NTI NanoFilm
ADVANCING TECHNOLOGY SOLUTIONS

Rooted in Strength
Branching into the Future

ANNUAL REPORT 2024

Contents

Corporate Profile

Nanofilm Technologies International Limited ("**Nanofilm**" or the "**Company**"), together with its subsidiaries (the "**Group**"), is a leading provider of nanotechnology solutions. By leveraging proprietary technologies and core expertise in research and development ("**R&D**"), engineering, and production, we deliver innovative, technology-driven solutions across diverse industries. Our solutions act as key enablers, helping customers enhance the value of their end-products while maintaining environmental sustainability.

Nanofilm specialises in surface solutions based on vacuum deposition, including its patented Filtered Cathodic Vacuum Arc ("**FCVA**") technology. Our nanotechnology-based solutions are widely utilised in industries such as computers, communications, and consumer electronics ("**3C**"), automotive, precision engineering, printing and imaging, and new energy.

The Group currently holds more than 60 granted patents, over 70 granted utility models, and more than 80 trademark registrations, with additional applications pending.

The Group has a workforce of over 4,000 employees, of whom more than 370 are dedicated to R&D and engineering. We are headquartered in Singapore and have an established presence in China, Japan, Vietnam, and most recently, India and Europe.

Nanofilm was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 30 October 2020.

View Our Report Online:

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

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

Nanofilm is **well positioned** to navigate potential macroeconomic risks and seize emerging opportunities as they present themselves.

Dear Stakeholders,

I am pleased to extend my warmest greetings as we look back on the achievements, challenges and milestones of Nanofilm in the past year.

FY2024 has been a year of transformation and adaptation. The broader macro environment has been shaped by geopolitical dynamics and shifting social and technological trends. While challenges are expected to continue, we also see opportunities emerging from the ongoing digital and green transitions.

Nanofilm is well positioned to navigate potential macroeconomic risks and seize emerging opportunities as they present themselves. Over the past few years, we have made strategic investments to expand our geographical footprint, diversify our customer base and advance our technological solutions. These initiatives have not only strengthened our resilience but also placed us in a strong position to capitalise on evolving market trends.

On behalf of the Board of Directors, I would like to present the FY2024 Annual Report to our stakeholders.

Chairman's Message

Expanded Presence in China and beyond

We have expanded our presence within China, especially in Southern China, and beyond into strategic regions such as Vietnam and India.

Established Presence in Europe

We have established our presence in Europe, specifically in Germany, through the acquisition of Axyntec Dünnschichttechnik GmbH.

Enhanced Presence in Europe

We have enhanced our presence in Europe through the acquisition of EC Europ Coating GmbH and MC Europ Coating GmbH.

Extending Our Global Reach

We have made significant strides in expanding our presence across key markets. By broadening our geographical footprint, we aim to better serve our customers and unlock opportunities for growth in new markets and industries, and strengthen Nanofilm's positioning, particularly in today's uncertain trade environment.

In the recent years, we have expanded our presence within China, especially in Southern China, and beyond into strategic regions such as Vietnam and India. The site expansions are aligned with our key customer's growth strategies, and we believe that Nanofilm is the only advanced materials service provider invited to expand alongside them. Our expanded presence has brought us closer to our customers' supply chains and broadened our customer base, as reflected in the successful onboarding of leading Asian and Chinese customers.

In FY2024, we established our presence in Europe, specifically in Germany, through the acquisition of Axyntec Dünnschichttechnik GmbH ("**Axyntec**"). Combining Axyntec's proprietary Diamond-like Carbon ("**DLC**") coating and established customer base with Nanofilm's FCVA technologies and manufacturing expertise, we are able to offer compelling technological solutions, especially in industrial applications, to customers in that region. Further enhancing our European presence, we recently announced the acquisition of EC Europ Coating GmbH and MC Europ Coating GmbH (collectively, the "**EuropCoating Group**"). This acquisition accelerates our decorative coating strategies in Europe, further strengthening our capabilities and market reach within the region.

Driving Technological Innovation

Our commitment to continuous sustainable innovation stems from our core vision of integrating our nanotechnological solutions into everyday life. We are committed to maintaining more than 7% of our revenue in R&D and Engineering initiatives. We have established a technological framework for all R&D and Engineering projects which are categorised by their respective Technology Readiness Levels ("**TRLs**"):

Research

Fundamental research, conducted within the NTI-NTU Corporate Laboratory, focusing on early-stage TRLs projects and leveraging the university's facilities and research expertise.

Development

More advanced TRL projects, undertaken by the Advanced Technology Research Centre, which is our Group-level research centre, bridging fundamental research and commercialisation.

Deployment

Projects with high potential for commercialisation, housed directly under our respective Business Units.

This structure allows us to allocate and optimise our resources, enabling us to pursue innovative solutions across projects with a wide range of TRLs.

A notable advancement in our coating applications was the extension of our solution coverage to larger surface areas, such as the mid-frame product segment for smartphones where we have offered and applied our technological solutions to leading Asian and Chinese customers.

We have also developed a new generation of coating equipment, including cost effective, high-throughput inline equipment, designed to enhance production efficiency across our business units ("**BUs**"). Selectively and strategically, we will sell our equipment, such as the new generation mould coating equipment and new energy coating equipment, to external customers, enabling us to extend our technological solutions into emerging markets and industries.

Chairman's Message

Powering A Sustainable Future

As the world accelerates its transition to cleaner and more sustainable power sources, Nanofilm is committed to be at the forefront of developing technological solutions that address our customers' most pressing challenges in a bid to drive broader adoption of such technologies.

Our advanced materials surface solutions applied on metallic bi-polar plates used in hydrogen fuel cell systems, primarily for the automotive industry, initiated our entry into the hydrogen economy. Through Sydrogen Energy Pte. Ltd. ("**Sydrogen**"), our solutions have continued to gain traction, enabling us to expand our market share in coating services for metallic bi-polar plates, and broadened our use case applications beyond the automotive industry into the maritime and backup power sectors. Since its inception, Sydrogen has refined its business model and expanded its capabilities beyond coating services (Tier 3) and into supplying solutions for modules (Tier 2) and integrated systems (Tier 1).

Widening our solutions outside of the hydrogen economy, we successfully launched the new solar Close Space Sublimation ("**CSS**") line, which is aimed at strengthening our market position, driving continued growth and solidifying our leadership in the renewable energy industry.

These strategic investments are expected to yield long-term benefits. While their full impact may take time to materialise, we firmly believe they are crucial for Nanofilm's continued growth and long-term relevance.

Special Thanks

I wish to express my gratitude to our Board members for their counsel and support. I would also like to express my appreciation to Mr Kristian John Robinson, who will be retiring from our Board at the conclusion of the upcoming annual general meeting on 25 April 2025. Mr Robinson, who was first appointed on the Board on 9 October 2020, has provided valuable insight, input and guidance and contributed meaningfully to the governance of our Company.

A special note of appreciation to all our management and staff whose dedication and hard work have positioned Nanofilm on a solid foundation, enabling us to confidently face the challenges ahead and seize the arising opportunities.

I would also like to thank our valued customers, business partners, and suppliers for their unwavering trust and support.

Lastly, I thank our shareholders for their continued patience, firm belief, and confidence in Nanofilm. Along with the Board and the management team, we remain focused on creating long-term value for shareholders.

As we move forward, we are committed to continue delivering value for our stakeholders by executing our strategic initiatives, maintaining a proactive approach to managing risks, and leveraging the investments made to drive sustainable growth and success.

Thank you for being part of the Nanofilm family.

Dr Shi Xu (史旭)
BOARD CHAIRMAN &
GROUP CHIEF EXECUTIVE OFFICER

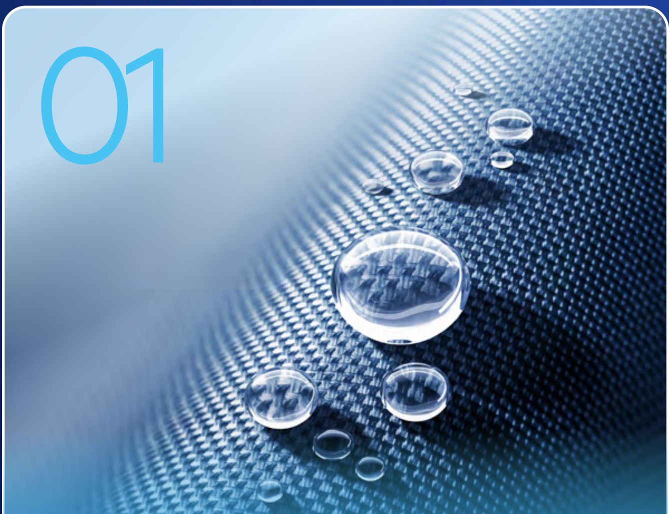
Our Business

Nanofilm is a globally recognised leader in technology solutions, specialising in advanced material science and nanotechnology.

Our relentless pursuit of **self-improvement** and **commitment** to continuous R&D has enabled us to push the boundaries of material science technologies, overcome numerous challenges, and **consistently exceed expectations over the years**.

Business Units

01



Advanced Materials

We provide advanced materials surface solutions through our proprietary vacuum coating technologies and processes. Utilising our FCVA and FCVA-hybrid with physical vapor deposition ("**PVD**") coating equipment, we deposit proprietary advanced materials on key components and parts within the global supply chain. This enables our customers to achieve their desired functional and decorative requirements for their end products.

02

Nanofabrication

As a manufacturer and supplier of nanoproducts, we develop components at the nanoscale with specialised nanofeatures, ensuring the optimal functionality and performance of our customers' end products. Our nanofabrication technology and software allow us to produce nanoproducts that meet precise dimensional specifications while delivering the required functional properties.

Our Business

Nanofilm is a globally recognised leader in technology solutions, specialising in advanced material science and nanotechnology. Rooted in a strong culture of innovation since its inception in 1999 as a Deep-Tech spinoff from Nanyang Technological University ("**NTU**"), our Group initially entered the market with no established positioning and limited capital. However, we surpassed industry expectations by successfully competing with major technology giants from America, Europe, and Japan, securing market share from customers accustomed to conventional solutions provided by these established companies.

Our relentless pursuit of self-improvement and commitment to continuous R&D has enabled us to push the boundaries of material science technologies, overcome numerous challenges, and consistently exceed expectations over the years.

Today, our technology-driven solutions serve a wide range of industries, including 3C, automotive, precision engineering, printing and imaging, and new energy. Our products and services play a crucial role in the operation of many essential technologies and tools that are integral to modern life.

Our business model evolves in sync with our strategic vision, meticulously designed to achieve excellence. We have expanded and developed alongside our customers by maintaining a steadfast focus on R&D and innovation, frequently collaborating with them and leveraging our strong in-house engineering expertise and robust production capabilities.

03

Industrial Equipment

We design and manufacture turnkey equipment systems, ranging from coating equipment to auxiliary systems such as cleaning lines and automation solutions, which are implemented in our customers' production lines. Beyond providing physical equipment, we offer customised operating software, training, spare parts, customer service, and other after-sales support to ensure seamless integration and efficiency.

04

Sydrogen Energy

We provide advanced materials solutions for the rapidly expanding hydrogen energy market. Our specialised materials, akin to conductive diamonds, offer exceptional properties such as corrosion resistance, low resistivity, ion-leaching prevention, and high conductivity. These coatings enhance the affordability and durability of key components in proton-exchange membrane fuel cell ("**PEMFC**") stack systems, supporting the advancement of sustainable energy solutions.

Global Footprint

India

1. Tamil Nadu NEW

Germany

1. Augsburg NEW
2. Hohenlockstedt NEW
3. Zittau NEW

China

1. Shanghai
2. Huizhou
3. Zigong City
4. Yizheng City
5. Yancheng
6. Dongguan NEW
7. Zhoukou NEW

Japan

1. Tokyo
2. Hyogo

Vietnam

1. Haiduong
2. Haiduong (Plant 2) NEW

Thailand

1. Bangkok[1]

Singapore

1. Singapore (Tai Seng)
2. Singapore (Ayer Rajah)
3. Singapore (Bukit Batok)
4. Singapore (NTU)

Note (1): Location of Nanofilm's sales agent

2024 Highlights

Continual Collaboration with Strategic Partners

↑ Collaboration with Shanghai Hydrogen Propulsion Technology Co., Ltd.

↑ Framework Agreement for cooperation with Jiangsu Guofu Hydrogen Energy Equipment Co., LTD.

Empowering Innovation, Inspiring the Future

↑ Nanofilm Tech Forum 2024 held in Shanghai

↑ Winner of Chairman's Innovation Award (Gold), 2024

Awards Recognition

NANOFILM:

↑ WIPO National Award for Enterprises

↑ Deloitte Singapore Best Managed Companies 2024

SYDROGEN

← Top 100 Climate Tech Startups in the Indo-Pacific region by HolonIQ

A Celebration of 25 Years of Nanofilm

Nurturing Innovation

Continued Investments in Research and Development (R&D)

Emphasis on continuous sustainable innovation through the establishment of a robust technological framework for all R&D and Engineering initiatives, categorised according to their respective Technology Readiness Levels ("**TRLs**"). This three-tiered structure enables efficient resource allocation and optimisation, allowing us to pursue innovative solutions across projects spanning various TRLs.

