters.

In Vietnam, bi-weekly meetings with employee representatives are held to address environmental, health and safety concerns. These sessions ensure compliance with legal and customer requirements while actively integrating employee feedback to continuously enhance workplace safety. Furthermore, an established network of occupational health and safety representatives from on-site production departments are trained to guide and support occupational health and safety controls at worksites.

In Singapore, stakeholder engagement on workplace safety includes monthly Workplace Safety and Health (WSH) reviews and line walks conducted with Safety Committees, ensuring that employee perspectives are continuously heard and integrated into safety initiatives. A representative from each department is selected and serves as a safety committee member, responsible for overseeing safety matters and ensuring employee perspectives are consistently integrated into safety initiatives. Regular site inspections further reinforce the proactive management of occupational health and safety across all our operations.

SUSTAINABILITY REPORT

OHS Training

GRI 403-5

Nanofilm provides comprehensive health and safety training to ensure employees have the necessary knowledge to maintain a safe working environment. All new hires complete mandatory training that covers emergency preparedness, hazard identification and risk assessments, while all employees participate in an annual occupational health and safety session to reinforce best practices.

In Shanghai, an annual Environmental, Health and Safety (EHS) training plan is implemented, with employees receiving regular training in line with the plan. Detailed records are maintained to track participation and ensure compliance.

In Vietnam, training programs are conducted with adherence to Vietnamese Law and customer requirements, covering multiple areas:

- Annual safety training for six groups according to ND144/2016/ND -CP
- Chemical safety training for relevant personnel
- Electrical safety training for relevant personnel
- Fire safety and rescue training

In 2025, the Vietnam site also conducted near-miss training sessions and strengthened road safety awareness programs. Safety awareness was enhanced among employees across all daily activities, contributing to a reduction in traffic-related incidents in Vietnam.

In Singapore, Safety Awareness Training is conducted regularly, either monthly or bi-monthly, as part of new hire orientation and on-the-job training. This training covers risk assessments, safe work procedures and safety requirements related to work processes. Additionally, Workplace Safety and Health (WSH) training is also attended by senior management to ensure leadership engagement and reinforce a culture of safety-first mindset throughout the organisation.

Promotion of Worker Health

GRI 403-6

Nanofilm provides comprehensive health support for employees across all operations to promote well-being and encourage proactive health management.

In Shanghai, all employees are offered annual non-occupational health check-ups to support their well-being and encourage proactive health management. Medical examiners provide employees with their results along with explanations to help them understand and act on their health status.

In Vietnam, employees undergo annual health examinations to ensure they remain fit and healthy. Safety training courses also educate employees on the benefits of regular health check-ups, reinforcing the importance of preventive healthcare.

In Singapore, we adhere to the Group and HR policies, ensuring that all confirmed and permanent employees receive Group Hospital and Surgical insurance coverage. Annual health screening exercise is organised and provided to all permanent staff at no cost, with medical reports shared by the practitioner directly with employees. This initiative allows employees to gain a better understanding of their health status and take proactive measures to manage any potential risks or concerns.

In Japan, all employees are enrolled in the statutory National Health Care System, providing access to comprehensive health care services, including preventive care, treatment and medical support. This coverage ensures affordable access to essential medical services and reduces financial barriers to accessing necessary medical care.

SUSTAINABILITY REPORT

Workers Covered by an Occupational Health and Safety Management System

GRI 403-8

At Nanofilm, we have implemented a robust Occupational Health and Safety (OHS) management system that aligns with site-specific health and safety policies, applicable legal requirements, industry standards and the high expectations of our global customers. This system ensures regulatory compliance while promoting a safe and healthy workplace for all employees.

Our OHS management system applies to all employees and extended to workers who are not employees, but whose work and/or workplace is controlled by the Group, including contractors and temporary workers, as of December 2025. Through this comprehensive approach, we are committed to safeguarding the well-being of our workforce and maintaining the highest standards of occupational health and safety across all operations.

Work-related Injuries

GRI 403-9

In FY2025, we achieved a record of zero fatalities from work-related injuries. However, there were 5 cases of high consequence work-related injuries and a total of 12 cases of recordable work-related injuries. These incidents had occurred mainly in Shanghai (11 cases) while 1 case was recorded in Germany, primarily due to falls and machinery or equipment operations. In response, the site has developed a comprehensive list of major health and safety risks, along with appropriate control measures. Through focused risk mitigation and regular evaluations, we ensure the continued effectiveness of these measures in maintaining a safe work environment.

Notably, we recorded zero cases of recordable work-related ill health for all employees and non-employee workers whose work or workplace is controlled by the organisation.

Looking ahead, Nanofilm has set a target of achieving a recordable work injury rate of less than 1.0 per one million man-hours worked by 2030, demonstrating our commitment to continuous improvement in workplace safety. We strive to reach this goal through comprehensive safety training, regular safety inspections, and fostering a strong culture of safety awareness, ensuring a safer working environment for all employees under our control.

Table 13: Health And Safety Performance

	FY2025	FY2024	FY2023
Rate of fatalities as a result of work-related injury (per 1,000,000 hours worked)	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities) (per 1,000,000 hours worked)	0.71	0.83	0.84
Rate of recordable work-related injuries (excluding high-consequence work-related injuries) (per 1,000,000 hours worked)	0.99	0.99	0.84
Total Recordable Injury Rate (TRIR) (per 100 workers)	0.34	0.36	0.34
Lost Time Incident Rate (LTIR) (per 1,000,000 hours worked)	0.71	0.83	0.84

SUSTAINABILITY REPORT

HUMAN RIGHTS AND LABOUR MANAGEMENT

GRI 408-1, GRI 409-1

Nanofilm is strongly committed to maintaining a safe and ethical work environment that strictly prohibits human trafficking, slavery, forced labour and unlawful child labour across all our operations. To ensure employees understand their responsibilities in upholding human rights and ethical conducts, all new hires are required to complete the training on the Code of Business Conduct and Ethics.

We unequivocally condemn these practices and collaborate with our customers to conduct regular reviews, aimed at preventing human rights violations. To mitigate the risk of child labour and forced labour within our supply chain, our operations and critical direct suppliers in high-risk countries undergo annual social compliance audits as part of our human rights due diligence process. These audits assess alignment with our Supplier Code of Conduct and adherence to internationally recognised human rights standards.

Our goal is to maintain zero instances of forced labour or child labour within both our operations and our critical direct suppliers. We engaged actively with suppliers to strengthen their practices, support the implementation of corrective actions when necessary, and continuously enhance the transparency and integrity of our supply chain.

SUPPLY CHAIN DUE DILIGENCE

GRI 308-1, GRI 414-1

At Nanofilm, we uphold rigorous standards across our operations, prioritising fair working hours, a safe work environment and zero tolerance for discrimination regardless of role or location. We also enforce responsible sourcing policies for all raw materials, requiring both our factories and suppliers to uphold these principles, adhering to ethical, social and environmental practices.

Before onboarding suppliers, we conduct thorough due diligence to ensure ethical practices, including zero-tolerance for bribery and corruption, and sourcing raw materials responsibly from non-conflict areas. Approved suppliers are periodically reviewed internally to ensure continued adherence and compliance, and critical vendors are required to comply with our Supplier Code of Conduct to maintain these standards throughout the long-term relationships.

Nanofilm is committed to maintain 100% due diligence screening of all new critical direct material suppliers, covering human rights, environmental, health and safety practices, ensuring a responsible and sustainable supply chain.

Conflict Minerals Policy

Nanofilm is fully committed to complying with international organisations and industry regulations while proactively mitigating risks associated with conflict minerals. To ensure compliance, our policies require all suppliers to comply with all applicable legal requirements prohibition the use of conflict minerals. During the supplier selection process, each supplier must complete a Conflict Minerals Questionnaire and sign the Commitment Letter on Not Using Conflict Minerals, which includes verifying the presence of such materials in their supply chain if necessary.

For suppliers handling raw metal materials, we require traceability to the smelting and to ensure responsible sourcing. Where necessary, we collaborate with customers to conduct audits and inspections to verify compliance. During the reporting period, 100% of our suppliers met the compliance requirements, reinforcing our dedication to ethical sourcing and minimising the risk of conflict minerals in our supply chain.

SUSTAINABILITY REPORT



LOCAL COMMUNITIES

GRI 413

Rooted in a strong sense of corporate responsibility, Nanofilm is dedicated to building meaningful connections and driving positive change in community development. Our initiatives range from supporting local projects to empowering educational initiatives, all of which are key components of Nanofilm’s sustainability framework. These efforts reflect our commitment to creating shared value, while working towards a more sustainable, inclusive and prosperous future for all.

Volunteering at Willing Hearts

In 2025, Nanofilm employees in Singapore stepped away from their usual pace for a day and volunteer at Willing Hearts - Singapore’s leading soup kitchen charity organisation that delivers free meals and support services to the needy and marginalised communities. Employees contributed to the organisation’s meal preparation operations through various tasks including cleaning, moving supplies and meal preparation. This precious experience provided employees with first-hand insight into the operational efforts required to deliver daily meals while demonstrating our commitment to giving back to the community and supporting those in need.

Through this volunteering activity, we play our parts in supporting low-income families, seniors, people with disabilities, and children from single-parent households. The initiative reinforced the positive impact of collective effort and strengthened our relationships with the local community, demonstrating our commitment to meaningful community involvement and social responsibility. The experience also fostered a renewed sense of gratitude among employees and highlighted how small actions, when carried out together, can make a meaningful difference.



RESPONSIBLE BUSINESSES

Ensure a sound corporate governance structure to drive the overall strategy of the Group

Compliance with rules and regulations to ensure the continued operation of the Group



SUSTAINABILITY REPORT

RESPONSIBLE BUSINESSES

CORPORATE GOVERNANCE

GRI 2

Nanofilm continue to uphold rigorous governance standards and responsible business practices across its operations. Our governance structure enables effective compliance monitoring, risk management and the maintenance of trust with customers and society. Under the active leadership of our Group CEO, and in close collaboration with the Board of Directors and its committees overseeing performance and compliance, we remain committed to maintaining high standards of economic, environmental and social performance. We also ensure full compliance with applicable laws, regulations and corporate policies across our global operations.

The Board plays a central role in overseeing and ensuring the Group's adherence to strong corporate governance practices. It is supported by the Board Committees composed of independent directors with specialised expertise, enabling thorough review and oversight of complex matters. By delegating specific responsibilities to these Board Committees, the Board ensures that key decisions are carefully considered and aligned with best practices. Regular reporting from the Board Committees keep the Board well-informed, supporting strategic decisions that maintain the integrity and transparency of the organisation's governance framework.

Beyond the Board Committees, the Board is supported by internal committees, including the Investment Committee, Confidentiality Committee and Internal Audit Committee, which oversees various aspects of the Company's operations and ensures ethical decision-making at all levels across the organisation. We remain committed to aligning our corporate governance framework with the principles and provisions of the Code of Corporate Governance 2018 and accompanying Practice Guidance, as part of our ongoing obligations under the Listing Rules of the SGX ST. For further details on our Board of Directors, board independence, and other corporate governance policies and practices, please refer to the Corporate Governance Report in our Annual Report 2025.

Key Highlights



Zero cases of significant fines or non-monetary sanctions related to environmental and socio-economic areas



Zero confirmed incidence of corruption



Zero cases of legal actions relating to anticompetitive behaviour, anti-trust, and monopoly practices



100% of new employee completing the Compliance and Code of Conduct training

SUSTAINABILITY REPORT



BUSINESS ETHICS

GRI 205

At Nanofilm, we prioritise strong business ethics and cultivate a competitive yet fair environment as the foundation for sustainable growth. We are committed to upholding the highest standards of integrity and transparency across all operations, including strict compliance with anti-corruption laws in every country and region we operate. Our CEO actively oversees and drives our efforts in business ethics and anti-corruption, which are reported to the Board annually.

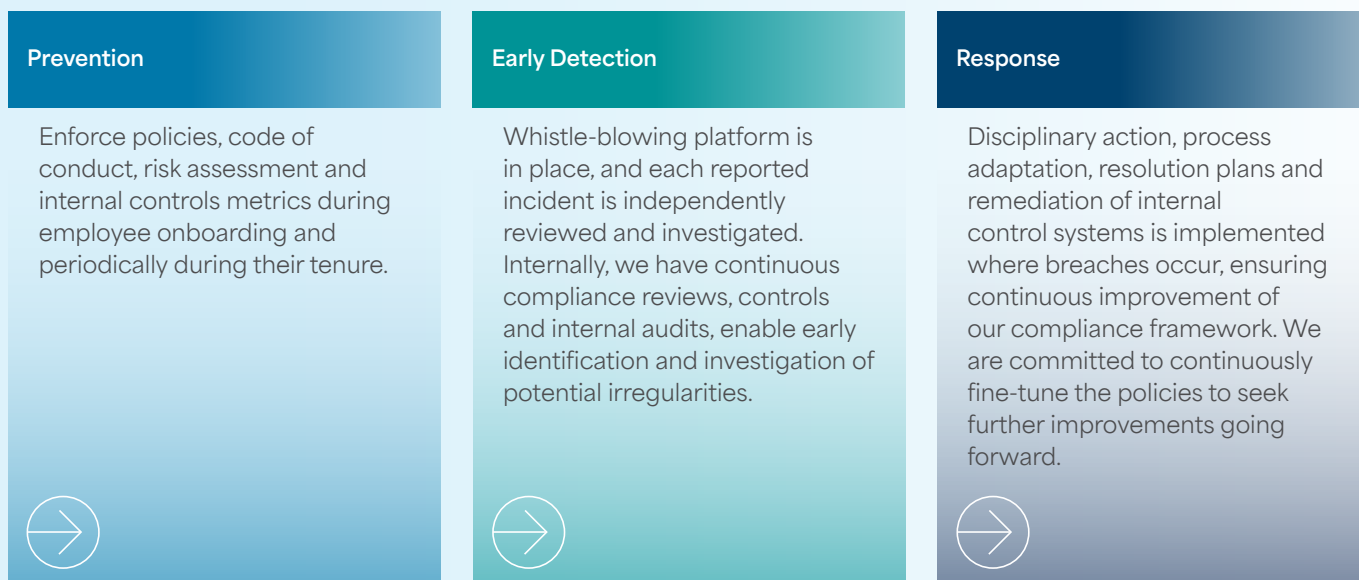
During the reporting period, Nanofilm upheld its commitment to ethical business practices, with no significant fines or sanctions related to environmental or socio-economic matters. There were zero confirmed incidents of corruption or legal actions linked to anti-competitive behaviour, anti-trust or monopoly practices. We also achieved our target of 100% of new employees completing Compliance and Code of Conduct training.

To maintain compliance with legal, regulatory and internal requirements, we have implemented comprehensive procedures across the Group. Our Code of Business Conduct and Ethics sets clear guidelines for ethical behaviour, addressing work ethics, conflicts of interest, confidentiality, related party transactions, handling gifts and Group securities. The full Code of Business Conduct and Ethics is publicly available on the Company's website at <https://www.nti-nanofilm.com/wp-content/uploads/2023/11/Nanofilm-Supplier-Code-of-Conduct.pdf>. We are committed to conducting business fairly and competitively, while fostering positive relationships with customers, suppliers, competitors and employees. As part of this commitment, critical vendors are required to sign an anti-bribery and environmental agreement to ensure continued alignment with our policies.

We actively invest in fostering a strong culture of ethics and integrity across the organisation. Our policies are clearly communicated through ongoing training, communications and consultations. We aim for 100% of new employees to complete Compliance and Code of Conduct training within six months of joining while annual refresher training ensures existing employees remain aligned with compliance requirements and ethical standards.

SUSTAINABILITY REPORT

Nanofilm's compliance and integrity program is supported by a structured framework comprising three key pillars:



To further strengthen transparency and accountability, we maintain a whistleblowing framework that enables employees and external parties to report concerns in confidence relating to:

- Fraud and corruption
- Financial reporting improprieties
- Legal and regulatory breaches
- Non-compliance with the Group's code of conduct and business practices
- Any wrongful acts by employees

Any suspected non-compliance or misconduct involving the Group or its employees may be reported through the following channels:

1. By submitting the completed reporting form (available on the Company's corporate website) via email to whistleblow@nti-nanofilm.com
2. Directly to the ARC Chairman and/or the Compliance officer at:
 - a. ARC Chairman: siewkoon.ong@nti-nanofilm.com
 - b. Compliance Officer: yihsen.gian@nti-nanofilm.com

All whistle-blowing reports are subject to independent investigation, and appropriate remedial actions are taken to address any substantiated concerns. This mechanism reinforces Nanofilm's commitment to maintaining the highest standards of integrity, accountability and responsible business conduct.

Cybersecurity Awareness

Nanofilm continues to strengthen its cybersecurity resilience by enhancing employee awareness and preparedness against potential cyber threats. During the reporting period, the Group implemented comprehensive cybersecurity training and conducted mock phishing exercises to help employees better recognise and respond to phishing attempts from external sources.

The training program covers key topics such as identifying common phishing tactics, recognising suspicious emails and understanding the appropriate actions to take when encountering potential cyber threats. Employees are reminded to remain vigilant when receiving unexpected messages requesting sensitive or personal information and are encouraged to verify such requests through official communication channels.

In addition, employees are reminded to seek assistance from the IT support team whenever they are uncertain about the legitimacy of an email or online request. Through continuous awareness trainings and simulated testing, the Group aims to strengthen employees' ability to detect cyber risks and safeguard the Company's information systems and data.

SUSTAINABILITY REPORT

SUSTAINABILITY PERFORMANCE SUMMARY

Standard	Metrics	Unit of Measurement	FY2022	FY2023	FY2024	FY2025
/	Revenue	S\$' million	237	177	204	244
Sustainable Innovation						
/	R&D and engineering expenses	%	7.1	9.0	7.0	7.1
/	Patents and trademarks	Number	>90	>100	>200	>240
/	Employees engaged in R&D and engineering	Number	>400	>400	>370	≈300
Responsible Business						
GRI 205-2	Management Committee	%	100	100	100	100
	All Employees	%	100	100	100	100
GRI 205-3	Confirmed incidents of corruption	Number	0	0	0	0
/	Human rights incidents in supply chain	Number	0	0	0	0
GRI 204-1	Sourcing from local suppliers	%	60	71	82	85
Environment						
GRI 302-1	Total energy consumption	GJ	317,384.00	286,247.00	327,809.60	405,664.55
GRI 302-4	Energy consumption intensity	GJ/1,000 machine production hours	345.46	324.06	314.69	306.41
GRI 303-3	Total water withdrawal	m ³	708,827.20	406,887.51	410,501.00	444,388.50
GRI 303-4	Total water discharge to all areas	m ³	639,572.90	400,747.51	410,501.00	438,351.50
GRI 303-5	Total water consumption from production	m ³	654,683.00	368,014.51	361,861.00	384,741.55
GRI 305-1	Total Scope 1 GHG emissions	tCO ₂ e	272.00	78.09	84.57	90.17
GRI 305-2	Total Scope 2 GHG emissions (location-based)	tCO ₂ e	37,461.62	34,365.99	39,244.55	58,078.53
GRI 305-2	Total Scope 2 GHG emissions (market-based)	tCO ₂ e	37,461.62	5,558.19	5,935.19	5,800.73
GRI 305-1, 305-2	Total Scope 1 & 2 GHG emissions (location-based)	tCO ₂ e	37,733.44	34,444.08	39,329.12	58,168.69

SUSTAINABILITY REPORT

Standard	Metrics	Unit of Measurement	FY2022	FY2023	FY2024	FY2025
GRI 305-1, 305-2	Total Scope 1 & 2 GHG emissions (market-based)	tCO ₂ e	37,733.44	5,636.28	6,019.76	5,890.90
GRI 305-4	Total GHG emissions intensity (location-based)	tCO ₂ e/1,000 machine production hours	41.07	38.99	37.75	43.94
GRI 305-4	Total GHG emissions intensity (market-based)	tCO ₂ e/1,000 machine production hours	41.07	6.38	5.78	4.45
GRI 306-3	Total waste generated	tonne	669.3	544.29	818.14	1,269.60
Social						
GRI 2-7	Total employees	Number	2,658	2,215	2,390	2,802
GRI 401-1	New employee hire rate	%	34	32	57	38
	Employee turnover rate	%	30	44	48	45
GRI 403-9 GRI 403-10	Rate of fatalities as a result of work-related injury (per 1,000,000 hours worked)	Rate	0	0	0	0
	Rate of high consequence work-related injuries (excluding fatalities) (per 1,000,000 hours worked)	Rate	0.13	0.84	0.83	0.71
	Rate of recordable work-related injuries (per 1,000,000 hours worked)	Rate	1.64	0.84	0.99	0.99
	Total recordable incident rate (TRIR)	Rate	0.33	0.34	0.36	0.34
GRI 404-1	Average hours of training per employee	Hours	31.44	21.07	14.04	27.19
GRI 404-2	Employees groupwide subject to regular performance appraisal	%	100	74.1	89	99.6

SUSTAINABILITY REPORT

SUMMARY OF SCOPE 1 & 2 GHG EMISSIONS SOURCES

Scope 1 Direct GHG Emissions:

Category	Emission Source	Activity Data	Source of Emission Factor
Fuel combustion (stationary)	Liquified Petroleum Gas (canteens and dormitories)	Fuel consumed	2006 IPCC Guidelines for National Greenhouse Gas Inventories
Fuel combustion (mobile)	Petrol consumption (vehicles)	Fuel consumed	
	Diesel consumption (vehicles)	Fuel consumed	

Scope 2 Indirect GHG Emissions (from consumed electricity, steam, heat, or cooling):

Category	Emission Source	Activity Data	Source of Emission Factor for Location-based Method	Source of Emission Factor for Market-based Method
Purchased electricity	Grid electricity	Electricity consumed	Singapore: Energy Market Authority of Singapore	Same as in Location-based Method
Purchased electricity	Grid electricity under special agreement	Electricity consumed	China: Ministry of Ecology and Environment of the People's Republic of China	Contract
Purchased electricity	Grid electricity with RECs	Electricity covered by RECs	Vietnam: The Department of Climate Change, Ministry of Natural Resources and Environment Japan & Germany: International Energy Agency	REC registry
Purchased electricity (Direct line)	Onsite solar photovoltaic owned by landlord	Electricity consumed	0	0
Self-generated electricity	Onsite solar photovoltaic	Electricity consumed	0	0

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use Nanofilm has reported the information cited in this GRI content index for the period from 1st January 2025 to 31st December 2025 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

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2-4	Restatements of information	There is no restatement of information for FY2025.	NA
2-5	External assurance	Nanofilm did not seek for external assurance.	NA
2-6	Activities, value chain and other business relationships	Please refer to Annual Report	6-8
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Corporate Governance Report



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CORPORATE GOVERNANCE REPORT

INTRODUCTION

Nanofilm Technologies International Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**” or “**Nanofilm**”) are committed to upholding high standards of corporate governance. The Group maintains a robust governance framework built on sound principles, practice, and processes to ensure integrity and long-term value creation for shareholders.

The Board of Directors (the “**Board**”) believes that strong corporate governance is fundamental to the Group’s success. Accordingly, the Company aligns its governance framework with the principles and provisions of the Code of Corporate Governance 2018 and its accompanying Practice Guidance, as required under the listing rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Rules**”).

This report outlines the Company’s corporate governance practices during the financial year ended 31 December 2025 (“**FY2025**”), detailing compliance with each principle and provision of the Code of Corporate Governance 2018. The Board is pleased to confirm that the Company has materially complied with the Code of Corporate Governance 2018, with explanations provided for any deviations.

The Board remains committed to continuously reviewing and refining the Group’s governance framework to ensure its relevance and effectiveness within the evolving business, legal and regulatory landscape. In doing so, the Company also benchmarks its corporate governance disclosures against the Singapore Governance and Transparency Index (SGTI) to enhance transparency, accountability and stakeholder confidence.

BOARD MATTERS

THE BOARD’S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board holds overall stewardship responsibility and is primarily accountable for safeguarding and enhancing the Group’s long-term value and shareholder returns.

Each Board member contributes independent judgement, diverse expertise and experience in overseeing the Group’s business and affairs, ensuring alignment with its long-term objectives. Additionally, the Board sets the ethical and value-driven foundation for the Group. The Board’s key functions include:

- Providing entrepreneurial leadership and setting the strategic plans and performance objectives of the Group which include appropriate focus on value creation, innovation and sustainability;
- Approving the release of the Group’s financial results and business updates;
- Reviewing the adequacy and effectiveness of the Group’s risk management and internal controls framework, including strategic, financial, operational, compliance and information technology controls and establishing risk appetite to safeguard shareholders’ interests and the Group’s assets;
- Approving the Group’s annual budgets, significant capital expenditure, acquisitions, major investment decisions and divestment proposals;

CORPORATE GOVERNANCE REPORT

- Reviewing recommendations of the Audit and Risk Committee (“**ARC**”) on the appointment, re-appointment or removal of external auditors;
- Reviewing recommendations of the ARC on any whistle-blowing investigations relating to breaches of company policies, processes and procedures, staffing and personnel matters and regulatory compliance;
- Reviewing recommendations of the ARC on the risk management framework;
- Setting objective performance criteria to evaluate the performance of the Board, individual Directors and Board Committees;
- Approving recommendations of the Nominating Committee (“**NC**”) on nomination and appointment/reappointment of Directors, Board Committees members and key management personnel¹ (collectively, “**KMP**”);
- Reviewing recommendations of the Remuneration Committee (“**RC**”) and approving the remuneration packages of Directors and KMP;
- Establishing policy and framework for promoting diversity of the Board;
- Reviewing succession planning for the Board and KMP;
- Reviewing sustainability issues such as environmental, social and governance factors, as part of its strategic formulation;
- Identifying key stakeholder groups, recognising that their perceptions affect the Company’s reputation;
- Setting the Group’s standard of conduct and values to ensure that obligations to shareholders and other stakeholders are understood and met; and
- Overseeing and ensuring the Group’s adherence to sound corporate governance practices.

Directors’ Fiduciary Duties and Conflicts of Interest (Provision 1.1)

As fiduciaries of the Company, Directors must always act in good faith and exercise due care, skill and diligence. Each Director has a duty to act objectively in what they believe to be the best interests of the Company, ensuring that all actions serve a legitimate corporate purpose.

Directors must avoid situations where their duties to the Company may conflict with personal interests. To uphold both personal and corporate integrity, they should also proactively avoid circumstances that could create a perception of impropriety.

In the event of a potential conflict of interest, the affected Director must promptly disclose the details to the Board, including the nature of the conflict and any relevant interests. The Director will recuse from discussions and decisions on the matter unless the Board determines that his participation is necessary. Where participation is permitted, the Director will still abstain from decision-making.

In accordance with Section 156 of the Companies Act 1967 of Singapore, each Director has provided the Company with a notice of his affiliations with entities in which he holds positions or interests. This disclosure helps identify potential conflicts in transactions involving the Group. Directors are required to update their disclosures periodically to reflect any changes in their interests.

1 The term “**key management personnel**” shall refer to a member of the management team who has the authority and responsibility for planning, directing and controlling the activities of the company, and who: (a) is the chief executive officer (CEO), chief financial officer (CFO), chief operating officer (COO), chief strategy officer (CSO) or chief commercial officer (CCO); or (b) performs or has the capacity (by virtue of the authority conferred on him by the CEO or the Board) to perform any function or responsibility equivalent to that of the CEO, CFO, COO, CSO or CCO; or (c) is responsible for ensuring that the Company complies with its obligations under the SGX Listing Rules.

CORPORATE GOVERNANCE REPORT

Directors' Orientation, Induction, Training and Development (Provision 1.2)

A formal letter of appointment is issued to every newly appointed Director, outlining their roles, obligations, duties and responsibilities as a Board member as well as the expectations of the Company. Independent directors ("IDs") have each received a formal letter of appointment detailing their duties and responsibilities.

To support newly appointed Directors who may be unfamiliar with the Group, the Company conducts an orientation program to introduce them to the Group's business activities, strategic direction, corporate governance framework and organizational structure.

To further enhance their understanding, Directors are given the opportunity to visit the Group's facilities and engage with the KMP. Additionally, they are provided with the contact details of fellow Directors, KMP, the Company Secretary and the Auditors to facilitate efficient and direct communication.

In FY2025, no new Director was appointed to the Board.

Management keeps Directors informed of business developments, financial reporting standards, industry trends and the performance of the Group's various business divisions during Board meetings. Additionally, the Board receives monthly updates on the Group's key performance metrics.

For Directors without prior experience on the board of a listed company, the Company will arrange for them to attend one of the training programmes conducted by a training provider specified in Practice Note 2.3 of the Listing Rules, such as the Listed Entity Director ("LED") Programme conducted by the Singapore Institute of Directors ("SID"), in compliance with Rule 210(5) (a) of the Listing Rules. This training must be completed within one year of their appointment. As of the date of this Report, all Directors have either completed the required LED Programme training or have prior experience serving as a director of a listed company before joining the Board or a Board Committee.

To stay updated on regulatory changes, all Directors are encouraged to attend seminars, conferences and training courses relevant to their roles, with expenses covered by the Company. A training register is maintained to track the training and development hours of each Director.

During the year, Directors collectively completed approximately 89 training hours.

On average, each Director completed approximately 17.8 hours of training during the year. Training areas include governance, sustainability, cyber risk, financial reporting and industry developments. Some of the key seminars and conferences attended by Directors included:

- Singapore Budget 2025 Webinar (EY)
- CTP1 - Navigating D&O Insurance: Essential Protection for Directors and Executives
- CTP 8 - Transatlantic Divide on ESG: Approaches and Implications (SID)
- CTP 10 - Unlocking Value with Advisory Boards (SID)
- CTP 13 - Global Trade Chaos - How should Directors respond? (SID)
- CTP 16 - Sentinel or Sleuth: Directors' Duties Amid Corporate Fraud (SID)
- CTP 17 - Driving Impact Through Board Management Alignment (SID)
- Cyber Resilience Training for Board Directors (SID)
- CFO Connect Symposium 2025: Driving growth through resilient lead (CPA Australia)

CORPORATE GOVERNANCE REPORT

- CGS Webinar: A Director's Guide for Navigating Climate Change (SID)
- Audit & Risk Committee Seminar (SID)
- Managing whistleblowing and investigations (EY)
- Nominating and Remuneration Committee Seminar 2025 (SID)
- Leveraging AI for Business Success: Identifying and Managing Potential Risks (R&T)

All the Directors have completed the Environmental, Social and Governance Essentials training organised by the Singapore Institute of Directors. Additionally, the Company has engaged a sustainability consultant to provide the Board with updates on developments in sustainability compliance.

The Company's Board secretary and external auditor ("**EA**") keep the Board informed of changes and new developments in regulatory requirements. Relevant announcements from the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**"), along with news articles and reports pertinent to the Group's business, are also circulated to Directors for their awareness.

Board Reserved Matters (Provision 1.3)

The Board has established a clear framework outlining matters that require its approval, which has been effectively communicated to Management. These matters, which necessitate the Board's approval and endorsement, include but are not limited, to the following:

- The Group's business strategy and objectives, budget and forecasts;
- Any material extension of the Group's activities into new business or geographic areas;
- Any change to the Company's corporate and capital structure, including the issuance of securities of any company in the Group, amendments to the Company's Constitution, major restructuring or reorganisation of the Group and major changes to the management or control structure of a principal subsidiary of the Company;
- Any borrowing or giving of security above a certain limit;
- Any injection of capital into any Group company for purposes other than to fund the working capital or capital expenditures of the Group company;
- The Company's financial results, annual report and the releases of related announcements, documents, press news and presentations;
- Dividend policy and the determination of any interim and final dividends;
- Any interested person transactions above a certain threshold;
- Adoption of major policies of the Group;
- Any material litigation;
- Establishment of any company or entity, joint venture and partnership;
- Any investment in, acquisition or disposal of any company, entity or business undertaking;
- The structure, size and composition of the Board and Board Committees;

CORPORATE GOVERNANCE REPORT

- Appointment and dismissal of Directors, including Board Committee members, Key Executives and the Company Secretaries;
- Delegation of authority including the Terms of Reference of the Board Committees;
- Remuneration matters of the Board and Key Executives, including share incentive plans; and
- Communications with shareholders, including the convening of general meetings and issuance of notices of general meetings and all related documents.

Delegation of Authority by the Board to its Board Committees (Provision 1.4)

To support the execution of its responsibilities, the Board has established three Board Committees – the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee. The ARC was formed effective 1 June 2025 following the combination of the previous Audit Committee (“**AC**”) and Board Risk Committee (“**BRC**”) of the Company, and it now assumes the oversight responsibilities of the AC and BRC under its Terms of Reference. Each of the Board Committees are tasked with overseeing specific areas of responsibility, details of which are provided below.

The composition, authority and duties of each Board Committee are outlined in their respective Terms of Reference. These Terms of Reference, along with committee structures and memberships, are reviewed annually to ensure their continued relevance, taking into consideration the Group’s developments and evolving corporate governance practices. Any changes to the Terms of Reference require Board approval.

The Board Committees report to the Board on their decisions and recommendations. While authority on certain matters is delegated to the Board Committees and Management, the Board retains ultimate responsibility for all decisions. In addition to the three Board Committees, the Board is further supported by the following committees:

(1) Investment Committee

The Investment Committee oversees and evaluates investment strategies, opportunities and risks to ensure alignment with the Group’s financial objectives and long-term growth.

(2) Confidentiality Committee

The Confidentiality Committee ensures the protection of sensitive information, overseeing policies and procedures to safeguard proprietary and confidential data.

(3) Internal Audit Committee

The Internal Audit Committee provides administrative oversight of internal audit activities, ensuring audit processes are effectively coordinated, documented and aligned with regulatory and corporate governance requirements.

CORPORATE GOVERNANCE REPORT

Board and Board Committees Meetings and Attendance (Provision 1.5)

The Board and the ARC will convene at least four times a year, while the NC and RC meet at least twice annually. To facilitate attendance, the annual meeting schedule for the Board and its Committees is set at the beginning of each year in consultation with the Directors. Ad hoc meetings may be convened as needed to address urgent matters requiring deliberation and decision-making.

Directors who are unable to attend in person may participate via electronic means, such as teleconferencing, videoconferencing or other approved communication methods, in accordance with the Company's Constitution. Additionally, Board and Board Committee decisions may be made through written resolutions passed in compliance with the Company's Constitution.

All Directors, save for Mr Steve Ghanayem (who was unable to attend due to an unforeseen engagement), attended the Company's last AGM held in person on 25 April 2025.

The number of Board and Board Committee meetings as well as General Meetings held in FY2025, along with the attendance records of Directors and KMP, are detailed below:

	Board	AC ⁽¹⁾	NC	RC	BRC ⁽¹⁾	ARC	General Meetings
No. of meetings held	5	2	2	2	2	2	2
No. of meetings attended by Directors							
Dr Shi Xu	5	-	-	-	-	-	2
Ms Ong Siew Koon @ Ong Siew Khoon ⁽²⁾	5	2	2	2*	2	2	2
Mr Kristian John Robinson ⁽³⁾	2	-	1	1	-	-	1
Ms Lee Lee Khoon ⁽⁴⁾	5	2	2*	2	2*	2	2
Mr Wan Kum Tho ⁽⁵⁾	5	2	2	1	2	2	2
Mr Steve Ghanayem ⁽⁶⁾	5	-	1	2	2	1*	1
No. of meetings attended by KMP							
Mr Lim Kian Onn (Group Chief Financial Officer)	5*	2*	-	-	-	2*	2
Mr Gian Yi-Hsen (Group Chief Strategy Officer)	4*	-	-	-	2*	2*	2
Mr Ian Howe (Group Chief Commercial Officer)	5*	-	-	-	-	-	2

* By invitation.

- (1) The Audit Committee and Board Risk Committee was combined to form the Audit and Risk Committee with effect from 1 June 2025.
- (2) Appointed as Chairman of the Audit and Risk Committee and redesignated from Chairman of the Nominating Committee to member of the Nominating Committee with effect from 1 June 2025.
- (3) Ceased to be Director, Chairman of the Nominating Committee and member of the Remuneration Committee with effect from 25 April 2025 following his retirement at the annual general meeting held on 25 April 2025.
- (4) Appointed as member of the Audit and Risk Committee with effect from 1 June 2025.
- (5) Appointed as member of the Remuneration Committee with effect from 25 April 2025 and as member of the Audit and Risk Committee with effect from 1 June 2025. Redesignated from member of the Nominating Committee to Chairman of the Nominating Committee with effect from 1 June 2025.
- (6) Appointed as member of the Nominating Committee with effect from 25 April 2025.

CORPORATE GOVERNANCE REPORT

Access to Information (Provision 1.6)

Meeting Preparation and Information Flow

Prior to each Board and Board Committee meeting, a notice and agenda are circulated to the Directors and relevant Board Committee members. These documents are reviewed by the Chairman of the Board or the respective Board Committee Chairmen before distribution.

Ahead of each meeting, Management provides the Board and Board Committees with comprehensive and relevant information, including financial reports, annual budgets, forecasts, new business initiatives, and other materials related to the agenda items. The Board is regularly updated on the Group's business developments and financial performance. Additionally, quarterly performance and financial updates are provided, while monthly key performance metrics are shared to ensure ongoing oversight.

Meeting Records and Reporting

Minutes of Board and Board Committee meetings are circulated to all Directors to keep them informed of key discussions and decisions. The Board Committee Chairmen also report to the Board at each meeting on significant matters deliberated within their respective Board Committees.

To facilitate secure and efficient access, all Board and Board Committee materials are uploaded onto a secure online portal, accessible to Directors via electronic devices.

Access to Management and Company Secretaries (Provision 1.7)

Board and Management Engagement

Management may be invited to Board and Board Committee meetings to present information, participate in discussions, and provide updates on the Group's operations and business developments. These interactions facilitate active engagement, enabling Directors to gain a deeper understanding of the Group's business and challenges.

IDs have separate and independent access to Management and regularly engage with them to discuss the Group's operations. The ARC also meets with the Group's internal audit team ("IA") and EA without Management's presence to ensure independent oversight. Any queries from individual Directors are directed to Management, who will provide the necessary responses. Directors may also seek independent professional advice, at the Company's expense, when required to fulfil their duties.

Access to Company Secretary

All Directors have separate and independent access to the Company Secretary or their representatives, who attend and record minutes of all Board and Board Committee meetings. The Company Secretary ensures compliance with Board procedures, regulations and governance standards while providing guidance on corporate governance and regulatory matters.

The appointment or removal of the Company Secretary is a Board decision as a whole.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Independent Directors and Non-Executive Directors comprise a majority on the Board (Provisions 2.1 to 2.3)

The Board currently consists of five Directors, comprising one Executive Director (“ED”) and four IDs. IDs, as such, form the majority on the Board. The current composition of the Board and its Committees is outlined below:

Board	ARC	NC	RC
ED			
Dr Shi Xu (Board Chairman)	-	-	-
IDs			
Ms Ong Siew Koon @ Ong Siew Khoon (Lead ID)	Chairman	Member	-
Ms Lee Lee Khoon	Member	-	Chairman
Mr Wan Kum Tho	Member	Chairman	Member
Mr Steve Ghanayem	-	Member	Member

The profile of each Director can be found on pages 22 to 24 of this Annual Report.

The four IDs are independent in conduct, character and judgement, having no relationship with the Company, its related corporations, substantial shareholders or officers that could compromise their ability to exercise independent business judgement in the Company’s best interests. The NC conducts an annual review to assess each Director’s independence.

With IDs comprising the majority of the Board, they provide independent oversight and objective judgment on Group matters, free from Management influence. As of the date of this report, the Board and its Committees maintain a strong independent presence, with all Board Committees chaired by IDs:

- ARC Chair - Ms. Ong Siew Koon @ Ong Siew Khoon
- RC Chair - Ms. Lee Lee Khoon
- NC Chair - Mr. Wan Kum Tho

Following the conclusion of the Company’s forthcoming AGM on 29 April 2026, Mr Steve Ghanayem will retire from the Board and step down as NC Member and RC Member.

None of the IDs has served on the Board for more than nine years, ensuring compliance with Rule 210(5)(d)(iii) of the SGX-ST Listing Rules regarding Director independence.

CORPORATE GOVERNANCE REPORT

Although IDs are not involved in the day-to-day operations, they play a critical role in shaping the Group's strategy and governance by:

- Contributing expertise to Board decisions and strategic planning
- Constructively challenging and refining strategies
- Reviewing Management's performance in achieving agreed goals
- Monitoring and ensuring accurate performance reporting

Board decisions are generally made unanimously (save for instances of abstention), with one instance during the year when a Director did not vote in favour of a resolution. This ensures that no individual or group dominates the decision-making process.

Board Composition and Diversity (Provisions 2.4)

Board Composition

The Board, with the support of the NC, regularly reviews its size and composition to ensure it remains optimal for robust discussions and effective decision-making. This assessment considers the scope and nature of the Group's operations as well as its evolving business needs.

Board Diversity

The Group recognizes and embraces the importance of a diverse Board in enhancing Board effectiveness and the quality of decision-making. To this end, the Company has adopted a Board Diversity Policy, under which diversity considerations are an integral part of Board composition and renewal. The Company remains committed to ongoing Board renewal, with a view to appointing members who bring an appropriate mix of skills, experience and perspectives relevant to the Group's evolving business needs.

In accordance with the Board Diversity Policy, diversity is considered across multiple dimensions, including but not limited to:

- (a) skills;
- (b) knowledge;
- (c) professional and industry background;
- (d) geographical experience;
- (e) expertise;
- (f) gender;
- (g) age;
- (h) independence (if applicable); and
- (i) length of service.

CORPORATE GOVERNANCE REPORT

Guided by this policy, the NC seeks to maintain a well-balanced Board comprising Directors with diverse yet complementary backgrounds. Such diversity supports constructive challenge, mitigates groupthink and enhances decision-making in the best interests of the Company.

In identifying and evaluating candidates for appointment, the NC considers a broad range of diversity attributes. All appointments are ultimately based on merit, taking into account the skills, experience, independence and contributions each candidate can bring to the Board, having regard to the Group's strategic priorities.

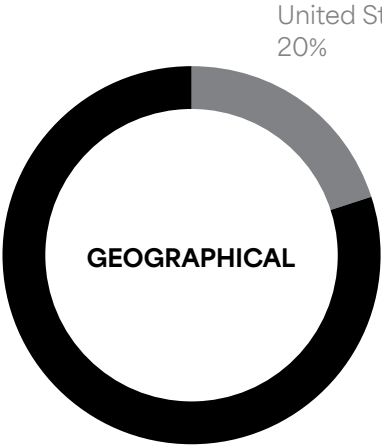
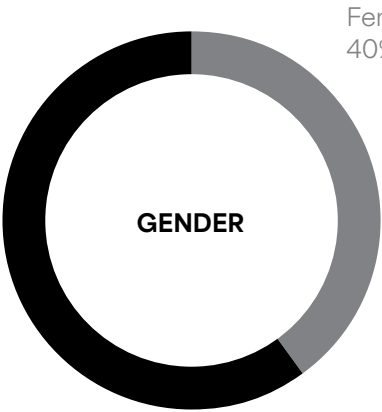
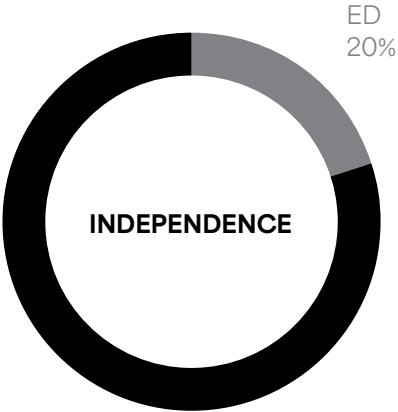
The Board has established the following diversity objectives, which are applied in a flexible and pragmatic manner, taking into account succession planning, Board renewal needs and the availability of suitable candidates:

- Independence: The Board will maintain at least 50% independent directors at all times to ensure strong independent oversight, objective judgement and balanced decision-making. The NC reviews the independence of each Director annually in accordance with the Code and relevant regulatory requirements.
- Gender Diversity: The Board recognises the value of gender diversity and remains committed to maintaining appropriate female representation over time. While the Board composition may vary as part of orderly renewal and succession planning, the Company will continue to consider gender diversity as an important factor in future Board appointments.
- Geographic Diversity: The Board values international exposure and cross-border perspectives, whether through Directors' nationality, professional experience or industry exposure. While the Board will not include a Director based outside Singapore following the retirement of Mr Steve Ghanayem, it will continue to benefit from the Directors' collective international experience and global business exposure. The Company will, as part of its ongoing Board renewal process, continue to include Directors with international experience or Directors with international backgrounds, where appropriate to further enhance the Board's diversity and effectiveness.
- Skills and Experience: The Company is committed to maintaining a Board with a broad and relevant mix of competencies, including finance, governance, strategic planning, industry knowledge and, increasingly, technology and innovation. In line with the Group's strategic direction, the Board has placed greater emphasis on strengthening its technology-related expertise, including through upcoming Board appointments.

The NC monitors progress against these targets annually and reports to the Board.

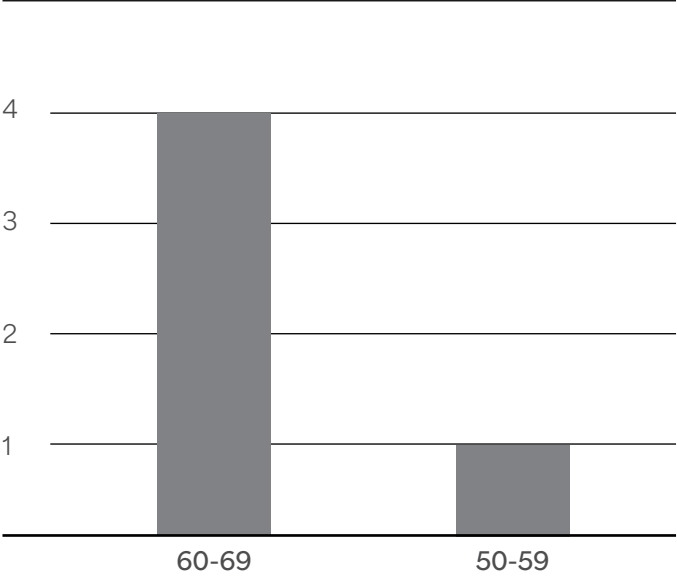
The Company is of the view that it has complied with the intent of Rule 710A of the Listing Manual, as diversity considerations are actively incorporated into Board composition and renewal. As at the end of FY2025, the Board comprised Directors with diverse backgrounds and expertise across accounting and finance, tax, business and management, industry-specific knowledge, strategic planning and customer-based insights, with female representation on the Board and international experience contributed by certain Directors.

CORPORATE GOVERNANCE REPORT



NUMBER OF DIRECTORS

AGE



SKILLS, KNOWLEDGE, PROFESSIONAL AND INDUSTRY BACKGROUND



CORPORATE GOVERNANCE REPORT

The Board acknowledges that its composition will continue to evolve as part of its ongoing renewal process. In this regard, changes to the Board's composition are anticipated in FY2026 to further strengthen specific areas of expertise, particularly in technology, while continuing to uphold the principles of diversity set out in the Board Diversity Policy. The Company will make the appropriate announcements as and when such changes take place.

After considering the Board's size and composition, as well as the diversity of skills, experience, age, gender, nationality and cultural background represented, the Board is of the view that it has an appropriate balance and that its current composition is aligned with the Group's present needs and strategic direction. The Board will continue to review its composition on a regular basis to ensure that it remains effective and fit for purpose.

The NC is responsible for reviewing and implementing the Board Diversity Policy, including setting and monitoring appropriate diversity objectives, and reporting to the Board on progress as part of the Board evaluation process.

Meeting of Independent Directors without Management (Provisions 2.5)

In FY2025 and up to the date of this report, the IDs, led by the Lead ID, have met – both formally and informally – without the presence of Management. These meetings focused on key matters, including:

- Cessation and appointment of key executives
- Remuneration packages and incentive bonuses for EDs and KMP
- Granting of employee share incentives
- Feedback from the EA
- Other governance and operational matters

Following these discussions, the Lead ID provides feedback and recommendations to the Board and/or Board Chairman as necessary.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Separation of Chairman and Group Chief Executive Officer (“Group CEO”) (Provision 3.1)

Roles of Chairman and Group CEO (Provision 3.2)

Appointment of Lead Independent Director (Provision 3.3)

Dr. Shi Xu, founder of the Company, holds both the positions of Board Chairman and Group CEO.

As the founder, Dr Shi has a proven track record of driving the Group's growth, having served as CEO from 1999 to 2017 and again as Interim CEO from 22 June 2021 to 31 December 2021 during key transitional periods. Effective 1 January 2025, he resumed the role of Group CEO. His extensive leadership experience, industry expertise and deep understanding of the Group's operations enable him to respond swiftly to market dynamics, operational challenges and growth opportunities, while also ensuring a direct and effective chain of command between the Board and Management. The dual role improves coordination between the Board and Management and provides greater accountability.

CORPORATE GOVERNANCE REPORT

Responsibilities as Board Chairman

As Board Chairman, Dr Shi is responsible for charting the Group's strategic direction, overseeing corporate development and policy planning, and ensuring the Board's overall effectiveness. He promotes high governance standards, fosters open communication among shareholders, the Board, and Management, and cultivates a culture of constructive dialogue. Additionally, he sets the agenda for Board meetings, ensuring that Directors receive timely, complete and relevant information to facilitate informed decision-making.

Responsibilities as Group CEO

As Group CEO, Dr Shi is responsible for overseeing the management of the operations and resources of the Group, including planning and implementing the Group's technological roadmap, and execution of the Group's business strategies. He is also the primary link between Management and the Board, ensuring alignment on business objectives and fostering effective communication and collaboration between the two.

Governance Safeguards

The Board has appointed Ms Ong Siew Koon @ Ong Siew Khoon as the Lead ID. She is available to shareholders for concerns that cannot be resolved through the usual channels of the Board Chairman or Management or where such contact may be inappropriate. The Lead ID serves as an additional governance safeguard, providing a direct point of contact for Directors and shareholders on governance-related concerns. Shareholders may reach her at siewkoon.ong@nti-nanofilm.com.

To ensure a balanced distribution of power, the Board comprises a majority of IDs, who provide objective oversight and independent judgment on key matters. All Board Committees are chaired by IDs, ensuring independent oversight in critical areas such as governance, risk and remuneration. The NC conducts annual reviews of the leadership structure to assess its effectiveness and alignment with corporate governance best practices. The Board remains committed to periodic reviews to ensure the structure continues to meet the evolving needs of the Group.

All major proposals and decisions made by the Chairman are discussed and reviewed by the ARC. The performance of the Board Chairman and Group CEO is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC.

In light of these factors, while the Board Chairman and Group CEO roles are held by the same person, the Board is confident that strong independent elements and adequate safeguards are in place to prevent any undue concentration of power and authority in a single individual.

DIRECTORS' NOMINATION, APPOINTMENT AND EVALUATION

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors taking into account the need for progressive renewal of the Board.

Composition of the Nominating Committee (Provision 4.2)

The NC consists of the following three Directors, all of whom are IDs. The Lead ID, Ms Ong Siew Koon @ Ong Siew Khoon, is a member of the NC.

Mr Wan Kum Tho – Chairman (ID)

Ms Ong Siew Koon @ Ong Siew Khoon – Member (Lead ID)

Mr Steve Ghanayem – Member (ID)

CORPORATE GOVERNANCE REPORT

In FY2025, the NC convened two meetings. Following each meeting, the NC Chairman formally reports to the Board on its proceedings and all matters within its scope of duties and responsibilities.

Role and Responsibilities of the Nominating Committee (Provision 4.1)

The responsibilities of the NC as set out in its Terms of Reference are as follows:

- Establish a formal and transparent process for the appointment and re-appointment of Directors to the Board, taking into account the need for progressive renewal of the Board;
- Assess annually, the effectiveness of the Board as a whole, and that of each of its Board Committees and individual Directors;
- Regularly review the Board structure, size, composition and the independence issue, and recommend to the Board such adjustments, as it may deem necessary;
- Determine the rotation of Directors who are due to retire and be put forward for re-election at the annual general meeting;
- Review and report to the Board on succession plans for Directors, in particular, the appointment and/or replacement of the Chairman of the Board, the Group CEO and KMP;
- Identify candidates, review and approve nominations for Directors or alternate Directors (whether appointment or reappointment), and membership of Board Committees;
- Review and determine, on an annual basis and as and when circumstances require, whether or not a Director is independent;
- Ensure that new Directors are aware of their duties and obligations, and decide if a Director is able to, and has been adequately carrying out, his/her duties as a director of the Company, taking into account the number of directorships and principal commitments of each Director;
- Approve any proposed assumption of roles outside of the Group by a legal representative of the Company's subsidiaries in the People's Republic of China ("PRC");
- Review and approve any new employment of related persons and the proposed terms of their employment; and
- Make recommendations on relevant matters relating to Board diversity, performance evaluation criteria and process for the Board, Board Committees and individual Directors, as well as training and professional development programmes for the Directors.

In FY2025 and up to the date of this report, the NC undertook the following key activities:

- Reviewed the size and composition of the Board, considering various aspects of Board diversity.
- Assessed the effectiveness and performance of the Board, Board Committees and individual Directors.
- Reviewed the training and professional development programmes for Directors.
- Evaluated the directorships and principal commitments of each Director to ensure they do not impede their ability to discharge their duties.
- Reviewed and determined the independence of IDs
- Reviewed the Board Diversity Policy to ensure continued alignment with governance best practices.

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- Reviewed and recommended the re-appointment/re-election of Directors.
- Reviewed the maximum number of listed company board representations a Director should hold, along with their principal commitments.
- Reviewed the Terms of Reference of the NC to ensure alignment with the Code of Corporate Governance 2018.

Succession Planning for Executives

The Company is in the process of, and aims to complete and implement a structured succession planning framework covering KMPs by the end of FY2026, which includes:

- Identification of critical roles and succession pipelines;
- Assessment of internal and external candidates;
- Emergency succession plans for the Group CEO and key executives; and
- Annual review of succession readiness by the NC.

Process for selection, appointment and re-appointment of Directors (Provision 4.3)

Board Succession Planning and Director Appointment

The NC oversees the Board's succession planning and progressive renewal process, in line with the Company's commitment to maintaining a diverse Board in terms of expertise, experience, gender, age and other relevant attributes. It regularly reviews the Board's size, composition and skill sets to identify any gaps and assess the need for new appointments. The NC is responsible for identifying and recommending suitable candidates for appointment to the Board.

New appointments are first considered and evaluated by the NC. Potential candidates are sourced through multiple channels, including Director recommendations, professional networks and, public advertisements such as listings on the Singapore Institute of Directors ("SID") website for non-executive director roles. Where appropriate, an external search firm or consultant may also be engaged to identify qualified candidates.

In assessing candidates, the NC considers factors such as integrity, qualifications, relevant expertise, industry experience, independence (where applicable), commitment and the extent to which the candidate's skills and experience complement the existing Board's competencies and diversity objectives.

The NC also utilises a competency matrix covering areas such as finance, governance, industry knowledge, ESG, technology and international experience to identify capability gaps and guide the selection process.

Alternate Directors

While the Company's Constitution allows for the appointment of alternate Directors, the Company adheres to the Code of Corporate Governance 2018, which discourages such appointments unless absolutely necessary and for limited periods. No alternate Directors were appointed in FY2025 or as of the date of this report.

Annual Review of Director Re-Election

The NC conducts an annual review of Directors eligible for re-election, considering competencies, time commitments, contributions and performance. This evaluation includes attendance, preparedness, active participation, and candor in Board and Board Committee meetings, as well as their overall effectiveness in discharging their responsibilities.

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Re-Election Process and Regulations

- **Newly Appointed Directors** - In accordance with Regulation 100 of the Company's Constitution, newly appointed Directors hold office until the next AGM (and are eligible for re-election at that AGM). As no new Directors were appointed in FY2025, no Director will retire under Regulation 100 at the forthcoming AGM on 29 April 2026.
- **Directors Retiring by Rotation** - Under Regulation 94, one-third of the Board must retire by rotation. Regulation 95 states that these retiring Directors are eligible for re-election at the AGM. Regulation 100 clarifies that Directors up for re-election under Regulation 100 are not counted in the one-third rotation requirement under Regulation 94.

Nomination and Board Decision

The NC has recommended that Dr Shi Xu and Mr Steve Ghanayem retire pursuant to Regulation 94. Taking into consideration his role as founder, his extensive leadership experience, industry expertise and deep understanding of the Group's operations, the NC further recommends that Dr Shi Xu be nominated for re-election at the forthcoming AGM on 29 April 2026. Dr Shi Xu has consented to act and offered himself for re-election. He has abstained from discussions and recused from voting on his own nomination. The Board has accepted these recommendations. Mr Steve Ghanayem has decided not to seek re-election due to his other professional commitment.

Board Composition Following Retirement of Independent Director

Following the retirement of Mr Steve Ghanayem, who has opted not to seek re-election, the Board will comprise three IDs and one Executive Director. During this transition period, the Board will continue to discharge its responsibilities effectively, with IDs forming the majority and providing independent oversight and judgement in Board deliberations.

- *Strong Independent Representation* - IDs will continue to form most of the Board, ensuring robust independent oversight and judgement in Board deliberations.
- *Diverse and Competent Board* - The Directors collectively possess extensive expertise in areas such as finance, strategy, risk management and industry knowledge, enabling the Board to effectively discharge its responsibilities and support the Group's operations and strategic priorities.
- *Effective Board Committees* - All Board Committees will continue to be chaired by IDs, ensuring independent leadership and oversight across audit, risk, nomination and remuneration matters.
- *Ongoing Board Renewal and Succession Planning* - The NC actively reviews the size and composition of the Board, considering the evolving needs of the Group. In this regard, the Company is in the process of identifying and appointing additional Director(s) with complementary expertise, including in technology and finance, to further strengthen the Board's capabilities and diversity.

The Board is of the view that, while the current composition remains functional during this interim period, the planned appointments will further enhance the Board's effectiveness, breadth of expertise and ability to support the Group's governance framework and strategic objectives.

Disclosure of Re-Election Details

In compliance with Rule 720(6) of the SGX-ST Listing Rules, detailed information on Dr Shi Xu, the Executive Director proposed for re-election is provided on pages 136 to 138 of this Annual Report.

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Determining Directors' Independence (Provision 4.4)

The NC is responsible for assessing the independence of Directors annually and whenever circumstances require. Each ID is required to submit an annual declaration of independence, in accordance with the Code of Corporate Governance 2018 and Listing Rules, for the NC's review.

In evaluating Director independence, the NC considers the principles and guidelines outlined in the Code of Corporate Governance 2018 and Listing Rules, and assesses independence based on the following factors:

- whether the Director has a relationship with the Company or its related corporations, substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of his/her independent judgement in the best interests of the Company;
- whether the Director is or has been employed by the Company or any of its related corporations in the current or immediate past financial years;
- whether the Director has an immediate family member who is or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the RC;
- whether the Director or his/her immediate family member has, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services (in excess of S\$50,000 aggregated over any financial year), other than compensation for Board service;
- whether the Director or his/her immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organization which provided to or received from the Company or any of its subsidiaries any significant payments or material services (in excess of S\$200,000 aggregated over any financial year);
- whether the Director has been a Director on the Board for an aggregate period of more than nine years; and
- any other applicable circumstances.

The NC has reviewed and confirmed the continued independence of Ms Ong Siew Koon @ Ong Siew Khoon, Ms Lee Lee Khoon, Mr Wan Kum Tho and Mr Steve Ghanayem. This assessment was based on their formal confirmations that they do not have any relationships with the Company, its related companies, substantial shareholders, or officers that could, or could be perceived to, compromise their ability to exercise independent business judgement in the best interests of the Company and the Group.

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Directors' other directorships and principal commitments (Provision 4.5)

The profiles of the Directors are set out on pages 22 to 24 of this Annual Report. The key information of the Directors as at the date of this report is set out below:

Name	Date of first appointment	Date of last re-appointment	Present directorships in other listed companies	Directorships in other listed companies held over the preceding five years	Other current principal commitments
Dr Shi Xu	2 Aug 1999	28 April 2023	Nil	Nil	Director of NTI-NTU Corporate Laboratory
Ms Ong Siew Koon @ Ong Siew Khoon	9 Oct 2020	26 April 2024	- Non-executive director of Karooooo Limited (listed on Nasdaq) - Non-executive director of Mapletree Logistics Trust Management Ltd.	Nil	Lead independent director of Maribank Singapore Private Limited
Ms Lee Lee Khoon	9 Oct 2020	26 April 2024	Nil	Nil	Nil
Mr Wan Kum Tho	14 May 2021	25 April 2025	- Non-executive director of AP Oil International Limited - Non-executive director of Tat Hong Equipment Service Co. Ltd - Non-executive director of Info-Tech Systems Ltd.	Independent director of D'nonce Technology Bhd	Adjunct Associate Professor (Finance) at NUS Business School
Mr Steve Ghanayem	1 Nov 2022	28 April 2023	Nil	Nil	President (US Operations) and Head of Global Sales at Tata Electronics Private Limited Owner and shareholder of Ghanayem Consulting, LLC

The NC has recommended that IDs limit their board memberships in listed companies, including their directorship in the Company, to a maximum of five. This guideline ensures that Directors have adequate time to fulfil their duties and contribute effectively to the Board and the Company's performance.

For the period under review, no Director has exceeded this limit. The NC has assessed the time commitment of all Directors and is satisfied that, despite some holding multiple board roles or principal commitments, they continue to dedicate sufficient time and attention to the Group's affairs.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

Assessing the effectiveness of the Board, Board Committees and Individual Directors (Provisions 5.1 and 5.2)

Board Performance Evaluation

The Board has established a formal evaluation process as outlined below, to assess the effectiveness of the Board, Board Committees and individual Directors.

Stage	Description
1. Planning	The NC determines the scope, evaluation criteria and methodology for the year.
2. Questionnaire Circulation	Structured questionnaires are distributed to Directors for confidential completion (self and peer evaluations).
3. Consolidation of Results	The Company Secretary or an external facilitator consolidates responses and anonymises results.
4. Review by NC	The NC reviews findings, identifies key issues and recommends follow-up actions.
5. Discussion and Action	The Chairman leads discussion at the Board meeting to review findings and agree on improvement measures.
6. Follow-Up	Progress on agreed actions is monitored and reported to the NC annually.

This annual evaluation provides an opportunity for Directors to offer constructive feedback on the Board's procedures and processes, ensuring they enable Directors to discharge their duties effectively. It also identifies areas for improvement to enhance overall Board effectiveness, strengthen corporate governance and stewardship and improve performance against both short-term and long-term financial and non-financial indicators.

The NC evaluates the performance of the Board, its Committees and individual Directors based on a set of objectives and relevant criteria to ensure a comprehensive and fair assessment.

Board and Board Committees' Performance Criteria

The Board performance evaluation assesses key areas such as:

- Board Composition & Diversity - Adequacy of skills, expertise, experience and diversity (including gender)
- Strategic Oversight - Ability to set clear strategic direction, assess risks and guide long-term growth.
- Corporate Governance & Compliance - Adherence to regulatory requirements, ethical standards and governance best practices.
- Risk Management & Internal Controls - Effectiveness in monitoring financial, operational and compliance risks.
- Shareholder & Stakeholder Engagement - Effectiveness in considering shareholder interests and maintaining transparency.
- Board Effectiveness - Meeting efficiency and decision-making effectiveness.

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The Board Committees' evaluation focuses on their efficiency and effectiveness in supporting the Board, including an assessment of their size, composition and ability to fulfil their responsibilities as outlined in their respective terms of reference. The evaluation process is conducted through a confidential and comprehensive questionnaire, completed by Board and Board Committee members, to ensure a thorough and objective assessment.

Individual Director Evaluation Criteria

The assessment of individual Directors is conducted through peer evaluation, where Directors are encouraged to provide feedback on the contributions of their peers. The evaluation criteria include:

- Attendance and Preparedness - Attends meetings regularly, demonstrates a high level of readiness for Board and Board Committee meetings, including thorough review of materials and key issues
- Contribution and Engagement - Actively engages in discussions, and contributes meaningfully to decision-making.
- Strategic Understanding - Possesses a strong grasp of the Group's business plans, strategies and long-term objectives and risks.
- Independence, Objectivity, Conduct and Ethics - Exercises sound and independent judgment and demonstrates integrity, professionalism, and confidentiality.
- Continuous Learning - Keeps skills and knowledge up to date.
- Overall Performance - Overall contribution enhances Board effectiveness, such as
 - Experience & Expertise - Brings relevant industry knowledge, professional expertise and governance experience to Board deliberations.
 - Leadership & Guidance - Provides constructive leadership and strategic direction to Management, offering insights and oversight.

The individual Director evaluation enables the NC to assess Directors due for re-nomination at the forthcoming AGM and determine whether those with multiple Board commitments can dedicate sufficient time and attention to their responsibilities.

For FY2025, the Board, Board Committees and individual Director performance evaluations were conducted in February 2026. Directors completed evaluation forms, which were compiled by the Company Secretary for analysis. To facilitate continuous improvement, a summary of evaluation results was presented to the Board for review and discussion.

Following this assessment, the Board, with the NC's concurrence, concluded that the Board, its Committees, and each Director have demonstrated commitment and contributed effectively to their respective roles.

For FY2025, the NC did not engage an external facilitator for the annual performance evaluation. The Board considers the existing internal evaluation process to be appropriate, but may consider appointing an independent external facilitator in the future where circumstances warrant a more comprehensive or externally benchmarked review.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Composition of the Remuneration Committee (Provision 6.2)

The RC consists of the following three Directors, all of whom are IDs:

Ms Lee Lee Khoon – Chairman (ID)
Mr Wan Kum Tho – Member (ID)
Mr Steve Ghanayem – Member (ID)

Role and responsibilities of the Remuneration Committee (Provision 6.1)

In FY2025, the RC carried out its responsibilities as outlined in its Terms of Reference, including:

- Reviewing and recommending to the Board a remuneration framework for the Board and KMP. This framework encompasses directors' fees, salaries, allowances, bonuses, options and share-based incentives for the ED and KMP.
- Reviewing and determining the specific remuneration packages for each Director and KMP.
- Assessing the alignment of the Group's remuneration policies and systems with its objectives and strategies, ensuring consistent administration and adherence.
- Reviewing the Group's remuneration and benefits policies and practices, including any share plans or long-term incentive schemes.
- Administering and approving awards under any share plans and long-term incentive schemes for senior executives.
- Proposing measurable, meaningful and appropriate performance criteria for the evaluation of KMP, individual Directors, and the Board as a whole, for adoption by the Board.

Remuneration Framework (Provision 6.3)

Risk Alignment in Remuneration

The RC considers risk outcomes in determining remuneration structures and ensures that incentive schemes do not encourage excessive risk-taking. Performance metrics incorporate both financial and non-financial factors, including sustainability and risk management considerations.

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Remuneration of ED and IDs

The Company has a formal and transparent process for developing executive remuneration and determining the remuneration package of the ED. The RC submits its recommendations to the Board for endorsement.

IDs are compensated through Directors' fees, structured to reflect their responsibilities and time commitment. The fee framework consists of:

- A base fee
- Additional fees for serving as Chairman of the Board or as Chairman/Member of Board Committees

The RC reviews the remuneration of IDs to ensure it is commensurate with their contributions, responsibilities, and market benchmarks.

None of the IDs have service contracts or consultancy agreements with the Company in FY2025. The Group CEO has an existing service agreement with the Company.

No Director participates in discussions or decisions regarding his own remuneration. The RC and the Board review the annual quantum of Directors' fees before submission for shareholder approval at the AGM.

Remuneration of KMP

The RC also reviews the remuneration packages of KMPs. Their service agreements or employment contracts:

- do not have a fixed term
- include termination provisions, allowing either party to terminate employment with three or six months' written notice or payment in lieu of notice
- provide for immediate termination for cause under certain conditions

The RC has reviewed the Company's obligations under the service agreements of the Group CEO and KMP in the event of termination and is satisfied that the termination clauses are fair, reasonable and not excessively generous.

Group-Wide Remuneration Guidelines

The RC reviews the annual remuneration guidelines for the Group, including:

- Annual salary increments
- Total incentive distribution for employees across all levels
- Structuring long-term incentive plans, if applicable

RC access to expert professional advice (Provision 6.4)

The RC may, as needed, refer to market reports on average remuneration or seek external expertise and independent professional advice to guide the formulation of the Group's remuneration policy.

In FY2025, the Group engaged an independent professional consultant to advise on the development of its job qualification and talent management framework as part of its corporate governance and people management practices.

CORPORATE GOVERNANCE REPORT

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of the remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

The Company's remuneration framework integrates fixed and variable components along with share incentive schemes to attract, retain and motivate (i) Directors to provide good stewardship of the Group, and (ii) KMP to drive long-term success and sustainable growth.

Remuneration of Executive Directors and Key Management Personnel (Provisions 7.1 and 7.3)

In setting remuneration packages, the RC takes into consideration prevailing market conditions, industry benchmarks and comparable companies to ensure competitiveness and alignment with industry standards.

The RC reviews all aspects of Board and KMP remuneration to ensure it is appropriate, proportionate and aligned with the Group's sustained performance, value creation and long-term strategic objectives while adhering to its risk policies.

Fixed and Variable Components

The remuneration packages for the ED and KMP include:

- A fixed monthly salary based on role scope and its criticality to the Group's operations, individual experience and competency, and market competitiveness.
- A variable and discretionary performance bonus tied to corporate and individual performance.

The variable component is determined by:

- Group performance and financial results.
- Individual performance, assessed through annual Key Performance Indicators ("KPIs") such as core values, competencies, key result areas, performance ratings and employee potential.

A significant portion of performance bonuses for the ED and KMP is structured to align rewards with corporate and individual performance, ensuring that remuneration supports long-term shareholder and stakeholder interests. Some KPIs are specifically tied to the profitability of the business units managed by the individuals.

Long-term Incentive Scheme

To further align Directors' and KMP's interests with those of shareholders and other stakeholders, the Company has implemented the following share incentive schemes:

- Nanofilm Employee Share Option Scheme 2020 ("**ESOS 2020**")
- Nanofilm Restricted Share Plan ("**RSP 2021**")

Both schemes incorporate vesting schedules for option grants and share awards. The vesting and release of shares under RSP 2021 are subject to the fulfilment of performance conditions determined by the RC. These structures ensure that employees remain committed to the Group's long-term growth and profitability.

Details of these employee share incentive schemes are provided in the Directors' Statement on pages 141 to 147 of this Annual Report.

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The allocation of share-based incentives is guided by an RC-administered framework, considering sustained performance and growth potential, particularly for KMP. Additionally, KMP are encouraged to hold their shares beyond the vesting period, subject to financial considerations such as the cost of acquiring shares and tax obligations.

Share Purchase Mandate

At the last AGM, shareholders approved a share purchase mandate, allowing the Company to buy back shares from the market. These treasury shares may be used for long-term share incentive schemes as a means to reward employees and drive long-term performance.