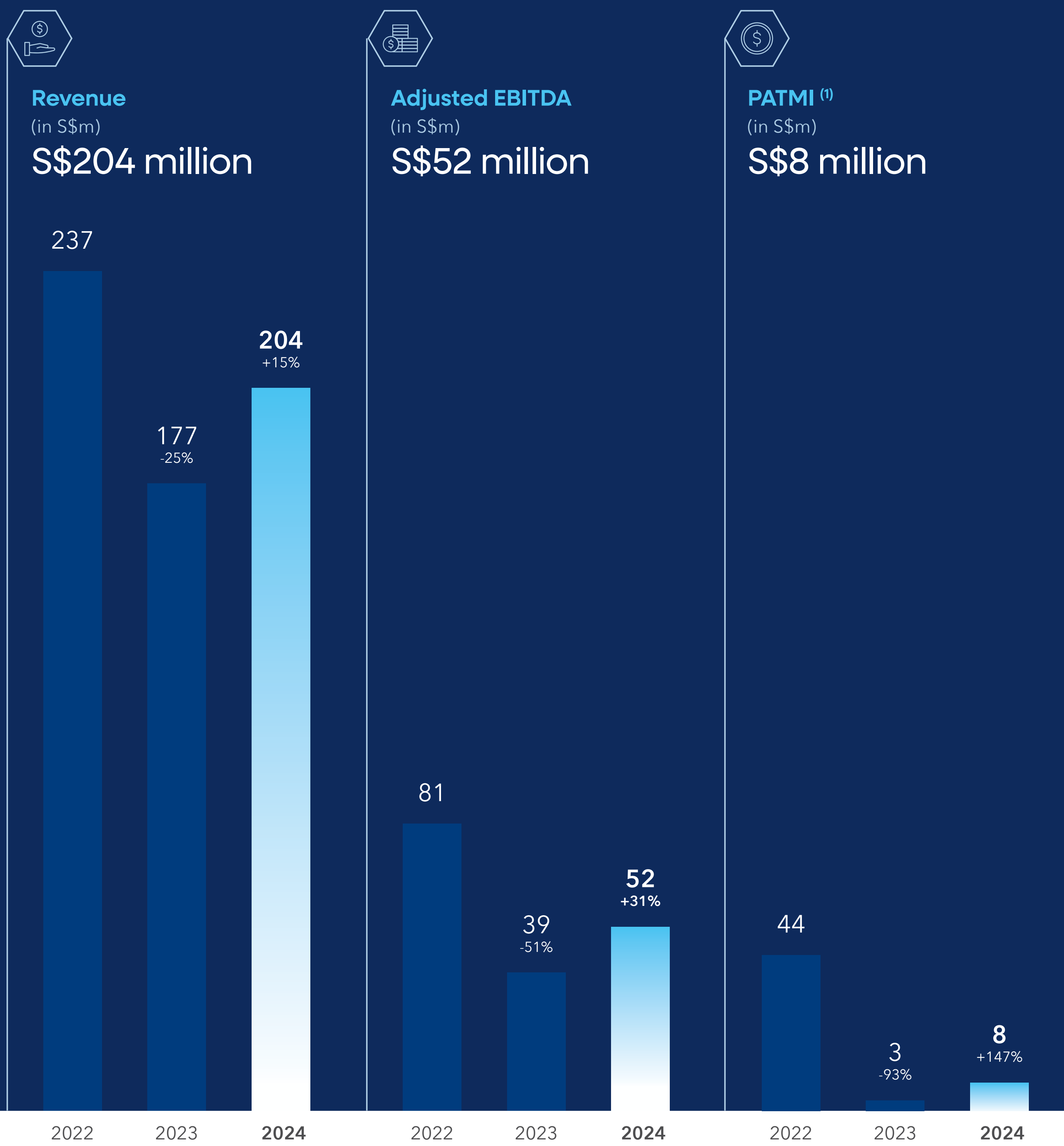
Group Structure

As at 31 March 2025

Nanofilm Technologies International Limited

- 100% Nanofilm Advanced Materials Pte. Ltd.
  - 100% Nanofilm Vacuum Coating (Shanghai) Co., Ltd
    - 60% Sichuan Apex Technologies Co., Ltd
    - 100% Nanofilm Vacuum Coating (Huizhou) Co., Ltd
    - 100% Shanghai Nanofilm Trading Co., Ltd
    - 100% Shanghai Nanofilm Precision Coating Co., Ltd
      - 6% Yizheng Nahuan Technologies Co., Ltd
    - 45% Yizheng Nahuan Technologies Co., Ltd
  - 100% Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd.
  - 100% Nanofilm Enterprise Management (Shanghai) Co., Ltd.
  - 100% Nanofilm Advanced Materials Co., Ltd *(In the process of winding-up)*
  - 100% Nanofilm Advanced Materials India Pte. Ltd.
    - 99% Nanofilm Advanced Materials India Private Limited
  - 1% Nanofilm Advanced Materials India Private Limited
- 100% NanoFab Technologies Pte. Ltd.
  - 100% NanoFab Vietnam Co., Ltd
  - 100% NanoFab Japan Co., Ltd
- 100% Nanofilm Technologies Vietnam Co., Ltd.
- 100% Nanofilm Technologies Japan Limited
- 100% Nanofilm Technologies Europe B.V.
  - 100% Axyntec Dünnschichttechnik GmbH
  - 100% Nanofilm AM Germany GmbH
    - 100% EC Europ Coating GmbH
    - 100% MC Europ Coating GmbH
- 65% Sydrogen Energy Pte. Ltd.
  - 100% Sydrogen Enterprise Management (Shanghai) Co., Ltd
  - 100% Sydrogen (Shanghai) Technology Co., Ltd
- 100% Miller Technologies Pte. Ltd.
- 100% Wizture Holdings Pte. Ltd.
  - 100% Nanofilm New Materials (Dongguan) Co., Ltd *(Formerly Wizture Technologies (Yizheng) Co., Ltd.)*
- 100% Nanofilm Investments Pte. Ltd.
  - 100% Nanofilm Ventures Pte. Ltd.

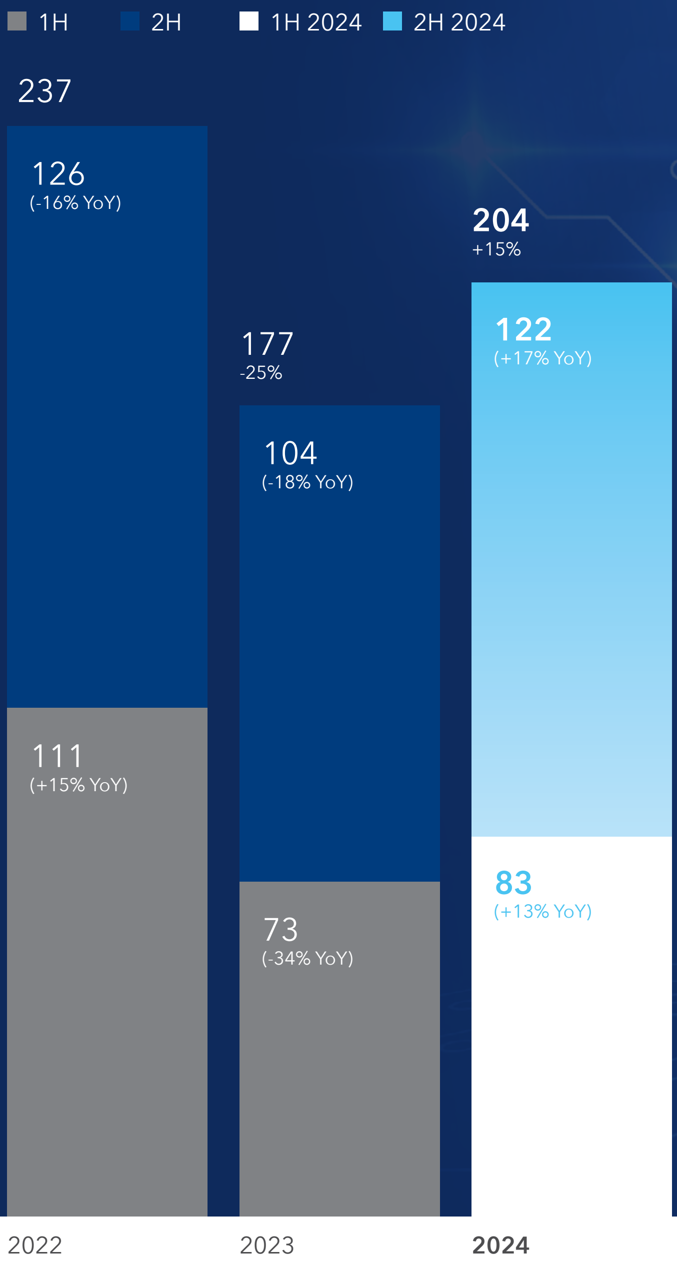
Financial Highlights



Source: Company information
(1) Profit after tax and minority interests

Financial Highlights

Revenue Breakdown



Business Units

S$M	2022	2023	**2024**
AMBU	187.2	141.5	172.1
IEBU	30.9	18.4	11.3
NFBU	19.1	16.0	18.0
Sydrogen	0.2	1.1	2.8
TOTAL	237.4	177.0	204.3

End-Markets

S$M	2022	2023	**2024**
Consumer	171.8	115.3	141.4
Industrial	65.4	60.6	60.1
New Energy	0.2	1.1	2.8
TOTAL	237.4	177.0	204.3

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

Financial Highlights

Investment in Technology & Innovation

R&D and Engineering Expenses [1]

(in S$m)

S$35 million

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

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

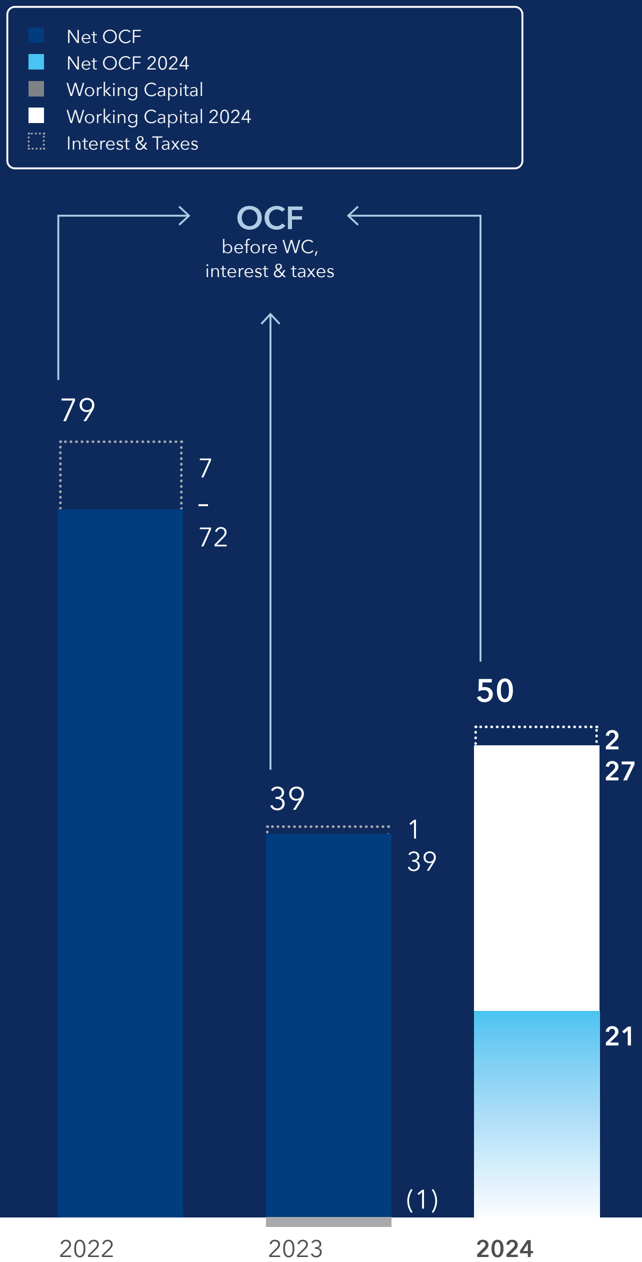
(2) Excludes capitalised R&D & Engineering expenses

Positive Sustainable Operating Cash Flow

Cash Generated from Operating Activities

as at 31 Dec 2024 (in S$m)

S$50 million



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

Strategic Reach

Nanofilm strategic geographical locations, offer it a unique international position as a first mover, positioning it ideally to emerge as a key technological partner for customers aiming to diversify their supply chain into our production bases in Vietnam and India.

Expansion into new regions, notably Europe, through the strategic acquisitions of Axyntec and, most recently, EC Europ Coating and MC Europ Coating, propels our penetration into this region.

Strengthens our presence in existing regions with significant developments, including the establishment of new or renovated sites in China, India, and Vietnam.

Operating & Financial Review

In FY2024, **Group Revenue** saw a **15.4%** year-on-year ("**YoY**") growth, **reaching S$204.3 million**. Despite the dynamic operating environment, we have successfully maintained our momentum and continued driving growth.

Revenue Breakdown by Business Units

	FY2024		FY2023		2024 vs 2023
	S$m	% of Sales	S$m	% of Sales	YoY
AMBU	172.1	84.3%	141.5	80.0%	21.6%
IEBU	11.3	5.5%	18.4	10.4%	-38.5%
NFBU	18.0	8.8%	16.0	9.1%	12.4%
Sydrogen	2.8	1.4%	1.1	0.6%	165.6%
GROUP	**204.3**	**100.0%**	**177.0**	**100.0%**	**15.4%**

Note: Figures may not add up due to rounding

Our Advanced Materials Business Unit ("**AMBU**") remained the highest contributor to revenue, accounting for S$172.1 million, equivalent to 84.3% of total revenue. Within AMBU, the Advanced Materials – Consumer[1] segment saw a strong 24.3% YoY growth, driven by strong contributions from new and existing 3C customers. Customer Z orders remained stable, with a slight uptick in demand for accessories and wearables.

The Advanced Materials – Industrial[2] segment recorded a 30.4% YoY increase, highlighting the successful integration of Axyntec[3], which enabled localised production and expanded regional customer reach. Meanwhile, the Automotive segment achieved a 7.1% YoY growth, driven by a higher growth from commercial vehicles, partially offset by lower coating solutions sales in passenger cars.

1 Advanced Materials – Consumer comprises revenue contributions from 3C
2 Advanced Materials – Industrial comprises revenue contributions from Precision Engineering, Printing & Imaging, and Axyntec
3 Axyntec refers to Axyntec Dünnschichttechnik GmbH

Operating & Financial Review

The Nanofabrication Business Unit ("**NFBU**") recorded a 12.4% YoY growth, recognising S$18.0 million in revenue. This growth was attributable to an increased allocation to its micro-lens array project, which are key sensory components utilised in smartwatches.

The Industrial Equipment Business Unit ("**IEBU**") faced ongoing challenges, recording revenue of S$11.3 million, primarily affected by a reduction in customer spending.

Sydrogen achieved a 165.6% YoY growth, albeit from a low base, recording a revenue of S$2.8 million. The growth was fuelled by the increasing adoption of its solutions, with particularly strong traction in the Chinese market, evident from the onboarding of new customers for its coating solutions for metallic bipolar plates utilised in hydrogen fuel cell systems.

The Group maintained a stable gross profit margin ("**GPM**") of 37.1% in FY2024, slightly up from 37.0% in FY2023. The increase in revenue was offset by higher fixed depreciation and amortisation ("**D&A**") expenses, which were equivalent to 1.3% of sales.

Administrative operating expenses amounted to S$45.1 million, up 3.0% YoY, which included higher D&A expenses of S$2.3 million, equivalent to 1.1% of sales, and S$1.1 million incurred for professional fees related to M&A[4] activities.

Sales and marketing-related operating expenses rose 24.3% YoY to S$10.4 million, driven by the expansion of business development, sales, and marketing personnel. As the Group continues to strengthen its sales efforts and expand its market presence in Europe and the New Energy sector, we will also strive to deepen our engagement with existing customers.

The Group recognised R&D and Engineering expenses of S$14.3 million, representing 7.0% of total revenue, as we recognise a higher rate of capitalisation of S$20.2 million in FY2024 – reflecting a shift towards commercialisation of our projects. The Group will continue to optimise our R&D and Engineering spend while leveraging partnerships, such as the NTI-NTU Corporate Laboratory, to drive innovation.

Business Units Revenue

Advanced Materials Business Unit

S$172.1 million ↑ 21.6%

(FY2023: S$141.5 million)

Nanofabrication Business Unit

S$18.0 million ↑ 12.4%

(FY2023: S$16.0 million)

Industrial Equipment Business Unit

S$11.3 million ↓ 38.5%

(FY2023: S$18.4 million)

Sydrogen Energy

S$2.8 million ↑ 165.6%

(FY2023: S$1.1 million)

4 M&A refers to Mergers & Acquisitions

Operating & Financial Review

Adjusted EBITDA & Margin by Business Units

S$m	FY2024	FY2023	YoY
AMBU	40.5	32.7	*23.9%*
Adjusted EBITDA Margin	*23.5%*	*23.1%*	
IEBU	5.0	6.1	-18.1%
Adjusted EBITDA Margin	*44.0%*	*33.0%*	
NFBU	7.9	2.7	193.9%
Adjusted EBITDA Margin	*43.6%*	*16.7%*	
Sydrogen	(1.5)	(2.0)	n.m.
Adjusted EBITDA Margin	*n.m.*	*n.m.*	
GROUP	**51.8**	**39.4**	**31.5%**
Adjusted EBITDA Margin	*25.4%*	*22.3%*	

Note: Figures may not add up due to rounding. Margins computed based on external sales

Adjusted earnings before interest, tax, depreciation and amortisation ("**Adjusted EBITDA**") increased 31.5% YoY to S$51.8 million, compared to S$39.4 million in FY2023, supported by strong contributions from AMBU and NFBU. Notably, we saw a strong improvement in our operational performance in the second half of the year compared to the first, largely due to the typical peak production period for the 3C business.