To minimize dilution, the Company utilizes treasury shares instead of issuing new shares for these incentive programs. This strategy ensures that shareholder value is preserved while motivating employees to enhance the Group's performance.

Remuneration of IDs/ Non-EDs (Provision 7.2)

Directors' fees are subject to shareholder approval at the AGM. The RC carefully considers that IDs' remuneration remains reasonable and not excessive, ensuring that it does not compromise, or appear to compromise, their independence.

After evaluating factors such as time commitment, effort, roles and responsibilities, the RC considers the remuneration of IDs to be appropriate and commensurate with their contributions, without affecting their independent judgment.

Directors' Fee Structure for FY2025

The fee structure for the Board and Board Committees in FY2025 is as follows:

	Annual Fees (S\$)	
	Chairman	Member
Board	80,000 ⁽¹⁾	50,000
Audit and Risk Committee	30,000	18,000
Nominating Committee	13,000	7,500
Remuneration Committee	15,000	10,000

Effective FY2025, in line with corporate governance best practices, the ED will not receive Directors' fees for serving on the Board or any Board Committee (if applicable). Instead, the ED's compensation package would be adjusted to reflect and align with his managerial and operational responsibilities within the Group. This approach enhances transparency in the Company's compensation policies for the ED. Accordingly, for FY2025, Dr Shi Xu did not receive any Directors' fees.

Proposed Directors' Fees for FY2026

Under the revised fee structure, the RC has recommended that the Board seek shareholders' approval at the forthcoming AGM for the payment of S\$329,000 in Directors' fees to IDs for the financial year ending 2026 ("FY2026"), payable quarterly in arrears. The proposed Directors' fees include fees payable to existing IDs as well as fees attributable to any additional Directors who may be appointed during FY2026 as part of the Board's ongoing renewal and succession planning.

No Directors' fees would be payable to the Board Chairman, Dr Shi Xu, in view of the executive nature of his directorship.⁽¹⁾

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RC and Board Approval

No RC member is involved in deliberating or deciding on his own remuneration, compensation or any other benefits.

The Board concurs with the RC that the proposed Directors' fees for FY2026 are appropriate and not excessive, considering:

- The level of contributions by the IDs
- The time and effort dedicated to the Board and Board Committee responsibilities
- The obligations and fiduciary duties associated with their roles

The proposed Directors' fees will be tabled at the forthcoming AGM on 29 April 2026 for shareholders' approval.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Disclosure of the remuneration of Directors and Key Management Personnel (Provisions 8.1 and 8.3)

The remuneration of Directors, Group CEO and KMP for FY2025 is set out below. The disclosure is provided to enable a better understanding of the link between the remuneration paid to Directors, Group CEO and KMP and the performance of the individual and the Group. Please refer to the description under Principle 7 for the criteria in setting the remuneration.

	Total Remuneration (S\$)	Breakdown (S\$)				
		Director Fees	Fixed Salary	Bonus	Others ⁽²⁾	Share-based Incentives ⁽³⁾
EDs						
Dr Shi Xu	719,102	-	596,933	109,000	13,169	-
IDs						
Ms Ong Siew Koon @ Ong Siew Khoon	88,058	100%	-	-	-	-
Mr Kristian John Robinson ⁽⁴⁾	22,800	100%	-	-	-	-
Ms Lee Lee Khoon	81,759	100%	-	-	-	-
Mr Wan Kum Tho	90,566	100%	-	-	-	-
Mr Steve Ghanayem	69,295	100%	-	-	-	-

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Breakdown in Percentage

	Remuneration Band ⁽¹⁾	Breakdown in Percentage				Total
		Fixed Salary	Bonus	Others ⁽²⁾	Share-based Incentives ⁽³⁾	
KMP						
Mr Lim Kian Onn	A	80%	8%	10%	2%	100%
Mr Gian Yi-Hsen	A	82%	9%	8%	1%	100%
Mr Ian Howe	A	72%	8%	20%	0%	100%

Notes:

Remuneration includes any benefits in kind (such as, but not limited to, award shares and share options as defined in Note (3) below) and any deferred compensation accrued for the relevant financial year and payable at a later date.

- (1) Remuneration bands:
"A" refers to remuneration greater than the equivalent of S\$250,000 and less than or equal to S\$500,000.
- (2) Others include employer's CPF contribution and transportation allowance.
- (3) Share-based incentives include share options granted under the ESOS 2020 and share awards granted under the RSP 2021. Share-based incentives are recognised as an expense to the Group over the vesting period and are determined by reference to the fair value of such share options and share awards on the date of grant.
- (4) The remuneration paid to Mr Kristian John Robinson was prorated until the date of his cessation as Director of the Company on 25 April 2025.

Under the Code of Corporate Governance 2018, the Company is required to disclose the remuneration of its top five KMP. However, in FY2025, the Company had only three KMP (excluding Directors and the Group CEO).

Given the commercial sensitivity and confidentiality of KMP remuneration, along with the highly competitive talent market, the Board believes that disclosing exact remuneration figures of the KMP (other than the Group CEO) is not in the best interests of the Group. Protecting this information helps the Group retain key talent essential for its long-term growth and stability. The presence of a competent and experienced management team ensures the continuity and success of the Group's business operations.

Disclosure Approach and Transparency

The Board considers that disclosing remuneration in bands of S\$250,000 provides sufficient transparency while maintaining confidentiality and competitiveness.

Furthermore, with the disclosure of exact fees for IDs and exact remuneration of the Group CEO, as well as details on remuneration policies, composition, performance metrics, and the determination process for Group CEO and KMP remuneration, the Board believes there is adequate transparency in alignment with Principle 8 of the Code of Corporate Governance 2018. The disclosed information provides clarity on:

- Remuneration policies and procedures
- Remuneration structure and its alignment with performance
- The relationship between remuneration, performance and value creation

CORPORATE GOVERNANCE REPORT

Clawback Policy for Share-Based Compensation

Share awards granted under the Nanofilm Restricted Share Plan 2021 (RSP 2021) are subject to the Company's right to clawback and reclaim shares or the value of vested shares if the relevant employee, including EDs and KMP, is found guilty of:

- Misstatement of financial results
- Misconduct resulting in financial loss to the Group

However, clawback rights do not apply to cash compensation, as cash compensation is generally based on actual business performance and previously achieved KPIs.

Other Remuneration Policies

No termination, retirement, or post-employment benefits have been granted to Directors or KMP in FY2025.

Aggregate Remuneration of KMP and ED in FY2025

- The aggregate remuneration of KMP (Mr Lim Kian Onn, Mr Ian Howe and Mr Gian Yi Hsen) for FY2025, including benefits-in-kind, share-based incentives and deferred compensation accrued for the financial year and payable at a later date, amounted to approximately S\$1.189 million.
- The aggregate remuneration of the ED (Dr Shi Xu) for FY2025 including deferred compensation accrued for the financial year and payable at a later date amounted to approximately S\$0.719 million.

Board and RC Assessment

The Board and RC have reviewed and are satisfied that the level and structure of remuneration for EDs and KMP are aligned with the long-term interests and risk management policies of the Company.

Disclosure of the remuneration of employees who are substantial shareholders of the Company, immediate family members of a Director, the CEO or a substantial shareholder of the Company (Provision 8.2)

Employees who are substantial shareholders or who are immediate family members of a Director, the Group CEO or a substantial shareholder of the Company, and whose remuneration exceeded \$100,000 during the financial year under review, are as follows:

	Designation	Remuneration Band	Breakdown in Percentage		
			Fixed Salary, Bonus and Others	Share-based incentives	Total
Mr Jin Xiaozhe ⁽¹⁾	Deputy General Manager for Business of Advanced Materials BU	B ⁽⁴⁾	92%	8%	100%
Mr Matthew Shi ⁽²⁾	General Manager of Industrial Equipment BU	A ⁽³⁾	100%	0%	100%

Notes:

- (1) Mr Jin Xiaozhe is the brother of Mdm Jin Xiao Qun, a substantial shareholder of the Company.
- (2) Mr Matthew Shi is the son of Dr Shi Xu, Executive Chairman of the Company and Mdm Jin Xiao Qun, a substantial shareholder of the Company.
- (3) "A" refers to remuneration greater than the equivalent of S\$100,000 and less than or equal to S\$200,000.
- (4) "B": Remuneration greater than the equivalent of S\$200,000 and less than or equal to S\$300,000.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Design, implementation and monitoring of risk management and internal control systems and formation of an Audit and Risk Committee to address significant risks (Provision 9.1)

The Board oversees the Group's risk management framework and internal control systems and determines the nature and extent of material risks which the Group is willing to take in achieving its strategic objectives.

Management is responsible for the day-to-day identification, assessment, monitoring and management of risks, including the design and implementation of appropriate internal controls within the Group's risk appetite and tolerance levels. The Board ensures that Management maintains a sound system of risk management and internal controls.

The Board is supported by the Audit and Risk Committee which assists in overseeing the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

Following the combination of the former Audit Committee and Board Risk Committee in FY2025, the ARC performs both audit oversight and risk governance functions pursuant to its Terms of Reference.

In FY2025, the BRC held two meetings in the first half of FY2025, and the ARC held two meetings in the second half of FY2025. Each of the BRC and ARC respectively report its proceedings and key matters to the Board after each meeting. Additionally, the BRC and ARC met informally in the year to discuss risk identification, control processes, and the adoption of risk management systems within the Group.

Role and Responsibility of the ARC in Risk Governance

The ARC supports the Board in risk governance and, in accordance with its Terms of Reference, undertakes the following:

- Recommends to the Board the nature and extent of material risks, including the Group's risk appetite and tolerance levels across different categories of risk;
- Reviews the Group's risk management strategy, policies, frameworks, processes and procedures for the identification, measurement, reporting and mitigation of material risks, and reports significant matters to the Board;
- Reviews and recommends to the Board for approval risk strategy and policies for the management of material risks over the longer term;
- Oversees Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews their adequacy and effectiveness;
- Reviews the Group's risk management framework, including strategic, operational, financial, compliance, health, safety and environmental (HSE), and information technology risks;
- Reviews the Group's ability to identify and manage emerging risks arising from changes in business, technological, regulatory or market conditions;

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- Monitors the implementation of risk mitigation plans and reviews reports on material risk events and Management's response;
- Reviews the robustness of the Group's business continuity planning processes and crisis management arrangements;
- Reviews the adequacy of the Group's insurance coverage and other risk transfer arrangements;
- Advises the Board, where required, on risk aspects of strategic transactions; and
- Reports to the Board on the activities, findings and recommendations relating to risk management and internal controls.

Risk Management and Mitigation Framework

The Group adopts a structured and balanced approach to risk management, recognising that not all risks can be eliminated and that prudent risk-taking is integral to achieving its strategic objectives.

The Group's risk management framework is designed to minimize potential adverse effects from risk exposures while ensuring an appropriate balance between risk and control. The framework provides an overview of the Group's risks, including:

- Risk classification and tolerance levels
- Likelihood of risk occurrence
- Potential impact on the Group

Assessment and Management of Key Risks

The Board, supported by the ARC and Management, oversees the assessment and management of key risks, including operational risks, to ensure the Group's long-term resilience and sustainability.

- *Risk Identification & Assessment* – The Group identifies, evaluates and prioritises strategic, financial, operational, compliance and cybersecurity risks. Policies are established to define authority levels, oversight responsibilities and exposure limits.
- *Operational Risk Management* – Operational risks are managed by Management, which assumes responsibility for day-to-day risk management and implements appropriate mitigation measures.
- *Internal Controls & Compliance* – The ARC, with the support of the internal audit function, reviews the adequacy and effectiveness of internal controls, regulatory compliance and governance processes.
- *Business Continuity & Crisis Management* – The Group maintains business continuity plans and cybersecurity measures to mitigate disruptions and safeguard operations.
- *Monitoring & Reporting* – Risk exposures and mitigation strategies are monitored and regularly reviewed by the ARC, with updates provided to the Board.

CORPORATE GOVERNANCE REPORT

Key Business Risks

Through the Group's structured risk management and mitigation framework, key business risks are identified, assessed and mitigated as follows:

- IT and Cyber security Risks – Addressed through robust security protocols, regular system upgrades and employee training
- Business Continuity Risk – Minimized through comprehensive business continuity plans to ensure operational resilience
- Supply Chain Disruptions Risk – Mitigated through supplier diversification and contingency planning
- Work Safety Risk – Reinforced via strict compliance with safety regulations, regular audits and employee training
- Knowledge Attrition Risk – Managed through structured succession planning and targeted training programs
- Post-Merger Integration Risks – Addressed through clear governance structures and close monitoring of synergies
- Currency and Capital Risks – Controlled by keeping the net currency exposure at an acceptable level and prudent financial planning
- Fair Value Measurement Risk – Managed by ensuring transparent valuation methodologies and compliance with accounting standards

Internal Audit and Assurance

The internal audit function adopts a risk-based approach and evaluates material internal controls, providing independent assurance on the adequacy and effectiveness of the Group's internal controls and risk management systems.

In FY2025, internal audits covered financial, operational, compliance and information technology risk areas. The Company also engaged an external consultant to support enhancements in sustainability reporting in alignment with relevant sustainability reporting standards and frameworks.

Where deficiencies are identified, findings and recommendations, together with Management's responses, are reviewed by the ARC, which monitors the implementation of remedial actions.

Written assurances on their adequacy and effectiveness (Provision 9.2)

On a half-yearly and annual basis, the Group CEO and Group Chief Financial Officer ("**Group CFO**") provide written confirmations to the Board that:

- (1) financial records have been properly maintained and financial statements give a true and fair view of the Group's operations and finances;
- (2) nothing has come to Management's attention which might render the financial results of the Group to be false or misleading in any material aspect;
- (3) Management is aware of their responsibilities for establishing, maintaining and evaluating the adequacy and effectiveness of the risk management and internal control systems of the Group; and
- (4) there are no known significant deficiencies or lapses in the risk management and internal controls systems relating to the Group's financial, operational, compliance and information technology controls which could adversely affect the Group's ability to record, process, summarise or report financial data, or of any fraud, whether material or not.

CORPORATE GOVERNANCE REPORT

The other KMP provide to the Board similar confirmations of the matters stated in items (3) and (4) above.

For FY2025, the Board had received the written confirmations of the KMP, Group CEO and Group CFO (collectively, the “**Management Assurance Letters**”) as above stated.

Board’s Assessment

The adequacy and effectiveness of the risk management and internal control systems are reviewed at least annually by the Board to ensure their continued effectiveness.

Based on the internal controls established and maintained by the Group, the work performed by the internal and external auditors, reviews by Management and the ARC, and the Management Assurance Letters, the Board, with the concurrence of the ARC - is of the opinion that the Group’s internal controls and risk management systems were adequate and effective as at 31 December 2025.

The Board recognizes that such systems provide reasonable but not absolute assurance against material errors, human error, fraud or other irregularities.

No material weaknesses were identified for FY2025. Accordingly, the Company has complied with Listing Rule 1207(10).

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Composition of the Audit and Risk Committee (Provision 10.2)

The ARC comprises three Independent Directors:

Ms Ong Siew Koon @ Ong Siew Khoon - Chairman (Lead ID)

Ms Lee Lee Khoon (ID) - Member

Mr Wan Kum Tho (ID) - Member

Expertise of ARC members

All members have recent and relevant accounting or financial management expertise to discharge their responsibilities effectively.

Ms Ong Siew Koon, the ARC Chairman, has extensive practical experience in accounting and financial management and is well qualified to lead the ARC. She began her career with Ernst & Young LLP in 1982, rising to the position of Partner from 1998 to 2019. Additionally, she served as Chief Financial Officer of Ernst & Young LLP Singapore from 2002 to 2005.

Former partner or Director of the Company’s existing auditing firm (Provision 10.3)

In compliance with the Code of Corporate Governance 2018, the ARC does not include any member who was a former partner or director of the Company’s existing external audit firm, Moore Stephens LLP (“**Moore Stephens**”), within the past two years or who hold any financial interest in the firm.

CORPORATE GOVERNANCE REPORT

Authority and Access

The ARC has full authority to investigate matters within its Terms of Reference and has unrestricted and direct access to Management, internal auditors and external auditors. Management is required to provide full co-operation, including access to all necessary information and resources, and to implement any request made by the ARC. The ARC maintains full discretion to invite any Director or executive officer to attend its meetings.

The ARC may meet external and internal auditors without Management present and seek independent professional advice where required. Likewise, the internal and external auditors have unrestricted access to the ARC.

Duties and Activities of the ARC (Provision 10.1)

The ARC is guided by its Terms of Reference and performs the following key functions:

Financial Reporting

- Reviews the Group's quarterly, half-yearly and annual financial statements and related announcements
- Assesses significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance
- Reviews Group CEO and Group CFO assurances on the financial records and financial statements
- Reviews legal or regulatory matters impacting financial reporting
- Reviews adequacy and effectiveness of the Group's finance function
- Reviews financial risk areas and the Group's cash flow position
- Reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on

Internal Controls and Compliance

- Reviews the adequacy and effectiveness of the Group's internal control systems, including financial, operational, compliance, information technology controls and internal controls at least annually
- Reports findings to the Board and recommends improvements to strengthen internal controls and governance processes
- Reviews regulatory compliance matters and monitors rectification of any breaches

Risk Governance

- Oversees the Group's risk management framework and processes
- Reviews risk appetite, risk tolerance and risk management policies
- Monitors the management of material risks and emerging risk exposures

Whistleblowing

- Oversees whistleblowing framework to ensure that concerns can be raised in confidence and without fear of reprisal

CORPORATE GOVERNANCE REPORT

- Reviews significant whistle-blowing cases and ensuring appropriate investigation and follow-up actions

Interested Person Transactions

- Reviews interested person transactions to ensure that they are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders
- Reviews actual or potential conflicts of interest involving Directors and controlling shareholders and ensuring appropriate mitigation measures are in place

Internal Audit

- Reviews and approves the internal audit plan
- Reviews internal audit reports, findings and Management's responses
- Assesses the adequacy, effectiveness and independence of the internal audit function
- Approves the appointment, termination and remuneration of the head of the internal audit function and ensures IA is adequately resourced and independent
- Ensures that the internal audit function has unfettered access to the Group's records, personnel and properties and a direct reporting line to the ARC

External Audit

- Reviews the scope, adequacy, effectiveness and results of the external audit
- Assesses the independence and objectivity of the external auditors
- Makes recommendations to the Board on the appointment, reappointment and removal of the external auditors as well as their remuneration and terms of engagement
- Reviews the assistance provided by Management to the external auditors
- Reviews audit findings and ensures that Management implements appropriate corrective actions

Conflict of Interest

- Reviews actual or potential conflicts involving Directors and controlling shareholders
- Monitors related party exposures and mitigation measures

Other Responsibilities

- Reviews hedging policies
- Reviews intellectual property protection policies
- Reviews legal representative arrangements (PRC subsidiaries)
- Assesses performance and suitability of the CFO
- Monitors use of IPO proceeds

CORPORATE GOVERNANCE REPORT

ARC Activities in FY2025

During FY2025, the ARC (including, prior to its combination, the former Audit Committee and Board Risk Committee) held meetings to review and oversee the following:

- The Group's half-yearly and full-year financial results and related disclosures;
- The adequacy and effectiveness of the Group's internal controls and risk management systems;
- Internal audit plans, audit findings and the status of remediation actions;
- The external audit plan, audit findings and key audit matters;
- The independence and performance of the external auditors;
- Whistleblowing reports and investigation outcomes; and
- Key risk exposures, including operational, financial, compliance and information technology risks.

The ARC also met with the internal and external auditors without the presence of Management at least once during the year.

Accountability for accurate information

The Board is committed to ensuring that the Group's annual audited financial statements and half-yearly results announcements provide a balanced and accurate assessment of the Group's financial position and prospects. While upholding openness and transparency in conducting the Group's affairs, the Board also safeguards the commercial interests of the Group.

Financial and price-sensitive information is disseminated to shareholders in a timely manner through SGXNet announcements.

The ARC and the Board meet regularly to review and monitor the Group's performance, in addition to their reviews of the Group's half-yearly and full-year financial results.

Compliance with legislative and regulatory requirements

In accordance with SGX-ST requirements, the Board issues negative assurance confirmation statements with the Group's interim financial results announcements, confirming that, to the best of its knowledge, nothing had come to the Board's attention which could render the Group's results announcements false or misleading in any material aspect. This confirmation is supported by a written assurance from the Group CEO, Group CFO and KMP (as referenced under Provision 9.2).

Additionally, the Company completes and submits compliance checklists to SGX-ST, if applicable, to ensure that all financial announcements, circulars, and shareholder communications meet the minimum requirements set out in the Listing Rules.

Management Accounts

Management provides the Board with timely and relevant updates on the Group's operational, financial, and compliance matters, including the following:

- Quarterly management reports covering key operational and financial data.
- Monthly updates on the Group's key financial performance metrics.

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External Audit

The ARC has the authority to seek clarification from Management, the EA, or independent professional advisors as needed. Additionally, ARC members may attend relevant seminars and training sessions at the Company's expense to stay updated on accounting and financial reporting developments.

In carrying out its responsibilities, the ARC confirms the Company's compliance with Listing Rules 712 and 715 (read with Rule 716), in relation to the appointment of the same auditing firm based in Singapore to audit the financial statements of the Company, and its subsidiaries.

Key Audit Matters

In reviewing the financial statements, the ARC engaged in discussions with Management regarding the accounting principles applied and the judgments made that could impact the integrity of financial reporting.

Significant financial reporting matters have been identified and included in the Independent Auditor's Report under "Key Audit Matters". For FY2025, the following were reported as Key Audit Matters:

- Measurement of development costs
- Acquisition of 35% non-controlling interest in Sydrogen Energy Pte. Ltd.

The ARC reviewed the above Key Audit Matters identified by the external auditors and concurred with the basis of their conclusions, including the appropriateness of the accounting treatment and disclosures adopted by Management. Further details on Key Audit Matters can be found on pages 151 to 152 of this Annual Report.

Independence of EA

The ARC confirms that the Company has complied with Listing Rule 712, ensuring that Moore Stephens is registered with the ACRA.

After considering various factors, including the Audit Quality Indicators Disclosure Framework published by ACRA, the ARC is satisfied that Moore Stephens LLP, along with its audit engagement partner and assigned audit team, possesses the necessary resources and experience to fulfil their audit responsibilities, given the size, nature, operations and complexity of the Group.

No non-audit services were provided by the EA in FY2025. The EA has also confirmed its independence.

Internal Audit (Provision 10.4)

The Group maintains an in-house internal audit team (IA), composed of professionals with expertise in corporate governance, internal controls and risk management. The IA provides an independent and objective assessment of the Group's internal control systems and corporate governance processes to ensure their effectiveness.

Role and Reporting Structure

The IA function supports the Group in achieving its objectives by employing a systematic and disciplined approach to evaluate and improve the effectiveness of internal controls, risk management, and governance processes. Audits of the Group's subsidiaries are conducted using a risk-based approach, as outlined in the audit plan approved by the ARC.

The IA reports functionally to the ARC Chairman and administratively to the Internal Audit Committee, which consists of the Group CFO, Vice President of Human Resources, and Group General Counsel. The Company will seek the approval of the ARC in relation to the appointment and removal of the head of the IA.

CORPORATE GOVERNANCE REPORT

ARC Oversight and IA Independence

The ARC is responsible for the appointment, termination and remuneration of the IA. It also ensures that IA is adequately resourced and has appropriate standing within the Group. The IA has unrestricted and unfettered access to all Group documents, records, properties, and personnel as well as direct access to the ARC.

The IA plays a key role in supporting the ARC by:

- Identifying weaknesses in existing processes.
- Ensuring operations are conducted in accordance with established policies and procedures.
- Highlighting areas for improvement to strengthen internal controls.

ARC Review and Compliance

The ARC reviews the findings from internal audits and monitors Management's actions in addressing audit issues. In compliance with Rule 1207(10C) of the Listing Rules, the ARC is satisfied that the IA is effective and adequately resourced to perform its functions and has appropriate standing within the Group. Accordingly, the Company complies with Rule 719(3) of the Listing Rules, maintaining an ongoing and effective internal audit function that is adequately resourced and independent of the activities it audits.

Meeting with EA and IA (Provision 10.5)

The ARC meets with the EA and IA at least once a year, without the presence of Management, to discuss any issues or concerns (including suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations) which have, or are likely to have, a material impact on the Group's operating results or financial position, as well as Management's response.

Both the EA and IA have confirmed that they had unrestricted access to information, received full cooperation and assistance from Management, and encountered no limitations on the scope of their audit.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Participation of shareholders at general meetings (Provision 11.1)

The Company welcomes shareholder participation at general meetings and values their views on matters concerning the Group. Shareholders are encouraged to attend, with ample opportunity provided to engage in discussions and vote.

Shareholders can communicate directly with the Board, the Chairmen of Board Committees, and the EA, who are in attendance. They are also informed in advance about the rules and voting procedures governing the meetings.

CORPORATE GOVERNANCE REPORT

Separate resolutions at general meetings on each substantially separate issue (Provision 11.2)

The Company does not practice bundling resolutions unless they are interdependent and linked as a single significant proposal. In such cases, the notice of meeting will provide justifications and material implications.

Each distinct issue is presented as a separate resolution, with full details provided in the agenda.

All resolutions are conducted by poll voting, with an independent scrutineer appointed to validate the voting results. Detailed results of the votes, including the name of the independent scrutineer, the number and percentage of votes for and against each resolution, are announced via SGXNet.

Shareholders attending in person or via proxy are entitled to one vote per share.

The Notice of AGM is released at least 14 days prior to the meeting, together with detailed explanatory notes to facilitate informed decision-making by shareholders.

Attendance at general meetings (Provision 11.3)

The Board of Directors, including the Chairman of the Board and the Chairmen of the ARC, NC and RC attend general meetings to address shareholder queries. The EA is also present to respond to questions regarding the audit process and financial statements. Management representatives are available to address operational queries.

AGM for FY2024

The FY2024 AGM, held on 25 April 2025, took place at 11 Tai Seng Drive, Singapore 535226, the Company's registered office. The AGM Notice, sent on 11 April 2025, was made available via SGXNet and post, providing shareholders sufficient time to review materials and appoint proxies. The Business Times also carried the AGM notice in accordance with the Company's Constitution.

Substantial and relevant shareholder questions were addressed before and during the AGM, and the minutes, including responses, were published on SGXNet and the Company's website within one month.

AGM for FY2025

The upcoming FY2025 AGM, scheduled for 29 April 2026, will be held at 11 Tai Seng Drive, Singapore 535226, the Company's registered office. The AGM Notice, dated 14 April 2026, will be made available via SGXNet and other official channels. The Company ensures shareholders have ample time to review materials and appoint proxies, with the AGM notice also published in The Business Times.

Absentia voting (Provision 11.4)

The Company's Constitution allows shareholders who are not intermediaries to appoint up to two proxies to attend and vote on their behalf. Shareholders may also attend as observers without being restricted by the two-proxy rule.

Specified intermediaries, such as banks and capital market service licence holders providing custodial services, may appoint more than two proxies. This allows CPF and SRS investors to be appointed as proxies and participate in shareholder meetings, with full voting rights similar to direct investors.

For shareholders unable to attend, proxy forms—sent alongside Annual Reports or Circulars—can be used to appoint proxies to vote on their behalf.

Due to concerns over authentication and security issues, the Company has decided not to implement voting in absentia via mail, email, or fax at this time.

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Minutes of general meetings (Provision 11.5)

The Company prepares detailed minutes of general meetings, capturing substantial and relevant shareholder questions along with responses from the Board and Management. These minutes are published on SGXNet and the Company's corporate website within one month of the AGM.

Dividend Policy (Provision 11.6)

The Company does not have a fixed dividend policy. The Board considers various factors before recommending dividends, including:

- Cash and reserve levels
- Operational results and financial condition
- Business prospects and capital requirements
- General economic and market conditions
- Contractual obligations and other relevant considerations

FY2025 Dividend Declaration

The Board is pleased to recommend a final tax-exempt dividend of S\$0.0087 per ordinary share for FY2025, subject to shareholder approval at the AGM.

Together with the interim dividend of S\$0.0033 per share paid on 5 September 2025, the total declared dividend for FY2025 amounts to S\$0.012 per ordinary share, rewarding shareholders for their continued loyalty and support.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Communication with shareholders (Provision 12.1)

The Company is committed to maintaining a high standard of disclosure and transparency, recognising its importance to good corporate governance and investor confidence.

The Company provides shareholders with fair, relevant and timely information on its financial performance, position and material developments

To enable shareholders and investors to make informed investment decisions, the Company:

- Provides advance notice of financial results announcements via SGXNet.
- Discloses price-sensitive and material information promptly in accordance with the Listing Rules.
- Publishes such announcements on its corporate website at <https://www.nti-nanofilm.com/investor-overview/investor-announcement/>
- Ensures that any inadvertent selective disclosure is promptly made public.

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- Makes financial reports, annual reports, announcements, and media releases readily accessible on its corporate website.

All announcements are simultaneously published on SGXNet and the Company's website to ensure broad and equitable dissemination of information.

Shareholder Engagement and Investor Relations

The Company actively engages shareholders, investors and analysts to enhance their understanding of Group's:

- Business model and strategy
- Financial performance and outlook
- Corporate developments and growth initiatives

Engagement is conducted through regular investor meetings, briefings, roadshows and participation in industry conferences.

All investor presentation materials and briefing information are publicly disseminated via SGXNet and the Company's website to ensure transparency and non-selective disclosure.

General Meetings as a Key Engagement Platform

General meetings, including the Annual General Meeting ("**AGM**") and extraordinary general meetings ("**EGM**") held by the Company from time to time, serve as the principal forum for direct dialogue between the Company and its shareholders.

Shareholders are provided with timely access to:

- Notices of meetings
- Annual Reports and Circulars
- Relevant supporting documents

These are made available via SGXNet and the Company's website.

Key documents, including the notice of AGM or EGM, Annual Reports, shareholder letters, circulars, and related materials, can be accessed via SGX-ST's website or the Company's corporate website.

Shareholders are encouraged to raise questions, and the Board endeavours to address all substantial and relevant queries either prior to or during the meetings. Members of the Board, Board Committees and Management are present at general meetings to engage directly with shareholders.

CORPORATE GOVERNANCE REPORT

Investor Relations Policy and Framework (Provisions 12.2 and 12.3)

Investor Engagement and Communications

The Board recognizes the importance of engaging with shareholders, investors and analysts to understand their concerns and feedback. To reinforce its commitment to transparency and fair disclosure, the Company has adopted an Investor Relations (“IR”) Policy aimed at actively engaging shareholders and ensuring regular, effective and fair communication with shareholders and the investment community.

The IR function, supported by MUFG Corporate Markets IR Pty Ltd, facilitates ongoing engagement with investors and analysts and supports the Company in maintaining a consistent and informed dialogue with stakeholders.

Following the release of financial results, the Company conducts briefings for analysts and media. Transcripts of such briefings are made publicly available via SGXNet and the Company’s website.

The Company also provides comprehensive disclosures in its Annual Report and Sustainability Report, including information on its strategy, performance, outlook and key stakeholder engagement initiatives.

Investor Relations Activities in FY2025

In FY2025 and up to the date of this report, the Company conducted over 60 meetings with institutional investors and analysts through briefings and investor meetings.

These engagements provided a platform for the Company to:

- Communicate its strategic direction and performance;
- Address investor queries; and
- Obtain feedback and insights from the investment community.

Enhancing Shareholder Communication

To further enhance accessibility and engagement:

- The Company provides contact details of its IR team in its communications; and
- Shareholders and investors may submit queries via dedicated communication channels on the Company’s website.

The IR team, together with its external IR advisor, responds to queries in a timely manner, facilitating continuous engagement with stakeholders.

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MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Stakeholder Approach

The Board adopts an inclusive approach in considering and balancing the needs and interests of the Group's stakeholders as part of its responsibility to ensure sustainable value creation.

Stakeholders are identified based on their relevance to the Group's operations and their ability to influence, or be impacted by, the Group's activities.

Effective engagement enables the Group to better understand stakeholder expectations, incorporate feedback into its business strategy, and strengthening long-term relationships.

Material stakeholder groups (Provision 13.1)

Management of stakeholder relationships (Provision 13.2)

Corporate website to communicate and engage with stakeholders (Provision 13.3)

Key Stakeholder Groups

The Group has identified the following key stakeholder groups, based on their relevance to and influence on its business:

- Customers and Strategic Business Partners
- Employees
- Regulatory Authorities
- Shareholders/ Investors, Media and Analysts
- Suppliers and Vendors

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Stakeholder Engagement Matrix

The Group engages these stakeholders through various formal and informal communication channels to better understand their concerns and expectations.

Stakeholders	Engagement methods	Key concerns	Nanofilm's response
Customers and Strategic Business Partners	<ul style="list-style-type: none"> Direct feedback via sales channel engagement Site visits to our production facilities Co-development of research and development projects Periodic assessment and audits performed by customers relating to impacts on environment, health, safety and social factors 	<ul style="list-style-type: none"> Continue to develop innovative solutions that are mission critical in nature Establish green factory Ensure business continuity 	<ul style="list-style-type: none"> Provide a sustainable factory environment while providing solutions needed by customers Creating value in a sustainable and responsible manner Ensure that we meet customers' ESG requirements
Employees	<ul style="list-style-type: none"> Employee's survey and interactions Internal updates and communication Events and functions 	<ul style="list-style-type: none"> Provide training and education Manage occupational health and safety Maintain work life balance 	<ul style="list-style-type: none"> Ensure workplace health and safety enable employees to work comfortably and safely Employment benefits to address basic needs and help to manage stress and improve health Training and career development are in place to improve effectiveness and productivity
Regulatory Authorities	<ul style="list-style-type: none"> Regular updates and communication Reports and compliance Periodical meetings with government bodies Dialogue with government bodies 	<ul style="list-style-type: none"> Contribute to regulatory landscape shaping as a market participant 	<ul style="list-style-type: none"> Attending market events to increase communication, visibility and transparency Play a part in contributing to economy activities and value adding output in countries we have presence in
Shareholders/ Investors, Media and Analysts	<ul style="list-style-type: none"> Announcements via SGX Shareholders' meeting Annual reports and circulars Company's corporate website Regular updates and communication 	<ul style="list-style-type: none"> Long-term profitability Sustainability matters Group's performance against targets Compliance with all relevant requirements 	<ul style="list-style-type: none"> Committed to delivering economic value to our capital providers through strong financial performance and proactive engagement Regular and effective communication
Suppliers, Vendors	<ul style="list-style-type: none"> Periodic supplier's assessment Supplier's meetings 	<ul style="list-style-type: none"> Ability to meet Company's quality standards Ability to meet Company's delivery timelines 	<ul style="list-style-type: none"> Periodic suppliers' assessments to ascertain quality of products and services acquired to ensure that they are free from hazardous substances Supply chain due diligence to ensure our suppliers uphold human rights and are free from child labour violation

CORPORATE GOVERNANCE REPORT

Disclosure and Transparency

The Company ensures timely disclosure of financial results and corporate developments. Full year financial results are released within 60 days of the financial year end and half-year financial results are released within 45 days of the end of the half-year period.

The Company's corporate website (<https://www.nti-nanofilm.com/>) serves as a key communication platform for stakeholders and provides access to:

- Code of Conduct and ethics policies
- Financial results and announcements
- Annual and sustainability reports
- SGXNet disclosures
- Investor presentation materials and corporate updates
- Information on business operations

This supports transparent and accessible communication with stakeholders.

Sustainability Reporting and Stakeholder Engagement

In line with its commitment to good corporate governance, the Company has established a Sustainability Governance Framework, with detailed disclosures set out in the Sustainability Report.