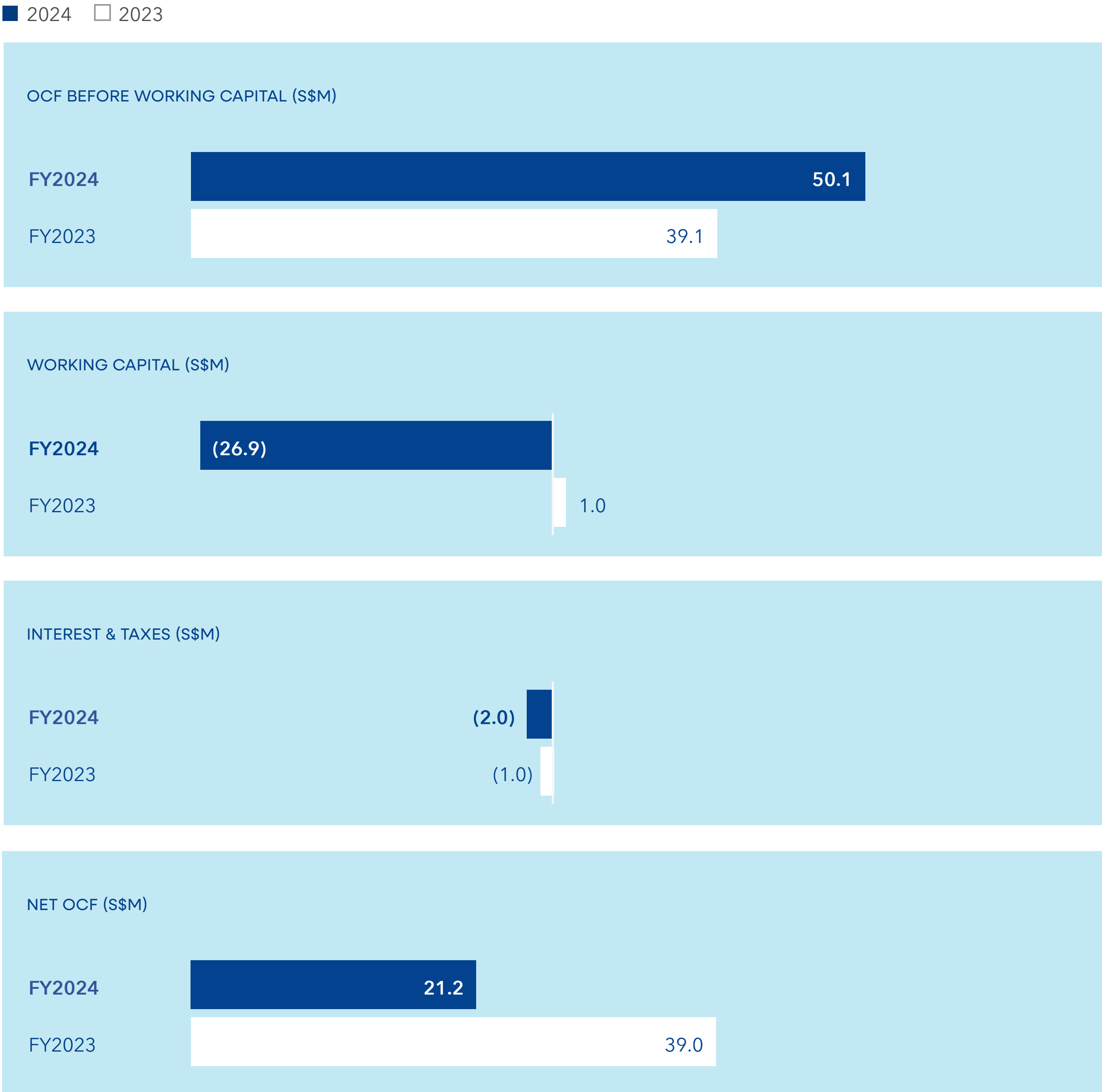
Resultant profit after tax and minority interest ("**PATMI**") improved to S$7.7 million, up 147.0% YoY. The PATMI has taken into account: (i) the increased D&A expenses of S$39.7 million (up from S$34.5 million in FY2023), including a full depreciation of S$1.6 million for an end-of-life project in NFBU, (ii) losses before tax amounting to S$4.3 million associated with site expansions (in China, Germany, India, Japan, and Vietnam), and (iii) losses before tax of S$4.5 million incurred under Sydrogen.

Property, plant and equipment increased marginally to S$304.5 million, up S$4.9 million from S$299.6 million in FY2023. Capital expenditure for the year was related to the increase in the number of coating service equipment in China and Vietnam and construction-related expenses for the new production sites, which are part of the Group's expansionary initiatives.

The increase in intangible assets to S$53.0 million, up from S$32.8 million in FY2023, was mainly attributed to the capitalisation of development costs and the recognition of goodwill from the acquisition of Axyntec.

Operating & Financial Review

Operating Cash Flow



Note: Figures may not add up due to rounding

The Group continued to generate positive operating cash flows during the period with operating cash flow ("**OCF**") before working capital changes amounting to S$50.1 million, up from S$39.1 million in FY2023. Net operating cash flow was impacted by higher working capital requirements due to the increase in sales during the peak period, resulting in higher receivables that remained outstanding at the end of FY2024.

Operating & Financial Review

We have successfully diversified our customer base by onboarding leading players in **Asia** and **China**, reducing concentration risk from key accounts.

We continue to reinforce our global presence with the establishment of new production facilities in China, while new facilities in India and Vietnam became operational, further enhancing supply chain resilience. And, through the Axyntec acquisition, the Group established its European presence. The recently announced strategic acquisition of the EuropCoating Group[5], a thin-film coating supplier serving over 200 customers, provides immediate market access and unlocks valuable cross-selling opportunities. This will further solidify our platform in Europe.

We have successfully diversified our customer base by onboarding leading players in Asia and China, reducing concentration risk from key accounts. Additionally, we have broadened our solution offerings to include the mid-frame product segment and developed a next-generation coating equipment to boost production efficiency and support third-party equipment sales, as well as launched a new solar CSS[6] line. Beyond growth, we continue to advance our environmental sustainability initiatives, reinforcing our commitment to a sustainable and future-ready business.

Looking ahead, we are confident that these initiatives position the Group favourably to navigate the evolving macroeconomic landscape, while enabling us to seize emerging opportunities. As we embark on our next phase of growth, the Group remains prepared and resilient.

5 EuropCoating Group refers to EC Europ Coating GmbH and MC Europ Coating GmbH
6 CSS refers to Close Space Sublimination

Forging Connections

Customer-Centric Approach and Strategic Collaborations:

Focus on meeting customer needs and fostering mutually beneficial relationships.

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 Director of our Company since 2 August 1999. Dr Shi has been instrumental in driving our Group's growth since its inception, holding the position of Chief Executive Officer from 1999 to 2017, and again as Interim Chief Executive Officer from 22 June 2021 to 31 December 2021. As of 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 planning and implementing the Group's technological roadmap, strategic direction and business strategies.

Dr Shi has a strong background in research and academia. He previously served as a Lecturer (from 1991 to 1993), Senior Lecturer (from 1993 to 1996) and Associate Professor (from 1996 to 1999) at the 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.

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

Ms Ong Siew Koon @ Ong Siew Khoon

LEAD INDEPENDENT DIRECTOR

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

She started her career with Ernst & Young LLP in 1982, where she rose to become Partner from 1998 to 2019. Ms Ong also concurrently served as the Chief Financial Officer of Ernst & Young LLP in Singapore from 2002 to 2005.

Ms Ong serves as the Lead Independent Director of Karooooo Limited, a company listed on Nasdaq. She also holds the position of Lead Independent Director of Maribank Singapore Private Limited and Director of Total Well-Being SG Limited, a non-profit organisation.

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

Board of Directors

Mr Kristian John Robinson

INDEPENDENT DIRECTOR

Mr Kristian John Robinson was appointed as Independent Director of our Company on 9 October 2020.

He was the Managing Director of Spruson & Ferguson (Asia) Pte Ltd, a role he has held from 2012 to 2024 and one which has seen him expand its footprints into various Intellectual Property markets in Asia (including Hong Kong, SAR, Bangkok, Thailand and Jakarta, Indonesia). Mr Robinson has held various roles in Spruson & Ferguson companies since 2003.

Mr Robinson is a registered Patent Attorney in Singapore, Australia and New Zealand and has more than 27 years of experience in this field. He holds a Bachelor of Engineering (Chemical) (Honours) from Curtin University of Technology, and a Bachelor of Science (Chemistry) from Murdoch University.

Ms Lee Lee Khoon

INDEPENDENT DIRECTOR

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

Ms Lee started 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. In addition, she held various management positions, notably as Ernst & Young Asean Business Tax Services Leader and as a lead partner of a Business Tax group of Ernst & Young Singapore. She was also involved in the Finance and HR matters of Ernst & Young Singapore, tax department and was part of a team responsible for onboarding new partner hires.

After retiring from Ernst & Young, Ms Lee joined Kuok Singapore Group from 2019 to 2021 as its in-house tax adviser where she was involved in many local and overseas projects of this dynamic multinational conglomerate across its diversified business operations. She was further responsible for building, strengthening, coaching and training of 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 and a Fellow Chartered Accountant of Singapore as well as a Fellow of CPA Australia.

Board of Directors

Mr Steve Ghanayem

INDEPENDENT DIRECTOR

Mr Steve Ghanayem was appointed as Independent Director of our Company on 1 November 2022. He currently serves as President of US Operation and Senior Vice President of Global Sales at Tata Electronics Private Limited.

Previously, Mr Ghanayem spent over 30 years at Applied Materials, Inc., joining in 1989 as a Process Engineer and advancing through leadership roles, driving product innovation and commercialization. In 2014, as Group Vice President and General Manager, he led the company's largest business unit, the Transistor and Interconnect Group.

Mr Ghanayem's final role at Applied Materials was as Senior Vice President and General Manager of the New Markets and Alliances Group, overseeing business development, mergers and acquisitions. Under his leadership, the team launched the META Center, an R&D facility in New York, which was jointly funded with the State, and introduced a new materials business with innovative new business models.

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

Mr Wan Kum Tho

INDEPENDENT DIRECTOR

Mr Wan Kum Tho was appointed as Independent Director of our Company on 14 May 2021. Mr Wan has more than 24 years of experience in the venture capital and private equity investment industry and is currently the Managing Director, Investments, APAC of Singtel Innov8 Pte Ltd, the corporate venture capital arm of Singtel.

Prior to joining Singtel Innov8 Pte Ltd, Mr Wan was with Heliconia Capital Management Pte Ltd from 2014 to 2019 where his last held position was Managing Director of Value Creation. From 2010 to 2014, Mr Wan was an Executive Director (Investment) at UOB Venture Management Pte Ltd where he participated in making investment decisions.

From 2009 to 2010, Mr Wan was with EEMS Asia Pte Ltd as Vice President of Strategic Planning and Administration 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 of Finance and Administration of EEMS Asia Pte Ltd where he participated in strategic deliberations of EEMS and was responsible for strategic decisions for the financial and overall operation of the company, and establishing management incentive structure.

Mr Wan is currently an independent non-executive director of AP Oil International Limited and Tat Hong Equipment Services Co, Ltd. He obtained a Bachelor Degree in Business Administration (Honours) from the National University of Singapore and completed the Berkeley Executive Program offered by the University of California, Berkeley.

Senior Management

Mr Lim Kian Onn

GROUP CHIEF
FINANCIAL OFFICER

Mr Lim Kian Onn, Kay, was appointed as Group Chief Financial Officer on 1 August 2020. In his current role, Mr Lim provides strategic oversight and leadership in capital allocation, investor relations, financial planning and analysis, treasury management, financial system enhancement and digital transformation, financial risk management, and the full spectrum of finance functions.

Mr Lim brings extensive executive leadership experience. Prior to his appointment, he has previously held senior roles across fund management, private equity, and investment banking sectors with prominent global and regional financial institutions including Credit Suisse, DNB Bank, and OCBC Bank.

He graduated from Singapore Management University, earning both a Bachelor of Business Management and a Bachelor of Accountancy, each awarded Summa Cum Laude. Additionally, Mr Lim is a member of the CFA Institute and was a member of the Institute of Certified Public Accountants of Singapore.

Mr Gian Yi-Hsen

GROUP CHIEF
STRATEGY OFFICER

Mr Gian Yi-Hsen was appointed as Group Chief Strategy Officer with effect from 15 June 2023. He holds the responsibility of supervising and implementing our Group's corporate strategies, identifying emerging opportunities and managing our Group's M&A activities to facilitate our inorganic growth. Mr Gian also manages our Group's sustainability tracking and reporting process, along with overseeing the risk management systems. Additionally, he serves as the chief executive officer of our subsidiary, Sydrogen Energy Pte. Ltd, overseeing its day to day operations. Mr Gian joined our Group as Vice President (Strategy & Planning) in May 2021, and subsequently 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.

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 Economic Development Board of Singapore ("**EDB**") from 2001 to 2021 where he served multiple roles, including as its Senior Vice President and Head of Conglomerate from 2018 to 2021 where he led the engagement of large multi-industry industrial conglomerates for EDB. Prior to that role, Mr Gian was Executive Director of Cleantech & Cities, Infrastructure & Industrial Solutions in 2018, Regional President of Americas from 2015 to 2018, Director of 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 his responsibilities included advising on the accounts under his charge on their regional strategy and supporting their respective transformations for growth or focus.

In 1995, Mr Gian was awarded the EDB-Glaxo Scholarship for studying in Japan and graduated with 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 as Group Chief Commercial Officer on 15 June 2023 and is responsible for overseeing, managing and executing our Group's overall commercial strategy, including to lead the Advanced Materials BU, Global Industrial Surface Coatings operations. From January 2023 to the effective date of his appointment as our Group Chief Commercial Officer, Mr Howe was engaged as our Company's consultant to provide 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 with Additive Industries B.V. as Chief Executive Officer 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.

Prior to that role, Mr Howe was with Oerlikon Surface Solutions as Director of Sales and Marketing from 2012 to 2014 and Business Line Head from 2015 to 2021 where he was responsible for business development and growth, management of core teams as well as mergers and acquisitions of businesses. Previously, Mr Howe served multiple roles with Höganäs Group from 1996 to 2012 including as 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 was responsible for leading the startup of additive manufacturing segment, business development and growth, mergers and acquisitions, establishment of core teams, technology roadmaps and operations footprints.