The Board has overall oversight of sustainability and climate-related matters, including the review and approval of sustainability strategies, targets, material ESG factors and climate-related risks and opportunities. The Board is supported by the ARC and Management in overseeing sustainability governance and risk management.

The Group Chief Strategy Officer ("**Group CSO**") leads the sustainability agenda and is supported by a cross-functional sustainability team responsible for implementation, monitoring of key performance indicators and integration of sustainability strategies into operations.

The Group's internal audit function conducts periodic reviews of sustainability reporting processes to ensure alignment with regulatory requirements and internal controls.

Materiality Assessment

The Group conducts an annual ESG materiality assessment using a structured three-step approach, incorporating both impact materiality and financial materiality (double materiality).

The assessment involves engagement with key internal and external stakeholder groups to assess the significance of sustainability topics and understand stakeholder expectations. Material topics are prioritised based on their impact, relevance to strategy and financial implications, and are reviewed by Management and the Board.

CORPORATE GOVERNANCE REPORT

Climate-related Disclosures

The Group aligns its climate-related disclosures with internationally recognised frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”) and International Sustainability Standards Board (ISSB) IFRS S2.

Climate-related risks and opportunities are identified and assessed through the Group’s enterprise risk management framework, covering both physical and transition risks across short-, medium- and long-term horizons.

The Group has conducted climate scenario analysis, including a below 2°C scenario and a 4°C scenario, to assess resilience and potential impacts on business operations under different climate outcomes.

Mitigation measures include renewable energy adoption, implementation of energy efficiency initiatives, climate resilience planning and integration of climate considerations into capital investment and operational decision-making.

Sustainability Targets and Performance

The Group has established measurable sustainability targets aligned with its 2030 objectives, including:

- Achieve a 40% reduction in GHG emissions intensity by 2030 from a FY2022 baseline;
- Achieve at least 50% of total energy consumption from renewable sources or purchased carbon credits by 2030;

In FY2025:

- Energy intensity improved to 306.41 GJ per 1,000 machine production hours;
- 89.3% of electricity consumption was sourced from clean energy;
- GHG emissions intensity (market-based) stood at 4.45 tCO₂e per 1,000 machine production hours.

A key sustainability highlight is that the Group’s Shanghai operations achieved zero Scope 2 emissions on a market-based basis through the use of self-generated solar power and renewable electricity sourcing.

The Group monitors performance against defined targets and reports progress regularly to the Board.

The Group acknowledges areas for improvement, including energy intensity and supply chain emissions, and continues to implement mitigation measures.

Assurance

The Sustainability Report is subject to internal review processes, including oversight by Management and periodic review by the internal audit function.

The Group has not obtained external assurance for FY2025 but intends to progressively expand assurance coverage in line with evolving regulatory expectations and best practices.

Further details are set out in the Sustainability Report on pages 28 to 84 of this Annual Report.

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Awards and Recognition in FY2025

In FY2025, the Company was recognised as one of Singapore's Best Managed Companies under the Deloitte Private programme. The Company has maintained this recognition for five consecutive years since 2021 and achieved Gold Standard Winner status in 2024, which it continues to hold in 2025.

Deloitte's Best Managed Companies award program recognises organisational success and achievement, providing a framework for management teams to benchmark against top private companies globally. The program operates across the Americas, Europe, Australia, China, Singapore, and Southeast Asia, evaluating companies on:

- Strategy
- Capabilities and innovation
- Culture and commitment
- Governance and financials

This recognition reflects the Group's commitment to strong governance, operational excellence and sustainable business practices.

OTHER CORPORATE GOVERNANCE MATTERS

WHISTLE-BLOWING POLICY

The Group has established a whistleblowing framework that enables employees and external parties to report concerns in confidence relating to:

- Fraud and corruption
- Financial reporting improprieties
- Legal and regulatory breaches
- Non-compliance with the Group's code of conduct and business practices
- Any wrongful acts by employees

Any suspected non-compliance or misconduct involving the Group or its employees may be reported through the following channels:

1. By submitting the completed reporting form (available on the Company's corporate website) via email to whistleblow@nti-nanofilm.com.
2. Directly to the ARC Chairman and/or the Compliance Officer at:
 - ARC Chairman: siewkoon.ong@nti-nanofilm.com
 - Compliance Officer: yihsen.gian@nti-nanofilm.com

The framework provides for independent investigation and appropriate follow-up actions, while ensuring that whistleblowers are protected from retaliation and that confidentiality is maintained. The policy aligns with Rule 1207(18B) of the Listing Rules and aims to encourage good-faith reporting while ensuring that whistleblowers are treated fairly and protected from retaliation or unfair treatment.

The ARC oversees and monitors the whistle-blowing framework. No whistleblowing reports were received in FY2025.

CORPORATE GOVERNANCE REPORT

DEALING IN SECURITIES (LISTING RULE 1207(19))

Guidelines on Dealing in Company Securities

The Group has established internal guidelines governing dealings in the Company's securities to ensure compliance with regulatory requirements and to prevent insider trading.

Blackout Period Restrictions

All officers and employees of the Group are prohibited from trading in the Company's securities during the relevant blackout periods, which commence:

- Two weeks before the announcement of quarterly financial results (if quarterly reporting is required).
- One month before the announcement of half-year results (if the Company does not announce quarterly results) and full-year results.

Additionally, all officers and employees must comply with the insider trading regulations set out in the Securities and Futures Act 2001 and are discouraged from engaging in short-term trading of the Company's securities.

Pre-Dealing Approval and Notification Requirements

Under the Group's internal guidelines:

- All officers and employees must obtain pre-dealing approval from Management before trading in the Company's securities.
- As part of the approval process, they must confirm that they do not possess any price-sensitive inside information about the Group.
- Directors and the Group CEO must notify the Company of their transactions within two business days after dealing in the Company's securities.

Share Buyback Mandate

At the 2025 AGM, shareholders renewed the Share Purchase Mandate, allowing the Company to buy back its shares. The Company will seek renewal of this mandate at the forthcoming 2026 AGM.

All share repurchases are and will continue to be executed in compliance with the shareholder-approved mandate and the Companies Act 1967 of Singapore.

Share Repurchases in FY2025

The Company did not undertake any share repurchases from the open market in FY2025.

CODE OF BUSINESS CONDUCT AND ETHICS

The Group maintains a Code of Business Conduct and Ethics which sets out the standards of integrity and ethical conduct expected of all employees.

The Code addresses areas including conflicts of interest, confidentiality, related party transactions, gifts and hospitality, and dealings in securities.

The Group is committed to fair business practices, including the timely settlement of obligations to counterparties. The Code is available on the Company's website.

CORPORATE GOVERNANCE REPORT

Anti- Bribery and Corruption

The Group adopts a zero-tolerance approach towards bribery and corruption and complies with applicable laws in all jurisdictions in which it operates. The Group CEO oversees anti-corruption framework and reports to the Board on related matters.

Health, Safety and Workplace Practices

The Group is committed to maintaining a safe and healthy work environment and complies with applicable health and safety laws and regulations.

Safety committees have been established across operational sites to monitor safety practices, conduct inspections and drive continuous improvement.

Employee Training and Development

The Group supports employee development through structured training programmes, including its in-house Nanofilm College, which provides targeted learning and development across different roles and career stages.

INTERESTED PERSON TRANSACTIONS (“IPT”) (LISTING RULE 907)

The Group has established internal procedures to ensure that all interested person transactions (“**IPTs**”) are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The ARC reviews IPTs, which are properly documented and disclosed in accordance with regulatory requirements. The Company maintains an IPT register to monitor such transactions.

The Company discloses the nature, value and relationship of all material interested person transactions. Transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and minority shareholders.

Details of all IPT (excluding transactions less than S\$100,000) entered into during FY2025 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during FY2025 (excluding transactions less than S\$100,000) (S\$’000)
上海纳曦餐饮管理有限公司 (“ Na Xi ”)	Note ⁽¹⁾	299

Note:

(1) Na Xi is an associate of the Company’s director and controlling shareholder and as such regarded as interested person under Chapter 9 of the Listing Rules of the SGX-ST. The above stated IPT was related to the provision of canteen services at our Shanghai plants.

There were no material IPTs during FY2025, and no shareholders’ mandate under Rule 920 was in place.

MATERIAL CONTRACTS (LISTING RULE 1207(8))

Save for the IPTs disclosed in this report, the Company and its subsidiaries did not enter into any material contracts involving the interests of any Director, the Group CEO, or controlling shareholders during the year under review.

CORPORATE GOVERNANCE REPORT

USE OF PROCEEDS FROM IPO

Pursuant to the Company's IPO, the Company received gross proceeds of S\$200.0 million. As at 31 December 2025, the gross proceeds had been utilised as follows:

	Amount allocated (as disclosed in the IPO prospectus) S\$'000	Last announced balance as at 31 December 2025 S\$'000	Amount utilised from 1 January 2026 to 28 February 2026 S\$'000	Balance S\$'000
Capital expenditure on development and building of new machinery for the Company's Advanced Materials BU and purchase of new machinery to support the Company's Nanofabrication BU	90,000	16,740	143	16,597
R&D and 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)
TOTAL	200,000	16,235	143	16,092

Note:

The sum of the numbers listed may not add up to the total thereof due to rounding.

Except as previously announced by the Company, the use of the gross proceeds is in accordance with the intended use as disclosed in the IPO prospectus dated 23 October 2020.

CORPORATE GOVERNANCE REPORT

Information on Directors nominated for re-election / re-appointment - Appendix 7.4.1 of the Listing Rules of the SGX-ST

Name of Director	Dr Shi Xu
Date of appointment	9 October 2020
Date of last re-appointment	28 April 2023
Age	62
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Please refer to page 102 to 103 of this Annual Report
Whether appointment is executive, and if so, the area of responsibility	Executive
Job Title	Executive Chairman
Professional qualifications	Please refer to page 22 of this Annual Report
Working experience and occupation(s) during the past 10 years	
Shareholding interest in the listed issuer and its subsidiaries	Please refer to page 140 of this Annual Report
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Spouse of Mdm Jin Xiao Qun, a substantial shareholder. Mdm Jin Xiao Qun is a controlling shareholder of Harrymore International Limited, a substantial shareholder. Sole shareholder of Pearl Yard Holdings Inc., a controlling shareholder. Father of Mr Matthew Shi, General Manager of the Industrial Equipment Business Unit of the Company.
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal commitments including Directorships	
Past (for the last 5 years)	1. Director of Nanyang Technological University - Ntuitive Pte. Ltd. 2. Director of SG Innovate Pte. Ltd
Present	Director of: 1. NTI-NTU Corporate Laboratory 2. Neufront Investment Pte. Ltd 3. Pearl Yard Holdings Inc.

CORPORATE GOVERNANCE REPORT

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.

- (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?
- (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?
- (c) Whether there is any unsatisfied judgment against him?
- (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?
- (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?
- (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?
- (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?
- (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?
- (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?
- (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

CORPORATE GOVERNANCE REPORT

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.

- (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

Dr Shi has given a negative disclosure on each of the above items (a) to (k).

Disclosure applicable to the appointment of Director only.

Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee’s reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

Not applicable for Dr Shi as this is a re-election/re-appointment of Director.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

The Directors present their statement to the members together with the audited financial statements of Nanofilm Technologies International Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2025.

In the opinion of the Directors,

- (a) the financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 DIRECTORS

The Directors of the Company in office at the date of this statement are as follows:

Dr Shi Xu
Ms Ong Siew Koon @ Ong Siew Khoon
Ms Lee Lee Khoon
Mr Wan Kum Tho
Mr Steve Ghanayem

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under “Share Options and Awards Shares” in this statement.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, the Directors who held office at the end of the financial year and who had any interest in the shares or debentures of the Company or its related corporations are as stated below:

Name of directors	Holdings registered in the name of directors			Holdings in which a director is deemed to have an interest		
	At 1.1.2025	At 31.12.2025	At 21.1.2026	At 1.1.2025	At 31.12.2025	At 21.1.2026
The Company						
<i>Nanofilm Technologies International Limited</i>						
<u>Number of Ordinary Shares</u>						
Dr Shi Xu	44,457,573	44,457,573	44,457,573	292,592,853	292,592,853	292,592,853
Mr Wan Kum Tho	-	-	-	25,000	25,000	25,000
Ultimate Holding Company						
<i>Pearl Yard Holdings Inc.</i>						
<u>Number of Ordinary Shares</u>						
Dr Shi Xu	1	1	1	-	-	-

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

Dr Shi Xu, who by virtue of his interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly owned by the Company:

	Holdings in which a director is deemed to have an interest	
	At 31.12.2025	At 1.1.2025
Yizheng Nahuan Technologies Co., Ltd - Capital contribution in RMB	30,600,000	30,600,000
Sydragen Energy Pte. Ltd. - Capital contribution in SGD	37,333,333 preference shares and 70,000,000 ordinary shares	21,000,000 preference shares and 70,000,000 ordinary shares
Sydragen (Shanghai) Technology Co., Ltd - Capital contribution in RMB	20,000,000	20,000,000
Sydragen Enterprise Management (Shanghai) Co., Ltd - Capital contribution in RMB	100,000	100,000
Apex New Materials (Dongguan) Co., Ltd (formerly Sichuan Apex Technologies Co., Ltd) - Capital contribution in RMB	27,000,000	27,000,000

Except as disclosed in this statement, no directors who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

4 SHARE OPTIONS AND AWARDS SHARES

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

The ESOS Scheme 2017 was approved by shareholders of the Company at the extraordinary general meeting of the Company held on 6 February 2017. The rules of the ESOS Scheme 2017 were subsequently amended on 29 October 2018 and 5 September 2019. The ESOS Scheme 2017 was established and administered by a committee comprising directors of the Company who have been authorised and appointed by the board of the Company ("**Board**"). Since the listing of the Company on the SGX-ST on 30 October 2020 (the "**Listing Date**"), the ESOS Scheme 2017 is administered by the Remuneration Committee ("**RC**") in relation to all outstanding options granted under the ESOS Scheme 2017 and validly existing as at the Listing Date. Further information regarding the composition of the current RC, comprising Ms Lee Lee Khoon (Chairman), Mr Wan Kum Tho (Member) and Mr Steve Ghanayem (Member) is disclosed in the Corporate Governance Report in the Annual Report.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

4 SHARE OPTIONS AND AWARDS SHARES (CONT'D)

(A) Pre-IPO Employee Share Option Scheme 2017 ("ESOS Scheme 2017") (cont'd)

The ESOS Scheme 2017 was terminated on the Listing Date and no further options were granted thereunder after termination. The termination of the ESOS Scheme 2017 does not prejudice the rights of the holders' holding options which have been granted and accepted under the ESOS Scheme 2017 prior to its termination. The options granted under the ESOS Scheme 2017 have exercise prices that were determined at the discretion of the committee at date of grant. Options may only be exercised after vesting.

As at 31 December 2025, details of the options granted under the ESOS Scheme 2017 are as follows:

Date of grant of options	Options outstanding at 1.1.2025	Options granted during the financial year	Options cancelled/ lapsed during the financial year	Options exercised during the financial year	Options outstanding at 31.12.2025	Exercise price S\$	Date of expiry
1 July 2020	100,000	-	-	-	100,000	0.5868	30 June 2026
	100,000	-	-	-	100,000		

As at 31 December 2025, all the 100,000 outstanding options granted under the ESOS Scheme 2017 had vested.

Since the commencement of the ESOS Scheme 2017 until the end of the current financial year, no option has been granted to controlling shareholders of the Company or their associates (as defined in the SGX-ST Listing Manual).

Information on employees who received 5% or more of the total number of options available under the ESOS Scheme 2017 and the aggregate number of options granted under the ESOS Scheme 2017 to directors and employees of the Company's subsidiaries, are as follows:

	Share options granted during the financial year	Aggregate share options granted since the commencement of the ESOS Scheme 2017 to 31.12.2025	Aggregate share options cancelled/ lapsed since the commencement of the ESOS Scheme 2017 to 31.12.2025	Aggregate share options exercised since the commencement of the ESOS Scheme 2017 to 31.12.2025	Aggregate share options outstanding as at 31.12.2025
<u>Directors and employees of subsidiaries</u>					
Mr Jin Xiaozhe	-	6,700,000	(1,734,000)	(4,966,000)	-

For the year ended 31 December 2025, no options were granted to Directors of the Company under the ESOS Scheme 2017.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

4 SHARE OPTIONS AND AWARDS SHARES (CONT'D)

(B) Employee Share Option Scheme ("ESOS Scheme 2020")

On 9 October 2020, the shareholders approved the ESOS Scheme 2020, a share-based incentive plan. The ESOS Scheme 2020 applies to all employees and non-executive directors of the Group. Controlling shareholders of the Company and their associates who are employees or non-executive directors of the Group are also eligible to participate in the ESOS Scheme 2020. The ESOS Scheme 2020 is administered by the RC. Please refer to paragraph 4(A) of this statement for details of the RC members.

Other information relating to the ESOS Scheme 2020 is set out below:

- The total number of shares comprised in options which may be granted under the ESOS Scheme 2020, when added to the aggregate of (i) the number of new shares that are issued or issuable and issued shares (including treasury shares) that are delivered or to be delivered pursuant to options already granted under the ESOS Scheme 2020; and (ii) the number of shares subject to any other share options or share schemes adopted by the Company after the Listing Date, shall not exceed 5.0% of the total number of issued shares of the Company on the day preceding the date of grant of any new option.
- The total number of shares which may be issued or delivered pursuant to the exercise of options granted under the ESOS Scheme 2020 to (i) each controlling shareholder and each associate of a controlling shareholder; and (ii) controlling shareholders and associates of controlling shareholders, shall not exceed 10% and 25% of the total number of shares available under the ESOS Scheme 2020, respectively.
- The options that are granted under the ESOS Scheme 2020 may have acquisition prices that are, at the RC's discretion, set at a price equal to the volume-weighted average price for the shares on the SGX-ST over the three consecutive trading days immediately preceding the date of grant of that option, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST ("**Market Price**"); or at a discount to the Market Price (subject to a maximum discount of 20%).
- Options granted under the ESOS Scheme 2020 will have a life span expiring on or before the 10th anniversary of the date of grant in respect of options granted to employees and controlling shareholders and their associates and, on or before the 5th anniversary of the date of grant in respect of options granted to non-executive directors of the Group.
- The ESOS Scheme 2020 shall continue to be in force for a maximum period of 10 years from the adoption date and may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

4 SHARE OPTIONS AND AWARDS SHARES (CONT'D)

(B) Employee Share Option Scheme ("ESOS Scheme 2020") (cont'd)

As at 31 December 2025, details of the options granted under the ESOS Scheme 2020 are as follows:

Date of grant of options	Options outstanding at 1.1.2025	Options granted during the financial year	Options cancelled/ lapsed during the financial year	Options exercised during the financial year	Options outstanding at 31.12.2025	Exercise price S\$	Date of expiry
26 March 2021	684,500	-	(23,000)	-	661,500	4.9279	26 March 2031
6 April 2021	380,000	-	(50,000)	-	330,000	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	-	(40,000)	-	1,305,000	2.6907	31 March 2027
	2,739,500	-	(113,000)	-	2,626,500		

During the financial year ended 31 December 2025, there were no share options granted under the ESOS Scheme 2020. No share option was exercised during the year when vested and 113,000 options were lapsed. As at 31 December 2025, out of the 2,626,500 outstanding options granted under the ESOS Scheme 2020, 2,300,250 had vested and 326,250 will vest in 2026.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

4 SHARE OPTIONS AND AWARDS SHARES (CONT'D)

(B) Employee Share Option Scheme ("ESOS Scheme 2020") (cont'd)

Since the commencement of the ESOS Scheme 2020 until the end of the current financial year, no options have been granted to controlling shareholders of the Company or their associates (as defined in the SGX-ST Listing Manual) and no employee has received 5% or more of the total number of options available under the ESOS Scheme 2020.

Information on Directors of the Company who have been granted options under the ESOS Scheme 2020, and the aggregate number of options granted under the ESOS Scheme 2020 to directors and employees of the Company's subsidiaries, are as follows:

	Share options granted during the financial year	Aggregate share options granted since the commencement of the ESOS Scheme 2020 to 31.12.2025	Aggregate share options cancelled/ lapsed since the commencement of the ESOS Scheme 2020 to 31.12.2025	Aggregate share options exercised since the commencement of the ESOS Scheme 2020 to 31.12.2025	Aggregate share options outstanding as at 31.12.2025 ⁽¹⁾
<u>Name of directors</u>					
Ms Ong Siew Koon @ Ong Siew Khoon	-	50,000	-	-	50,000
Ms Lee Lee Khoon	-	50,000	-	-	50,000
Mr Wan Kum Tho	-	50,000	-	-	50,000
	-	150,000	-	-	150,000
<u>Directors and employees of the Company's subsidiaries</u>					
	-	70,000	(10,000)	-	60,000
	-	70,000	(10,000)	-	60,000

Note:

(1) These options are exercisable between 6 April 2022 and 19 August 2026 if the vesting conditions are met.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

4 SHARE OPTIONS AND AWARDS SHARES (CONT'D)

(C) Nanofilm Restricted Share Plan ("RSP 2021")

The RSP 2021 was approved and adopted by shareholders of the Company on 29 October 2021. The RSP 2021 is administered by the RC. Please refer to paragraph 4(A) of this statement for details of the RC members.

The RSP 2021 is a share incentive scheme, proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees of the Group and its associated companies who have contributed to the growth of the Group. The RSP 2021 will also enable grants of fully-paid shares to be made to non-executive directors, including as part of their remuneration in respect of their office, in lieu of cash. The RSP 2021 will give participants an opportunity to have a personal equity interest in the Company and will help to achieve, amongst other objectives, the alignment of interests of Group employees, associated company employees and non-executive directors with the interests of the Company's shareholders. Controlling shareholders of the Company and their associates are not eligible to participate in the RSP 2021.

Other information relating to the RSP 2021 is set out below:

- The number of, and conditions to be attached to the awards granted will be determined at the discretion of the RC based on factors such as a participant's rank, work performance, years of service and potential to contribute to the future development and success of the Group. Other factors to be considered include, in the case of performance-related award, the extent of effort and difficulty with which the performance condition(s) may be achieved within the performance period, and in the case of a non-executive director, his board and committee appointments and attendance, and his contribution to the success and development of the Group.
- Award shares may be granted at any time in the course of a financial year, and may lapse by reason of the cessation of employment or misconduct of a participant, or by reason of a participant, being a non-executive director, ceasing to be a non-executive director, or in the event of a take-over, winding up or reconstruction of the Group, and any other event approved by the RC.
- The Company will release and deliver shares free of charge, to participants upon the vesting of the share awards granted to them, and in the case of performance-related awards, upon their fulfilment of the related performance conditions, either by way of an issue of new shares, deemed to be fully paid upon their issuance and allotment, or the delivery of existing shares (including treasury shares).
- The grant of each award, each release of shares and each payment in lieu of shares which would otherwise have been released to the participant under the RSP 2021 is subject to, and conditional upon, the Company's right of clawback under certain circumstances, which include any conduct engaged by a participant which causes the Group to suffer financial loss or reputational harm, or results in a need to restate the Group's financial statements, or is otherwise detrimental to the Group's business.
- The class and/or number of ordinary shares of the Company which are the subject of an award, to the extent not yet vested, and/or in respect of which future awards may be granted to participants, are subject to adjustment by reason of any variation in the ordinary share capital of the Company (whether by way of a bonus issue, rights issue, reduction, subdivision, consolidation, distribution or otherwise) or if the Company makes a declaration of a special dividend (whether in cash or in specie), upon the written confirmation of the auditor that such adjustment (except in relation to a bonus issue) is fair and reasonable.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

4 SHARE OPTIONS AND AWARDS SHARES (CONT'D)

(C) Nanofilm Restricted Share Plan ("RSP 2021") (cont'd)

During the financial year ended 31 December 2025, the Company granted 396,541 (2024: 2,170,223) share awards to the Group's employees pursuant to the RSP 2021. No employee has received 5% or more of the total number of awards available under the RSP 2021.

The share awards granted on:

- (i) 31 December 2021, 31 March 2022 and 26 August 2022 will vest in ten (10) equal tranches over a period of ten (10) years commencing from the first anniversary after the date of grant;
- (ii) 26 January 2022 will vest in four (4) equal tranches over a period of four (4) years commencing from the first anniversary after the date of grant;
- (iii) 31 March 2022 will vest in five (5) equal tranches over a period of five (5) years commencing from the first anniversary after the date of grant;
- (iv) 29 February 2024 will vest in two (2) equal tranches over a period of two (2) years commencing from 30 September 2024; and
- (v) 6 September 2024 will vest over two (2) or four (4) tranches commencing from 30 September 2024.
- (vi) 18 August 2025 will vest over three (3) equal tranches over a period of three (3) years commencing from 30 September 2025.

All the share awards under the RSP 2021 are subject to the grantee achieving certain performance conditions and meeting other terms and conditions in respect of each tranche.

The details of the share awards granted pursuant to the RSP 2021 as at 31 December 2025 are as follows:

Date of RSP	Share awards outstanding at 1.1.2025	Share awards granted	Share awards vested	Share awards forfeited	Share awards outstanding at 31.12.2025
31 December 2021	353,300	-	-	(23,950)	329,350
26 January 2022	-	-	-	-	-
31 March 2022	99,200	-	(29,900)	-	69,300
26 August 2022	175,400	-	(20,300)	(14,000)	141,100
29 February 2024	346,724	-	(248,154)	(98,570)	-
6 September 2024	1,002,683	-	(101,350)	-	901,333
18 August 2025	-	396,541	(134,813)	(10,636)	251,092
	1,977,307	396,541	(534,517)	(147,156)	1,692,175

For the year ended 31 December 2025, no share awards have been awarded to Directors of the Company and its subsidiaries.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

5 AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee (“**ARC**”) at the end of the current financial year are as follows:

Ms Ong Siew Koon @ Ong Siew Khoon (Chairman) (Lead ID)
Ms Lee Lee Khoon (ID)
Mr Wan Kum Tho (ID)

All members of the ARC are non-executive independent directors.

The ARC carried out its functions in accordance with Section 201B(5) of the Companies Act 1967 of Singapore. In performing those functions, the ARC:

- assists the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group;
- reviews and reports to the Board significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;
- reviews the half-yearly and annual financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustment resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- reviews the assurance from the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements;
- reviews the external auditor’s audit plan and audit reports (including assessing and reporting to the Board the quality of the work carried out and the basis of such assessment, and evaluating the performance of the external auditors), and the external auditor’s evaluation of the system of internal accounting controls, with the external auditors, as well as the assistance given by management to the external auditors;
- ensures co-ordination between the external and internal auditors and the management and reviews the assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);
- reviews and reports to the Board, at least annually, the adequacy and effectiveness of the Group’s internal control systems (including financial, operational, compliance and information technology controls) and risk management systems;
- monitors and reviews the implementation of the internal and external auditor’s recommendations for internal control weaknesses (if any);
- reviews any interested person transactions as defined in the Listing Manual;
- approves the appointment, termination and remuneration of the head of the internal audit function or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- makes recommendations to the Board on the proposals to Shareholders on the appointment, reappointment and removal of the external auditors, and approves the remuneration and terms of engagement of the external auditors;

DIRECTORS' STATEMENT

For the financial year ended 31 December 2025

5 AUDIT AND RISK COMMITTEE (CONT'D)

The ARC carried out its functions in accordance with Section 201B(5) of the Companies Act 1967 of Singapore. In performing those functions, the ARC: (cont'd)

- reviews regulatory compliance matters, at least on a quarterly basis, with a view to ensure that adequate rectification measures are taken for past breaches as well as new initiatives implemented to mitigate and reduce the risks of future breaches; and
- reviews and establishes procedures for receipt, retention and treatment of complaints received in relation to the Group, including criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that may impact negatively on the Group and ensures that arrangements are in place for the independent investigations of such matter and for appropriate follow-up.

The ARC having reviewed the external auditor's non-audit services, was of opinion that there was no non-audit services rendered that would affect the independence and objectivity of the external auditors.

The ARC held four meetings in the financial year ended 31 December 2025 with full attendance from all members of the ARC. In performing its functions, the ARC has also met with the Company's external auditors, without the presence of the Company's management, at least once a year.

The Company confirms that Rules 712 and 715 of the Singapore Exchange Securities Trading Limited's Listing Manual have been complied with.

Further information regarding the responsibilities of the ARC is disclosed in the Corporate Governance Report.

6 INDEPENDENT AUDITORS

The independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

Dr Shi Xu
Executive Chairman and Group Chief Executive Officer

Ms Ong Siew Koon @ Ong Siew Khoon
Lead Independent Director

Singapore

30 March 2026

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2025

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Nanofilm Technologies International Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which comprise the statements of financial position of the Group and the Company as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (“**SSAs**”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“**ACRA**”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“**ACRA Code**”), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2025

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Measurement of development costs</p> <p>We refer to Note 3(f), Note 4(i) and Note 14 to the financial statements.</p> <p>As disclosed in Note 14 to the financial statements, included in the Group's and the Company's intangible assets are development costs of S\$46.25 million and S\$1.88 million respectively as at 31 December 2025.</p> <p>These development costs are internally generated intangible assets which can only be recognised when the expenditure incurred can be distinguished between research phase and development phase, and that these development costs, among other considerations, meet the recognition criteria stated in SFRS(I) 1-38 <i>Intangible Assets</i>, paragraph 57.</p> <p>We focused on this area because of the significance of the balance and the degree of judgment involved in determining whether these internally generated intangible assets can be capitalised in accordance with the criteria stated in SFRS(I) 1-38 <i>Intangible Assets</i>.</p>	<p>Our response</p> <p>We have performed the following key procedures:</p> <ul style="list-style-type: none">• Reviewed the Group's control environment on the intangible assets cycle and performed tests of key controls as appropriate;• Made enquiries with management on the determination of research and development stages;• Assessed whether the development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established, and costs incurred during the development process can be measured reliably;• Performed test of details on costs incurred and payments; and• Performed cut-off tests to check that costs are recognised in the appropriate accounting period. <p>Based on our procedures, we found that the methodologies and costs capitalised by management in determining the intangible assets to be appropriate and reasonable.</p>

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2025

KEY AUDIT MATTERS (CONT'D)

Key audit matter	How our audit addressed the key audit matter
<p>Acquisition of 35% non-controlling interest in Sydrogen Energy Pte. Ltd.</p> <p>We refer to Note 3(b), Note 4(i), Note 15(b)(v), Note 22 and Note 26 to the financial statements.</p> <p>As disclosed in Note 4(i), a put option was granted to Venezia Investments Pte. Ltd. ("Venezio") in 2021 where Venezia shall have the right to require the Company to redeem the equity interests (the "Venezio Put Option Shares") held by Venezia in a subsidiary of the Company, Sydrogen Energy Pte. Ltd. ("Sydrogen"), at an amount which is variable depending on the fair market value of the Venezia Put Option Shares.</p> <p>The Company announced that it had entered into a sale and purchase agreement dated 5 July 2025 ("New SPA") with Venezia pursuant to which Venezia agreed to sell, and the Company agreed to acquire the 49.00 million preference shares held by Venezia in the capital of Sydrogen (the "Sale Shares").</p> <p>The Sale Shares would be acquired in two tranches:</p> <p>(a) the acquisition of 16.33 million Sale Shares (the "First Tranche") will complete on 30 November 2025; and</p> <p>(b) the acquisition of 32.67 million Sale Shares (the "Second Tranche") will complete on or before 30 November 2026.</p> <p>The total agreed consideration of the acquisition is fixed at S\$15.00 million (comprising of S\$5.00 million for the First Tranche and S\$10.00 million the Second Tranche) and payable in cash to Venezia on the respective completion dates.</p> <p>On 1 December 2025, the First Tranche of the proposed acquisition was completed and the Company's ownership interest in Sydrogen increased to 77% of its issued share capital.</p> <p>We focused on this area because the determination of the appropriate accounting treatment at both the Group and Company levels, covering the put option liability, cost of investment, financial liability, and non-controlling interest, requires complex technical considerations and involves significant management judgement.</p>	<p>Our response</p> <p>We have performed the following key procedures:</p> <ul style="list-style-type: none">• Obtained and reviewed the sales and purchase agreements to obtain an understanding of the transactions and key terms;• Reviewed management's accounting treatment of the put option liability and acquisition of the 35% non-controlling interest in Sydrogen;• Re-performed the computations involved in the transaction;• Reviewed share transfer forms as well as share certification; and• Reviewed the appropriateness of the disclosures made in the financial statements. <p>Based on our procedures, we found that management's accounting treatment for the put option liability, cost of investment, financial liability, and non-controlling interest, in relation to the acquisition of 35% non-controlling interest in Sydrogen, to be appropriate and reasonable.</p>

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2025

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2025

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lao Mei Leng.

Moore Stephens LLP

Public Accountants and
Chartered Accountants

Singapore

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2025

	Note	2025 S\$'000	2024 S\$'000
Revenue	5	244,567	204,269
Cost of sales		(156,137)	(128,403)
Gross profit		88,430	75,866
Other operating income	6	4,414	5,056
Finance income	7	1,404	3,189
Research & development and engineering expenses		(18,278)	(14,980)
Selling and distribution expenses		(10,095)	(10,410)
Administrative expenses		(46,594)	(45,053)
Finance expenses	8	(2,662)	(3,619)
Net impairment losses on trade receivables and contract assets		(167)	(225)
Write off and loss on disposal of property, plant and equipment		(3,137)	(76)
Share of loss of associate		(75)	(103)
Profit before income tax	9	13,240	9,645
Income tax expense	10	(1,320)	(2,110)
Profit after income tax		11,920	7,535
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising from translation of foreign operations		(6,819)	1,602
Total comprehensive income for the year		5,101	9,137
Profit attributable to:			
Equity holders of the Company		11,803	7,744
Non-controlling interests		117	(209)
		11,920	7,535
Total comprehensive income attributable to:			
Equity holders of the Company		5,143	9,284
Non-controlling interests		(42)	(147)
		5,101	9,137
Earnings per share attributable to equity holders of the Company (cents)			
Basic earnings per share	11	1.80	1.18
Diluted earnings per share	11	1.80	1.18

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2025

	Note	Group		Company	
		2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	306,300	304,515	54,091	59,880
Land use rights	13	10,609	11,051	-	-
Intangible assets	14	65,301	53,013	7,428	9,058
Investment in subsidiaries	15	-	-	164,485	148,169
Investment in associate	16	3,714	3,789	-	-
Trade and other receivables and other non-current assets	18	-	-	11,847	3,595
Other financial assets	17	1,367	1,367	-	-
Deferred tax assets	25	5,099	4,278	-	-
		392,390	378,013	237,851	220,702
Current assets					
Inventories	19	20,346	17,104	6,142	5,011
Trade and other receivables, and other current assets	18	122,469	111,757	29,604	20,646
Contract assets	5	20,967	18,012	-	-
Cash and bank balances	20	84,550	110,207	29,539	57,051
		248,332	257,080	65,285	82,708
Total assets		640,722	635,093	303,136	303,410
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	21	266,927	266,927	266,927	266,927
Treasury shares	21	(22,336)	(23,498)	(22,336)	(23,498)
Reserves	22	193,113	144,431	8,545	11,920
		437,704	387,860	253,136	255,349
Non-controlling interests	15(c)	32,106	42,090	-	-
Total equity		469,810	429,950	253,136	255,349
Non-current liabilities					
Bank loans	23	81,776	76,728	18,796	20,668
Lease liabilities	24	13,788	17,375	8,005	9,241
Trade and other payables	26	-	53,100	-	-
Provisions	27	269	-	-	-
Deferred tax liabilities	25	1,685	1,526	1,331	1,331
		97,518	148,729	28,132	31,240
Current liabilities					
Trade and other payables	26	58,798	42,605	18,938	12,669
Contract liabilities	5	854	602	485	221
Bank loans	23	10,650	8,229	1,872	1,872
Lease liabilities	24	1,883	3,344	387	1,757
Provisions	27	133	297	84	200
Provision for taxation		1,076	1,337	102	102
		73,394	56,414	21,868	16,821
Total liabilities		170,912	205,143	50,000	48,061
Total equity and liabilities		640,722	635,093	303,136	303,410

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2025

	Attributable to equity holders of the Company									
	Share capital (Note 21)	Treasury shares (Note 21)	Translation reserve (Note 22)	Statutory reserve (Note 22)	Other reserves (Note 22)	Accumulated profits (Note 22)	Total	Non-controlling interests	Total equity	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2025	266,927	(23,498)	(34,985)	7,351	(70,697)	242,762	387,860	42,090	429,950	
Profit for the year	-	-	-	-	-	11,803	11,803	117	11,920	
Other comprehensive income	-	-	(6,660)	-	-	-	(6,660)	(159)	(6,819)	
Total comprehensive income for the year	-	-	(6,660)	-	-	11,803	5,143	(42)	5,101	
Transfer of statutory reserve	-	-	-	277	-	(277)	-	-	-	
Transactions with equity holders, recognised directly in equity	-	-	-	-	-	-	-	-	-	
- Dividends	-	-	-	-	-	(4,301)	(4,301)	-	(4,301)	28
- Acquisition of non-controlling interest	-	-	-	-	5,483	(541)	4,942	(9,942)	(5,000)	22
- Reversal of put option relating to interest in non-controlling interest	-	-	-	-	53,100	-	53,100	-	53,100	22
- Deferred consideration for acquisition of non-controlling interest	-	-	-	-	(10,000)	-	(10,000)	-	(10,000)	22
- Merger of entities under common control	-	-	-	-	172	-	172	-	172	22
- Treasury shares re-issued under ESOS Scheme 2017 and RSP 2021	-	1,162	-	-	(1,175)	-	(13)	-	(13)	21
- Adjustment on employee share options	-	-	-	-	11	-	11	-	11	22
- Adjustment on restricted share plan	-	-	-	-	790	-	790	-	790	22
Total transactions with equity holders	-	1,162	-	-	48,381	(4,842)	44,701	(9,942)	34,759	
At 31 December 2025	266,927	(22,336)	(41,645)	7,628	(22,316)	249,446	437,704	32,106	469,810	

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2025

	Attributable to equity holders of the Company									
	Share capital (Note 21)	Treasury shares (Note 21)	Translation reserve (Note 22)	Statutory reserve (Note 22)	Other reserves (Note 22)	Accumulated profits (Note 22)	Total	Non-controlling interests	Total equity	
Group (cont'd)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2024	266,927	(32,653)	(36,525)	7,142	(64,543)	239,524	379,872	44,132	424,004	
Profit for the year	-	-	-	-	-	7,744	7,744	(209)	7,535	
Other comprehensive income	-	-	1,540	-	-	-	1,540	62	1,602	
Total comprehensive income for the year	-	-	1,540	-	-	7,744	9,284	(147)	9,137	
Transfer of statutory reserve	-	-	-	209	-	(209)	-	-	-	
Transactions with equity holders, recognised directly in equity	-	-	-	-	-	(4,297)	(4,297)	-	(4,297)	
- Dividends	-	-	-	-	-	(4,297)	(4,297)	-	(4,297)	
- 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 ESOS Scheme 2017 and RSP 2021	21	1,451	-	-	(1,427)	-	24	-	24	
- Adjustment on employee share options	22	-	-	-	87	-	87	-	87	
- Adjustment on restricted share plan	22	-	-	-	995	-	995	-	995	
Total transactions with equity holders	-	9,155	-	-	(6,154)	(4,297)	(1,296)	(1,895)	(3,191)	
At 31 December 2024	266,927	(23,498)	(34,985)	7,351	(70,697)	242,762	387,860	42,090	429,950	

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2025

Company	Note	Share capital (Note 21) S\$'000	Treasury shares (Note 21) S\$'000	Other reserves (Note 22) S\$'000	Accumulated profits (Note 22) S\$'000	Total equity S\$'000
At 1 January 2025		266,927	(23,498)	(12,198)	24,118	255,349
Profit for the year, representing total comprehensive income for the year		-	-	-	1,303	1,303
Transactions with equity holders, recognised directly in equity						
- Dividends	28	-	-	-	(4,301)	(4,301)
- Treasury shares re-issued under ESOS Scheme 2017 and RSP 2021	21	-	1,162	(1,175)	-	(13)
- Adjustment on employee share options		-	-	11	-	11
- Adjustment on restricted share plan		-	-	787	-	787
Total transactions with equity holders		-	1,162	(377)	(4,301)	(3,516)
At 31 December 2025		266,927	(22,336)	(12,575)	21,120	253,136
At 1 January 2024		266,927	(32,653)	(11,836)	33,463	255,901
Loss for the year, representing total comprehensive income for the year		-	-	-	(5,048)	(5,048)
Transactions with equity holders, recognised directly in equity						
- Dividends	28	-	-	-	(4,297)	(4,297)
- 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 ESOS Scheme 2017 and RSP 2021	21	-	1,451	(1,427)	-	24
- Adjustment on employee share options		-	-	87	-	87
- Adjustment on restricted share plan		-	-	978	-	978
Total transactions with equity holders		-	9,155	(362)	(4,297)	4,496
At 31 December 2024		266,927	(23,498)	(12,198)	24,118	255,349

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2025

	Note	2025 S\$'000	2024 S\$'000
Cash Flows from Operating Activities			
Profit before income tax		13,240	9,645
Adjustments for:			
Depreciation of property, plant and equipment	9	31,851	30,011
Amortisation of land use rights	9	254	260
Amortisation of intangible assets	9	11,877	9,462
Finance expenses	8	2,662	3,619
Finance income	7	(1,404)	(3,189)
Provision for warranties and restoration of property, plant and equipment	9	182	185
Reversal of provision for warranties and restoration cost	9	(324)	(219)
Write off/loss/(Gain) on disposal of property, plant and equipment	9	2,877	(69)
Expenses recognised in respect of share options granted	9	11	87
Expenses recognised in respect of award share expenses under RSP 2021	9	790	995
Exchange differences - unrealised		(1,418)	(751)
Share of loss of associate		75	103
Operating cash flow before working capital changes		60,673	50,139
Inventories		(2,035)	1,974
Trade, other receivables and other current assets (include contract assets)		(13,456)	(34,611)
Trade, other payables and provisions (include contract liabilities)		6,802	5,752
Cash generated from operations		51,984	23,254
Interest paid		(2,181)	(2,888)
Interest received		1,404	3,189
Income tax paid		(2,571)	(2,331)
Net cash generated from operating activities		48,636	21,224
Cash Flows from Investing Activities			
Acquisition of subsidiaries, net of cash acquired	15(b)(i)	(5,252)	(9,210)
Purchase of property, plant and equipment		(46,877)	(34,879)
Proceeds from disposal of property, plant and equipment		575	226
Additions to intangible assets	14	(16,242)	(15,228)
Net cash used in investing activities		(67,796)	(59,091)
Cash Flows from Financing Activities			
Acquisition of a non-controlling interest	15(b)(v)	(5,000)	-
Proceeds from bank loans	29	18,435	9,435
Repayment of bank loans	29	(11,841)	(8,208)
Payment of lease liabilities	29	(3,457)	(4,385)
Dividends paid	28	(4,301)	(4,297)
Net cash used in financing activities		(6,164)	(7,455)
Net decrease in cash and cash equivalents		(25,324)	(45,322)
Cash and cash equivalents at the beginning of the year		110,207	155,209
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		(333)	320
Cash and cash equivalents at the end of the year	20	84,550	110,207

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

These notes form an integral part of and should be read in conjunction with the accompanying 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 principal activities of the Company are that of the design, research, development, integration, manufacturing and marketing of advanced material science and nano technology in industrial machinery, coating services/ surface solutions and precision components. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

The ultimate controlling shareholder of the Company is Dr Shi Xu.

The Board of Directors has authorised the issue of the financial statements on the date of the Directors’ Statement.

2 APPLICATION OF NEW/REVISED SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL (“SFRS(I)S”) ISSUED

Adoption of new and amended SFRS(I)s which are effective in the current financial year

On 1 January 2025, the Group has adopted the new and revised SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INTs”) that are mandatory for application for the financial year. The adoption of these new and revised SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

New and Revised SFRS(I)s Issued but Not Yet Effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the Group have not been applied in preparing these financial statements. Management is of the view that the adoption of these new standards would not have material effect on the financial performance or financial position of the Group.

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 9 and SFRS(I) 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to SFRS(I)s - Volume 11	1 January 2026
SFRS(I) 18: <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
SFRS(I) 19: <i>Subsidiaries without Public Accountability: Disclosure</i>	1 January 2027
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred indefinitely, early application is still permitted

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

2 APPLICATION OF NEW/REVISED SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) (“SFRS(I)S”) ISSUED (CONT’D)

SFRS(I) 18: Presentation and Disclosure in Financial Statements

This standard will replace SFRS(I) 1-1 Presentation of Financial Statements. Whilst many of the requirements will remain consistent, the new standard will have impacts on the presentation of the Statement of Profit and Loss and consequential impacts on the Statement of Cash Flows. It will also require the disclosure of the non-SFRS(I) management performance measures and may impact the level of aggregation and disaggregation throughout the primary financial statements and the notes.

An entity is required to apply the amendments to SFRS(I) 1-1 for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. SFRS(I) 18 requires retrospective application with specific transition provisions.

The directors will determine the impact on the presentation of the Statement of Profit and Loss and Statement of Cash Flows when effective.

3 MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 (the “**Act**”) of Singapore and Singapore Financial Reporting Standards International (“**SFRS(I)s**”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the reporting date, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in subsidiaries are stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

In preparing the financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position.

Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Acquisition of Businesses

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a 'fair value concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in SFRS(I) 3.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(b) Group Accounting (cont'd)

Acquisition of Businesses (cont'd)

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interests are measured at fair value unless another measurement basis is required by SFRS(I).

The excess of the sum of the fair value of the consideration transferred in the business combinations, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill on the statement of financial position.

Disposals of Subsidiaries or Businesses

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard. Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Transaction with Non-controlling Interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) Investment in Associate

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Goodwill on acquisition of associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates is included in the carrying amount of the investments. Gains or losses of disposal of associates include the carrying amounts of the goodwill relating to the entity sold.

Investments in associates are accounted for using the equity method of accounting less impairment losses, if any. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

When the Group reduces its ownership interest in an associate, but the Group continues to apply equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group's share of post-acquisition of loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Profit and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interest in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign Currencies

Functional and Presentation Currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Singapore dollar (S\$), which is the functional currency of the Company. The financial statements of the Group are presented and rounded to the nearest thousand (S\$'000) except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Foreign Currencies (cont'd)

Transactions and Balances

Transactions in a currency other than the functional currency (foreign currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at reporting date are recognised in profit or loss. In the financial statements, currency translation differences arising from borrowings in foreign currencies, and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are included in other comprehensive income and accumulated in the translation reserve within equity in the financial statements.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Translation of Group Entities' Financial Statements

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the reporting date;
- Income and expenses are translated at an average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- All resulting currency exchange differences are recognised in other comprehensive income, and are presented in the translation reserve within equity. These currency translation differences are reclassified to profit or loss on disposal or partial disposal (i.e. loss of control) of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

On the disposal of a foreign operation, all of the accumulated currency translation differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any currency translation differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense in profit or loss during the financial year in which it is incurred.

The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Plant and machinery	2 to 10 years
Buildings and renovation	1.5 to 30 years
Leasehold land	32 years
Office and other equipment	3 to 6 years
Tools and supplies	2 to 3 years
Motor vehicles	4 to 10 years

Property, plant and equipment held under leases arrangement are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Construction-in-progress represents property, plant and equipment under construction and is stated at cost. It includes costs of construction of property, plant and equipment and other direct costs. No depreciation is provided on construction in-progress until such time as it is completed and operationally ready for use.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when changes arise.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the property, plant and equipment is included in profit or loss in the year the property, plant and equipment is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(f) Intangible Assets

Research and Development Costs

Research and development costs are expensed as incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognised as an asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Development costs are stated at cost less accumulated amortisation and accumulated impairment losses. Development costs are amortised from the date of commercial production of the product or from the date the process is put into use. Such costs have a finite useful life and are amortised over 2 to 5 years on a straight-line basis.

Patents

Patents are stated at cost less accumulated amortisation and accumulated impairment losses. Costs associated with the application and registration of patents are capitalised as intangible assets. Amortisation of patents is charged to profit or loss on a straight-line basis over the estimated useful lives of 5 years, when the patents are awarded.

Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated company represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated company is included in the carrying amount of the investment.

Gains and losses on the disposal of subsidiaries and associated company include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(f) Intangible Assets (cont'd)

Computer software

Computer software is initially capitalised at cost which includes the purchase prices (net of any discounts or rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specification and which can be reliably measured, are added to the original cost of the software. Cost associated with maintaining the computer software are expensed off when incurred.

Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit and loss using the straight-line method over their estimated useful lives of 3 and 5 years.

Customer contract

Customer contract is measured at cost or fair value on acquisitions less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit and loss using the straight-line method over their estimated useful lives of 5 years.

(g) Land Use Rights

Land use rights are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the lease term period of 38 years and 50 years.

(h) Impairment of Non-Financial assets

i. *Intangible assets (other than goodwill)* *Property, plant and equipment*

Non-financial assets (other than goodwill) are tested for impairment whenever there is any indication that these assets may be impaired. At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(h) Impairment of Non-Financial assets (cont'd)

- i. *Intangible assets (other than goodwill)*
Property, plant and equipment (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

- ii. *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. The recoverable amount of a cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and value-in-use.

The total impairment loss of a cash-generating unit is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit pro-rata on the basis of the carrying amount of each asset in the cash-generating unit.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials and consumables - weighted average basis; and
- Finished goods and work-in-progress - costs of direct materials and labour, subcontractors' costs and a proportion of manufacturing overheads based on normal operating capacity on a cost basis.

Allowance is made for any anticipated losses which are likely to be incurred on completion of the jobs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and applicable variable selling expenses. Allowances are made for any slow-moving or obsolete inventories.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(j) Financial Assets

Classification and Measurement

The Group classifies its financial assets as amortised cost, fair value through other comprehensive income (“**FVOCI**”) and fair value through profit or loss (“**FVPL**”).

The classification depends on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent Measurement

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables. Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

FVOCI are subsequently measured at fair value. Impairment losses and reversals, interest income based on the effective interest method, and foreign exchange gains and losses (except where designated as a hedging instrument) on such assets are recognised in profit and loss. Any remaining fair value movements are recorded in other comprehensive income.

FVPL are subsequently measured at fair value. All fair value movements are recorded in profit and loss.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets measured at amortised costs, contract assets and financial guarantee contracts.

Loss allowances of the Group are measured on either of the following bases:

- 12-month expected credit losses – represents the expected credit losses that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime expected credit losses – represents the expected credit losses that result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(j) Financial Assets (cont'd)

Impairment (cont'd)

Simplified approach - Trade receivables (including contract assets)

The Group applies the simplified approach to provide expected credit losses for all trade receivables and contract assets. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors that are specific to the debtors and the economic environment.

General approach - Other financial instruments and financial guarantee contracts

The Group applies the general approach to provide for expected credit losses on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-month expected credit losses at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, a loss allowance is measured at an amount equal to lifetime expected credit losses. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort including both historical credit experience and forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month expected credit losses.

The Group considers a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired.

Measurement of expected credit losses

Expected credit losses are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(j) Financial Assets (cont'd)

Impairment (cont'd)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries made are recognised in profit or loss.

Recognition and De-recognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a debt instrument measured at amortised cost, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

When the FVOCI assets are de-recognised, the accumulated gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in other gains and losses.

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subjected to an insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents are shown net of pledged bank deposits.

(l) Financial Liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability recognised and the consideration paid and payable is recognised in profit or loss.

(m) Put Option Liability

Put option liability represents the Group's obligation to acquire the equity interests in a subsidiary that is held by non-controlling interests, under a put option agreement, in the event that the non-controlling interests exercises the option. It is measured at the present value of the redemption amount. The initial redemption liability is a reduction of the parent's equity as the risks and rewards of ownership remain with the non-controlling interest. The subsequent changes are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(n) Trade and Other Payables

Trade and other payables are initially measured at fair value, and subsequently carried at amortised cost, using the effective interest method.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the reporting date, in which case they are presented as non-current liabilities.

(p) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting date. All derivatives are classified as assets when the fair value is positive (Positive replacement values for financial derivatives) and as liabilities when the fair value is negative (Negative replacement values for financial derivatives).

The changes in the fair value of derivatives other than those designated as fair value hedges, cash flow hedges or net investments in foreign operations hedges are recognised in profit or loss.

(q) Borrowing Costs

Borrowing costs incurred to finance the development of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings. Other borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

(r) Provisions

Provisions are recognised when the Group have a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(r) Provisions (cont'd)

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

Provision for Asset Dismantlement, Removal or Restoration

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration the time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

(s) Leases

When the Group is the Lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognised right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets are presented within "Property, Plant and Equipment" and "Land Use Rights" in the statements of financial position.

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(s) Leases (cont'd)

When the Group is the Lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payment), less any lease incentive receivables;
- variable lease payment that are based on an index or rate, initially measured using the index or rate at the commencement date;
- amount expected to be payable under residual value guarantees;
- the exercise price of a purchase option if its reasonably certain to exercise the option; and
- payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost, and are re-measured when:

- there is a change in future lease payments arising from changes in an index or rate;
- there is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a modification to the lease term.

Where lease liabilities are re-measured, corresponding adjustments are made against the right-of-use assets. If the carrying amount of the right-of-use assets has been reduced to zero, the adjustments are recorded in profit or loss.

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases, except for sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

When the Group is the Lessor

Leases where the Group retains a significant portion of the risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) are recognised in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(t) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Treasury Shares

The Company's own ordinary shares, which are re-acquired by the Company and held as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in the profit or loss on the purchase, sale, re-issuance or cancellation of equity shares. Any differences between the carrying amount of treasury shares and the consideration received, is recognised directly in equity as gain or loss on re-issuance of treasury shares.

(u) Reserves

Translation Reserve

The translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of entities of the Group whose functional currencies are different from that of the Group's presentation currency.

Fair Value Reserve

The fair value reserve comprises cumulative fair value changes of financial assets through other comprehensive income until they are de-recognised or impaired.

Statutory Reserve

The Groups' subsidiaries are required by the People's Republic of China ("PRC") statutory laws to transfer 10% of the profit after taxation as reported in the PRC statutory financial statements to a reserve fund. This reserve fund can be used to make up losses incurred or to increase capital, subject to approval from the relevant government authority.

(v) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and rendering of services in the ordinary course of the Group's activities.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or services to the customer, which is when the customer obtains control of the good or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(v) Revenue Recognition (cont'd)

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Sale of Goods

The Group manufactures and sell its specialised industrial equipment and products for customers through fixed-price contracts. Revenue is recognised when the control has been transferred to the customer. At contract inception, the Group assess whether the Group transfers control of the equipment over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

For these contracts where the specialised equipment has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised equipment. The measure of progress is determined based on the surveys of work performed.

For contracts where the Group does not have an enforceable right to payment, revenue is recognised only when the completed specialised equipment or products are delivered to the customers and the customers have accepted in accordance with the sales contracts.

For sale of spare parts, revenue is recognised when these are delivered to the customers and the customers have accepted it in accordance with the sales contracts.

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the performing entity from the customers' failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Sales-related warranties associated with the sale of goods cannot be purchased separately and they serve as an assurance that the equipment sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* (see Note 3(r)).

Rendering of Services

The Group provides coating services to customers. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract. Management has assessed that the stage of completion determined by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed is an appropriate measure of progress towards complete satisfaction of these performance obligation under SFRS(I) 15.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(v) Revenue Recognition (cont'd)

Dividend Income

Dividend income is recognised at a point in time when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(w) Government Grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(x) Employee Compensation

Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions to separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group participates in the national schemes as defined by laws of the countries in which it operates. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as expense in profit or loss as and when they are incurred.

Share-based Compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each financial reporting date, the Group revises its estimates of the number of shares under options that are expected to be exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(y) Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting date.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset recognised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group recognised previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

(z) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(aa) Financial Guarantees

Financial guarantees contracts are initially measured at fair value and subsequently measured at the higher of: (i) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and (ii) the amount of expected loss allowance computed using the impairment methodology under SFRS(I) 9.

(ab) Contingencies

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

(ac) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management whose members are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Critical accounting estimates and assumptions

Loss Allowance for Receivables (including contract assets)

The Group measures the loss allowance for receivables in accordance with the accounting policy as disclosed in Note 3(j). In making this estimation and judgement, the Group evaluates, among other factors, the ageing analysis of receivables, the collection history of individual debtors, historical credit experience and forward-looking information etc. At every reporting date, the historical default rates are updated and the impact of forward-looking information is re-analysed. The carrying amount of the Group's contract assets and trade and other receivables at the reporting date are disclosed in Note 5, Note 18 and Note 32(a) to the financial statements.

Estimated Useful Life of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be between 1.5 to 32 years as disclosed in Note 3(e). The Group assesses annually the residual values and the useful lives of the property, plant and equipment and if expectations differ from the original estimates due to changes in the expected level of usage and/or technological developments, such differences will impact the depreciation charges in the period in which such estimates are changed. There are no significant changes to useful life of these assets during the financial year.

The carrying amount of the Group's property, plant and equipment at the reporting date are disclosed in Note 12 to the financial statements.

A 10% difference in the expected useful life of these assets from management's estimates would result in increasing/decreasing the carrying amount of the Group's depreciable property, plant and equipment by approximately S\$3,571,000 (2024: S\$3,467,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(i) Critical accounting estimates and assumptions (cont'd)

Estimated Useful Life of Development Costs

Development costs are capitalised in accordance with the accounting policy as disclosed in Note 3(f). Initial capitalisation of costs is based on management's assumptions that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. Development costs are amortised on a straight-line basis over the finite useful life of the project which management estimates to be within 5 years. Any changes in such estimates will impact the amortisation charge in the reporting period. The carrying amount of the Group's development costs capitalised at the reporting date are disclosed in Note 14 to the financial statements.

A 10% difference in the expected useful life of the development costs from management's estimates would result in increasing/decreasing the Group's development costs by approximately S\$1,025,000 (2024: S\$815,000).

Share-based Compensation

The Group measures the cost of equity-settled transactions with employees with reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them are disclosed in Note 22 to the financial statements.

Impairment of Goodwill

The Group recognised goodwill and tested for impairment annually in accordance with the accounting policy as disclosed in Notes 3(b) and 3(h)(ii) to the financial statements. The recoverable amount of the cash-generating units has been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions and changes to these estimates and assumptions would result in changes to the carrying amount of goodwill at the reporting period end. If the discount rate increases by 1%, no impairment loss will be recognised.

As at the reporting date, no impairment loss has been recognised. The carrying amount of goodwill arising from acquisition of subsidiaries is set out in Note 14 to the financial statements.

Acquisition of 35% NCI in Sydrogen Energy Pte. Ltd. ("Sydrogen")

Put Option Liability

In 2021, the Company entered into an agreement with Venezia Investments Pte. Ltd. ("Venezia") to invest in a hydrogen energy and hydrogen fuel business, through Sydrogen. Upon completion, Sydrogen became a 65% owned subsidiary of the Group. The remaining 35% equity interest was held by Venezia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(i) Critical accounting estimates and assumptions (cont'd)

Acquisition of 35% NCI in Sydrogen Energy Pte. Ltd. ("Sydrogen") (cont'd)

Put Option Liability (cont'd)

Under the terms of the agreement, the Company granted Venezia a put option ("Original Put Option Agreement"). In the event a specific event is not effected within 8 years from 1 October 2021 ("Put Option Event"), Venezia could, at any time after the occurrence of the Put Option Event until the date falling 10 years from 1 October 2021, require the Company to redeem its equity interest in Sydrogen ("Venezio Put Option Shares") at an amount ("Redemption Amount") which is the higher of:

- (A) 50% of the total amount contributed by Venezia for the subscription of Venezia Put Option Shares divided by the number of Venezia Put Option Shares, both as at the date that Venezia exercises the put option; and
- (B) the fair market value of the Venezia Put Option Shares.

The put option liability was measured at the present value of the Redemption Amount. The determination of the Redemption Amount required an assessment of the fair value of the Venezia Put Option Shares which was subject to estimates and assumptions. As at 31 December 2024, the put option liability was carried at S\$53.10 million as disclosed in Note 26 to the financial statements.

In 2025, the Company entered into a sale and purchase agreement ("New SPA") with Venezia to acquire the 49.00 million preference shares ("Sale Shares") held by Venezia in the capital of Sydrogen. The total consideration for the acquisition of the Sale Shares comprises:

- (A) S\$5.00 million for the first tranche of 16.33 million Sale Shares, to be completed by 30 November 2025 ("First Tranche"); and
- (B) S\$10.00 million for the second tranche of 32.67 million Sale Shares, to be completed by 30 November 2026 ("Second Tranche").

The total agreed consideration of the acquisition is fixed at S\$15.00 million (comprising of S\$5.00 million for the First Tranche and S\$10.00 million the Second Tranche) and payable in cash to Venezia on the respective completion dates. The previously recognised put option liability was derecognised (Note 26) with the corresponding credit recorded in other reserves within equity in accordance with Note 3(m).

Completion of First Tranche and Obligation for Second Tranche

At the inception by the New SPA, the Group becomes contractually committed to acquire the Sale Shares held by the Venezia ("NCI Shares") at future dates. As such, the Group recognised a financial liability at the present value of the fixed purchase price of S\$15.00 million ("SPA Liability"), with a corresponding charge to other reserves within equity.

On 1 December 2025, the First Tranche of the acquisition was completed and the Company's ownership interest in Sydrogen increased to 77% of its issued share capital. The Group recognised an addition to the cost of investment of S\$5.00 million (Note 15(b)(v)). The remaining SPA Liability was reduced to S\$10.00 million as at 31 December 2025 (Note 26). The change in the Group's ownership in Sydrogen was accounted for in accordance with Note 3(b) to the financial statements as an acquisition of NCI.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(ii) Critical judgements made in applying accounting policies

Income Taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group's income tax expense and deferred taxation at the reporting dates are set out in Note 10 and Note 25 to the financial statements.

5 REVENUE

(a) Revenue by business segment

	Group	
	2025	2024
	S\$'000	S\$'000
Advanced materials	206,924	172,140
Industrial equipment	16,961	11,290
Nanofabrication	18,160	18,042
Sydrigen	2,522	2,797
Total	244,567	204,269

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

5 REVENUE (CONT'D)

(b) Disaggregation of revenue from contracts with customers

	Group	
	2025 S\$'000	2024 S\$'000
<u>Performance obligations satisfied at a point in time</u>		
Sale of equipment	10,491	4,902
Sale of products and spare parts	21,300	24,121
	31,791	29,023
<u>Performance obligations satisfied over time</u>		
Service rendered	209,445	174,113
Sale of equipment	3,331	1,133
	212,776	175,246
Total	244,567	204,269

(c) Contract balances

	Group		Company	
	2025 S\$'000	2024 S\$'000	2025 S\$'000	2024 S\$'000
<i>Current</i>				
Contract assets	20,967	18,012	-	-
Contract liabilities	854	602	485	221

Contract assets represent the Group's rights to consideration for work completed but not billed at the reporting date. Invoices are billed to customers when the rights become unconditional. Contract liabilities relate to the Group's obligation to transfer goods to customers for which the Group have received consideration. Contract liabilities are recognised as revenue as the Group perform under the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

5 REVENUE (CONT'D)

(c) Contract balances (cont'd)

The significant changes in the contract assets and contract liabilities during the financial years are as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
<u>Contract assets</u>		
Contract assets billed	(18,012)	(12,770)
Changes in measurement of progress	20,967	18,012

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Contract liabilities</u>				
Revenue recognised at the beginning of the year	602	824	221	(217)
Increase due to cash received, excluding amounts recognised as revenue during the year	(854)	(602)	(485)	(221)

6 OTHER OPERATING INCOME

	Group	
	2025	2024
	S\$'000	S\$'000
Government grants and incentives	2,966	2,415
Rental income - third party	514	972
Sundry income	606	740
Scrap sales	68	105
Gain on disposal of property, plant and equipment	260	145
Exchange gains, net	-	679
	4,414	5,056

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

7 FINANCE INCOME

	Group	
	2025	2024
	S\$'000	S\$'000
Interest income:		
- bank deposits	1,404	3,189

8 FINANCE EXPENSES

	Group	
	2025	2024
	S\$'000	S\$'000
Interest expense:		
- bank loans	2,119	2,900
- lease liabilities	543	719
	2,662	3,619

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

9 PROFIT BEFORE INCOME TAX

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

	Note	Group	
		2025 S\$'000	2024 S\$'000
Cost of inventories sold (recognised as cost of sales)		123,528	101,780
Audit fees paid/payable to:			
- Auditors of the Company		211	210
- Other auditors - network firms		85	84
- Other auditors - non-network firms		5	8
Non-audit fees paid/payable to:			
- Auditors of the Company		-	14
- Other auditors - non-network firms		134	101
Directors' fees		352	435
Depreciation of property, plant and equipment	12	31,851	30,011
Amortisation of land use rights	13	254	260
Amortisation of intangible assets	14	11,877	9,462
Lease expenses (short-term leases)		373	258
Listing expenses - Recurring		47	46
Net impairment loss on trade receivables and contract assets	18	167	225
Write down of inventories	19	230	53
Staff costs (including directors' remuneration)			
- Salaries and related costs		101,746	80,054
- Contribution to defined contribution plans		5,373	4,609
- Share option expenses under ESOS Schemes		11	87
- Award shares expenses under RSP 2021		790	995
Write off/Loss/(Gain) on disposal of property, plant and equipment		2,877	(69)
Exchange loss/(gain)		233	(679)
Provision for warranties and restoration of property, plant and equipment	27	182	185
Reversal of provision for warranties and restoration cost	27	(324)	(219)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

9 PROFIT BEFORE INCOME TAX (CONT'D)

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

	Note	Group	
		2025	2024
		S\$'000	S\$'000
Breakdown of staff costs included in:			
- Cost of sales		65,754	48,681
- Research & development and engineering expenses		10,797	7,285
- Selling and distribution expenses		7,180	7,774
- Administrative expenses		24,189	22,005
		107,920	85,745
Breakdown of amortisation of land use rights and intangible assets included in:			
- Cost of sales		8,794	4,979
- Research & development and engineering expenses		1,436	3,173
- Administrative expenses		1,901	1,570
		12,131	9,722

10 INCOME TAX EXPENSE

		Group	
		2025	2024
		S\$'000	S\$'000
Income tax:			
- Current year		2,379	2,425
- (Over)/Under provision in prior years		(136)	126
		2,243	2,551
Deferred tax (Note 25):			
- Current year		(953)	(636)
- Under provision in prior years		30	195
		(923)	(441)
		1,320	2,110

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

10 INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax calculated at the applicable tax rates of the Group entities in their respective tax jurisdictions with income tax expense is as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
Profit before income tax	13,240	9,645
Tax calculated at 17%	2,251	1,640
Effect of different tax rates from other countries	(888)	(462)
Non-deductible expenses	1,718	1,232
Income not subject to tax	(1,353)	(726)
Tax incentives ⁽¹⁾	(2,702)	(2,585)
Utilisation of previously unrecognised tax losses	(60)	(240)
Deferred tax assets not recognised	2,460	2,930
(Over)/Under provision in prior years	(106)	321
	1,320	2,110

(1) Tax incentives pertain mainly to tax deductions for research and development and treasury shares re-issued under ESOS Scheme 2017

Singapore

The current corporate income tax rate applicable to the Company is 17% (2024: 17%). The Company has been granted a Development and Expansion Incentive under International Headquarters Award for 10 years with a concessionary tax rate of 5%, on incremental income above a prescribed base, applies from 1 September 2022 to 31 August 2031, subject to the terms and conditions being met.

People's Republic of China

The current applicable corporate tax rate is 15% (2024: 15%) for Nanofilm Vacuum Coating (Shanghai) Co., Ltd and Yizheng Nahuan Technologies Co., Ltd, and 25% (2024: 25%) for other subsidiaries incorporated in China respectively. Nanofilm Vacuum Coating (Shanghai) Co., Ltd has been granted a certificate of high technology enterprise by the local tax authorities with a concessionary tax rate of 15% applies, with effect from 18 November 2021 to 3 December 2027, subject to the terms and conditions being met.

Japan

Companies incorporated in Japan are subject to tax on their worldwide income. The taxes include corporate tax, surtax on corporate tax, inhabitant tax and enterprise tax. The current corporate (a national) tax rate is 23.2% (2024: 23.2%). Tax losses can be carried forward for nine years. The utilisation of the tax losses is restricted to 50% of taxable income for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

10 INCOME TAX EXPENSE (CONT'D)

Vietnam

The companies in Vietnam are taxable at the rate of 20%. However, the subsidiary in Vietnam has an Investment Certificate which entitles it to be exempt from income tax for its initial 2 years commencing from the year it first generates taxable profit and thereafter a 50% reduction in income tax for the next 4 succeeding years.

Europe

The companies in Europe are subject to applicable tax rates ranging from 25.8% to 35.0% which include applicable trade tax and solidarity surcharge.

India

The companies in India are subject to applicable tax rates ranging from 25% to 35% which include applicable trade tax and solidarity surcharge.