Mr Howe graduated from the Sandwell College, United Kingdom in 1996 with a Higher National Diploma in Metallurgy. He obtained a Master of Materials Engineering in Metallurgy and a Master of Business Administration in Strategy, Marketing and Finance, both 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)

Mr Kristian John Robinson
(Independent Director)

Ms Lee Lee Khoon
(Independent Director)

Mr Wan Kum Tho
(Independent Director)

Mr Steve Ghanayem
(Independent Director)

Audit Committee
Ms Ong Siew Koon @ Ong Siew Khoon
(Chair)

Ms Lee Lee Khoon
Mr Wan Kum Tho

Board Risk Committee
Mr Wan Kum Tho
(Chair)

Ms Ong Siew Koon @ Ong Siew Khoon
Mr Steve Ghanayem

Nominating Committee
Mr Kristian John Robinson
(Chair)

Ms Ong Siew Koon @ Ong Siew Khoon
Mr Wan Kum Tho

Remuneration Committee
Ms Lee Lee Khoon
(Chair)

Mr Kristian John Robinson
Mr Steve Ghanayem

Joint Company Secretaries
Ms Eunice Hooi
Mr Cho Form Po

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

Company Registration Number
199902564C

Group Website
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Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
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

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Shanghai, China

DBS BANK LTD

Singapore address:
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Singapore 018982

India address:
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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
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Hai Duong City
Hai Duong province, Vietnam

SUMITOMO MITSUI BANKING CORPORATION – VIETNAM
12F, Lotte Center Hanoi,
54 Lieu Giai Street,.
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HSBC CONTINENTAL EUROPE

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The Netherlands
De entrée 236, 1101
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STADTSPARKASSE AUGSBURG
Center.Mittelstandskunden
Gewerbekundenabteilung
Halderstr. 1-5
86150 Augsburg

Sustainability Report

Sustainability Report

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Board Statement

Dear Stakeholders,

Nanofilm Technologies International Limited ("**Nanofilm**", the "**Company**", "**We**" or "**us**"), together with our subsidiaries (the "**Group**"), is delighted to present our fifth Sustainability Report ("**Report**") for the financial year ended 31 December 2024.

This Report reflects our continued commitment to integrating sustainability across our business operations and drives towards creating long-term value for our stakeholders, society and the environment.

In line with the growing recognition of the need for transparent climate-related disclosures, we are proud to announce that this year, we have incorporated the Task Force on Climate-related Financial Disclosures ("**TCFD**") framework into our sustainability reporting. This addition further strengthens our commitment to addressing climate-related risks and opportunities and aligns our reporting practices with global recognised standards.

Commitment to Sustainability

At Nanofilm, sustainability is embedded in our strategic vision through the adoption of a four-pillar sustainability strategy comprising, 'Sustainable Innovation', 'Environment', 'Social' and 'Responsible Business'. We have made significant strides in advancing our sustainability efforts and preparing for future success.

Key initiatives during the year include:

- **Integration of TCFD:** We have worked to integrate the TCFD framework into our risk management and reporting processes, which will guide our approach in identifying, assessing and disclosing climate-related risks and opportunities in the years ahead.

- **Ongoing Sustainability Commitments:** We continue to focus on foundational work, including reviewing our sustainability goals, engaging with stakeholders and assessing our current environmental impact and social responsibility practices.

- Continuous Improvement and Sustainability Milestones Achieved: Throughout the year, Nanofilm has achieved notable environmental sustainability milestones, particularly in our commitment to clean energy initiatives.

  √ In FY2024, we have utilised approximately 80,012 MWh of clean electricity, achieving 100% renewable energy sourcing for our Shanghai plants, while our Yizheng facility made progress with 13% of its electricity consumption coming from green energy.

  √ In Shanghai, our 2.4 MWp solar system continued to perform well, even withstanding the typhoon that struck the city in late 2024. Since its installation, the solar system has generated approximately 4,510 MWh of electricity, marking a significant contribution to reducing our carbon footprint.

  √ An annual Nanofilm Technology Forum was convened in Shanghai, bringing together our global technical staff to exchange knowledge, foster collaboration, and deepen their understanding of the cutting-edge deep technologies developed across the Group. This initiative continues to play a key role in enhancing our capabilities in the commercialisation of deep tech innovations.

- **Long-term Strategy:** The adoption of TCFD is a key part of our ongoing commitment to building a resilient and sustainable business model that balances environmental, social and financial performance.

Sustainability Report

Governance and Oversight

We, the Board of Nanofilm, have considered sustainability issues in the Group's business and strategy, determined the material ESG factors, and remain deeply engaged in overseeing sustainability matters. We are particularly focused on addressing climate-related risks and ensuring effective governance of these issues. We have strengthened our governance framework by incorporating the TCFD recommendations into our sustainability strategy, with our Board Risk Committee providing oversight on the implementation and ongoing reporting of these disclosures.

Nanofilm maintains a robust sustainability governance structure, overseen by its Board and the CEO with other senior management (collectively, the "**Senior Leaders**" or "**Management**"). The Senior Leaders are responsible for managing sustainability and climate-related matters, including formulating strategies, goals, policies and guidelines. The CEO, supported by the Chief Strategy Officer ("**CSO**"), chairs the sustainability team, which executes the work plan and monitors key performance indicators. The CSO provides leadership on sustainability strategy, goals and targets, ensuring a holistic approach across Nanofilm's operations. In accordance with Rule 720(7) of the SGX-ST Listing Rules, all the Directors of the Company have attended sustainability training courses to equip themselves with knowledge on sustainability matters.

Looking Ahead

As we continue to enhance our sustainability practices, we recognize that further efforts are required. The TCFD integration is a critical step in our journey, and we are committed to refining our reporting and risk management processes as we move forward. In the coming year, we will:

- Set and publish more specific climate-related goals, aligned with TCFD recommendations.
- Further integrate climate risk considerations into our business strategy and operations.
- Work to improve our data and metrics related to climate impacts, disclosures and stakeholder engagement.

This Report is a valuable tool for engaging with stakeholders and addressing issues that matter most to them and our business. It enhances our risk management, strategy development and stakeholder engagement activities, helping us to focus and prioritise sustainability and corporate social responsibility initiatives.

The scope of this Report encompasses material sustainability aspects from 1 January 2024 to 31 December 2024, with performance data from operations in China, Singapore, Vietnam and Japan. We believe this Report adequately addresses stakeholders' concerns related to sustainability issues arising from our major business operations.

This Report is prepared in compliance with the SGX-ST Listing Rules 711A & 711B and with reference to the latest Global Reporting Initiative ("**GRI**") Standards as it provides an extensive framework that is widely accepted as a global standard for sustainability reporting. The Report also takes into account Sustainability Reporting Guide of Practice Note 7.6 of the SGX-ST Listing Manual and align with the recommendations as set out by the Task Force on Climate-Related Financial Disclosures (TCFD). In addition, Nanofilm quantifies and reports its organisational greenhouse gas ("**GHG**") emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Scope 2 Guidance. The selection of multiple reporting frameworks mentioned above is aimed at helping our organisation understand and communicate our efforts and impacts in a manner that meets the requirements of diverse stakeholders.

With the transition from TCFD to International Sustainability Standards Board (ISSB) International Financial Reporting Standards (IFRS) S2 on Climate-related Disclosures as the basis for climate disclosure requirements under the Singapore Exchange (SGX), we will continue to monitor regulatory developments, refine our reporting approach, and enhance disclosures to provide stakeholders with clear and decision-useful climate information. We remain committed to integrating climate considerations into our business strategy and decision-making processes to drive sustainable growth and long-term shareholder value.

This Report has not undergone external assurance. Our commitment to transparency and accuracy is demonstrated through internal data monitoring, verification processes and a regular internal audit of our sustainability reporting processes. In FY2024, the Company engaged Baker Tilly Consultancy (Singapore) Pte. Ltd. as an external internal auditor to conduct an internal review of the Company's sustainability reporting processes, in accordance with Practice Note 7.6 of the Listing Rules. We welcome your views and feedback on our sustainability practices and reporting at sustainability@nti-nanofilm.com.

We believe the steps we are taking today will position us to contribute meaningfully, ensuring a sustainable future for our business and communities. Thank you for your continued support as we work towards a sustainable and responsible future.

Board of Directors
NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED

Sustainability Report

Approach to Sustainability

Sustainability Governance

Sustainability is a core priority at Nanofilm, and we are committed to building a robust governance framework to ensure that the entire organisation aligns with sustainability principles, with the aim of generating positive and long-term impacts.

BOARD OVERSIGHT

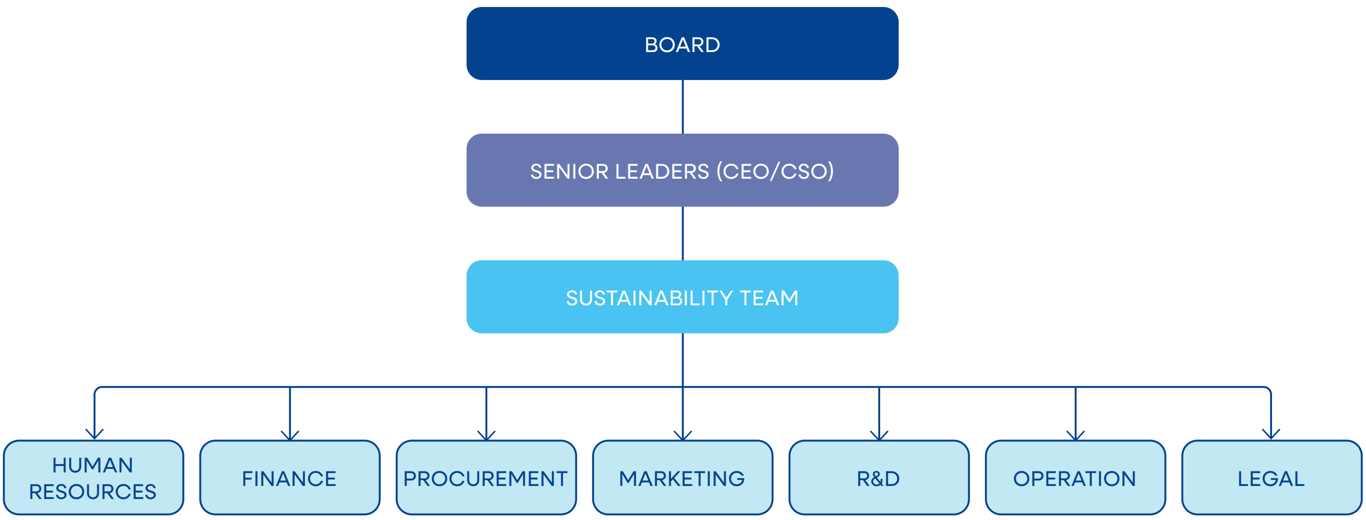
The Board provides oversight on the management of sustainability and climate-related matters, including the development of strategies, principles, goals, policies and guidelines. The Board convenes at least twice a year to approve Nanofilm's sustainability plans, and reviews progress reports presented by the CEO and Chief Strategy Officer (CSO). The Board's oversight extends to material ESG factors which are subject to annual revision to ensure they remain relevant and aligned with the Group's evolving needs. These factors are crucial in shaping the Group's strategic direction and policy decisions. Senior Leaders actively contribute to the preparation and review of this Report, ensuring it reflects a comprehensive and informed viewpoint before final approval and publication.

MANAGEMENT'S ROLE

The CEO leads the sustainability efforts and chairs the sustainability team while the CSO is responsible for guiding the development of sustainability and climate-related strategies, goals and targets. Additionally, the CSO regularly evaluates and tracks the Group's key performance indicators related to sustainability and climate.

The sustainability team, working firmly 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 Pillars

Sustainability is a vital part of our corporate strategy for achieving long-term sustainable growth through value creation for our people, environment and society. We have established a dedicated organisational structure to lead and implement our sustainability framework:

SUSTAINABLE INNOVATION:

Advancing technological solutions and innovations with a commitment to sustainability. Drive the commercialisation of deep tech solutions and position Nanofilm as a leader in sustainable innovation. In addition, Nanofilm continues to make significant investment into Sydrogen to develop and deliver new solutions for the hydrogen economy.

ENVIRONMENT:

Minimising environmental impact and conserving resources. Contribute to a cleaner and more sustainable environment through innovative technological advancements.

SOCIAL:

Promote knowledge sharing, fostering education and enhancing societal well-being. Empower individuals with future-ready skills and contribute positively to society through collaboration and education initiatives.

RESPONSIBLE BUSINESS:

Embedding sustainable and responsible practices throughout our business operations. Cultivate a culture of responsibility, innovation and excellence, positioning Nanofilm as a leader in both social and environmental responsibility.

FIGURE 2: NANOFILM'S FOUR SUSTAINABILITY PILLARS

Sustainable Innovation

- Technology-Based Sustainable Solutions
- Hydrogen Economy
- Continuous Operational Improvements

Environment

- Managing Carbon Foorprint
- Energy Efficiency
- Water Efficiency

Social

- Employees Development & Welfare
- Community Involvement

Responsible Business

- Sound Corporate Governance
- Robust Systems & Policies

Sustainability Report

Nanofilm is committed to reviewing and evaluating material sustainability topics on an annual basis.

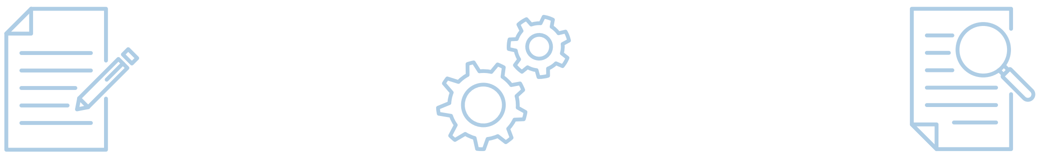
Materiality Assessment

The materiality assessment is an essential process that helps us stay responsive to emerging sustainability issues and effectively manage risks and opportunities that are critical to our long-term business success.

Nanofilm is committed to reviewing and evaluating material sustainability topics on an annual basis. This ongoing process ensures that our sustainability efforts remain aligned with both our business objectives and the expectations of our stakeholders.

The materiality assessment followed a three-step approach: firstly, identified the sustainability topics most relevant to Nanofilm; next, prioritised these topics based on stakeholder input; and finally, the selected material topics were reviewed and approved by the Board.

TABLE 1: THREE-STEP APPROACH FOR MATERIALITY ASSESSMENT PROCESS



Step 01	Step 02	Step 03
REVIEW AND IDENTIFY	ALIGN AND PRIORITISE	VALIDATE
• Conduct peers benchmarking. • Review ESG rating agencies' requirements and mainstream sustainability reporting standards.	• Shortlist sustainability topics through a broad stakeholders' engagement. • Conduct stakeholder interviews to obtain their input and expectation on Nanofilm's sustainable practices.	• Review the material topics by the Board and CSO to ensure that the shortlisted material topics remain relevant and pertinent for Nanofilm.

In FY2024, no new material topic has been identified and we maintained our focus on the core material topics identified in FY2023 which remain aligned with our sustainability strategy across four pillars: sustainable innovation, environment, social and responsible business. This approach reflects our ongoing commitment to an adaptable business framework and a sustainability strategy with a clear, focused direction.

TABLE 2: NANOFILM'S MATERIAL SUSTAINABILITY TOPICS

Sustainability Pillar	Material Topic	Relevant Section Of The Report
Sustainable Innovation	Sustainable Innovation	Sustainable Innovation
Environment	GHG Emissions & Climate Strategy	Environment - Carbon Emissions and Climate Change
	Energy Consumption	Environment - Energy Management
	Water Consumption	Environment - Water Management
	Waste Management	Environment - Waste Management
Social	Human Capital Development	Social - Human Capital Development Social - Employee Profiles and Employee Welfare
	Diversity and Inclusion	Social - Diversity and Inclusion
	Health and Safety	Social - Health and Safety
	Human Rights and Labour Management	Social - Human Rights and Labour Management
	Local Communities	Social - Local Communities
Responsible Business	Corporate Governance	Responsible Business - Corporate Governance
	Business Ethics	Responsible Business - Business Ethics

Sustainability Report

Stakeholder Engagement

We deeply value our stakeholders and understand the critical importance of responsible business growth. To achieve this, it is essential to comprehend stakeholders' expectations across economic, environmental and social dimensions. We consistently engage with our stakeholders through a comprehensive framework to identify key issues.