11 EARNINGS PER SHARE

(a) Basic Earnings per Share

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

	Group	
	2025	2024
Profit for the year attributable to equity holders of the Company (S\$'000)	11,803	7,744
Weighted average number of ordinary shares ('000)	654,997	654,822
Basic earnings per share (cents)	1.80	1.18

(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 year) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

11 EARNINGS PER SHARE (CONT'D)

(b) Diluted Earnings per Share (cont'd)

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

	Group	
	2025	2024
Profit for the year attributable to equity holders of the Company (S\$'000)	11,803	7,744
Weighted average number of ordinary shares ('000)	654,997	654,822
Adjustments for ('000):		
- Share options	7	27
- Restricted share plan	1,692	1,925
	656,696	656,774
Diluted earnings per share (cents)	1.80	1.18

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

12 PROPERTY, PLANT AND EQUIPMENT

Group	2025	Plant and machinery	Building renovation	Freehold land	Leasehold land	Office and other equipment	Tools and supplies	Motor vehicles	Construction in-progress	Total
At 1 January	215,661	165,373	-	8,815	40,253	1,894	765	34,766	467,527	
Acquisition of subsidiaries (Note 15(b)(i))	669	540	347	-	127	5	56	-	1,744	
Additions	12,072	2,254	-	271	2,460	142	111	30,468	47,778	
Disposal/Write off	(7,484)	(16,869)	(116)	-	(575)	(126)	(229)	(17)	(25,416)	
Transfer	17,333	14,357	-	-	5,358	160	-	(37,208)	-	
Reclassification (Note e,f)	(179)	-	-	-	-	-	-	(663)	(842)	
Translation adjustment	(3,571)	(2,116)	5	-	(529)	(6)	(9)	(741)	(6,967)	
At 31 December	234,501	163,539	236	9,086	47,094	2,069	694	26,605	483,824	
<u>Accumulated depreciation</u>										
At 1 January	109,084	25,630	-	856	25,504	1,302	636	-	163,012	
Charge for the year	21,237	9,209	-	278	4,718	167	99	-	35,708	
Disposal/Write off	(7,183)	(11,097)	-	-	(495)	(125)	(206)	-	(19,106)	
Reclassification	(141)	-	-	-	-	-	-	-	(141)	
Translation adjustment	(1,490)	(283)	-	-	(168)	(1)	(7)	-	(1,949)	
At 31 December	121,507	23,459	-	1,134	29,559	1,343	522	-	177,524	
<u>Net book value</u>										
At 31 December	112,994	140,080	236	7,952	17,535	726	172	26,605	306,300	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Plant and Building and Freehold land		Leasehold land		Office and other equipment		Tools and supplies		Motor vehicles		Construction in-progress		Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
2024													
<u>Cost</u>													
At 1 January	194,650	157,913	-	8,383	36,938	2,035	752	30,018	430,689				
Acquisition of a subsidiary	3,165	269	-	-	149	-	-	-	3,583				
Additions	9,490	3,574	-	432	1,876	208	10	21,714	37,304				
Disposal/Write off	(1,222)	(2,809)	-	-	(433)	(349)	-	(18)	(4,831)				
Transfer	9,070	6,181	-	-	1,564	-	-	(16,815)	-				
Reclassification (Note e)	-	-	-	-	-	-	-	(185)	(185)				
Translation adjustment	508	245	-	-	159	-	3	52	967				
At 31 December	215,661	165,373	-	8,815	40,253	1,894	765	34,766	467,527				
<u>Accumulated depreciation</u>													
At 1 January	89,272	17,820	-	592	21,349	1,505	556	-	131,094				
Charge for the year	20,700	8,903	-	264	4,579	143	80	-	34,669				
Disposal/Write off	(1,163)	(1,166)	-	-	(395)	(346)	-	-	(3,070)				
Translation adjustment	275	73	-	-	(29)	-	-*	-	319				
At 31 December	109,084	25,630	-	856	25,504	1,302	636	-	163,012				
<u>Net book value</u>													
At 31 December	106,577	139,743	-	7,959	14,749	592	129	34,766	304,515				

* Denotes less than S\$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The carrying amount of building, leasehold land and plant and machinery held under leasing arrangements to the Group amounted to S\$15,006,000 (2024: S\$20,397,000) for the financial year ended 31 December 2025 (Note 24).
- (b) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. In addition to the right-of-use assets recognised under property, plant and equipment, the Group has right-of-use of two plots of 50-year leasehold lands in the People's Republic of China and a 38-year leasehold land in Vietnam, where the Group's leasehold building resides. These leasehold lands are recognised within Land Use Rights (Note 13).
- (c) During the financial year ended 31 December 2025, the additions to property, plant and equipment included S\$900,000 (2024: S\$2,425,000) acquired as right-of-use assets under leasing arrangements (Note 24) and S\$4,971,000 (2024: S\$3,670,000) that were payable as at 31 December 2025 recorded as sundry creditors (Note 26).
- (d) During the financial year ended 31 December 2025, the disposal of property, plant and equipment included derecognition of right-of-use assets arising from the early termination of leased properties amounting to S\$2,738,000 (2024: S\$1,544,000). The Group de-recognised the corresponding lease liabilities amounting to S\$2,857,000 (2024: S\$1,604,000) and a gain of S\$119,000 (2024: S\$60,000) was recorded in profit or loss.
- (e) Included developed computer software reclassified to intangible assets.
- (f) Included manufactured coating services machinery reclassified to inventories for sale.
- (g) As at 31 December 2025, the Tai Seng Property, with a net carrying value of S\$28,743,000 (2024: S\$29,688,000), is held as security for the Group's bank loan as disclosed in Note 23(a).
- (h) As at 31 December 2025, Shanghai Plant 1 and 2, with a net carrying value of S\$58,202,000 (2024: S\$61,569,000), are held as security for the Group's bank loan as disclosed in Note 23(b) & Note 23(c).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Plant and machinery	Building and renovation	Leasehold land	Office and other equipment	Tools and supplies	Motor vehicles	Construction in-progress	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company								
2025								
<u>Cost</u>								
At 1 January	16,495	50,287	8,815	2,209	1,187	187	1,712	80,892
Additions	744	2,044	271	4	-	-	517	3,580
Disposal/Write off	(2,728)	(10,315)	-	(113)	(130)	-	-	(13,286)
Reclassification (Note e)	(179)	-	-	-	-	-	-	(179)
At 31 December	14,332	42,016	9,086	2,100	1,057	187	2,229	71,007
<u>Accumulated depreciation</u>								
At 1 January	8,578	8,977	856	1,651	878	72	-	21,012
Charge for the year	892	2,799	277	270	97	17	-	4,352
Disposal/Write off	(858)	(7,220)	-	(113)	(116)	-	-	(8,307)
Reclassification	(141)	-	-	-	-	-	-	(141)
At 31 December	8,471	4,556	1,133	1,808	859	89	-	16,916
<u>Net book value</u>								
At 31 December	5,861	37,460	7,953	292	198	98	2,229	54,091
2024								
<u>Cost</u>								
At 1 January	15,608	47,958	8,383	2,335	1,475	87	3,336	79,182
Additions	731	1,946	432	113	61	100	5	3,388
Disposal/Write off	(39)	(1,051)	-	(239)	(349)	-	-	(1,678)
Transfer	195	1,434	-	-	-	-	(1,629)	-
At 31 December	16,495	50,287	8,815	2,209	1,187	187	1,712	80,892
<u>Accumulated depreciation</u>								
At 1 January	7,559	6,059	592	1,571	1,100	62	-	16,943
Charge for the year	1,047	3,241	264	315	125	10	-	5,002
Disposal/Write off	(28)	(323)	-	(235)	(347)	-	-	(933)
At 31 December	8,578	8,977	856	1,651	878	72	-	21,012
<u>Net book value</u>								
At 31 December	7,917	41,310	7,959	558	309	115	1,712	59,880

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The carrying amount of building and leasehold land held under leasing arrangements to the Company amounted to S\$8,207,000 (2024: S\$10,819,00) for financial year ended 31 December 2025 (Note 24).
- (b) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class.
- (c) During the financial year ended 31 December 2025, the additions to property, plant and equipment included S\$373,000 (2024: S\$1,431,000) acquired as right-of-use assets under leasing arrangements (Note 24).
- (d) During the financial year ended 31 December 2025, the disposal of property, plant and equipment included derecognition of right-of-use assets arising from early termination of leased properties amounting to S\$1,863,000 (2024: S\$728,000). The Company de-recognised the corresponding lease liabilities amounting to S\$1,933,000 and a gain of S\$70,000 (2024: S\$732,000 and a gain of S\$4,000) is recorded in profit or loss.
- (e) Included manufactured coating services machinery reclassified to inventories for sale.
- (f) As at 31 December 2025, the Company's Tai Seng Property, with a net carrying value of S\$28,743,000 (2024: S\$29,688,000), is held as security for the Company's bank loan as disclosed in Note 23(a).

The breakdown of depreciation charged for the financial years are as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
Depreciation included in profit or loss:		
- cost of sales	23,473	21,490
- research & development and engineering	4,307	2,630
- selling and distribution expenses	91	30
- administrative expenses	3,980	5,861
	31,851	30,011
Capitalised in statements of financial position as:		
Intangible assets - development costs	3,605	3,029
Inventories	252	1,629
	35,708	34,669

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

13 LAND USE RIGHTS

	Group	
	2025	2024
	S\$'000	S\$'000
<u>Cost</u>		
At 1 January	12,849	12,819
Translation adjustment	(234)	30
At 31 December	12,615	12,849
<u>Accumulated amortisation</u>		
At 1 January	1,798	1,536
Amortised during the year	254	260
Translation adjustment	(46)	2
At 31 December	2,006	1,798
<u>Net book value</u>		
At 31 December	10,609	11,051

The land use rights consisted of certain plots of state-owned land in the People's Republic of China where certain of the Group's production facilities reside. The land use rights are transferrable and have a lease term period of about 50 years.

The land use rights pertain to a plot of state-owned land in the Socialist Republic of Vietnam, located within Tan Truong Industrial Park which is leased from Nam Quang Investment And Development Infrastructure Joint Stock Company under a land lease agreement with a term expiring in 2055.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

14 INTANGIBLE ASSETS

	Patents S\$'000	Development costs S\$'000	Computer software S\$'000	Goodwill S\$'000	Customer contract S\$'000	Total S\$'000
Group						
2025						
<u>Cost</u>						
At 1 January	2,493	60,795	5,356	12,256	713	81,613
Acquisition of subsidiaries (Note 15(b)(i))	1	-	-	3,311	876	4,188
Additions	51	19,724	73	-	-	19,848
Reclassification	-	-	663	-	-	663
Translation adjustment	-	(537)	(53)	-	-	(590)
At 31 December	2,545	79,982	6,039	15,567	1,589	105,722
<u>Accumulated amortisation and impairment losses</u>						
At 1 January	630	23,513	3,192	872	393	28,600
Amortised during the year	303	10,249	1,013	-	312	11,877
Translation adjustment	-	(25)	(31)	-	-	(56)
At 31 December	933	33,737	4,174	872	705	40,421
<u>Net carrying amount</u>						
At 31 December	1,612	46,245	1,865	14,695	884	65,301
2024						
<u>Cost</u>						
At 1 January	1,852	40,056	4,943	4,503	565	51,919
Acquisition of a subsidiary	319	-	-	7,753	148	8,220
Additions	322	20,409	219	-	-	20,950
Reclassification	-	-	185	-	-	185
Translation adjustment	-	330	9	-	-	339
At 31 December	2,493	60,795	5,356	12,256	713	81,613
<u>Accumulated amortisation and impairment losses</u>						
At 1 January	420	15,338	2,228	872	254	19,112
Amortised during the year	210	8,153	960	-	139	9,462
Translation adjustment	-	22	4	-	-	26
At 31 December	630	23,513	3,192	872	393	28,600
<u>Net carrying amount</u>						
At 31 December	1,863	37,282	2,164	11,384	320	53,013

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

14 INTANGIBLE ASSETS (CONT'D)

Included in the additions are depreciation of property, plant and equipment and staff costs, amounting to S\$3,606,000 and S\$9,970,000 (2024: S\$5,722,000 and S\$8,291,000) respectively. The additions to intangible assets during the financial year are shown net of the depreciation of property, plant and equipment capitalised in the consolidated statement of cash flows.

The reclassification of S\$663,000 (2024: S\$185,000) of computer software has been transferred from property, plant and equipment upon completion of these software.

Goodwill

The Group recorded S\$14,695,000 (2024: S\$11,384,000) as goodwill for the excess of the sum of fair value of the consideration over the net fair value of identifiable assets and liabilities. Goodwill acquired through business combinations has been allocated for impairment testing purposes to its cash generating unit (“CGU”).

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the following cash-generating units (“CGU”):

- Machining Business Unit (“Machining”)
- Nanofilm AM Germany GmbH (“NAMG”)

The goodwill allocated to the Machining CGU arose from the Group’s acquisition of Miller Technologies Pte Ltd in 2021 (“Miller”). Miller transferred its assets and business to the Company in 2023, and commenced the strike-off process (Note 34(b)).

On 1 February 2024, Nanofilm Technologies Europe B.V. (“NTEBV”) completed the acquisition of 100% of the equity interest of AxynTeC Dünnschichttechnik GmbH (“AXT”) and recorded a goodwill of S\$7,753,000 on the acquisition of AXT.

On 15 February 2025, NAMG completed the acquisition of 100% of the equity interest of EC Europ Coating GmbH (“EC”) and MC Europ Coating GmbH (“MC”). NAMG recorded a goodwill of S\$3,311,000 on the acquisition of EC and MC as disclosed in Note 15(b)(i).

On 25 August 2025, the Group carried out an internal restructuring exercise to merge AXT, EC and MC with, and into NAMG. Following the merger, NAMG assumed all the assets, liabilities and operations of AXT, EC and MC, and integrated their advanced materials business.

The carrying amount of goodwill was allocated to cash-generating units as follows:

	Group	
	2025	2024
	S\$’000	S\$’000
Machining	3,631	3,631
NAMG	11,064	7,753
	14,695	11,384

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

14 INTANGIBLE ASSETS (CONT'D)

Goodwill (cont'd)

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections, average budgeted gross margins, and the average forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Machining		NAMG	
	2025	2024	2025	2024
Gross Margin	45%	52%	50%	45%
Growth rates	5%	5%	36%	17%
Pre-tax discount rates	8%	10%	8%	13.6%

Key assumptions used in the value in use calculations

The calculations of value-in-use for both the CGUs are most sensitive to the following assumptions:

Gross margins - Gross margins are based on past performance and expectations of market developments.

Growth rates - The forecasted growth rates are based on published industry reports and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates - The discount rates reflect specific risks relating to the relevant segments.

The Group is of the view that reasonably possible changes in the above key assumptions will not cause the recoverable amounts of the CGU to be materially different.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

14 INTANGIBLE ASSETS (CONT'D)

	Patents S\$'000	Development costs S\$'000	Computer software S\$'000	Goodwill S\$'000	Customer contract S\$'000	Total S\$'000
Company						
2025						
<u>Cost</u>						
At 1 January	1,880	16,974	2,333	3,631	565	25,383
Additions	62	149	34	-	-	245
At 31 December	1,942	17,123	2,367	3,631	565	25,628
<u>Accumulated amortisation</u>						
At 1 January	532	14,194	1,232	-	367	16,325
Amortised during the year	173	1,052	537	-	113	1,875
At 31 December	705	15,246	1,769	-	480	18,200
<u>Net carrying amount</u>						
At 31 December	1,237	1,877	598	3,631	85	7,428
2024						
<u>Cost</u>						
At 1 January	1,617	16,196	2,128	3,631	565	24,137
Additions	263	778	205	-	-	1,246
At 31 December	1,880	16,974	2,333	3,631	565	25,383
<u>Accumulated amortisation</u>						
At 1 January	400	13,092	700	-	254	14,446
Amortised during the year	132	1,102	532	-	113	1,879
At 31 December	532	14,194	1,232	-	367	16,325
<u>Net carrying amount</u>						
At 31 December	1,348	2,780	1,101	3,631	198	9,058

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES

	Company	
	2025	2024
	S\$'000	S\$'000
At 1 January, at cost	140,495	122,716
Additions	16,359	17,779
Reduction in cost of capital (Note 15(d))	(588)	-
At 31 December; at cost	156,266	140,495
Fair value adjustment to non-current loans	6,319	6,036
Adjustment on award share expenses under RSP 2021	1,900	1,638
	164,485	148,169

(a) Details of subsidiaries as at 31 December are as follows:

Name of company and country of incorporation	Principal activities and place of business	Equity held by the Group		Cost of investment by the Company	
		2025	2024	2025	2024
		%	%	S\$'000	S\$'000
Nanofilm Advanced Materials Pte. Ltd. (Singapore) ⁽¹⁾	Investment holding company (Singapore)	100	100	57,120	57,120
Nanofilm Technologies Japan Limited (Japan) ⁽⁴⁾	Marketing and sales of industrial machinery and equipment and coating services (Japan)	100	100	133	133
Nanofab Technologies Pte. Ltd. (Singapore) ⁽¹⁾	Research and experimental development on engineering (Singapore)	100	100	22,135	22,135
Wizture Holdings Pte. Ltd. (Singapore) ⁽¹⁾	Investment holding company (Singapore)	100	100	7,200	7,200
Sydrogen Energy Pte. Ltd. (Singapore) ⁽¹⁾	Research & Development, engineering and production of hydrogen applications and products (Singapore)	77	65	20,010	15,010
Miller Technologies Pte. Ltd. (Singapore) ⁽⁷⁾	Manufacture and supply of dies, molds, tools, jigs and fixtures and the manufacture and repair of machinery (Singapore)	100	100	-	588

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of subsidiaries as at 31 December are as follows: (cont'd)

Name of company and country of incorporation	Principal activities and place of business	Equity held by the Group		Cost of investment by the Company	
		2025	2024	2025	2024
		%	%	S\$'000	S\$'000
Nanofilm Investments Pte. Ltd. (Singapore) ⁽¹⁾	Investment holding company (Singapore)	100	100	7,229	7,229
Nanofilm Technologies Europe B.V. (Netherlands) ⁽²⁾	Investment holding company (Netherlands)	100	100	10,629	10,629
Nanofilm AM Germany GmbH (Germany) ⁽⁵⁾	Manufacture and provide vacuum coating applications and solutions for related product (Germany)	100	100	11,359	-
Nanofilm Technologies Vietnam Co., Ltd (Vietnam) ⁽³⁾	Manufacture of plastic products (Vietnam)	100	100	20,451	20,451
				156,266	140,495

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For the financial year ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of subsidiaries as at 31 December are as follows: (cont'd)

Name of company and country of incorporation	Principal activities and place of business	Equity held by the Group	
		2025	2024
		%	%
<i>Held by Nanofilm Advanced Materials Pte. Ltd.</i>			
Nanofilm Vacuum Coating (Shanghai) Co., Ltd (People's Republic of China) ⁽²⁾	Provision of coating services to end users in the precision engineering industry and printed circuit boards industry (People's Republic of China)	100	100
Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd (People's Republic of China) ⁽²⁾	Involvement in solar cell business, provision of high-tech coating and related research and development services (People's Republic of China)	100	100
Nanofilm Enterprise Management (Shanghai) Co., Ltd (People's Republic of China) ⁽²⁾	Provision of consultation services and technical development (People's Republic of China)	100	100
Nanofilm Advanced Materials Co., Ltd (Japan) ⁽⁴⁾	Coating processing by vacuum deposition technology (Japan)	100	100
Nanofilm Advanced Materials India Pte. Ltd. (Singapore) ⁽¹⁾	Investment holding company (Singapore)	100	100
<i>Held by Nanofilm Advanced Materials India Pte. Ltd.</i>			
Nanofilm Advanced Materials India Private Limited (India) ⁽⁶⁾	Provision of thin film deposition services, supply equipment and ancillary technical, maintenance, repair and overhaul services (India)	100	100
<i>Held by Nanofab Technologies Pte. Ltd.</i>			
Nanofab Japan Co., Ltd (Japan) ⁽⁴⁾	Manufacture and forming modules (Japan)	100	100
Nanofab Vietnam Co., Ltd (Vietnam) ⁽³⁾	Manufacture, process and assembly plastic (Vietnam)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of subsidiaries as at 31 December are as follows: (cont'd)

Name of company and country of incorporation	Principal activities and place of business	Equity held by the Group	
		2025 %	2024 %
<i>Held by Wizture Holdings Pte. Ltd.</i>			
Nanofilm New Materials (Dongguan) Co., Ltd (People's Republic of China) ⁽²⁾	Provision of coating solutions (People's Republic of China)	100	100
<i>Held by Nanofilm Investments Pte. Ltd.</i>			
Nanofilm Ventures Pte. Ltd. (Singapore) ⁽⁷⁾	Investment holding company (Singapore)	100	100
<i>Held by Sydogen Energy Pte. Ltd.</i>			
Syrogen (Shanghai) Technology Co., Ltd (People's Republic of China) ⁽²⁾	Research & Development, engineering and production of hydrogen applications and products (People's Republic of China)	77	65
Syrogen Enterprise Management (Shanghai) Co., Ltd (People's Republic of China) ⁽²⁾	Provision of consulting services, technological services and sales of electronics and equipment (People's Republic of China)	77	65
<i>Held by Nanofilm Vacuum Coating (Shanghai) Co., Ltd</i>			
Shanghai Nanofilm Precision Coating Co., Ltd (People's Republic of China) ⁽²⁾	Production and sale of auto parts, provision of coating services for precision components and technical services (People's Republic of China)	100	100
Shanghai Nanofilm Trading Co., Ltd (People's Republic of China) ⁽²⁾	Trading and sales of electronics and equipment (People's Republic of China)	100	100
Yizheng Nahuan Technologies Co., Ltd (People's Republic of China) ⁽²⁾	Provision of coating services for automotive parts (People's Republic of China)	51	51
Shanghai Nanofilm Technology Co., Ltd (formerly Nanofilm Vacuum Coating (Huizhou) Co., Ltd) (People's Republic of China) ⁽²⁾	Provision of vacuum coating (People's Republic of China)	100	100
Apex New Materials (Dongguan) Co., Ltd (formerly Sichuan Apex Technologies Co., Ltd) (People's Republic of China) ⁽²⁾	Provision, development and marketing of new vacuum coating applications for the new energy industry, and provision of vacuum coating applications and solutions for related products (People's Republic of China)	60	60

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of subsidiaries as at 31 December are as follows: (cont'd)

- (1) Audited by Moore Stephens LLP, Singapore.
- (2) Audited by Da Hua Certified Public Accountants, a member firm of Moore Global Network Limited of which Moore Stephens LLP, Singapore is a member.
- (3) Audited by Moore AISG, a member firm of Moore Global Network Limited of which Moore Stephens LLP, Singapore is a member.
- (4) Reviewed by Moore Stephens LLP, Singapore for the purposes of consolidation. These entities are not considered significant subsidiaries pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited.
- (5) Not audited in the current financial year.
- (6) Financial year end is 31 March 2025. Audited by Singhi & Co, India.
- (7) Commenced strike-off procedures (Note 34).
- (8) Liquidated and deregistered (Note 34).

(b) Additional injection in capital/restructuring of subsidiaries

- (i) On 15 February 2025, Nanofilm AM Germany GmbH ("NAMG") completed the acquisition of 100% of the equity interest of EC Europ Coating GmbH ("EC") and MC Europ Coating GmbH ("MC") (other than one treasury share held by MC) for a purchase consideration of EUR3,070,000. An aggregate amount of EUR2,838,000 was paid to the seller on 15 February 2025 with the balance consideration (together with accrued interest) amounting to EUR238,768 becoming due and paid on 15 February 2026. Following completion, EC and MC became indirect wholly-owned subsidiaries of the Company with effect from 15 February 2025.

An earn-out amount of EUR695,385 was paid to the seller on 18 December 2025 following verification that specified financial performance targets for the 12-month period ended 31 December 2024 had been satisfied.

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

	Fair Value
	S\$'000
Non-current assets	2,621
Cash and cash equivalents	28
Current assets (excluding cash and cash equivalents)	1,692
Total liabilities	(2,372)
Net identifiable assets acquired	1,969
Add: Goodwill	3,311
Total consideration transferred	5,280
Less: Cash and cash equivalents acquired	(28)
Net cash outflow on acquisition	5,252

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Additional injection in capital/restructuring of subsidiaries (cont'd)

- (ii) On 30 June 2025, Nanofilm Technologies Europe B.V. ("NTEBV") passed a shareholders' resolution to record and confirm that the payment of a total sum of EUR420,000, made by NTEBV to NAMG between August 2024 and December 2024, will be deemed as payment towards the free share capital reserve of NAMG.
- (iii) On 25 August 2025, an internal restructuring exercise was carried out to merge AxynTeC Dünnschichttechnik GmbH ("AXT"), EC and MC with, and into NAMG. The registration of the merger was completed in September 2025. Following the merger, NAMG assumed all the assets, liabilities and operations of AXT, EC and MC.
- (iv) On 7 November 2025, Nanofab Vietnam Co., Ltd. an indirect wholly-owned subsidiary of the Company, increased its mobilised capital from U\$500,000 to U\$6,500,000. The increase in the mobilised capital was to fund the working capital and capital expenditures of Nanofab Vietnam Co., Ltd.
- (v) As disclosed in Note 4(i) to the financial statements, the Company completed the First Tranche of the acquisition of the non-controlling interest in Sydrogen Energy Pte. Ltd. and the consideration for the First Tranche of S\$5,000,000 was fully settled in cash on 1 December 2025. Following such completion, the Company's interest in Sydrogen increased from 65% to 77%.

Non-controlling interests

The effect of the change in the Group's ownership interest in Sydrogen on the equity attributable to owners of the Company is summarised below:

	Group 2025 S\$'000
Consideration paid for acquisition of non-controlling interests	5,000
Decrease in equity attributable to non-controlling interests	(9,942)
Increase in equity attributable to owners of the Company	(4,942)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Interest in subsidiaries with material non-controlling interests

The Group has the following subsidiaries that have material non-controlling interests as at the reporting date:

Name of subsidiaries	Proportion of ownership interests held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2025	2024	2025	2024	2025	2024
	%	%	S\$'000	S\$'000	S\$'000	S\$'000
Yizheng Nahuan Technologies Co., Ltd ("NHT")	49	49	2,155	1,400	11,753	9,729
Sydrogen Energy Pte. Ltd. and its subsidiaries ("SDE Group")	23	35	(1,593)	(1,322)	18,695	30,231 ⁽¹⁾
Other subsidiaries with immaterial non-controlling interests			(445)	(287)	1,658	2,130
			117	(209)	32,106	42,090

Note:

(1) The amount is computed using the non-controlling interest's contribution of S\$35,000,000 and cumulative share of loss.

Summarised financial information (before intragroup eliminations) in respect of subsidiaries with material non-controlling interests is set out below.

	NHT		SDE Group	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Summarised Statement of Financial Position</u>				
<i>Current</i>				
Assets	21,644	15,898	15,739	22,821
Liabilities	(6,542)	(3,955)	(5,764)	(4,892)
Total current net assets	15,102	11,943	9,975	17,929
<i>Non-current</i>				
Assets	15,827	17,771	93,180	91,705
Liabilities	(6,943)	(9,859)	(3,245)	(4,028)
Total non-current net assets	8,884	7,912	89,935	87,677
Net assets	23,986	19,855	99,910	105,606

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

15 INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Interest in subsidiaries with material non-controlling interests (cont'd)

	NHT		SDE Group	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Summarised Statement of Profit or Loss and Other Comprehensive Income</u>				
Revenue	33,189	30,348	2,852	2,798
Expenses	(28,792)	(27,491)	(8,207)	(6,575)
Profit/(loss) for the year	4,397	2,857	(5,355)	(3,777)
Profit/(loss) attributable to non-controlling interests	2,155	1,400	(1,593)	(1,322)
Total comprehensive income/(loss) attributable to non-controlling interests	2,024	1,420	(1,594)	(1,672)
<u>Summarised Cash Flow</u>				
Net cash generated from/(used in) operating activities	2,862	3,149	(1,414)	(2,904)
Net cash used in investing activities	(77)	(145)	(6,276)	(4,258)
Net cash (used in)/generated from financing activities	(2,255)	(2,918)	1,337	(195)

(d) Reduction in cost of capital

On 5 January 2026, the Company submitted an application to the Accounting and Corporate Regulatory Authority under Section 344A of the Companies Act 1967 of Singapore to strike off Miller Technologies Pte. Ltd. ("Miller"), a wholly owned subsidiary of the Company. The striking off application is pending. As a result, the cost of investment in Miller was written off during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

16 INVESTMENT IN ASSOCIATE

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
At cost	4,061	4,061	-	-
Less: Share of loss	(347)	(272)	-	-
	3,714	3,789	-	-

Name of associate Place of incorporation and operation	Principal activity	Proportion (%) of ownership interest	
		2025	2024
		%	%
Zulu Inc. United States of America	Design and manufacturing of adjustable eyecare lenses	21.9	21.9

On 15 February 2022, Nanofilm Investments Pte. Ltd., a wholly owned subsidiary of the Company, completed the acquisition of 30,000,000 shares of preferred stock (equivalent to 21.9%) in Zulu Inc. for a consideration of US\$3,000,000 (equivalent to S\$4,061,000).

Nanofilm Investments Pte. Ltd. was granted a right and option, but with no 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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

16 INVESTMENT IN ASSOCIATE (CONT'D)

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	
	2025	2024
	S\$'000	S\$'000
Percentage ownership interest	21.9%	21.9%
Non-current assets	44	93
Current assets	1,702	1,487
Current liabilities	(1,395)	(884)
Net assets of the associate	351	696
Proportion of the Group's ownership in Zulu Inc.	21.9%	21.9%
Group's share of net assets	77	152
Goodwill	3,637	3,637
Carrying amount of the Group's interest in Zulu Inc.	3,714	3,789
Revenue	189	79
Loss for the year	(344)	(469)

17 OTHER FINANCIAL ASSET

	Group	
	2025	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 FY2025 (FY2024: Nil), and there were no transfers of any cumulative gain or loss within equity relating to these investments. No dividend was recognised during FY2025. 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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

18 TRADE AND OTHER RECEIVABLES, AND OTHER CURRENT/NON-CURRENT ASSETS

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables:				
- Third parties	110,694	96,158	8,498	8,842
- Loss allowance	(650)	(497)	(142)	(67)
	110,044	95,661	8,356	8,775
- Subsidiaries	-	-	10,470	5,795
- Loss allowance	-	-	(380)	(73)
	-	-	10,090	5,722
	110,044	95,661	18,446	14,497
Other receivables:				
- Deposits	342	589	71	363
- GST/VAT and other taxes receivable	1,505	1,555	599	459
- Due from subsidiaries	-	-	6,224	1,842
- Sundry debtors	1,376	1,842	33	229
	3,223	3,986	6,927	2,893
Other current assets:				
- Prepayments	4,846	4,087	4,073	3,137
- Advances to suppliers	4,356	8,023	158	119
	9,202	12,110	4,231	3,256
Total current	122,469	111,757	29,604	20,646
<u>Non-current</u>				
Other receivables:				
- Loans due from subsidiaries	-	-	11,847	3,595
Gross amount (Non-interest bearing)	-	-	12,052	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	-	-	78	-
Total non-current	-	-	11,847	3,595

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

18 TRADE AND OTHER RECEIVABLES, AND OTHER CURRENT/NON-CURRENT ASSETS (CONT'D)

Current

As at 31 December 2025, the Group and the Company have banker guarantees issued from a financial institution for operation and completion of the construction of property, plant and equipment amounting to S\$1,019,000 (2024: S\$136,000).

Trade receivables are interest-free and are generally on 30 to 90 days' terms. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses as disclosed in accounting policy Note 3(j). There has been no change in the estimation techniques or significant assumptions made for financial years ended 31 December 2024 and 2025. Other receivables are considered to have low credit risk and loss allowance is measured at an amount equal to 12-month expected credit loss which reflects the low credit risk of the exposures. There are no loss allowances arising from these outstanding balances as the expected credit losses are assessed to be immaterial.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand, except for an amount due from a subsidiary of S\$784,000 (2024: S\$354,000) which is interest bearing at Nil (2024: 3%) per annum and are repayable within the next 12 months.

The amounts receivable from sundry debtors include the government grant receivables of S\$483,000 (2024: S\$1,119,000) relating to various cash grants in relation to government incentives introduced by the Chinese government (2024: Chinese government) during the financial year ended 31 December 2025.

Non-current

As at 31 December 2025, loans amounting to S\$1,339,000 and S\$1,810,000 (2024: a loan amount of S\$1,295,000) due from subsidiaries are unsecured, bearing interest at 3% (2024: 3%) per annum and are repayable on 1 January 2027 and 20 January 2027 respectively (2024: 1 January 2026).

As at 31 December 2025, a loan amount of S\$8,903,000 (2024: S\$2,300,000) due from a subsidiary is unsecured, bearing interest at 2.5% (2024: Nil) and repayable on 31 December 2029 (2024: 31 December 2027).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

18 TRADE AND OTHER RECEIVABLES, AND OTHER CURRENT/NON-CURRENT ASSETS (CONT'D)

Non-current (cont'd)

The Group's credit risk exposure in relation to trade receivables (including contract assets) as at the reporting date are set out in the provision matrix as presented below:

	Lifetime expected loss rate	Gross carrying amount S\$'000	Lifetime expected credit losses S\$'000	Net carrying amount S\$'000
Group				
<u>2025</u>				
Current	0.2%	115,055	(194)	114,861
Past due:				
1 to 30 days	0.5%	6,671	(33)	6,638
31 to 60 days	1.5%	2,829	(42)	2,787
60 to 90 days	2.5%	1,093	(27)	1,066
More than 90 days	4.0%	6,013	(354)	5,659
		131,661	(650)	131,011
<u>2024</u>				
Current	0.2%	97,977	(196)	97,781
Past due:				
1 to 30 days	0.5%	5,911	(30)	5,881
31 to 60 days	1.5%	4,559	(68)	4,491
60 to 90 days	2.5%	1,740	(44)	1,696
More than 90 days	4.0%	3,983	(159)	3,824
		114,170	(497)	113,673

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

19 INVENTORIES

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
At cost or net realisable value:				
Raw materials and consumables	6,356	7,385	1,959	2,193
Work-in-progress	3,108	2,675	1,276	702
Finished goods	10,707	6,896	2,802	2,083
Goods in transit	175	148	105	33
	20,346	17,104	6,142	5,011
Inventories are stated after deducting allowance for inventories obsolescence	388	300	60	106
At 1 January	300	429	106	96
Charged to profit or loss (Note 9)	230	53	60	10
Write off of inventories	(142)	(182)	(106)	-
Translation adjustment	-	.*	-	-
At 31 December	388	300	60	106

* Denotes less than S\$1,000

20 CASH AND BANK BALANCES

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	56,821	38,002	9,193	3,483
Fixed deposits	27,729	72,205	20,346	53,568
Cash and bank balances in the statements of financial position	84,550	110,207	29,539	57,051
Cash and cash equivalents in the statements of cash flows	84,550	110,207	29,539	57,051

Cash at banks earns interest at floating rates based on daily bank deposit rates which approximate 1.33% (2024: 1.98%) per annum. Fixed deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

As at 31 December 2025, fixed deposits bear interest ranging from 1.00% to 3.70% (2024: 2.05% to 3.82%) per annum with maturity period of 7 days to 3 months (2024: 7 days to 3 months) from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

21 SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2025		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 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	(583)	(1,162)	(729)	(1,451)
At 31 December	11,209	22,336	11,792	23,498
Total issued shares excluding treasury shares	652,234	244,591	651,651	243,429

Ordinary shares

Ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share without restriction at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Treasury shares

During the financial year ended 31 December 2025, no (2024: 40,000) treasury shares were re-issued under ESOS Scheme 2017 and 583,000 (2024: 689,000) treasury shares were re-issued under RSP 2021 at an average price of S\$1.9926 (2024: S\$1.9926) per share. Options were exercised at an average price of S\$ Nil (2024: S\$0.5868).