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

TABLE 3: NANOFILM'S INTERNAL AND EXTERNAL STAKEHOLDERS

Stakeholders	Engagement Method	Stakeholders' Expectation	Nanofilm's Responses
Customers and Strategic Business Partners	• 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	• Continue to develop innovative solutions that are mission critical in nature • Establish green factory • Ensure business continuity	• 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	• Employee's survey and interactions • Internal updates and communication • Events and functions	• Provide training and education • Manage occupational health and safety • Maintain work life balance	• 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	• Regular updates and communication • Reports and compliance • Periodical meetings with government bodies • Dialogue with government bodies	• Contribute to regulatory landscape shaping as a market participant	• 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	• Announcements via SGX • Shareholders' meeting • Annual reports and circulars • Company's corporate website • Regular updates and communication	• Long-term profitability • Sustainability matters • Group's performance against targets • Compliance with all relevant requirements	• Committed to delivering economic value to our capital providers through strong financial performance and proactive engagement • Regular and effective communication
Suppliers, Vendors	• Periodic supplier's assessment • Supplier's meetings	• Ability to meet Company's quality standards • Ability to meet Company's delivery timelines	• 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

In FY2024, 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.

Our Targets and Performance

The United Nations Sustainable Development Goals ("**UNSDGs**") form a central part of the 2030 Agenda for Sustainable Development, a global framework unanimously adopted by the World Leaders at the United Nations Sustainable Development Summit in September 2015. The framework addresses key social, environmental, and economic challenges by 2030. They aim to eradicate poverty, protect the planet, and ensure inclusive prosperity, guiding collective action towards a sustainable and equitable future.

At Nanofilm, we are fully committed to supporting the UNSDGs. Our focus extends beyond climate action to include promoting social and economic development in the communities where we operate, alongside maintaining responsible business practices.

In FY2024, 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. For a clear overview of our sustainability efforts, the table below 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

OUR 2030 TARGETS MEASURED AND FY2024 PERFORMANCE AGAINST 2022 BASE YEAR

TABLE 4: OUR 2030 TARGETS MEASURED AND FY2024 PERFORMANCE AGAINST 2022 BASE YEAR

Nanofilm's Sustainability Pillars	UN SDGs	Metrics	FY2023 Performance	FY2024 Performance	2030 Target
Sustainable Innovation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Research and Development ("**R&D**") and engineering expenses as a percentage of total revenue	9%	7%	>7%
Environment	13 CLIMATE ACTION; 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	GHG emissions intensity (tCO_2e/'000 production hours)	6.38 (market-based)	5.78 (market-based)	40% reduction in GHG intensity to achieve 24.64 tCO_2e/'000 production hours[1]
		Percentage of total energy used from renewable sources or purchased carbon credits	86.6%	88.2%	At least 50%
		Production wastewater discharge intensity (m^3/'000 production hours)	409.68	347.38	80% reduction in production wastewater discharge intensity to achieve 129.8 m^3/'000 production hours
Social	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY	Annual staff training (average hours/employee)	21.07	14.04	40
		Rate of recordable work-related injuries (per 1,000,000 hours worked)[2]	0.84	0.99	<1.0
Responsible Business	8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	% 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

Core Principles

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

Sustainable Innovation

As a deep-tech company, we recognise that innovation and sustainability are interconnected. At Nanofilm, we are dedicated to pioneering solutions that foster both technological progress and environmental stewardship. Our goal is to drive meaningful change by advancing innovation while minimising any potential risks to people and the environment.

Techonology-Based Solutions

Founded in 1999, Nanofilm has established itself as a leading provider of nanotechnology solutions, leveraging proprietary technologies and expertise in R&D, engineering and production to deliver cutting-edge technology solutions across a diverse range of industries. Our commitment spans a wide range of industries, where we provide technology-driven solutions that set new industry standards.

Our comprehensive portfolio includes cutting-edge solutions in advanced materials, nanofabrication and equipment engineering. Through innovative materials development and nanofabrication processes, we actively contribute to environmental sustainability. Our technologies serve as catalysts, empowering customers to achieve breakthroughs in custom products by replacing finite materials, enhancing functionalities and extending product lifespans.

The adaptability of our proprietary technologies allows for seamless application across industries, opening doors to markets previously unattainable by conventional technologies. At Nanofilm, we continuously push technological boundaries by integrating new materials and methods to explore novel applications.

Key Highlights:

- Nanofilm has invested **$14.3 million** to drive R&D, demonstrating our commitment to advancing technology and innovation
- R&D investments accounted for **7%** of our total revenue

Our strategic vision includes a substantial increase in investment in clean technology R&D, particularly in the hydrogen economy and alternatives to electroplating. This initiative highlights our commitment to addressing critical environmental challenges and aligns with our sustainability goals. We strictly adhere to our policy and guideline that governs clean technology investments, reaffirming our dedication to sustainable innovation.

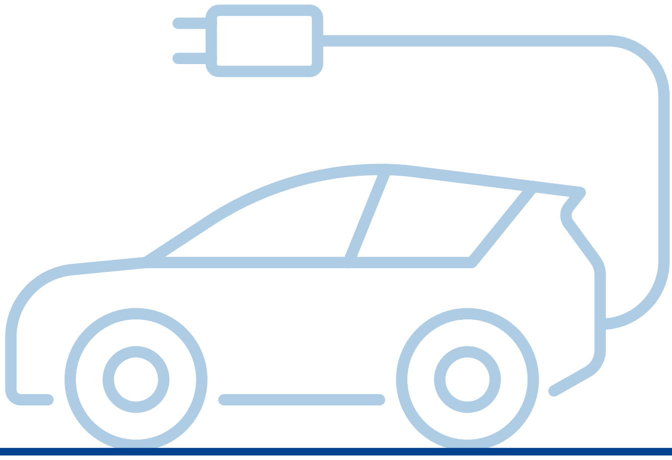
To further strengthen our R&D capabilities, we have assembled a highly skilled team dedicated to advancing technical innovations across all areas. In FY2024, more than 370 employees globally contributed to R&D and engineering efforts, ensuring that Nanofilm remains at the forefront of nanotechnology advancements and sets benchmarks in the field.

Currently, Nanofilm holds an impressive portfolio of over 60 granted patents, more than 70 granted utility models, and over 80 trademark registrations, with additional applications pending, reflecting our ongoing commitment to innovation. In FY2024, we invested $14.3 million in R&D, underscoring our drive to push technological boundaries. Notably, our R&D investments accounted for 7% of our total revenue. Looking towards 2030, we aim to continue investing more than 7% of our total revenue in R&D and engineering to fuel innovative and sustainable growth.

Hydrogen Economy

The World Bank has highlighted the critical role of clean hydrogen in addressing climate change and enabling the decarbonisation of sectors that are traditionally reliant on fossil fuels. Unlike intermittent renewable energy sources like solar and wind, which are subject to natural variability, clean hydrogen offers a more reliable and scalable solution. Nanofilm acknowledges the challenges posed by conventional clean energy sources, particularly in terms of predictability and the long-term storage limitations of batteries.

At Nanofilm, we believe hydrogen fuel cell technology is key to achieving carbon neutrality, as it uses hydrogen as a storable and transportable fuel. To advance this vision, Sydrogen Energy Pte. Ltd. had been established to bring this technology forward. Sydrogen is dedicated to developing and manufacturing fuel cell components that address current limitations, enabling the widespread adoption of hydrogen as a clean and sustainable energy solution.



Sustainability Report

SUSTAINABLE EV CHARGER POWERED BY FUEL CELL TECHNOLOGY

At Sydrogen, we are excited to unveil a groundbreaking advancement in sustainable transportation: an EV charger powered by our fuel cell technology. The power station only produces water, which results in zero pollution and zero carbon emissions. This innovative solution features smart energy management between the station and charging pile, also addressing the challenges of fast charging in areas with limited grid access, providing a clean, efficient and reliable alternative to meet the rapidly increasing demand for fast-charging infrastructure. Our hydrogen fuel cell-powered charging station was also proudly featured at the Nanofilm Technology Forum 2024, showcasing our commitment to pioneering sustainable energy solutions.

Our zero-emission energy source not only contributes to reducing environmental impact but also supports the development of a more sustainable and resilient transportation ecosystem. This milestone represents a significant step forward in accelerating the adoption of electric vehicles and fostering a cleaner, greener future.

Reducing the Demand for Precious Metals in PEM Water Electrolysers

SydroPEARL®: Proprietary Precious Metal-free Metallic Alloy Coating

PRECIOUS METAL-FREE COATINGS FOR PEM WATER ELECTROLYSERS

Another key innovation, SydroPEARL®, is an advanced coating solution for Proton Exchange Membrane (PEM) Water Electrolyser components proudly presented by Sydrogen. This technology enhances the performance and longevity of critical parts such as Proton Exchange Membrane Water Electrolysis (PEMWE) Bipolar Plates and Porous Transport Layers. SydroPEARL® offers superior corrosion resistance, outperforming platinum, and excellent conductivity, making it an ideal alternative to precious metals. Free from materials like Gold, Iridium and Platinum, SydroPEARL® aligns with our commitment to sustainability by reducing reliance on scarce resources.

In FY2024, we have continued to make significant progress in the development of this technology, furthering our efforts to optimise electrolyser performance using abundant materials. With innovations like SydroPEARL®, we are advancing the growth of the hydrogen economy, supporting the transition to clean energy and contributing to a sustainable, carbon-neutral future.

Ongoing Operational Enhancements

At Nanofilm, environmental sustainability is not just a goal – it is an integral part of our innovations and technologies. Beyond our products, we are dedicated to continuously enhancing our operational processes and systems to drive efficiency and reduce environmental footprint. To support this, we have established the Operational Excellence Suite, a comprehensive framework that brings together key areas such as manufacturing systems (MES, QTS, PTS), LEAN principles, process transformation, customer engagement, talent development, sustainability and technology. By integrating these key elements, we ensure that sustainability is embedded into every aspect of our daily business operations, driving both environmental responsibility and business excellence.

Environment

Core Principles

Protecting the environment to preserve it for future generations

Committed to continuously reducing our carbon footprint and improving water efficiency

Environment

Carbon Emissions and Climate Change

RESPONDING TO CLIMATE CHANGE

Nanofilm is committed to tackling the challenges of climate change with a proactive and responsible approach. As advocates for sustainability, we recognize the significant impact that climate change can have on our operations and the broader business landscape.

Understanding the increasing importance of transparency regarding climate-related risks and opportunities, we are taking steps to strengthen our climate disclosures. While we are in the process of fully aligning with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, we have already incorporated its strategic pillars in this section and are committed to further enhancing our climate-related disclosures going forward.

Key Highlights:

- **6,019.76** tonnes of carbon dioxide equivalent ("tCO_2e") in total from Scope 1 and Scope 2 GHG emissions (market-based)
- GHG Intensity: **5.78** tCO_2e/'000 machine production hours (market-based)
- Achieved **100%** renewable electricity sourcing for our Shanghai site
- **15.2%** reduction in wastewater discharge intensity in FY2024 compared to FY2023
- Achieved **33.4%** waste recycling in FY2024

Sustainability Report

CLIMATE SCENARIOS SELECTION

As a first step in assessing our climate resilience, we have selected two climate scenarios derived from the Shared Socioeconomic Pathways (SSPs) and the Network for Greening the Financial System (NGFS) for our analysis. These internationally recognised frameworks are widely used in global climate risk assessments, offering structured pathways to evaluate potential future climate conditions and their implications for our 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

We have also determined the following time horizons for our upcoming climate-related risks and opportunities assessment.

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

ONGOING CLIMATE RISK AND OPPORTUNITY ASSESSMENT

We are in the process of identifying climate-related risks and opportunities across our operations and value chain. This assessment will help us better understand potential financial and strategic implications under different climate scenarios. Over time, we aim to enhance the transparency of our climate-related disclosures and develop a comprehensive climate strategy to support informed decision-making and strengthen our long-term climate resilience.

FIGURE 3: ILLUSTRATIVE CLIMATE SCENARIO ANALYSIS PROCESS

01 Select Climate Scenarios

02 Identify Climate-Related Risks and Opportunities

03 Evaluate the Potential Business and Financial Impacts

04 Identify the Mitigation and Adaptation Measures

Sustainability Report

CARBON EMISSIONS

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

Nanofilm is dedicated to adopting sustainable practices aimed at reducing GHG emissions in both Scope 1 and Scope 2 categories. Our continuous efforts are aligned with global standards, as we continuously seek innovative solutions to further reduce our environmental impact.

Our manufacturing operations contribute to a portion of our overall GHG emissions, and we are committed to reducing this footprint while sustaining high manufacturing performance. As part of our ongoing commitment, our reporting scope in FY2023 covered operations in Singapore, Shanghai, Yizheng, Vietnam and Japan, reflecting our dedication to covering all key operations across the Group. In FY2024, we will maintain these reporting boundaries, ensuring full Group coverage, while further strengthening our production data collection systems.

SCOPE 1 AND 2

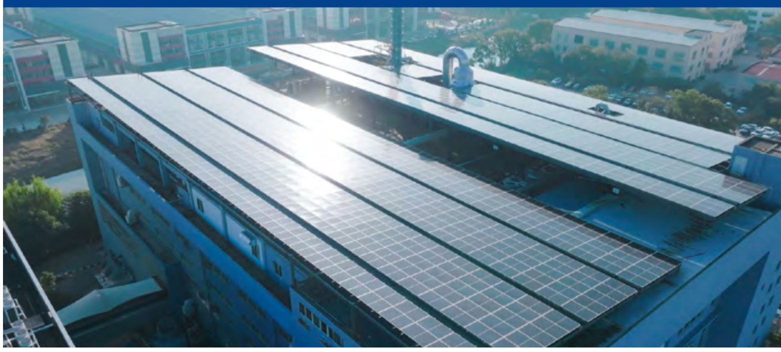
Scope 1 emissions refer to direct GHG emissions from owned sources within the Group, such as the consumption of petrol and diesel. Scope 2 emissions arise from the use of purchased electricity from third parties at our operations. Since FY2023, we have adopted the "dual reporting" methodology for calculating Scope 2 GHG emissions, in accordance with the GHG Protocol Corporate Standard (2015 revision), and continue to apply this methodology in this Report.

In FY2024, Nanofilm reported a combined total of 6,019.76 tCO_2e in Scope 1 and Scope 2 GHG emissions (market-based) across our operations in Singapore, China, Vietnam and Japan. A detailed breakdown of performance across all categories over the past three years is shown in the following table. The slight increase in total Scope 1 and Scope 2 GHG emissions was primarily driven by the surge in production. Notably, the use of solar and hydropower electricity in our Shanghai operations resulted in zero Scope 2 emissions from indirect energy consumption at that location. As we continue to expand our global presence, we plan to explore market-based carbon abatement opportunities wherever available and suitable.

TABLE 5: NANOFILM'S FY2023 AND FY2024 GHG EMISSIONS

	FY2024					FY2023
	Singapore	China (Shanghai + Yizheng)	Vietnam	Japan	Group	Group
Total Scope 1 GHG emissions (tCO_2e)	8.78	73.49	1.75	0.55	84.57	78.09
Total Scope 2 GHG emissions (Location based) (tCO_2e)	1,451.96	36,387.19	1,208.51	196.89	39,244.55	34,365.99
Total Scope 2 GHG emissions (Market based) (tCO_2e)	**1,451.96**	**3,077.83**	**1,208.51**	**196.89**	**5,935.19**	**5,558.19**
Total Scope 1 and Scope 2 GHG emissions (Location based) (tCO_2e)	1,460.75	36,460.68	1,210.26	197.44	39,329.12	34,444.08
Total Scope 1 and Scope 2 GHG emissions (Market based) (tCO_2e)	**1,460.75**	**3,151.32**	**1,210.26**	**197.44**	**6,019.76**	**5,636.28**

Our GHG emissions intensity levels are measured in tCO_2e per 1,000 machine production hours. In FY2024, the GHG emissions intensity level was reported at 5.78 tCO_2e per thousand ('000) machine production hours using the market-based method. We are committed to closely monitoring emissions intensity across our sites while enhancing the efficiency of our operations. Our target is to achieve a 40% reduction in GHG emissions intensity by 2030, targeting 24.64 tCO_2e per 1,000 machine production hours, based on a 2022 baseline using the market-based method.



AIR EMISSIONS REDUCTION

Certain operations within our facilities generate air emissions as by-products of chemical reactions, including volatile organic compounds (VOCs), sulphuric acid and hydrogen chloride. At all of our permitted sites, we actively monitor these emissions to ensure full compliance with local regulations. In FY2024, we continued to prioritise transparency by openly disclosing the key air emissions from our operations. During this reporting period, our Shanghai operations recorded a total of 717.42 kg of air emissions, with the following breakdown by emission type.

TABLE 6: EMISSION TYPES

Type	Emissions (kg)
Volatile organic compounds (VOC)	508.32
Sulphuric acid	3.60
Hydrogen chloride	205.50

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

Recognising the growing importance of environmental responsibility in our industry, Nanofilm places a strong emphasis on energy efficiency as a key focus area. While our advanced coating technologies require energy consumption, we are dedicated to minimising our environmental impact and continuously identifying opportunities to optimise energy usage.

Nanofilm has achieved ISO 14001[3] certification at our sites in Singapore, China and Vietnam, and we have implemented environmental policies that align with national and local regulations. Our commitment to sustainability includes pollution prevention, waste reduction, energy conservation and fostering environmental awareness among our employees.

Nanofilm is committed to sourcing at least 50% of its total energy consumption from renewable sources or purchased carbon credits by 2030. To support this goal, we have rolled out a variety of energy conservation initiatives across our operational locations.

RENEWABLE ENERGY

In line with our commitment to sustainability, Nanofilm is taking significant steps to implement renewable energy across our production plants. Starting with Shanghai, we have successfully installed solar panels on the roofs of both plants, covering a total area of 19,000 m² and providing a combined capacity of 2.4 MWp to support operations at both locations. The solar panels have generated approximately 2,682.32 MWh of electricity, which is equivalent to 1,126.57 tCO_2e avoidance[4].

In FY2024, Nanofilm consumed a total of 327,809.60 GJ of energy, with an energy intensity of 314.69 GJ per thousand ('000) machine production hours. This represents a 2.9% reduction compared to FY2023, where energy intensity was 324.06 GJ per thousand ('000) machine production hours. Of the total energy consumed, 1,136.72 GJ was derived from fuel, while 326,672.88 GJ came from electricity. Notably, 88.2% of this electricity was sourced from clean energy, including solar and hydropower, underscoring our commitment to environmentally responsible energy use. This significant proportion of clean energy consumption is a key driver in advancing our sustainability objectives and further demonstrates our ongoing efforts to reduce our carbon footprint.

3 ISO 14001 is the international standard for environmental management systems (EMS) that assists organizations address climate change by providing a framework to systematically manage their environmental performance and responsibilities, including climate-related risks and opportunities.

4 Emissions avoidance in this report is defined as the full displacement or prevention of GHG emissions expected to be generated by planned GHG emitting actions in energy from the Electric Grid. The Shanghai regional grid emission factor (4.2t CO_2/ 104kWh, source: Shanghai Municipal Bureau of Ecology and Environment.) is selected for the emission avoidance calculation. Source: UNFCCC A.6.4 and A.6.2 Issues on Emissions Avoidance.

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FIGURE 4: ENERGY CONSUMED FUEL (GJ)

FIGURE 5: ENERGY CONSUMED FROM ELECTRICITY (GJ)

FIGURE 6: ENERGY INTENSITY (GJ/'000 MACHINE PRODUCTION HOURS)

WATER MANAGEMENT

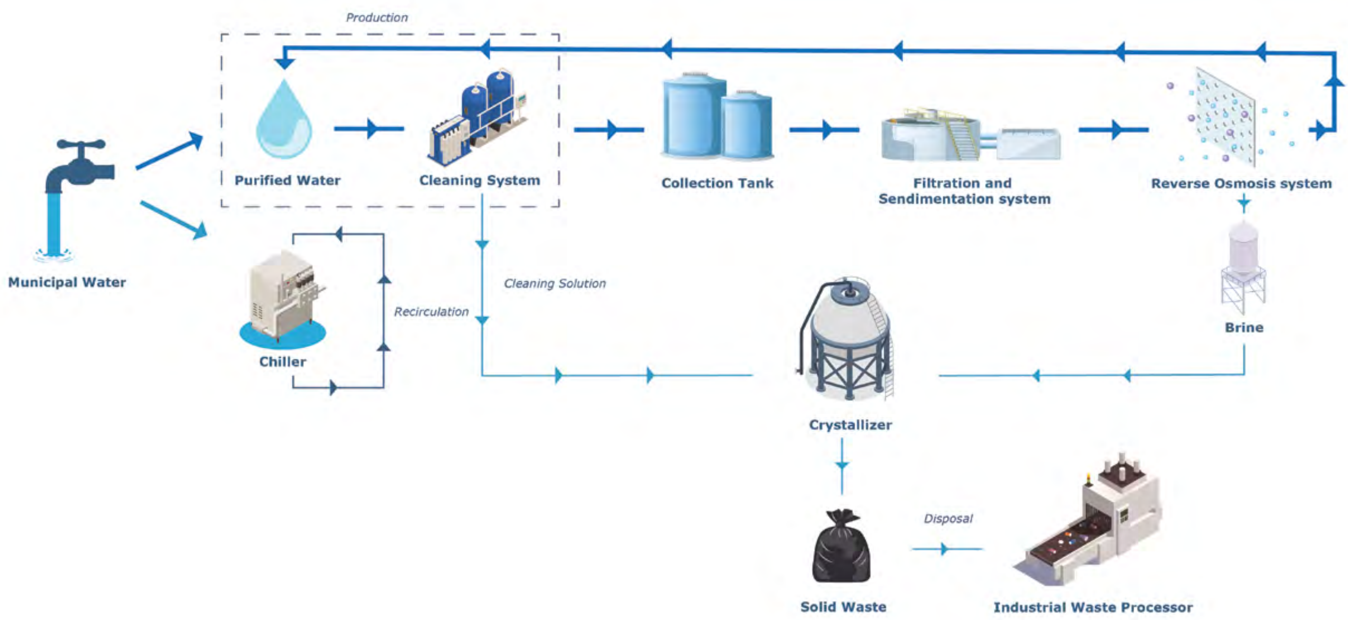
GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5

Nanofilm is committed to the responsible management of our planet's natural resources and strives to uphold high environmental standards. In response to growing concerns about water conservation, we are working towards zero production liquid waste discharge and have implemented various measures to reduce water consumption across our factories. These include installing water-efficient system and raising awareness among our employees about the importance of sustainable water management.

We recognise that improper management of water discharge from our production processes can cause contamination, aquatic life disturbance, community health concerns and lead to other environmental challenges. To mitigate these risks, we prioritise adherence to environmental standards, conduct regular monitoring and testing of water discharge, and invest in sustainable practices to ensure that our operations remain environmentally responsible.

Since 2015, Nanofilm has been actively recycling water used in our cleaning operations. The wastewater from the cleaning process (prior to coating) is collected, filtered and repurposed for daily use. In 2022, we took our water recycling efforts a step further by installing a reverse osmosis system. This advanced system purifies the wastewater, transforming it into high-quality water that is suitable for reuse in future cleaning processes. Any cleaning solutions that cannot be reused are combined with the brine from the reverse osmosis system and sent to a crystalliser, where they are turned into solid waste for disposal. As a result, this initiative has led to a notable reduction in water consumption, with a 45% decrease in FY2024 since commencement of the system in 2022.

FIGURE 7: NANOFILM WATER RECYCLING SYSTEM AND PROCESS



Sustainability Report

Nanofilm is dedicated to sustainable water management through a series of comprehensive measures across its global operations. In China, all water discharged from production is treated as a result of significant investments in evaporative wastewater treatment and water recycling systems, which have effectively minimised overall water discharge. Building on this success, the Company is focused on further enhancing its efforts by planning the installation of 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 Shanghai's Comprehensive Sewage Discharge Standard (DB31/199-2018). The wastewater is crystallised and safely disposed of through licensed third-party contractors. Notably, our production processes do not release or generate chemicals classified as high-concern substances.

In Vietnam, water usage in production is minimal, primarily used during the grinding stage. The water used for grinding is continuously recirculated and reused, ensuring no wastewater is generated. Domestic wastewater undergoes preliminary treatment before being managed in collaboration with the industrial park management board, ensuring compliance with Vietnamese regulations. Regular sampling and analysis are conducted by third-party agencies and local authorities to uphold quality standards in accordance with the Vietnamese Environmental Law and QCVN 14:2008 Column B, the National Technical Regulation on Domestic Wastewater.

In Singapore, Nanofilm adheres to the environmental standards set by the National Environment Agency (NEA). We maintain strict oversight of sewage and wastewater discharge, ensuring full compliance with national environmental regulations.

In FY2024, our total water withdrawal amounted to 410,501.00 cubic meters (m^3), exclusively sourced from third-party (municipal) water supplies. Of the total water consumed, 361,861.00 m^3 is used for production.

The total volume of water discharged from our production facilities in FY2024 was lower than in FY2023, totalling 361,861.00 m^3. Our production wastewater discharge intensity for FY2024 was 347.38 m3 per thousand ('000) machine production hours, indicating a 15% reduction in wastewater discharge intensity compared to FY2023, attributed to the implementation of our in-house water recycling system.

TABLE 7: PRODUCTION WATER WITHDRAWAL AND DISCHARGE (M^3)

Site	FY2022		FY2023		FY2024	
	Water Withdrawn	Water Discharged	Water Withdrawn	Water Discharged	Water Withdrawn	Water Discharged
Singapore	18,228.00	18,228.00	9,663.51	9,663.51	3,512.00	3,512.00
China	634,498.44	576,463.00	355,896.00	350,241.00	355,386.00	355,386.00
Vietnam	1,949.00	1,559.00	2,423.00	1,938.00	2,741.00	2,741.00
Japan	7.00	7.00	32.00	32.00	222.00	222.00
Group	654,682.44	596,257.00	368,014.51	361,874.51	361,861.00	361,861.00

FIGURE 8: WATER WITHDRAWAL AND DISCHARGE (M^3)

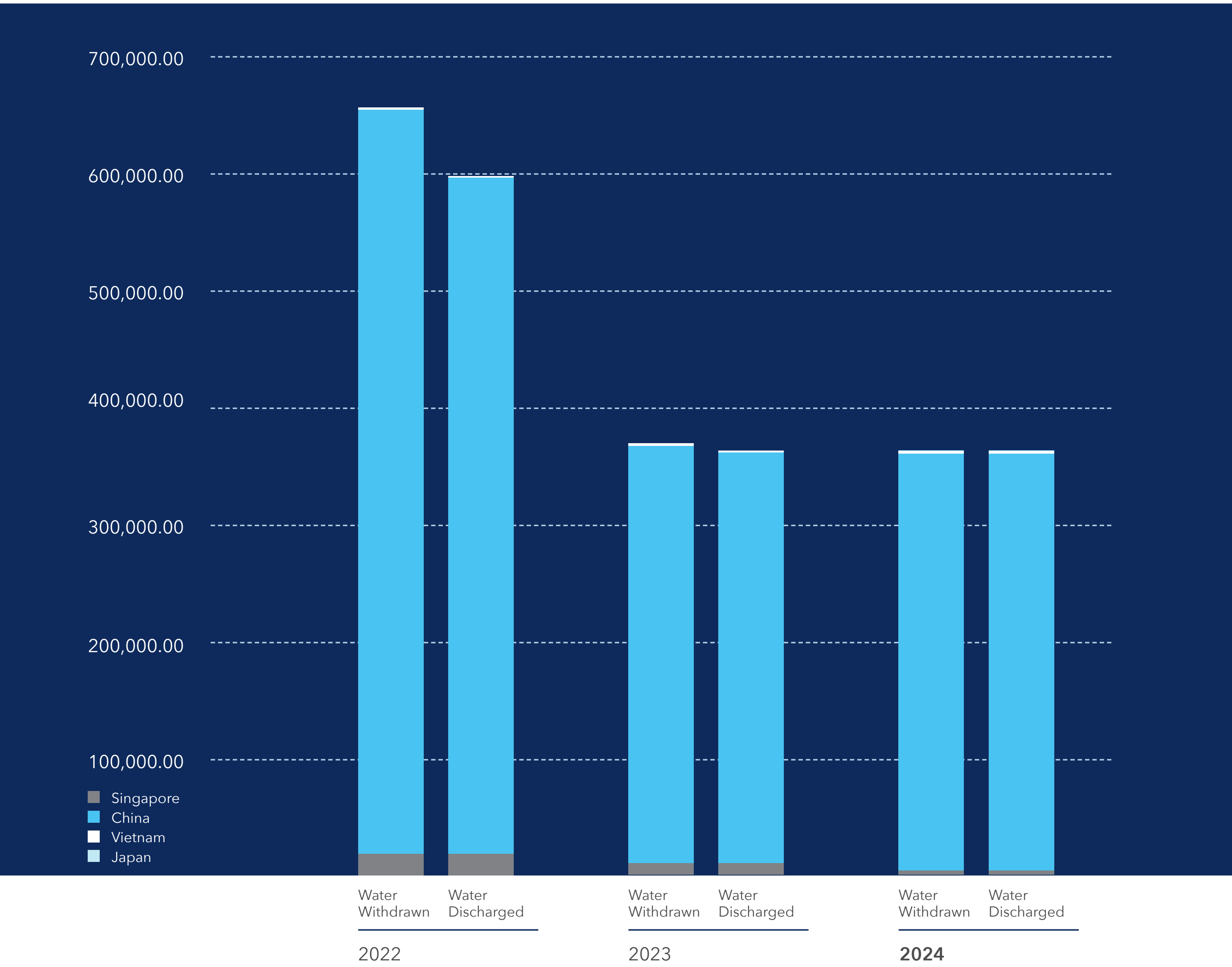
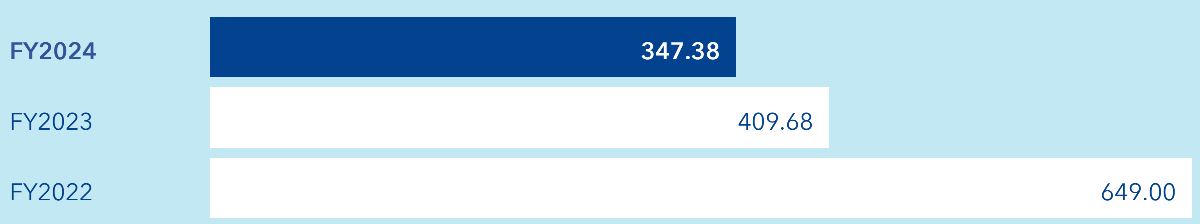


FIGURE 9: WATER DISCHARGE INTENSITY (M^3/'000 MACHINE PRODUCTION HOURS)