22 RESERVES

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Translation reserve	(41,645)	(34,985)	-	-
Statutory reserve	7,628	7,351	-	-
Other reserves	(22,316)	(70,697)	(12,575)	(12,198)
Accumulated profits	249,446	242,762	21,120	24,118
	193,113	144,431	8,545	11,920

The other reserves include share options and put option and fair value reserves.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

22 RESERVES (CONT'D)

Movements in the Group's reserves are set out in the consolidated statement of changes in equity and as follows:

	At 1 January	Gain/(Loss) on re-issuance of treasury shares	Acquisition of non-controlling interest	Adjustment on employee share options	Deferred consideration for acquisition of non-controlling interest	Adjustment on restricted share plan	Put option relating to interest in Non-controlling interest	Merger of entities under common control	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>2025</u>									
Share options	(15,154)	(1,175)	-	11	-	-	-	-	(16,318)
Conversion of convertible bonds	240	-	-	-	-	-	-	-	240
Increase in ownership interest in subsidiaries (Note 4(i) and Note 26)	(5,348)	-	5,483	-	(10,000)	-	-	-	(9,865)
Put option (Note 4(i) and Note 26)	(53,100)	-	-	-	-	-	53,100	-	-
Restricted share plan	2,665	-	-	-	-	790	-	-	3,455
Merger of entities under common control	-	-	-	-	-	-	-	172	172
Total	(70,697)	(1,175)	5,483	11	(10,000)	790	53,100	172	(22,316)
<u>2024</u>									
Share options	(13,814)	(1,427)	-	87	-	-	-	-	(15,154)
Conversion of convertible bonds	240	-	-	-	-	-	-	-	240
Increase in ownership interest in subsidiaries	461	(5,809)	-	-	-	-	-	-	(5,348)
Put option	(53,100)	-	-	-	-	-	-	-	(53,100)
Restricted share plan	1,670	-	-	-	-	995	-	-	2,665
Total	(64,543)	(7,236)	-	87	-	995	-	-	(70,697)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

22 RESERVES (CONT'D)

(a) Pre-IPO Employee Share Option Scheme 2017 (“ESOS Scheme 2017”)

The ESOS Scheme 2017 was approved by shareholders of the Company at the extraordinary general meeting of the Company held on 6 February 2017. The rules of the ESOS Scheme were subsequently amended on 29 October 2018 and 5 September 2019. The ESOS Scheme 2017 was established and administered by a committee comprising of directors of the Company who have been authorised and appointed by the board of the Company (“**Board**”). Since the listing of the Company on the SGX-ST on 30 October 2020 (the “**Listing Date**”), the ESOS Scheme 2017 is administered by the Remuneration Committee (“**RC**”) in relation to all outstanding options granted under the ESOS Scheme 2017 and validly existing as at the Listing Date. Further information regarding the composition of the current RC, comprising Ms Lee Lee Khoon (Chairman), Mr Wan Kum Tho (Member) and Mr Steve Ghanayem (Member) is disclosed in the Corporate Governance Report in the Annual Report.

The ESOS Scheme 2017 was terminated on the Listing Date and no further options were granted thereunder after termination. The termination of the ESOS Scheme 2017 does not prejudice the rights of the holders’ holding options which have been granted and accepted under the ESOS Scheme 2017 prior to its termination. The options granted under the ESOS Scheme 2017 have exercise prices that were determined at the discretion of the committee at date of grant. Options may only be exercised after vesting.

As at 31 December 2025, details of the options granted under the ESOS Scheme 2017 are as follows:

Date of grant of options	Options outstanding at 1.1.2025	Options granted	Options cancelled/ lapsed	Options exercised	Options outstanding at 31.12.2025	Exercise price	Date of expiry
						S\$	
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 31.12.2024	Exercise price	Date of expiry
						S\$	
3 December 2018	70,000	-	(30,000)	(40,000)	-	0.5868	9-27 December 2024
1 July 2020	100,000	-	-	-	100,000	0.5868	30 June 2026
	170,000	-	(30,000)	(40,000)	100,000		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

22 RESERVES (CONT'D)

(a) Pre-IPO Employee Share Option Scheme 2017 (“ESOS Scheme 2017”) (cont’d)

During the financial year ended 31 December 2025, no share options were exercised and lapsed. As at 31 December 2025, all the 100,000 outstanding options granted under the ESOS Scheme 2017 had vested.

During the financial year ended 31 December 2024, 40,000 share options were exercised and 30,000 share options were lapsed. As at 31 December 2024, all the 100,000 outstanding options granted under the ESOS Scheme 2017 had vested.

Since the commencement of the ESOS Scheme 2017 until the end of the current financial year, no option has been granted to controlling shareholders of the Company or their associates (as defined in the SGX Trading Listing Manual). The fair value of options granted during the financial year ended 31 December 2020, determined using the Binomial Option Pricing Model, was S\$760,000. The significant inputs into the model based on management’s expert were the share price of S\$0.8232 at the grant date, expected volatility of 14.0%, the exercise price, option life shown above, dividend yield and annual risk-free interest rate of 0.5%.

(b) Employee Share Option Scheme (“ESOS Scheme 2020”)

On 9 October 2020, the shareholders approved the ESOS Scheme 2020, a share-based incentive plan. The ESOS Scheme 2020 applies to all employees and non-executive directors of the Group. Controlling shareholders of the Company and their associates who are employees or non-executive directors of the Group are also eligible to participate in the ESOS Scheme 2020. The ESOS Scheme 2020 is administered by the RC. Please refer to Note 22(a) of this statement for details of the RC members.

The total number of shares comprised in options which may be granted under the ESOS Scheme 2020, when added to the aggregate of (i) the number of new shares that are issued or issuable and issued shares (including treasury shares) that are delivered or to be delivered pursuant to options already granted under the ESOS Scheme 2020; and (ii) the number of shares subject to any other share options or share schemes adopted by the Company after the Listing Date, shall not exceed 5.0% of the total number of issued shares of the Company on the day preceding the date of grant of any new option.

The total number of shares which may be issued or delivered pursuant to the exercise of options granted under the ESOS Scheme 2020 to (i) each controlling shareholder and each associate of a controlling shareholder; and (ii) controlling shareholders and associates of controlling shareholders, shall not exceed 10% and 25% of the total number of shares available under the ESOS Scheme 2020, respectively.

The options that are granted under the ESOS Scheme 2020 may have acquisition prices that are, at the RC’s discretion, set at a price equal to the volume-weighted average price for the shares on the SGX-ST over the three consecutive trading days immediately preceding the date of grant of that option, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST (“Market Price”); or at a discount to the Market Price (subject to a maximum discount of 20%).

Options granted under the ESOS Scheme 2020 will have a life span expiring on or before the 10th anniversary of the date of grant in respect of options granted to employees and controlling shareholders and their associates and, on or before the 5th anniversary of the date of grant in respect of options granted to non-executive directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

22 RESERVES (CONT'D)

(b) Employee Share Option Scheme (“ESOS Scheme 2020”) (cont’d)

The ESOS Scheme 2020 shall continue to be in force for a maximum period of 10 years from the adoption date and may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

As at 31 December 2025, details of the options granted under the ESOS Scheme 2020 are as follows:

Date of grant of options	Options outstanding at 1.1.2025	Options granted	Options cancelled/ lapsed	Options exercised	Options outstanding at 31.12.2025	Exercise price S\$	Date of expiry
26 March 2021	684,500	-	(23,000)	-	661,500	4.9279	26 March 2031
6 April 2021	380,000	-	(50,000)	-	330,000	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	-	(40,000)	-	1,305,000	2.6907	31 March 2027
	2,739,500	-	(113,000)	-	2,626,500		

Date of grant of options	Options outstanding at 1.1.2024	Options granted	Options cancelled/ lapsed	Options exercised	Options outstanding at 31.12.2024	Exercise price S\$	Date of expiry
26 March 2021	684,500	-	-	-	684,500	4.9279	26 March 2031
6 April 2021	510,000	-	(130,000)	-	380,000	5.1135	6 April 2026 & 6 April 2031
19 August 2021	530,000	-	(200,000)	-	330,000	4.1185	19 August 2026
31 March 2022	1,965,000	-	(620,000)	-	1,345,000	2.6907	31 March 2027
	3,689,500	-	(950,000)	-	2,739,500		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

22 RESERVES (CONT'D)

(b) Employee Share Option Scheme (“ESOS Scheme 2020”) (cont’d)

During the financial year ended 31 December 2025, there were no share options granted under the ESOS Scheme 2020 to subscribe for the ordinary shares of the Company. No share option was exercised during the year when vested and 113,000 options were lapsed. As at 31 December 2025, out of the 2,626,500 outstanding options granted under the ESOS Scheme 2020, 2,300,250 had vested and 326,250 will vest in 2026.

During the financial year ended 31 December 2024, there were no share options granted under the ESOS Scheme 2020 to subscribe for the ordinary shares of the Company. No share option was exercised during the year when vested and 950,000 options were lapsed. As at 31 December 2024, out of the 2,739,500 outstanding options granted under the ESOS Scheme 2020, 1,718,375 had vested and 1,021,125 will vest between 2025 and 2026.

Since the commencement of the ESOS Scheme 2020 until the end of the current financial year, no options have been granted to controlling shareholders of the Company or their associates (as defined in the SGX Trading Listing Manual) and no employee has received 5% or more of the total number of options available under the ESOS Scheme 2020.

The fair value of options granted was determined using the Binomial Option Pricing Model. The significant inputs into the model based on management’s expert were as below:

Date of grant of options	Options granted	Exercise price S\$	Option life	Fair value at grant date S\$	Grant date share price S\$	Risk-free	Expected
						interest rate %	volatility %
26 March 2021	1,142,500	4.9279	10 years	0.1305-0.3397	4.890	1.63	3.53
6 April 2021	300,000	5.1135	5 years	0.1412-0.2926	5.170	0.91	3.44
6 April 2021	720,000	5.1135	10 years	0.1864-0.4100	5.170	1.69	3.44
19 August 2021	880,000	4.1185	5 years	0.1537-0.3018	3.960	0.80	9.33
31 March 2022	2,640,000	2.6907	5 years	0.4448-0.6354	2.710	2.29	22.25

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

22 RESERVES (CONT'D)

(c) Nanofilm Restricted Share Plan ("RSP 2021")

The RSP 2021 was approved and adopted by shareholders of the Company on 29 October 2021. The RSP 2021 is administered by RC. Please refer to Note 22(a) of this statement for details of the RC members.

The RSP 2021 is a share incentive scheme, proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding Group employees and associated company employees who have contributed to the growth of the Group. The RSP 2021 will also enable grants of fully-paid shares to be made to non-executive directors, including as part of their remuneration in respect of their office, in lieu of cash. The RSP 2021 will give participants an opportunity to have a personal equity interest in the Company and will help to achieve, amongst other objectives, the alignment of interests of Group employees, associated company employees and non-executive directors with the interests of shareholders of the Company. Controlling shareholders of the Company and their associates are not eligible to participate in the RSP 2021.

During the financial year ended 31 December 2025, there were 396,541 (2024: 2,170,223) share awards granted to the Group's employees pursuant to the RSP 2021. No employee has received 5% or more of the total number of awards available under the RSP 2021.

The share awards granted on:

- (i) 31 December 2021, 31 March 2022 and 26 August 2022 will vest in ten (10) equal tranches over a period of ten (10) years commencing from the first anniversary after the date of grant;
- (ii) 26 January 2022 will vest in four (4) equal tranches over a period of four (4) years commencing from the first anniversary after the date of grant;
- (iii) 31 March 2022 will vest in five (5) equal tranches over a period of five (5) years commencing from the first anniversary after the date of grant;
- (iv) 29 February 2024 will vest in two (2) equal tranches over a period of two (2) years commencing from 30 September 2024; and
- (v) 6 September 2024 will vest over two (2) or four (4) tranches commencing from 30 September 2024.
- (vi) 18 August 2025 will vest over three (3) equal tranches over a period of three (3) years commencing from 30 September 2025.

All the share awards under the RSP 2021 are subject to the grantee achieving certain performance conditions and meeting other terms and conditions in respect of each tranche.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

22 RESERVES (CONT'D)

(c) Nanofilm Restricted Share Plan ("RSP 2021") (cont'd)

The details of the share awards pursuant to the RSP 2021 as at 31 December 2025 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 31.12.2025
31 December 2021	353,300	-	-	(23,950)	329,350
26 January 2022	-	-	-	-	-
31 March 2022	99,200	-	(29,900)	-	69,300
26 August 2022	175,400	-	(20,300)	(14,000)	141,100
29 February 2024	346,724	-	(248,154)	(98,570)	-
6 September 2024	1,002,683	-	(101,350)	-	901,333
18 August 2025	-	396,541	(134,813)	(10,636)	251,092
	1,977,307	396,541	(534,517)	(147,156)	1,692,175

Date of RSP	Shares awards outstanding at 1.1.2024	Shares awards granted	Shares awards vested	Shares awards forfeited	Shares awards outstanding at 31.12.2024
31 December 2021	498,600	-	(101,450)	(43,850)	353,300
26 January 2022	18,750	-	(6,250)	(12,500)	-
31 March 2022	161,100	-	(33,900)	(28,000)	99,200
26 August 2022	394,200	-	(26,300)	(192,500)	175,400
29 February 2024	-	647,531	(295,379)	(5,428)	346,724
6 September 2024	-	1,522,692	(277,342)	(242,667)	1,002,683
	1,072,650	2,170,223	(740,621)	(524,945)	1,977,307

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

22 RESERVES (CONT'D)

(c) Nanofilm Restricted Share Plan ("RSP 2021") (cont'd)

The fair value of share awards granted during the financial year was determined by reference to the share price at the grant date. The significant inputs into the model based on management's expert were as below:

Date of RSP	Shares awards granted	Vesting period	Fair value at grant date	Grant date share price
			S\$	S\$
31 December 2021	719,000	10 years	2,496,370	3.82
26 January 2022	25,000	4 years	71,750	2.87
31 March 2022	240,000	5 years	514,900	2.71
31 March 2022	33,000	10 years	89,430	2.71
26 August 2022	438,000	10 years	1,059,960	2.42
29 February 2024	647,531	2 years	456,509	0.71
6 September 2024	1,522,692	3 years	1,130,137	0.74
18 August 2025	396,541	3 years	281,544	0.71

23 BANK LOANS

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Current	10,650	8,229	1,872	1,872
Non-current	81,776	76,728	18,796	20,668
Total	92,426	84,957	20,668	22,540

Security granted/corporate guarantees granted:

- (a) As at 31 December 2025, a bank loan amounting to S\$20,668,000 (2024: S\$22,540,000) was outstanding to a local bank. This 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 at 2.02% to 3.52% (2024: 3.88% to 4.65%) per annum based on a fixed interest spread and cost of fund.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

23 BANK LOANS (CONT'D)

- (b) As at 31 December 2025, a wholly owned subsidiary, Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd., had an outstanding bank loan of S\$51,464,000 (2024: S\$55,077,000) from a local financial institution for working capital purposes. The bank loan is secured by a mortgage over Shanghai Plant 1 and 2 and a corporate guarantee provided by the Company and another wholly owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd. The bank loan bears interest at 2.80% per annum (2024: 2.79%).
- (c) As at 31 December 2025, a wholly owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd., had two outstanding bank loans of S\$2,757,000 and S\$7,582,000 (2024: an outstanding bank loan of S\$6,068,000) from a local financial institution for working capital purposes. The bank loans are secured by a mortgage over Shanghai Plant 1 and 2 and a corporate guarantee provided by the Company and another wholly owned subsidiary, Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd. The bank loans bear interest at 2.25% and 2.34% per annum respectively (2024: 2.60%).
- (d) As at 31 December 2025, a wholly owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd., had an outstanding bank loan of S\$9,190,000 (2024: Nil) from a local financial institution for working capital purposes. The bank loan is secured by a corporate guarantee provided by Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd. The bank loan bears interest at 2.24% per annum (2024: Nil).
- (e) As at 31 December 2025, a wholly owned subsidiary, Nanofilm AM Germany GmbH, had outstanding bank loans of S\$765,000 (2024: S\$1,272,000) from local financial institutions for capital expenditure purposes. The bank loans are secured by mortgages over the machinery of Nanofilm AM Germany GmbH and bear interest at 1.09% per annum (2024: 2.27% to 2.95%).

As at the end of the financial year, there is no breach of loan covenants.

24 LEASE LIABILITIES

The Group as a lessee

The Group made periodic lease payments for buildings for the purpose of office usage, leasehold land, motor vehicles, plant and machinery and land use rights. These are recognised within property, plant and equipment (Note 12) and land use rights (Note 13).

The carrying amounts of right-of-use assets classified within property, plant and equipment are as follows:

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Leasehold land	7,954	7,959	7,954	7,959
Plant and machinery	5,683	6,819	-	-
Buildings and renovation	1,369	5,619	253	2,860
	15,006	20,397	8,207	10,819

Additions of right-of-use assets classified within the Group's and the Company's property, plant and equipment during the financial year amounted to S\$900,000 and S\$373,000 (2024: S\$2,425,000 and S\$1,431,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

24 LEASE LIABILITIES (CONT'D)

Amortisation charges on land use rights are set out in Note 13. Depreciation charges on right-of-use assets classified within property, plant and equipment during the financial year are as follows:

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Leasehold land	277	264	277	264
Plant and machinery	1,021	1,042	-	-
Buildings and renovation	1,735	2,341	846	1,616
	3,033	3,647	1,123	1,880

Amounts recognised in profit or loss and consolidated statement of cash flows are as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
Interest on lease liabilities	543	719
Expenses relating to short-term leases and low value assets (included in cost of sales and administrative expenses)	373	258
	916	977
Total cash outflow for leases (excluding short-term leases)	(3,457)	(4,385)

The Group recognised leases liabilities as follows:

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Lease liabilities:				
Current	1,883	3,344	387	1,757
Non-current	13,788	17,375	8,005	9,241
	15,671	20,719	8,392	10,998

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

25 DEFERRED TAXATION

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax assets:				
Property, plant and equipment	5,024	3,801	-	-
Lease liabilities	3,215	4,279	1,427	1,870
Trade receivables and contract assets	31	459	-	-
Inventories	44	18	-	-
	8,314	8,557	1,427	1,870
Less: net effect of deferred tax liabilities arising from right-of-use assets	(3,215)	(4,279)	(1,427)	(1,870)
	5,099	4,278	-	-
Deferred tax liabilities:				
Property, plant and equipment	1,516	1,331	1,331	1,331
Right-of-use assets	3,215	4,279	1,427	1,870
Intangible assets	169	195	-	-
	4,900	5,805	2,758	3,201
Less: net effect of deferred tax assets arising from lease liabilities	(3,215)	(4,279)	(1,427)	(1,870)
	1,685	1,526	1,331	1,331

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

25 DEFERRED TAXATION (CONT'D)

The movement in the deferred taxation is as follows:

Group	At 1 January S\$'000	Recognised in profit or loss S\$'000	Exchange differences S\$'000	At 31 December S\$'000
<u>2025</u>				
Property, plant and equipment	(2,470)	(1,291)	253	(3,508)
Lease liabilities	(4,279)	1,064	-	(3,215)
Trade receivables and contract assets	(459)	420	8	(31)
Inventories	(18)	(26)	-	(44)
Intangible assets	195	(26)	-	169
Right-of-use assets	4,279	(1,064)	-	3,215
	(2,752)	(923)	261	(3,414)
<u>2024</u>				
Property, plant and equipment	(1,855)	(761)	146	(2,470)
Lease liabilities	(4,776)	497	-	(4,279)
Trade receivables and contract assets	(392)	(65)	(2)	(459)
Inventories	(128)	110	-	(18)
Award shares expenses under RSP 2021	(80)	80	-	-
Intangible assets	-	195	-	195
Right-of-use assets	4,776	(497)	-	4,279
	(2,455)	(441)	144	(2,752)
Company				
<u>2025</u>				
Property, plant and equipment	1,331	-	-	1,331
Right-of-use assets	1,870	(443)	-	1,427
Lease liabilities	(1,870)	443	-	(1,427)
	1,331	-	-	1,331
<u>2024</u>				
Property, plant and equipment	1,331	-	-	1,331
Right-of-use assets	2,039	(169)	-	1,870
Lease liabilities	(2,039)	169	-	(1,870)
	1,331	-	-	1,331

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

25 DEFERRED TAXATION (CONT'D)

The deferred tax liabilities and assets are mainly expected to be settled or recovered after more than twelve months from the reporting date.

Unrecognised deferred tax liabilities

As at 31 December 2025, deferred income tax liabilities of S\$10,734,000 (2024: S\$10,338,000) have not been recognised for withholding tax that will be payable on the earnings of subsidiaries in the PRC when remitted to the holding company. These unremitted earnings amounted to approximately S\$214,670,000 (2024: S\$206,754,000) at the reporting date and the related deferred tax liabilities have not been recognised in the financial statements as the Group is able to control the timing of the remittance of the earnings and it is probable that the earnings will not be distributed in the foreseeable future.

Unrecognised deferred tax assets

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2025, several subsidiaries in Singapore, Vietnam, Japan, India and China have unrecognised tax losses of S\$38,952,000 (2024: S\$24,776,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses from foreign entities can be carried forward for five to ten years. The tax losses from local entities have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

26 TRADE AND OTHER PAYABLES

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current</u>				
Trade payables:				
- Subsidiaries	-	-	1,057	472
- Third parties	20,202	21,106	1,530	1,156
	20,202	21,106	2,587	1,628
Other payables:				
- Accrued operating expenses	15,510	11,015	1,862	1,874
- Advances received from government	1,019	1,372	10	19
- VAT and other taxes payable	1,633	1,534	4	4
- Sundry creditors	20,434	7,578	281	250
- Due to subsidiaries	-	-	14,194	8,894
	38,596	21,499	16,351	11,041
Total current trade and other payables	58,798	42,605	18,938	12,669
<u>Non-current</u>				
Other payables:				
- Put option liability	-	53,100	-	-
Total non-current other payables	-	53,100	-	-

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.

Included in accrued operating expenses are accrued staff costs (including bonus) of S\$11,857,000 and S\$1,348,000 (2024: S\$8,151,000 and S\$1,527,000) for the Group and the Company respectively.

Included in sundry creditors are payables to vendors of property, plant and equipment of S\$4,971,000 (2024: S\$3,670,000) and balance of the consideration payable of S\$10,000,000 for the acquisition of Venezio's 35% equity in Sydrogen (Note 4(i)).

Included in non-current payable as at 31 December 2024 was an amount of S\$53,100,000 put option liability. This put option liability was derecognised in 2025 pursuant to the New SPA and a SPA Liability of S\$10,000,000 was recognised as mentioned above (Note 4(i)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

27 PROVISIONS

	Warranties S\$'000	Restoration S\$'000	Pension funds S\$'000	Total S\$'000
Group				
<u>2025</u>				
At 1 January	72	225	-	297
Acquisition of subsidiaries	-	-	251	251
Provision made	179	3	-	182
Provision utilised	(23)	-	-	(23)
Reversal of provision made	(141)	(183)	-	(324)
Translation adjustment	24	(23)	18	19
At 31 December	111	22	269	402
<u>2024</u>				
At 1 January	130	200	-	330
Provision made	172	13	-	185
Provision utilised	(22)	-	-	(22)
Reversal of provision made	(209)	(10)	-	(219)
Translation adjustment	1	22	-	23
At 31 December	72	225	-	297
Company				
<u>2025</u>				
At 1 January	87	113	-	200
Provision made	131	3	-	134
Provision utilised	(23)	-	-	(23)
Reversal of provision made	(133)	(94)	-	(227)
At 31 December	62	22	-	84
<u>2024</u>				
At 1 January	129	110	-	239
Provision made	165	13	-	178
Provision utilised	(22)	-	-	(22)
Reversal of provision made	(185)	(10)	-	(195)
At 31 December	87	113	-	200

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

27 PROVISIONS (CONT'D)

Provision for warranties

A provision is recognised for expected warranty claims on all equipment sold during the respective financial years, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred within the next one year from the reporting date. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about utilisation based on the twelve months' warranty period for all equipment sold.

Provision for restoration of property, plant and equipment

The Group and the Company lease buildings for the purpose of office and factory usage. A provision is recognised for the present value of costs to be incurred for the restoration of the premises.

Provision for Pension funds

A provision is recognised for similar obligations refers to obligations provided for an older pension scheme that is no longer applicable, but there are some current and former employees who have gained pension entitlements.

28 DIVIDENDS

	Group and Company	
	2025 S\$'000	2024 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	2,150	-
One-tier tax exempt interim dividend of a total of S\$0.0033 per share paid on 5 September 2025 in respect of the financial year ended 31 December 2025	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
One-tier tax exempt interim dividend of a total of S\$0.0033 per share paid on 6 September 2024 in respect of the financial year ended 31 December 2024	-	2,149
	4,301	4,297

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

29 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank loans S\$'000	Lease liabilities S\$'000	Total S\$'000
Group			
<u>2025</u>			
At 1 January	84,957	20,719	105,676
Proceeds	18,435	-	18,435
Acquisition of subsidiaries	1,335	-	1,335
Repayment	(11,841)	(3,457)	(15,298)
<u>Non-cash changes:</u>			
Addition during the year	-	1,452	1,452
Disposal during the year	-	(2,857)	(2,857)
Currency translation differences	(460)	(186)	(646)
At 31 December	92,426	15,671	108,097
<u>2024</u>			
At 1 January	82,196	23,562	105,758
Proceeds	9,435	-	9,435
Acquisition of a subsidiary	1,586	-	1,586
Repayment	(8,208)	(4,385)	(12,593)
<u>Non-cash changes:</u>			
Addition during the year	-	3,144	3,144
Disposal during the year	-	(1,604)	(1,604)
Currency translation differences	(52)	2	(50)
At 31 December	84,957	20,719	105,676

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

30 COMMITMENTS AND CONTINGENCIES

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

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Property, plant and equipment	4,545	4,978	2,731	937

31 RELATED PARTY TRANSACTIONS

A related party is a person or entity that is related to the entity that is preparing its financial statements (“reporting entity”).

Parties are considered to be related if (a) a person or a close member of that person’s family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity; and (viii) the entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related companies in these financial statements refer to members of Nanofilm Technologies International Limited’s group of companies. Related parties in these financial statements refer to a corporate shareholder of subsidiaries and an independent director. In addition to the related party information disclosed elsewhere in the financial statements, significant transactions with related parties, on terms agreed between parties, are as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
<u>Transactions with related parties</u>		
Sales	33,189	30,348
Purchases	20,349	18,118
Lease payments	103	127

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

31 RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the financial years are as follows:

	Group	
	2025	2024
	S\$'000	S\$'000
Short-term employee benefits	2,184	2,527
Contributions to defined contribution plans	54	52
Other short-term benefits	127	170
Total compensation paid to key management personnel	2,365	2,749

	Group	
	2025	2024
	S\$'000	S\$'000
Comprised amounts paid to:		
Directors of the Company ⁽¹⁾	1,199	1,533
Other key management personnel	1,166	1,216
	2,365	2,749

(1) Include certain directors who resigned during the financial years ended 31 December 2025 and 2024.

32 FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of financial risks, including the effects of credit risk, interest rate risk, liquidity risk, currency risk and capital risk arising in the normal course of the Group's business. The Group's risk management policy seeks to minimise the potential adverse effects from these exposures. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Company is responsible for setting the objectives, the underlying principles of financial risk management for the Group and establishing the policies such as authority levels, over-sight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

Financial Assets and Financial Liabilities

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost:				
Cash and bank balances	84,550	110,207	29,539	57,051
Trade and other receivables	111,762	98,092	36,621	20,526
Contract assets	20,967	18,012	-	-
Financial assets at fair value through other comprehensive income:				
Other financial assets	1,367	1,367	-	-
	218,646	227,678	66,160	77,577
Financial liabilities at amortised cost:				
Trade and other payables	56,146	92,799	18,924	12,646
Bank loans	92,426	84,957	20,668	22,540
Lease liabilities	15,671	20,719	8,392	10,998
	164,243	198,475	47,984	46,184

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(a) Credit Risk

Credit risk refers to the risk that the customer or counterparty failed to discharge an obligation which resulted in a financial loss to the Group.

As the Group do not hold any collateral, the maximum exposure to credit risk is the carrying amount of the related financial assets presented on the statements of financial position.

Credit risk grading guideline

The internal credit risk grading which are used to report the Group's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss (ECL)
i. Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition (i.e. interest and/or principal repayments are more than 30 days past due)	Lifetime ECL (not credit impaired)
iii. Non-performing	There is evidence indicating that the asset is credit impaired (i.e. interest and/or principal repayments are more than 90 days past due)	Lifetime ECL (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty (i.e. interest and/or principal repayments are more than 180 days past due)	Asset is written off

Based on the Group's internal rating assessment, there are financial assets that are under-performing, non-performing and assets written off during the financial years. The credit quality of the Group's and the Company's performing financial assets, as well as maximum exposure to credit risk by internal credit risk assessments are as follows:

The trade receivables of the Group and the Company comprise 5 debtors and 3 debtors (2024: 3 debtors and 4 debtors) respectively, that individually represented more than 4% (2024: 5%) of third parties trade receivables. The Group and the Company have applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime expected credit loss for trade receivables. The credit risk profile of trade receivables and contract assets are presented based on the past due status in terms of the provision matrix and is set out in Note 18. Other receivables are measured at 12-month expected credit loss as they have a low risk of default and do not have any past due amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(a) Credit Risk (cont'd)

Credit risk grading guideline (cont'd)

The Group's and the Company's cash and cash equivalents are entered into with bank and financial institution counterparties, with ratings mainly in Aa1, Aa3 and A categories, based on rating agency ratings. These are measured at amortised cost and are considered low credit risks and the amount of the allowance on cash and cash equivalents is assessed to be immaterial. The gross and net carrying amounts of cash and cash equivalents are set out in Note 20 to the financial statements.

Impairment on other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that these financial assets have a low credit risk based on the external credit ratings of the counterparties and these counterparties having low risk of default. The amount of the allowance on these financial assets is assessed to be immaterial. The gross and net carrying amounts of other receivables are set out in Note 18 to the financial statements.

The Group and the Company monitor its credit risk according to the degree of default risk and the outstanding amounts will be written off if there is evidence indicating that there is no reasonable expectation of recovery due to customer default on long outstanding balances.

(b) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments recognised on the statements of financial position. It is the risk that changes in interest rates will affect the Group's and the Company's income or the value of their holdings of financial instruments. A fundamental financial industry return of interest rate benchmarks is being undertaken globally.

The Group's and the Company's exposures to interest rate risk for changes in interest rates mainly arise from interest-bearing borrowings. Interest rate risk is managed by the Group and the Company on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

As at 31 December 2025, the Group's and the Company's bank loans are mainly based on fixed interest spread and cost of fund.

If interest rates on bank loans had been 100 basis points higher/lower with all other variables being held constant, the Group's and the Company's profit after income tax would have been lower/higher by approximately S\$767,000 and S\$171,000 (2024: S\$705,000 and S\$187,000) as a result of higher/lower interest expense arising from bank loans of the Group and the Company of S\$92,426,000 and S\$20,668,000 (2024: S\$84,957,000 and S\$22,540,000) as at 31 December 2025, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and where required, mitigate the effects of fluctuation in cash flows. The Group and the Company may also obtain additional funding through credit facilities from banks and financial institutions.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

	Cash flows				
	Carrying amounts	Contractual cash flows	Within 1 year	Between 1 to 5 years	More than 5 years
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group					
<u>2025</u>					
Trade and other payables	56,146	56,146	56,146	-	-
Bank loans	92,426	109,896	15,006	61,861	33,029
Lease liabilities	15,671	17,919	2,555	6,630	8,734
	164,243	183,961	73,707	68,491	41,763
<u>2024</u>					
Trade and other payables	92,799	92,799	39,699	-	53,100
Bank loans	84,957	105,558	11,299	47,433	46,826
Lease liabilities	20,719	23,653	4,427	10,735	8,491
	198,475	222,010	55,425	58,168	108,417

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity Risk (cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows. (cont'd)

	Cash flows				
	Carrying amounts	Contractual cash flows	Within 1 year	Between 1 to 5 years	More than 5 years
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
<u>2025</u>					
Trade and other payables	18,924	18,924	18,924	-	-
Bank loans	20,668	24,883	2,783	10,274	11,826
Lease liabilities	8,392	9,934	510	1,487	7,937
Corporate guarantee*	-	61,803	61,803	-	-
	47,984	115,544	84,020	11,761	19,763
<u>2024</u>					
Trade and other payables	12,646	12,646	12,646	-	-
Bank loans	22,540	27,752	2,869	10,618	14,265
Lease liabilities	10,998	12,631	1,931	3,018	7,682
Corporate guarantee*	-	61,145	61,145	-	-
	46,184	114,174	78,591	13,636	21,947

* The corporate guarantees are provided by the Company to the banks for the banking facilities granted to its subsidiaries.

(d) Currency Risk

Currency risk arises on financial instruments that are denominated in currencies other than the respective functional currencies of the entities in the Group and the Company in which they are measured.

The Group and the Company are not exposed to significant foreign currency risk on their operating activities as most transactions and balances are denominated in the respective functional currencies of the Group entities, except for certain cash and bank balances, borrowings, trade and other receivables and payables which are denominated in foreign currencies, primarily United States Dollar ("USD"), Japanese Yen ("JPY") and Renminbi ("RMB"). Exposure to foreign currency risk is monitored on an on-going basis and the Group and the Company endeavour to keep the net exposure at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(d) Currency Risk (cont'd)

The Group's and the Company's foreign currency exposures as at the reporting date, based on the information provided by key management, are as follows:

	Denominated in the following currencies					Total S\$'000
	SGD S\$'000	USD S\$'000	JPY S\$'000	RMB S\$'000	Others S\$'000	
Group						
2025						
<u>Financial assets</u>						
Cash and bank balances	31,208	17,385	2,886	29,134	3,937	84,550
Trade and other receivables, and contract assets	1,435	13,879	900	114,277	2,238	132,729
Other financial assets	-	1,367	-	-	-	1,367
	32,643	32,631	3,786	143,411	6,175	218,646
<u>Financial liabilities</u>						
Trade and other payables	14,213	1,572	374	36,968	3,019	56,146
Bank loans	20,668	-	-	70,993	765	92,426
Lease liabilities	8,392	-	195	6,850	234	15,671
	43,273	1,572	569	114,811	4,018	164,243
Net financial (liabilities)/ assets	(10,630)	31,059	3,217	28,600	2,157	54,403
Less: Net financial (liabilities)/assets denominated in the entities' functional currencies	(10,809)	16,272	1,926	29,255	1,752	38,396
Currency exposure	179	14,787	1,291	(655)	405	16,007

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(d) Currency Risk (cont'd)

The Group's and the Company's foreign currency exposures as at the reporting date, based on the information provided by key management, are as follows: (cont'd)

	Denominated in the following currencies					Total S\$'000
	SGD S\$'000	USD S\$'000	JPY S\$'000	RMB S\$'000	Others S\$'000	
Group (cont'd)						
2024						
<u>Financial assets</u>						
Cash and bank balances	66,993	13,455	2,423	23,398	3,938	110,207
Trade and other receivables, and contract assets	3,164	12,167	3,657	96,765	351	116,104
Other financial assets	-	1,367	-	-	-	1,367
	70,157	26,989	6,080	120,163	4,289	227,678
<u>Financial liabilities</u>						
Trade and other payables	56,220	999	581	33,165	1,834	92,799
Bank loans	22,540	-	-	61,144	1,273	84,957
Lease liabilities	11,253	-	339	9,127	-	20,719
	90,013	999	920	103,436	3,107	198,475
Net financial (liabilities)/ assets	(19,856)	25,990	5,160	16,727	1,182	29,203
Less: Net financial (liabilities)/assets denominated in the entities' functional currencies	(19,870)	14,283	5,130	14,666	(616)	13,593
Currency exposure	14	11,707	30	2,061	1,798	15,610

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(d) Currency Risk (cont'd)

The Group's and the Company's foreign currency exposures as at the reporting date, based on the information provided by key management, are as follows: (cont'd)

	Denominated in the following currencies					Total S\$'000
	SGD	USD	JPY	RMB	Others	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Company						
2025						
<u>Financial assets</u>						
Cash and bank balances	22,866	6,070	518	14	71	29,539
Trade and other receivables	5,636	10,123	1,909	9,134	9,819	36,621
	28,502	16,193	2,427	9,148	9,890	66,160
<u>Financial liabilities</u>						
Trade and other payables	3,439	2,353	21	4,567	8,544	18,924
Bank loans	20,668	-	-	-	-	20,668
Lease liabilities	8,392	-	-	-	-	8,392
	32,499	2,353	21	4,567	8,544	47,984
Net financial (liabilities)/ assets	(3,997)	13,840	2,406	4,581	1,346	18,176
Less: Net financial liabilities denominated in the Company's functional currency	(3,997)	-	-	-	-	(3,997)
Currency exposure	-	13,840	2,406	4,581	1,346	22,173

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(d) Currency Risk (cont'd)

The Group's and the Company's foreign currency exposures as at the reporting date, based on the information provided by key management, are as follows: (cont'd)

	Denominated in the following currencies					Total S\$'000
	SGD S\$'000	USD S\$'000	JPY S\$'000	RMB S\$'000	Others S\$'000	
Company (cont'd)						
2024						
<u>Financial assets</u>						
Cash and bank balances	52,642	2,629	8	84	1,688	57,051
Trade and other receivables	2,409	8,661	4,448	1,928	3,080	20,526
	55,051	11,290	4,456	2,012	4,768	77,577
<u>Financial liabilities</u>						
Trade and other payables	5,817	2,638	216	3,944	31	12,646
Bank loans	22,540	-	-	-	-	22,540
Lease liabilities	10,998	-	-	-	-	10,998
	39,355	2,638	216	3,944	31	46,184
Net financial assets/ (liabilities)	15,696	8,652	4,240	(1,932)	4,737	31,393
Less: Net financial assets denominated in the Company's functional currency	15,696	-	-	-	-	15,696
Currency exposure	-	8,652	4,240	(1,932)	4,737	15,697

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(d) Currency Risk (cont'd)

Sensitivity analysis

A change of 2% (2024: 2%) (taking into consideration both the strengthening and weakening aspect) of United States Dollar ("USD"), Japanese Yen ("JPY") and Renminbi ("RMB") against the respective functional currencies of the Group entities as at the reporting date, with all other variables being held constant would increase/(decrease) the Group's and the Company's profit after income tax as follows:

	Profit after income tax	
	2025	2024
	S\$'000	S\$'000
Group		
<u>USD against SGD</u>		
- strengthened	246	194
- weakened	(246)	(194)
<u>JPY against SGD</u>		
- strengthened	21	1
- weakened	(21)	(1)
<u>RMB against SGD</u>		
- strengthened	(11)	34
- weakened	11	(34)
Company		
<u>USD against SGD</u>		
- strengthened	230	144
- weakened	(230)	(144)
<u>JPY against SGD</u>		
- strengthened	40	70
- weakened	(40)	(70)
<u>RMB against SGD</u>		
- strengthened	76	(32)
- weakened	(76)	32

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(e) Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Group's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development. The Group funds the operations and growth through a mix of equity and debt. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required. The Group's overall strategy remains unchanged from the financial years ended 31 December 2025 and 2024.