Sustainability Report

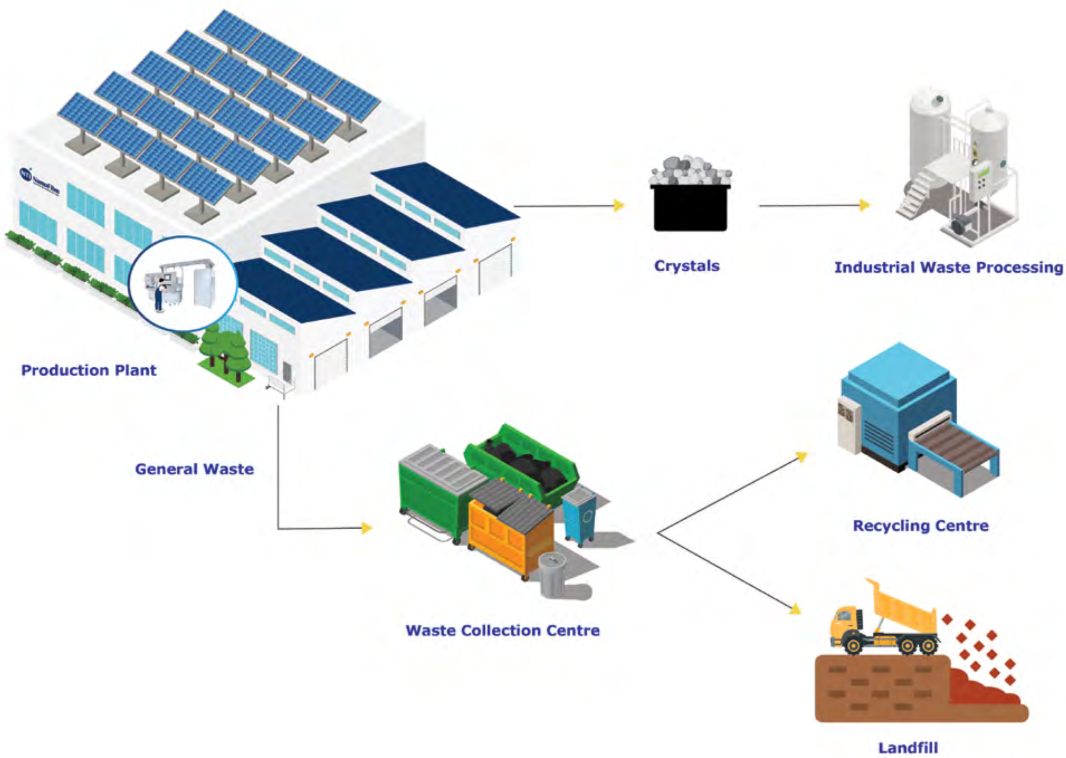
WASTE MANAGEMENT
GRI 306-1, GRI 306-2, GRI 306-3

Efficient waste management has become a cornerstone of sustainability and responsible business practices in industrial production. As our global production continues to expand, Nanofilm has taken proactive steps to address waste generation and disposal with care and diligence. While the volume of waste produced in our operations is relatively small and non-hazardous, we are committed to continuously refining our waste management practices to minimise environmental impact and protect the ecosystem.

At Nanofilm, we focus on responsible management of materials such as engine oils and those resulting from machinery maintenance. These materials are carefully collected in designated containers and disposed of through the appropriate industrial channels. For any hazardous waste, we ensure safe and proper disposal by working with certified third-party contractors.

We are committed to proactively identify and address the factors that contribute to waste generation. After assessing these factors, control measures are implemented to minimise their impact. A key example of this commitment is demonstrated at our Shanghai site, where national regulations are adhered to, and qualified third-party contractors are engaged for waste processing.

FIGURE 10: NANOFILM'S WASTE MANAGEMENT SYSTEM



Sustainability Report

Promoting a culture of recycling is another important initiative at Nanofilm. We provide recycling bins across our offices and production sites, and our employees actively support this by ensuring proper sorting of recyclables. Before incineration, recyclables are carefully sorted to ensure they are processed appropriately. At our production site in Shanghai, metal, non-metal, paper and wood waste are recycled by licensed third-party contractors. This focus on recycling has led to a remarkable increase in our recycling efforts, from 206.08 tonnes in FY2023 to 272.93 tonnes in FY2024.

In our Shanghai site, all aspects of waste treatment adhere to Chinese national waste regulations governing generation, collection, storage and processing.

In Singapore, waste management follows ISO 14001 certification requirements, while in Vietnam, the Water & Wastewater Management OHS-10 procedure guides our operations.

In FY2024, we generated a total of 460.62 tonnes of hazardous waste, with our China sites contributing the majority at 458.33 tonnes. Non-hazardous waste totalled 357.52 tonnes, and contributions from our China sites amounted to 305.65 tonnes. The increase in waste generated are mainly due to the surge in production. In FY2024, we diverted 211.73 tonnes of hazardous waste and 60.31 tonnes of non-hazardous waste from disposal. Overall, there has been an increase in waste recycling from FY2023 to FY2024, amounting to 32%. This highlights Nanofilm's commitment and continuous improvement of the waste management initiatives.

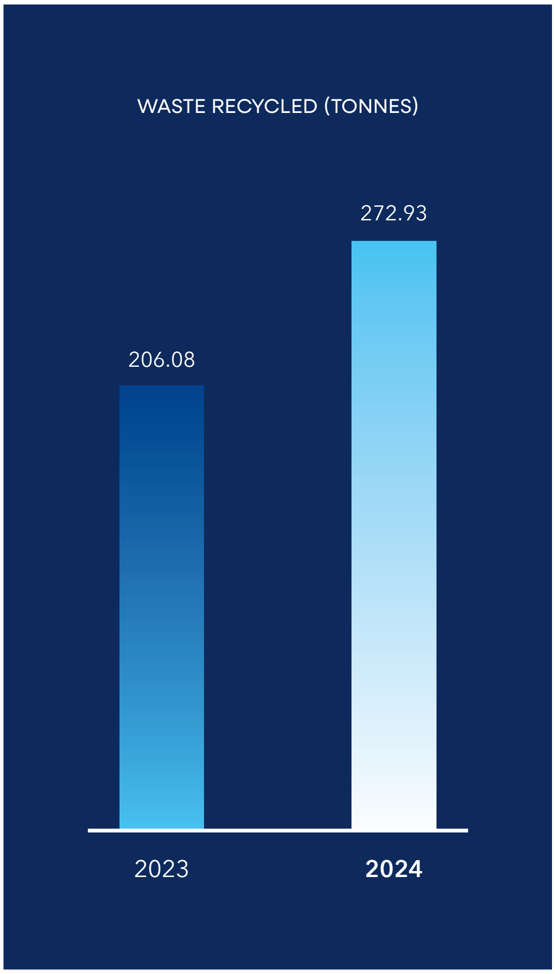


TABLE 8: HAZARDOUS WASTE (TONNES)

	FY2022			FY2023			FY2024		
	TONNES	LITER	PCS	TONNES	LITER	PCS	TONNES	LITER	PCS
Singapore	1.10	5,508.00	90.00	--	4,245.00	143.00	–	11,835.30	215.00
China	330.70	–	–	306.21	–	–	458.33	–	–
Vietnam	1.20	–	–	1.09	–	–	2.29	–	–
Japan	–	–	–	–	–	–	–	–	–
Total	333.00	5,508.00	90.00	307.30	4,245.00	143.00	460.62	11,835.30	215.00

TABLE 9: NON-HAZARDOUS WASTE (TONNES)

	FY2022	FY2023	FY2024
Singapore	–	–	–
China	298.30	194.13	305.65
Vietnam	38.00	40.30	49.42
Japan	–	2.55	2.45
Total	336.30	236.98	357.52

Sustainability Report

CLIMATE RISK MANAGEMENT

At Nanofilm, we employ a structured approach to risk identification and assessment, considering internal and external factors, including environmental risks. Our framework proactively identifies emerging risks, evaluates third-party dependencies, and assesses the likelihood and impact of risk events.

Risk management measures are tailored to assessed risk levels, with defined mitigation timelines and clear accountability. Regular monitoring, reporting, and alignment across business units ensure effective implementation. We also conduct periodic reviews of high-priority risks, continuously refining our Risk Management Framework to enhance resilience and drive ongoing improvements in enterprise risk management.

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 prioritize them effectively

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

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

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

This framework is integrated into our daily operations, driving resilience and ongoing enhancement of enterprise risk management, with a strong focus on managing and mitigating climate-related risks.

Social

Core Principles

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 PROFILES AND EMPLOYEE WELFARE

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

In FY2024, our workforce consists of 2,390 permanent employees and 1,586 outsourced workers, who are mainly stationed at our Shanghai and Vietnam sites. The overall hiring rate for permanent employees across the Group was 57%, while the turnover rate stood at 48%.

Employee Profile

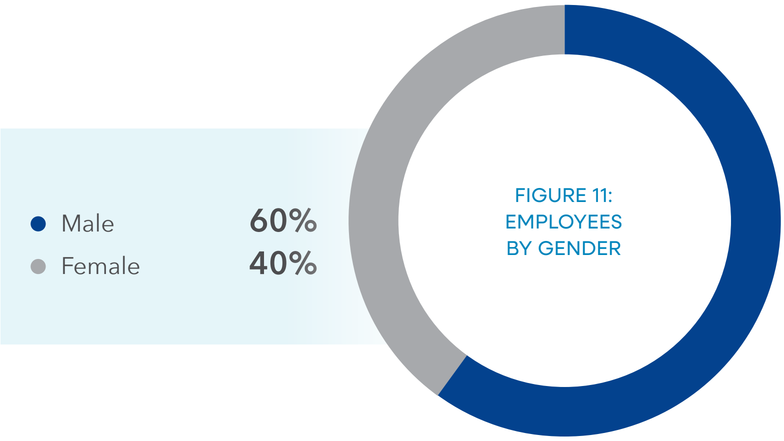


FIGURE 11: EMPLOYEES BY GENDER

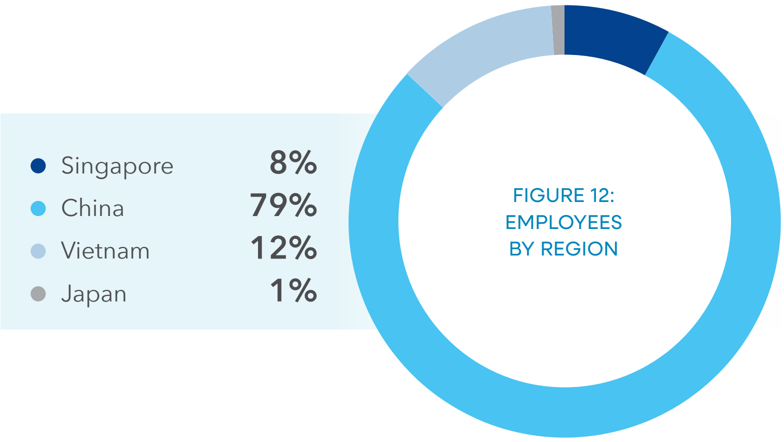


FIGURE 12: EMPLOYEES BY REGION

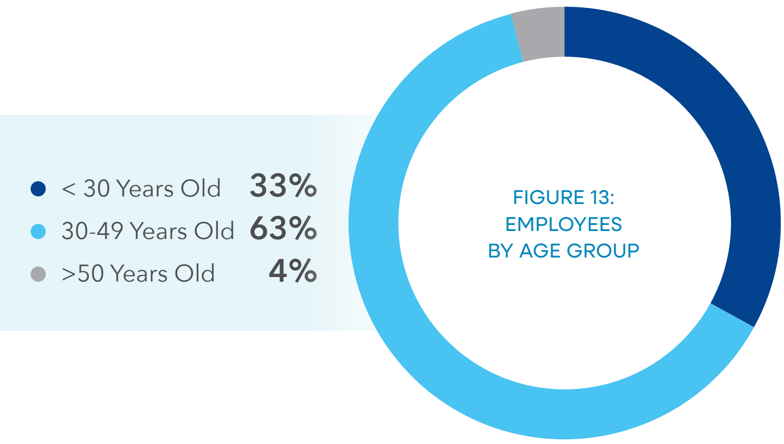


FIGURE 13: EMPLOYEES BY AGE GROUP

Key Highlights:

- Employment of **20 individuals** with disabilities across various teams
- Rate of recordable work-related injuries (per 1,000,000 hours worked): **0.99**

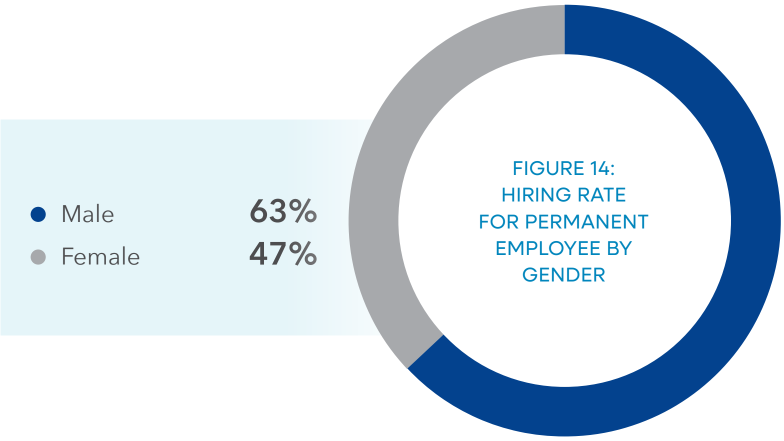


FIGURE 14: HIRING RATE FOR PERMANENT EMPLOYEE BY GENDER

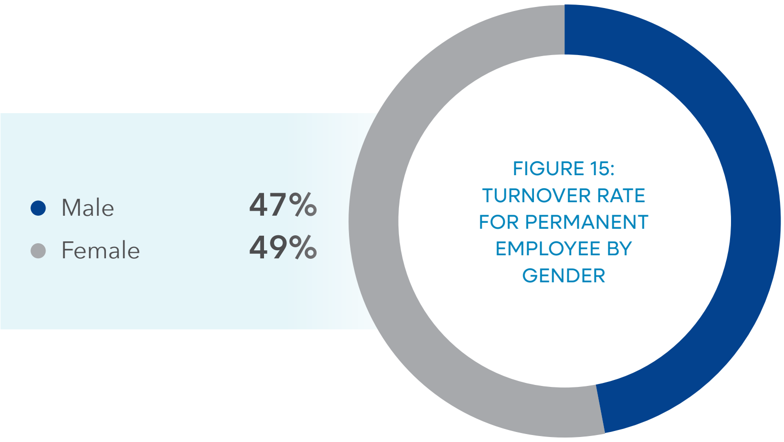
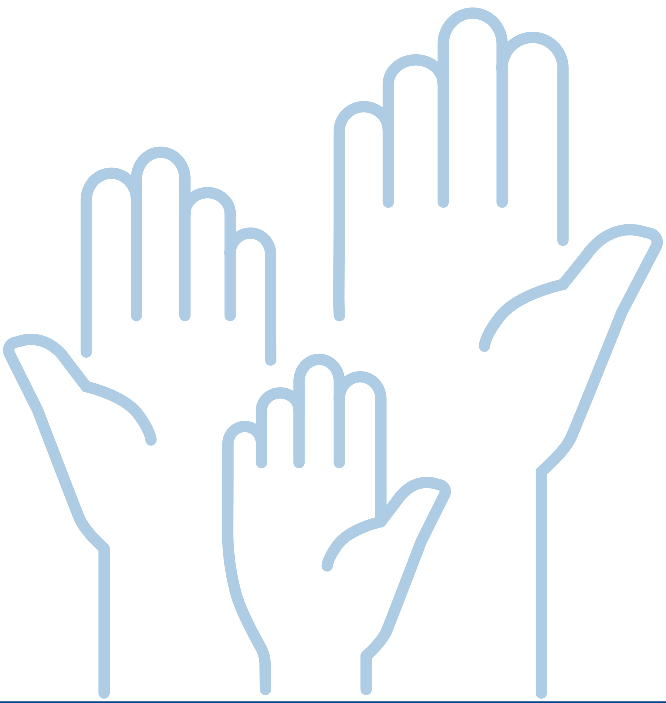


FIGURE 15: TURNOVER RATE FOR PERMANENT EMPLOYEE BY GENDER



EMPLOYEE WELFARE

We recognize that our employees are the cornerstone of our success and we are committed to fostering a work environment that supports their well-being and long-term growth. By adhering to industry-leading frameworks, we have developed a comprehensive employment program that aligns with our sustainability goals, focusing on both individual employee development and our company's long-term viability.