In the management of capital risk, management takes into consideration the gearing ratio as well as the Group's working capital requirement. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less provision for taxation, deferred taxation, provisions, contract liabilities and cash and bank balances. Total capital is calculated as total equity plus net debt.

	Group	
	2025	2024
	S\$'000	S\$'000
Net debt	82,345	91,174
Total equity	469,810	429,950
Total capital	552,155	521,124
Gearing ratio	15%	17%

As disclosed in Note 3(u), subsidiaries of the Group incorporated in the People's Republic of China, are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the PRC subsidiaries for the financial years ended 31 December 2025 and 2024. The Group has no other externally imposed capital requirements for the financial years ended 31 December 2025 and 2024.

(f) Fair Value of Assets and Liabilities

The fair value information presented represents the Group's best estimate of those values and may be subject to certain assumptions and limitations. The methodologies and assumptions used in the estimation of fair values depend on the terms and characteristics of the various financial instruments. The following methods and assumptions are used to determine the fair value of each class of financial instruments for which it is practicable to determine that value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Value of Assets and Liabilities (cont'd)

Fair value hierarchy

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).

Assets and liabilities measured at fair value

The following table presents the assets and liabilities measured at fair value as at the reporting date:

	Quoted prices in active markets for identical instruments Level 1 S\$'000	Significant observable inputs other than quoted prices Level 2 S\$'000	Significant unobservable inputs Level 3 S\$'000	Total S\$'000
Group				
<u>2025</u>				
Recurring fair value measurements				
Assets				
Other financial assets				
- fair value through other comprehensive income	-	-	1,367 ⁽¹⁾	1,367
Total other financial assets	-	-	1,367	1,367
<u>2024</u>				
Recurring fair value measurements				
Assets				
Other financial assets				
- fair value through other comprehensive income	-	-	1,367 ⁽¹⁾	1,367
Total other financial assets	-	-	1,367	1,367

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

32 FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Value of Assets and Liabilities (cont'd)

Assets and liabilities measured at fair value (cont'd)

As at 31 December 2025 and 2024, the valuation techniques and inputs used in the fair value measurement are set out in Note 17 to the financial statements. There was no transfer between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2025 and 2024.

- (1) If the inputs for the asset or liability that are not based on observable market data to the valuation techniques were 5% (2024: 5%) higher/lower while all the other variables were held constant, the carrying amount of the would decrease/increase by S\$68,000 (2024: S\$68,000).

Movements in level 3 assets and liabilities measured at fair value.

	Financial assets, at fair value through other comprehensive income	
	2025	2024
	S\$'000	S\$'000
At 1 January	1,367	1,367
At 31 December	1,367	1,367

Financial instruments 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.

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 31 December 2025 and 2024, the carrying amounts of these non-current assets and non-current liabilities approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

33 OPERATING SEGMENT INFORMATION

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

- Advanced materials BU - material science provider of advanced materials through proprietary vacuum coating technology across wide range of end industries.
- Industrial equipment BU - 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 - manufacturer and supplier of nanoproducts in optical imaging lens and sensory components critical to customers' end-products.
- Sydrogen BU - provider of critical fuel cell components with its proprietary conductive diamond coatings and fuel cell system solutions for the hydrogen energy market.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

33 OPERATING SEGMENT INFORMATION (CONT'D)

	Advanced materials S\$'000	Industrial equipment S\$'000	Nanofabrication S\$'000	Sydragen S\$'000	Inter-segment eliminations S\$'000	Total S\$'000
<u>2025</u>						
Revenue from external customers	206,924	16,961	18,160	2,522	-	244,567
Inter-segment sales	-	7,723	-	-	(7,723)	-
	206,924	24,684	18,160	2,522	(7,723)	244,567
Cost of sales	133,992	8,165	9,763	4,217	-	156,137
Adjusted EBITDA	54,357	2,900	7,092	(1,520)	-	62,829
<u>Other information</u>						
Depreciation	26,369	1,254	2,871	1,357	-	31,851
Amortisation of land use rights	180	29	41	4	-	254
Amortisation of intangible assets	9,788	538	332	1,219	-	11,877
Net impairment loss on trade receivables	86	6	14	61	-	167
Write off/ loss/(Gain) on disposal of property, plant and equipment	2,361	70	92	354	-	2,877
Listing expenses charged to profit or loss- Recurring	22	24	1	-	-	47
Share option expenses	5	6	-	-	-	11
Award share expenses under RSP 2021	408	361	20	1	-	790
Staff costs	30,907	6,117	2,987	1,338	-	41,349
Provision for warranties and restoration of property, plant and equipment	-	182	-	-	-	182
Reversal of provision for warranties and restoration cost	-	(324)	-	-	-	(324)
<u>Assets</u>						
Segment assets	462,364	44,686	11,367	27,575	-	545,992
Cash and bank balances						84,550
Other financial assets						1,367
Investment in associate						3,714
Deferred tax assets						5,099
						<u>640,722</u>
Segment assets include:						
Additions to non-current assets:						
- Property, plant and equipment	40,359	4,306	291	2,822	-	47,778
- Intangible assets	14,022	1,221	616	3,989	-	19,848
<u>Liabilities</u>						
Segment liabilities	52,961	8,336	1,608	12,820	-	75,725
Bank loans						92,426
Deferred tax liabilities						1,685
Other creditors (non-current)						-
Provision for taxation						1,076
						<u>170,912</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

33 OPERATING SEGMENT INFORMATION (CONT'D)

	Advanced materials S\$'000	Industrial equipment S\$'000	Nanofabrication S\$'000	Sydrogen S\$'000	Inter-segment eliminations S\$'000	Total S\$'000
<u>2024</u>						
Revenue from external customers	172,140	11,290	18,042	2,797	-	204,269
Inter-segment sales	-	7,060	-	-	(7,060)	-
	<u>172,140</u>	<u>18,350</u>	<u>18,042</u>	<u>2,797</u>	<u>(7,060)</u>	<u>204,269</u>
Cost of sales	<u>111,747</u>	<u>2,898</u>	<u>9,431</u>	<u>4,327</u>	<u>-</u>	<u>128,403</u>
Adjusted EBITDA	<u>40,500</u>	<u>4,967</u>	<u>7,871</u>	<u>(1,532)</u>	<u>-</u>	<u>51,806</u>
<u>Other information</u>						
Depreciation	23,474	858	4,914	765	-	30,011
Amortisation of land use rights	210	14	33	3	-	260
Amortisation of intangible assets	6,786	480	457	1,739	-	9,462
Net impairment loss on trade receivables	201	5	(14)	33	-	225
Write off/ loss/(Gain) on disposal of property, plant and equipment	(71)	10	(14)	6	-	(69)
Listing expenses charged to profit or loss - Recurring	29	16	1	-	-	46
Share option expenses	55	30	2	-	-	87
Award share expenses under RSP 2021	631	338	26	-	-	995
Staff costs	26,697	5,072	2,813	1,400	-	35,982
Provision for warranties and restoration of property, plant and equipment	-	185	-	-	-	185
Reversal of provision for warranties	-	(219)	-	-	-	(219)
<u>Assets</u>						
Segment assets	425,122	45,532	13,736	31,062	-	515,452
Cash and bank balances						110,207
Other financial assets						1,367
Investment in associate						3,789
Deferred tax assets						4,278
						<u>635,093</u>
Segment assets include:						
Additions to non-current assets:						
- Property, plant and equipment	33,547	2,014	949	794	-	37,304
- Intangible assets	14,989	1,292	715	3,954	-	20,950
<u>Liabilities</u>						
Segment liabilities	51,246	7,631	1,879	3,467	-	64,223
Bank loans						84,957
Deferred tax liabilities						1,526
Other creditors (non-current)						53,100
Provision for taxation						1,337
						<u>205,143</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

33 OPERATING SEGMENT INFORMATION (CONT'D)

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

	Group	
	2025	2024
	S\$'000	S\$'000
Adjusted EBITDA ⁽¹⁾ for reportable segments	62,829	51,806
Depreciation	(31,851)	(30,011)
Amortisation	(12,131)	(9,722)
(Write off/loss)/Gain on disposal of property, plant and equipment	(2,877)	69
Other professional fees	(682)	(1,072)
Award shares expenses under RSP 2021	(790)	(995)
Finance income	1,404	3,189
Finance expenses	(2,662)	(3,619)
Profit before income tax	13,240	9,645
Income tax	(1,320)	(2,110)
Profit after income tax	11,920	7,535

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

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

	Group	
	2025	2024
	S\$'000	S\$'000
Singapore	41,190	35,483
China	182,559	154,504
Japan	7,403	9,067
Vietnam	2,166	177
Europe	11,132	5,038
India	117	-
Total revenue	244,567	204,269

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2025

33 OPERATING SEGMENT INFORMATION (CONT'D)

The following is an analysis of the carrying amount of non-current non-financial assets, analysed by the geographical areas in which the assets are located:

	Group	
	2025	2024
	S\$'000	S\$'000
Singapore	63,762	77,786
China	275,161	264,826
Japan	166	2,408
Vietnam	30,379	26,186
Europe	21,481	5,388
India	74	52
Total non-current non-financial assets	391,023	376,646

34 SUBSEQUENT EVENTS

- (a) On 6 January 2026, the Company announced that Nanofilm Vacuum Coating (Shanghai) Co., Ltd (“NVC”), a wholly-owned subsidiary of the Company, had obtained a two-year term loan of RMB50,000,000 from China Construction Bank to fund the working capital purposes of NVC.
- (b) On 5 January 2026, the Company submitted an application to the Accounting and Corporate Regulatory Authority (“ACRA”) under Section 344A of the Companies Act 1967 of Singapore (“Act”) to strike off Miller Technologies Pte. Ltd., a wholly owned subsidiary of the Company. The striking off application is pending.
- (c) On 21 January 2026, the Company announced that Nanofilm Ventures Pte. Ltd., an indirect wholly-owned subsidiary of the Company, had been struck off the Register of Companies with effect from 10 January 2026 pursuant to an application submitted to ACRA under Section 344A of the Act.
- (d) On 3 February 2026, the Company announced that Nanofilm Technologies Europe B.V., a wholly-owned subsidiary of the Company, has been liquidated and deregistered under the laws of the Netherlands.
- (e) On 5 February 2026, the Company announced that it had entered into a shareholders’ agreement (“SHA”) with Ms Cheng Xiao Na, Mr Dai Di Sen and HeChuang Tech Pte. Ltd. to establish a joint venture company (“JVCo”) in Dongguan, China by the name of Dongguan Najin Technology Co., Ltd (东莞纳金科技有限公司) or such other name as may be approved by the relevant authority. Under the SHA, it is contemplated that NVC will grant a convertible loan of RMB2,000,000 to the JVCo.
- (f) On 27 February 2026, the Company announced the grant of 800,000 award shares under the RSP 2021 to acquire ordinary shares in the capital of the Company.

STATISTICS OF SHAREHOLDINGS

As at 13 March 2026

SHARE CAPITAL

Number of equity securities (excluding treasury shares and subsidiary holdings)	:	652,233,552
Number of treasury shares	:	11,209,558 (1.72% of the total number of shares)
Number of subsidiary holdings	:	Nil
Class of equity securities	:	Ordinary shares
Voting rights (excluding treasury shares and subsidiary holdings)	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
1 - 99	2	0.03	7	0.00
100 - 1,000	1,356	18.32	1,093,735	0.17
1,001 - 10,000	3,931	53.11	19,480,966	2.99
10,001 - 1,000,000	2,083	28.15	103,610,842	15.88
1,000,001 and above	29	0.39	528,048,002	80.96
Total	7,401	100.00	652,233,552	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Shareholdings
1	PEARL YARD HOLDINGS INC	253,709,960	38.90
2	DBS NOMINEES (PRIVATE) LIMITED	45,231,102	6.93
3	SHI XU	44,457,573	6.82
4	HARRYMORE INTERNATIONAL LIMITED	28,192,518	4.32
5	CITIBANK NOMINEES SINGAPORE PTE LTD	17,800,782	2.73
6	JIN XIAOZHE	16,559,740	2.54
7	PHILLIP SECURITIES PTE LTD	11,977,423	1.84
8	JIN XIAO QUN	10,190,375	1.56
9	DBSN SERVICES PTE. LTD.	9,339,428	1.43
10	RAFFLES NOMINEES (PTE.) LIMITED	7,875,176	1.21
11	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	7,715,595	1.18
12	MAYBANK SECURITIES PTE. LTD.	7,637,200	1.17
13	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	7,248,248	1.11
14	HSBC (SINGAPORE) NOMINEES PTE LTD	7,162,600	1.10
15	TIGER BROKERS (SINGAPORE) PTE. LTD.	6,834,800	1.05
16	OCBC SECURITIES PRIVATE LIMITED	6,690,600	1.03
17	IFAST FINANCIAL PTE. LTD.	5,172,000	0.79
18	WEI HAO	5,133,685	0.79
19	LASTING LEGACY PTE LTD	4,671,900	0.72
20	LIM & TAN SECURITIES PTE LTD	3,602,100	0.55
Total		507,202,805	77.77

STATISTICS OF SHAREHOLDINGS

As at 13 March 2026

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest	% ⁽³⁾	Deemed Interest	% ⁽³⁾
Pearl Yard Holdings Inc (“ Pearl Yard ”)	253,709,960	38.90	-	-
Dr Shi Xu ⁽¹⁾	44,457,573	6.82	292,592,853	44.86
Mdm Jin Xiao Qun ⁽²⁾	10,190,375	1.56	28,192,518	4.32

Notes:

- (1) Dr Shi Xu’s deemed interest arises from (i) the 253,709,960 shares of the Company (the “**Shares**”) held by Pearl Yard as Dr Shi Xu is the sole shareholder of Pearl Yard and accordingly, for the purposes of Section 4 of the Securities and Futures Act 2001 of Singapore (the “**SFA**”), is deemed to have an interest in the 253,709,960 Shares held by Pearl Yard; (ii) the 500,000 Shares held by Neufront Investment Pte Ltd (“**Neufront**”) as Dr Shi Xu holds 50% of the total issued shares in Neufront and accordingly for the purposes of Section 4 of the SFA, is deemed to have an interest in the Shares held by Neufront; and (iii) the 38,382,893 Shares in which his spouse, Mdm Jin Xiao Qun, has an interest, comprising (a) direct interests in 10,190,375 Shares, and (b) deemed interests in the 28,192,518 Shares held by Harrymore International Limited (“**Harrymore**”) (see note (2) below). Mdm Jin Xiao Qun holds 50% of the total issued shares in Neufront. Accordingly, for the purposes of Section 4 of the SFA, Mdm Jin Xiao Qun is deemed to have an interest in the 500,000 Shares held by Neufront. As this deemed interest in the 500,000 Shares is not required to be notified under the SFA, it has not been recorded in the Register of Substantial Shareholders.
- (2) Mdm Jin Xiao Qun holds more than 20% of the shares of Harrymore. Accordingly, for the purposes of Section 4 of the SFA, Mdm Jin Xiao Qun is deemed to have an interest in the 28,192,518 Shares held by Harrymore.
- (3) The number of Shares held by the Substantial Shareholders as stated in the table above are based on the number of Shares recorded in the Register of Substantial Shareholders while their respective percentage shareholding interests as stated in the table are computed based on the total number of issued Shares of 652,233,552 (excluding treasury shares and subsidiary holdings) as at 13 March 2026.

PERCENTAGE OF SHAREHOLDING IN PUBLIC’S HANDS

Based on the information available to the Company as at 13 March 2026, approximately 44.96% of the issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**AGM**” or the “**Meeting**”) of NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED (the “**Company**”) will be held at 11 Tai Seng Drive, Singapore 535226 on **Wednesday, 29 April 2026 at 10.00 a.m. (Singapore time)** to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2025 together with the Auditors’ Report thereon. **Resolution 1**
2. To declare a final dividend (tax exempt one-tier) of S\$0.0087 per ordinary share for the financial year ended 31 December 2025. **Resolution 2**
3. To re-elect Dr Shi Xu, a Director of the Company retiring pursuant to Regulation 94 of the Company’s Constitution, and who being eligible, offers himself for re-election. **Resolution 3**

*Dr Shi Xu will, upon re-election as a Director of the Company, remain as the Executive Chairman of the Board. Detailed information of Dr Shi Xu required pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) can be found in the Annual Report.*

4. To note the retirement of Mr Steve Ghanayem, a Director of the Company retiring pursuant to Regulation 94 of the Company’s Constitution, who has decided not to seek re-election at this AGM.

Upon the conclusion of the AGM, Mr Steve Ghanayem will retire from the Board and cease to be a member of the Nominating Committee and Remuneration Committee.

5. To approve the payment of Directors’ fees of S\$329,000 for the financial year ending 31 December 2026, to be paid quarterly in arrears. **Resolution 4**
6. To re-appoint Moore Stephens LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**
7. To transact any other ordinary business which may be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass with or without any amendments, the following Ordinary Resolutions:

8. SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act 1967 of Singapore (“**Companies Act**”), and Rule 806 of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors to:

- (a) (i) allot and issue ordinary shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other similar instruments convertible into Shares; and/or
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit;

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force; and
- (c) complete and do all such acts and things, including without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they may consider necessary, desirable or expedient to give effect to this Resolution.

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (“**Shareholders**”) (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Rules, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits;

NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of the issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from the exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in a general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued/transferred and outstanding or subsisting at the time of the passing of this Resolution.

[See Explanatory Note (i)]

Resolution 6

9. AUTHORITY TO ISSUE SHARES UNDER THE NANOFILM EMPLOYEE SHARE OPTION SCHEME 2017 (THE “NANOFILM ESOS 2017”)

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to allot and issue new Shares from time to time as may be required to be issued pursuant to the exercise of the options granted under the Nanofilm ESOS 2017 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

Resolution 7

NOTICE OF ANNUAL GENERAL MEETING

10. AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES UNDER THE NANOFILM EMPLOYEE SHARE OPTION SCHEME 2020 (THE “NANOFILM ESOS 2020”)

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

- (a) offer and grant options pursuant to the rules of the Nanofilm ESOS 2020 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier (“**Relevant Period**”); and
- (b) allot and issue new Shares as may be required to be issued pursuant to the exercise of options granted during the Relevant Period specified in sub-paragraph (a) above,

provided that the total number of Shares over which options may be granted under the Nanofilm ESOS 2020 on any date, when added to the total number of Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to (i) options already granted under the Nanofilm ESOS 2020; (ii) awards already granted under the Nanofilm Restricted Share Plan (as defined in paragraph 11 below); and (iii) any options and awards already granted under the Company’s other share options or share schemes adopted post the initial public offering of the Shares on the SGX-ST (“**Listing**”), shall not exceed 5% of the total number of issued Shares (excluding treasury shares) on the date preceding the date of grant of the relevant new option.

[See Explanatory Note (iii)]

Resolution 8

11. AUTHORITY TO GRANT AWARDS AND ISSUE SHARES UNDER THE NANOFILM RESTRICTED SHARE PLAN 2021 (THE “NANOFILM RESTRICTED SHARE PLAN”)

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

- (a) offer and grant awards (“**Awards**”) in accordance with the provisions of the Nanofilm Restricted Share Plan; and
- (b) allot and issue from time to time such number of fully-paid new Shares and/or transfer such number of existing Shares held in treasury, free of charge, as may be required to be delivered from time to time pursuant to the vesting of Awards under the Nanofilm Restricted Share Plan,

provided that the total number of Shares which may be delivered pursuant to Awards granted under the Nanofilm Restricted Share Plan, when added to: (i) the total number of new Shares allotted and issued and/or to be allotted and issued, issued Shares (including treasury shares) delivered and/or to be delivered, and Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to all Awards granted under the Nanofilm Restricted Share Plan and options already granted under the Nanofilm ESOS 2020; and (ii) the total number of Shares subject to any other share option or share schemes adopted by the Company after the Listing, shall not exceed 5% of the total number of issued Shares (excluding Shares held by the Company as treasury shares and subsidiary holdings, if any) on the date preceding the date of grant of the relevant Award.

[See Explanatory Note (iv)]

Resolution 9

NOTICE OF ANNUAL GENERAL MEETING

12. RENEWAL OF SHARE PURCHASE MANDATE

That:

(a) for the purposes of Section 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) on-market purchase(s) (“**Market Purchases**”), transacted through the SGX-ST trading system and/or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (ii) off-market purchase(s) (“**Off-Market Purchase**”), if effected otherwise than on the SGX-ST or a securities exchange in accordance with an equal access scheme(s) (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with the Companies Act and all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing on and from the date of the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next AGM of the Company is held or required by law to be held; or
- (ii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated.

NOTICE OF ANNUAL GENERAL MEETING

(c) for purposes of this Resolution:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) consecutive market days on which Shares are transacted on the SGX-ST or, as the case may be, such other securities exchange on which the Shares may for the time being be listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Manual of the SGX-ST for any corporate action which occurs during the relevant five-day (5) market days period and the date on which the Market Purchase is made or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

“**date of the making of the offer**” means the day on which the Company announces its intention to make an offer for an Off-Market Purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Maximum Limit**” means that number of issued Shares representing 10% of the total issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date); and

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of a Market Purchase, 105% of the Average Closing Price of the Shares and, in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (v)]

Resolution 10

By Order of the Board

Cho Form Po
Company Secretary

Singapore
14 April 2026

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Resolutions to be passed

- (i) Ordinary Resolution 6 proposed in item 8 above, if passed, will empower the Directors, until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), of which up to 20% may be issued other than on a pro-rata basis to Shareholders.

For the purpose of determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time Ordinary Resolution 6 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time when this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of Shares.

- (ii) Ordinary Resolution 7 proposed in item 9 above, if passed, will empower the Directors of the Company to issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options already granted under the Nanofilm ESOS 2017.
- (iii) Ordinary Resolution 8 proposed in item 10 above, if passed, will empower the Directors of the Company to offer and grant options pursuant to the rules of the Nanofilm ESOS 2020 from the date of the passing of Ordinary Resolution 8 until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier and to issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted or to be granted under the Nanofilm ESOS 2020. The aggregate number of shares which may be issued and/or delivered pursuant to the Nanofilm ESOS 2020, the Nanofilm Restricted Share Plan and any other share option or share schemes adopted by the Company post-Listing shall not exceed 5% of the total number of issued Shares (excluding treasury shares) on the date preceding the date of grant of the relevant Award.
- (iv) Ordinary Resolution 9 proposed in item 11 above, if passed, will empower the Directors of the Company to offer and grant Awards in accordance with the rules of the Nanofilm Restricted Share Plan from the date of the passing of Ordinary Resolution 9 until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, and to allot and issue from time to time such number of fully-paid new Shares and/or transfer such number of existing Shares held in treasury, free of charge, as may be required to be delivered from time to time pursuant to the vesting of Awards under the Nanofilm Restricted Share Plan. The aggregate number of shares which may be delivered pursuant to Awards granted under the Nanofilm Restricted Share Plan on any date, when added to (1) the total number of new Shares allotted and issued and/or to be allotted and issued, issued Shares (including treasury shares) delivered and/or to be delivered, and Shares released and/or to be released in the form of cash in lieu of Shares, pursuant to all Awards granted under the Nanofilm Restricted Share Plan, and options granted under the Nanofilm ESOS 2020; and (2) the total number of Shares subject to any other share option or share schemes adopted by the Company post-Listing, shall not exceed 5% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the date preceding the date of grant of the relevant Award.
- (v) Ordinary Resolution 10 proposed in item 12 above, is to renew the mandate approved by Shareholders at the last AGM held on 25 April 2025 to enable the Directors to purchase or otherwise acquire Shares on the terms and subject to the conditions of this Resolution. If passed, Ordinary Resolution 10 will empower the Directors until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase Shares by way of Market Purchases or Off-Market Purchases of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the AGM at which the Resolution is passed. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the proposed renewal of the Share Purchase Mandate are set out in greater detail in the Addendum released on the SGX website together with the Annual Report 2025.

NOTICE OF ANNUAL GENERAL MEETING

Important Notes:

1. The members of the Company (the “**Members**”) are invited to attend the AGM physically in person at 11 Tai Seng Drive, Singapore 535226. There will be no option for members to participate in the AGM by electronic means.
2. Printed copies of this Notice of AGM, Proxy Form and the Request Form (to request for a printed copy of the Annual Report 2025) are sent by post to Members and are also available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <https://www.nti-nanofilm.com/investor-overview/investor-announcement/>.
3. The Annual Report 2025 has been published and is available for download or online viewing by Members on SGXNet at <https://www.sgx.com/securities/company-announcements> and the Company’s website at <https://www.nti-nanofilm.com/investor-overview/investor-announcement/>. Printed copies of the Annual Report 2025 will not be sent to the Members unless requested by the Members via the submission of the Request Form. Members who wish to receive a printed copy of the Annual Report 2025 are required to complete the Request Form and return it to the Company by **21 April 2026** by post to the office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or if by email enclosing a clear scanned completed and signed Request Form by email to srs.requestform@boardroomlimited.com.
4. Members (including investors who hold shares through the Central Provident Fund (“**CPF**”) Investment Scheme (“**CPF Investors**”) and/or Supplementary Retirement Scheme (“**SRS Investors**”)) may participate in the AGM by:
 - (i) attending the AGM in person;
 - (ii) raising questions at the AGM or submitting questions in advance of the AGM; and/or
 - (iii) voting at the AGM (i) themselves personally; or (ii) where applicable through their duly appointed proxy(ies).

CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their respective CPF Agent Banks or SRS Operators to appoint the Chairman of the AGM to act as their proxy, and submit their votes by **5.00 p.m. on 17 April 2026**, being at least seven (7) working days prior to the date of the AGM. In such case, the CPF and SRS investors shall be precluded from attending the AGM.

To attend the AGM, Members are requested to bring along their NRIC/Passport to enable the Company to verify their identity. Members are requested to arrive early to facilitate the registration process.

5. A Member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A Member which is a corporation is entitled to appoint its authorised representative or proxy to attend, speak and vote on its behalf. A proxy need not be a Member.

Where such Member appoints two (2) proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified in the instrument. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.

A Member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

“Relevant Intermediary” has the meaning prescribed to it in Section 181 of the Companies Act:

- a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- b) a person holding a capital markets services license holder to provide custodial services under the Securities and Futures Act and who holds shares in that capacity; or
- c) the CPF Board established by the CPF Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

6. A Member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.

If a Member wishes to appoint the Chairman of the AGM as proxy, such Member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction is given as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

7. The instrument appointing a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be deposited in the following manner:
- if submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - if submitted electronically, via email to the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at srs.proxy@boardroomlimited.com,

in either case, by no later than **10.00 a.m. on 26 April 2026**, being at least 72 hours before the time appointed for holding the AGM. Members are strongly encouraged to submit the completed proxy forms electronically by email.

The instrument appointing the proxy(ies) must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

The Company shall be entitled to reject the instrument appointing the proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the proxy).

In addition, in the case of Shares entered in the Depository Register maintained by The Central Depository (Pte) Limited, the Company may reject any proxy form lodged if the Member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM.

8. Members may raise questions at the AGM and/or submit questions related to the Ordinary Resolutions to be tabled for approval at the AGM, in advance of the AGM. For Members who would like to submit questions in advance of the AGM, they may do so by **10.00 a.m. on 21 April 2026**:
- if in hard copy by post, to the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - if by email, to ir@nti-nanofilm.com.

Members will need to identify themselves when posing questions by email or by post by providing the following details:

- the Member's full name as it appears on his/her/its CDP/CPF/SRS share records;
- the Member's NRIC/Passport/UEN number; and
- the manner in which the Member holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

The Company will endeavour to address all substantial and relevant questions submitted by Members prior to the AGM by publishing its responses to such questions on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.nti-nanofilm.com/investor-overview/investor-announcement/> by **24 April 2026**, or during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed. The Company will publish the responses made during the AGM to such questions together with the minutes of the AGM on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.nti-nanofilm.com/investor-overview/investor-announcement/> within one (1) month after the date of the AGM.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY:

By (a) submitting an instrument appointing the proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting the Request Form in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a Member consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of Proxy Forms appointing proxy(ies) for the AGM (including any adjournment thereof);
- (ii) the processing of the Request Form for purposes of mailing the physical copy of the Annual Report to Members (or their corporate representatives in the case of Members which are legal entities);
- (iii) addressing relevant and substantial questions from Members and if necessary, following up with the relevant Members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.



NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED

(Company Registration Number 199902564C)
(Incorporated in Singapore on 13 May 1999)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

Note: This Proxy Form may be accessed at the Company's website at <https://www.nti-nanofilm.com/investor-overview/investor-announcement/> and also on the SGX website at <https://www.sgx.com/securities/company-announcements>

1. A proxy need not be a Member.
2. A Member who is a relevant intermediary is entitled to appoint more than two proxies. Where such Member's proxy form appoints more than one proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument (please see Note 4 for the definition of "relevant intermediary").
3. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies or appointment of the Chairman of the Meeting as proxy.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal Data Privacy

By submitting an instrument appointing proxy(ies), the Member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2026.

*I/We, _____ (Name) _____ (NRIC/Passport/Co Reg No.)
of _____ (Address)

being a *member/members of **NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company ("Meeting" or "AGM") to be held at 11 Tai Seng Drive, Singapore 535226 on **Wednesday, 29 April 2026 at 10.00 a.m.** (including any adjournment thereof).

*I/We direct *my/our proxy to vote for, against or abstain from voting on the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and (including any adjournment thereof), the appointment of the Chairman of the Meeting as *my/our proxy will be treated as invalid.

Voting will be conducted by poll. If you wish to exercise all your votes "For", "Against" or "Abstain", please tick (✓) within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

No.	Resolutions relating to:	No. of Votes For	No. of Votes Against	No. of Votes Abstain
ORDINARY BUSINESS				
1	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report			
2	Declaration of final dividend			
3	Re-election of Dr Shi Xu as a Director			
4	Approval of Directors' fees for the financial year ending 31 December 2026			
5	Re-appointment of Moore Stephens LLP as Auditors			
SPECIAL BUSINESS				
6	Share Issue Mandate			
7	Authority to issue shares under the Nanofilm Employee Share Option Scheme 2017			
8	Authority to grant options and issue shares under the Nanofilm Employee Share Option Scheme 2020			
9	Authority to grant awards and issue shares under the Nanofilm Restricted Share Plan			
10	Renewal of Share Purchase Mandate			

* Delete where inapplicable

Dated this _____ day of _____, April 2026

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal



IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. A Member should insert the total number of shares held by him/her. If the Member has shares entered against his/her/its name in the Depository Register maintained by the Central Depository (Pte) Limited ("**CDP**"), he/she/it should insert that number of shares. If the Member has shares registered in his/her/its name in the Register of Members, he/she/it should insert that number of shares. If the Member has shares entered against his/her/its name in the said Depository Register and registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares entered against his name in the Depository Register and registered in his/her/its name in the Register of Members. If the number of shares is not inserted, this Proxy Form will be deemed to relate to all the shares held by the Member.
2. A member of the Company ("**Member**") who wishes to exercise his/her/its voting rights at the AGM may:
 - (a) (where the Member is an individual) attend, speak and vote at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to attend, speak and vote at the AGM on his/her/its behalf; or
 - (b) (whether the Member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.
3. A Member, who is not a relevant intermediary, is entitled to appoint not more than two proxies. Where such Member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
4. A Member, who is a relevant intermediary entitled to attend and vote at the Meeting, is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such Member's proxy form appoints more than one proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"Relevant intermediary" has the meaning prescribed to it in Section 181 of the Companies Act:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Fold Here

**Affix
Postage
Stamp**

PROXY FORM

Nanofilm Technologies International Limited
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

Fold Here

5. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e.: **by 5.00 p.m. on 17 April 2026**) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.
6. The proxy need not be a Member.
7. The instrument appointing the proxy(ies) ("**Proxy Form**") must be deposited at the office of the Company's Share Registrar, **Boardroom Corporate & Advisory Services Pte. Ltd.**, at **1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632** or emailed to srs.proxy@boardroomlimited.com by **10.00 a.m. on 26 April 2026**, being not less than seventy-two (72) hours before the time appointed for the Meeting.
Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.
8. If the Member is shown to not have any shares entered against his/her/its name as at seventy-two (72) hours before the time fixed for the Meeting, the Proxy Form will be rejected.
9. The Proxy Form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
10. The power of attorney or other authority (if any) under which the Proxy Form is signed on behalf of the Member or duly certified copy of such power or authority (failing previous registration with the Company) must be lodged with the Proxy Form, failing which the instrument may be treated as invalid.
11. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in and/or attached to the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the Member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by CDP to the Company.
12. All Members will be bound by the outcome of the Meeting regardless of whether they have attended or voted at the Meeting.
13. Personal data privacy: By submitting an instrument appointing the proxy(ies) (other than the Chairman of the Meeting) or Chairman of the Meeting as a proxy to vote at the Meeting and/or any adjournment thereof, all Members accept and agree to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2026.



**NANOFILM TECHNOLOGIES
INTERNATIONAL LIMITED**

11 Tai Seng Drive
Singapore 535226
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<https://www.nti-nanofilm.com/>