In line with our commitment to employee health and well-being, our new 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 for collaboration, quiet zones to support concentration and minimised building system noise to enhance emotional well-being. These efforts reflect our commitment to creating a sustainable and supportive workplace.

Our full-time employees are provided with a range of benefits that support their overall well-being, including healthcare coverage, group hospital insurance, disability and invalidity coverage and various leave types such as annual leave, parental leave, medical and hospitalisation leave and compassionate leave. We adopted flexi-work arrangement, allowing employees to stagger their working hours based on individual needs. In FY2024, 162 employees were entitled to parental leave, with 106 employees taking and returning to work after their parental leave. These initiatives are part of our broader sustainability strategy, ensuring a positive and inclusive work environment for all employees.

As part of our commitment to employee welfare, we offer a range of welfare benefits, including health screenings. These screenings help employees gain a better understanding of their health status, enabling them to take proactive steps in managing potential health risks.

Sustainability Report

DIVERSITY AND INCLUSION
GRI 405-1, GRI 406-1

At Nanofilm, diversity and inclusion are not just policies but are fundamental to our core values, reflecting our dedication to social justice and anti-discrimination. This commitment resonates throughout our Company and is embodied in a workplace culture that is built on fairness, respect and dignity for every individual. Our unwavering adherence to our code of conduct, which strictly prohibits discrimination and harassment, is demonstrated by our FY2024 record of zero incidents of discrimination.

Inclusion at Nanofilm means ensuring every team member feels valued and integral to the organization. We foster an environment where individuals are empowered to be their authentic selves and where their voices are heard and respected. We understand that diverse teams and inclusive cultures not only meet our employees' expectations but also provide a significant competitive advantage for our business.

Our approach to promoting diversity and inclusion is systematic and embedded in key human resources processes such as recruitment, succession planning, performance management and leadership development. This ensures these values are reflected throughout every aspect of our workforce strategy.

In FY2024, Nanofilm's global workforce consisted of 2,390 employees, with females representing approximately 40% of the total workforce. Our staff predominantly falls within the age range of 30s to 40s years, accounting for 63% of our employees. Geographically, a significant 79% are based in China, followed by 12% in Vietnam, 8% in Singapore and the remainder in Japan. Reflecting the current composition of our governance structure, our Board and senior management team are composed of 80% male and 20% 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 operations. This initiative currently employs 20 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.

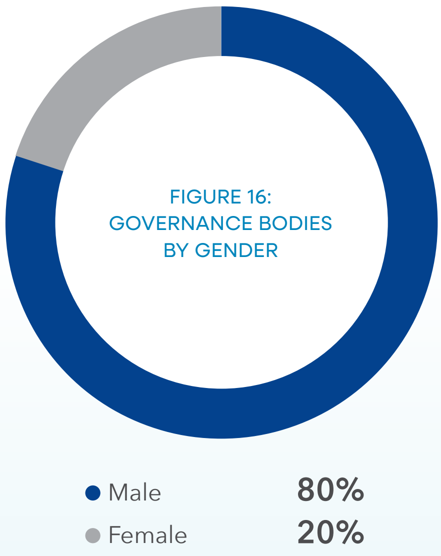
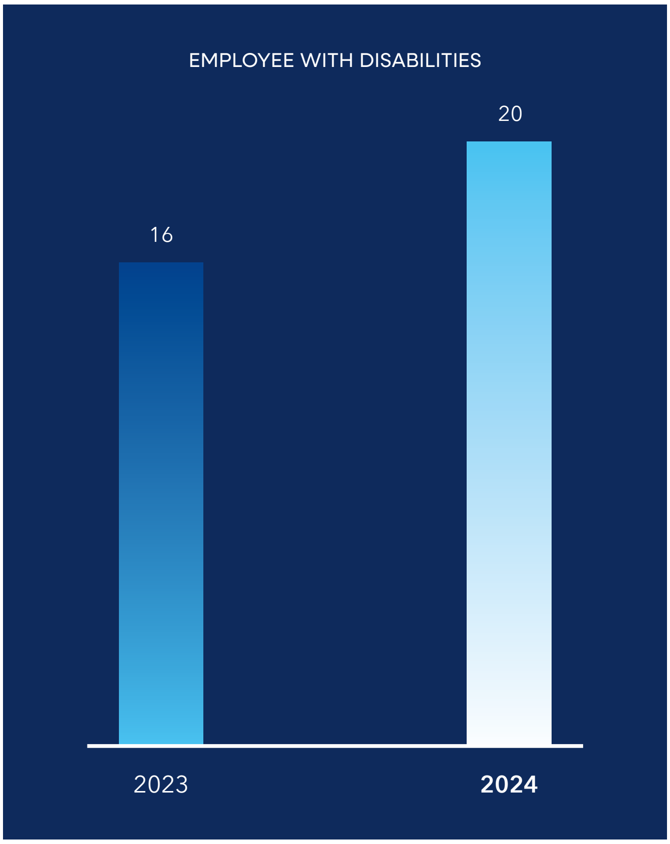


FIGURE 16: GOVERNANCE BODIES BY GENDER



HUMAN CAPITAL DEVELOPMENT

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

We believe that talent is invaluable and essential to driving our success. To nurture and develop our talent, we have established a comprehensive in-house training and development program called "Nanofilm College." This initiative is led by our Group Chief Executive Officer, supported by a Dean and a Director of Training. The organisational structure of Nanofilm College is outlined in the chart below.

FIGURE 17: NANOFILM COLLEGE STRUCTURE

Sustainability Report

Nanofilm College offers a structured and continuous training and development system that starts as soon as a new employee joins our Group. The process begins with an orientation program, followed by on-the-job training (OJT). This system is not a one-time event but a continuous journey that evolves with the employee's career. It includes specialised training at each career stage, with a focus on the skills and knowledge necessary for advancement. This approach ensures our team members are consistently equipped to excel and succeed as they grow within the organisation. Nanofilm continues to enhance employee capabilities through a diverse range of training programs, which include trainings in technical skills development, compliance, environmental health & safety, professional software proficiency, labour safety, firefighting and project management.

TABLE 10: OVERVIEW OF NANOFILM COLLEGE TRAINING PROCESS

Communication & Feedback

- Performance review
- Job application assessments
- Development and training mechanisms
- Salary adjustments
- Job objectives

Nurture & Development

- Self learning
- OJT
- Role expansion
- Programme participation
- Training & job rotation

Talent Selection

- Result, capabilities, quality assessment
- Potential and trends
- Development and training mechanism

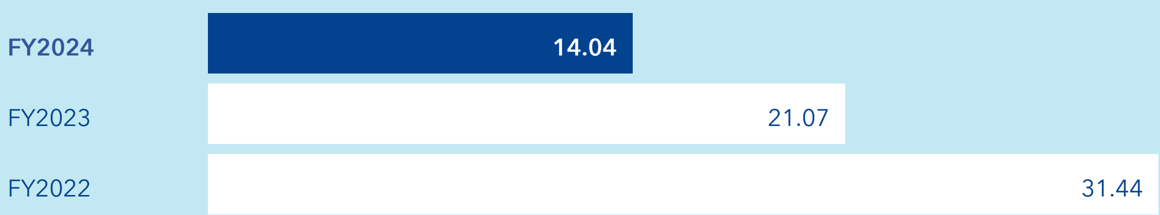
Talent Pool & Review

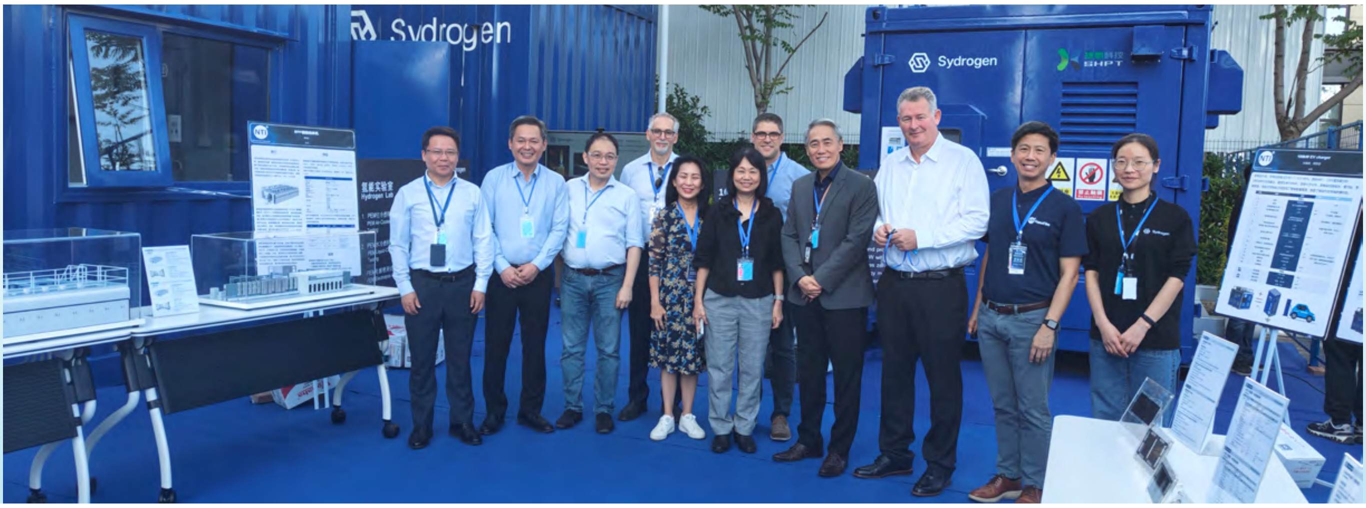
- Recommend suitable employees for promotion by looking at role matchings, track records and past results of employees

Our training programs are carefully crafted to strengthen both the technical and professional competencies of our employees while also nurturing essential soft skills. This holistic approach ensures that our team members are equipped for their current roles and responsibilities while also preparing them for future challenges and opportunities for growth.

In FY2024, we invested an average of 14.04 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 18: AVERAGE HOURS OF TRAINING PER EMPLOYEE





NANOFILM TECHNOLOGY FORUM: A PLATFORM FOR INTERNAL TRAINING AND TECHNOLOGY EXCHANGE

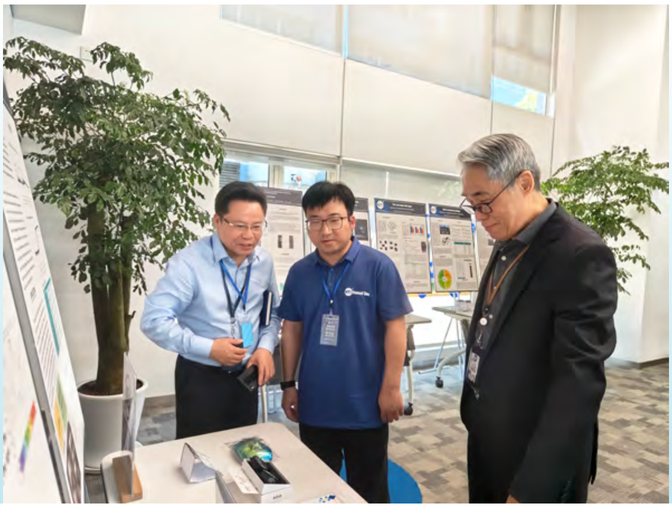
The Nanofilm Technology Forum 2024 was held at our Shanghai site on May 17th and 18th, bringing together invitees from our global sites to foster a dynamic platform for sharing technological insights and knowledge across the Group. This inaugural event celebrated the technological achievements of our R&D centres and Business Units, highlighting the remarkable progress made.

The forum introduced a fresh and engaging format, featuring exhibitions with displays and poster boards, each station staffed by engineers enthusiastic to interact with participants. The primary aim was to foster collaboration between R&D teams and business units, enabling a deeper understanding of the products and processes under development for commercialisation. The exhibition showcased notable innovations from the IE, ATRC, AMI, AMC, Nanofab and Sydrogen business units, highlighting significant advancements being made across the Group.

The forum reached its pinnacle with the Chairman's Innovation Award ceremony, where the prestigious Diamond Prize was awarded to the Micro Lens Array (MLA) team for enhancing MLA production through advanced replication and die-cut technology. In addition, three teams were honoured with Gold Prize for their innovative work in PFAS-free coatings, semiconductor lead frame coatings and wear-resistant anticorrosive coatings.

The technical presentations from the award-winning teams, paired with a panel discussion on technology, innovation and business strategy, significantly enhanced the knowledge-sharing experience for all attendees. With 97 participants engaging in networking sessions, the forum became a vital platform for idea exchange and fostering meaningful connections. It was a proud moment to witness leaders and business representatives from across all units actively participating as speakers and attendees, contributing their valuable insights and enriching the event with diverse perspectives and experiences.

Sustainability Report



NANOFILM SCHOLAR PROGRAMME

Nanofilm is proud to introduce the Nanofilm Scholars Programme (NSP), a prestigious initiative dedicated to nurturing industry-ready talent and supporting professional growth. The NSP includes various funding opportunities, such as the Economic Development Board - Industrial Postgraduate Program (EDB-IPP), which offers exceptional opportunities for higher education, skill development and career advancement for talented employees.

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

As part of the NSP, Nanofilm has fully sponsored two Senior Process Engineers, Zhao Sheng Fu and Tan Yik Kai, for postgraduate study and training under the EDB-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.

In addition to the sponsorship of Zhao Sheng Fu and Tan Yik Kai, Nanofilm is excited to announce the sponsorship of another Engineer, Lum Ya Woon, for her postgraduate studies in 2025, further highlighting Nanofilm's ongoing commitment to empowering its employees and fostering a culture of continuous learning and innovation.

PERFORMANCE APPRAISAL

We have developed a comprehensive performance appraisal system, supported by a rewards program that links employee recognition and incentives directly to their appraisal results. This system plays a crucial role in driving the achievement of our corporate performance goals, aligning employee interests with meaningful rewards, and assessing the skill levels of our workforce. It also help to identify areas for targeted training to address any skill gaps.

Our commitment to employee growth and career progression is a top priority. To support this, we have established various two-way communication channels to maintain an ongoing dialogue that considers employees' career development needs whenever possible. All employees are provided with tailored training opportunities based on their individual needs.

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 on the local community, contributing to economic development and the creation of a skilled labour force. In FY2024, every permanent employee at Nanofilm received an annual performance appraisal following their probation and confirmation.

Sustainability Report

Health and Safety

OCCUPATIONAL HEALTH AND SAFETY SYSTEM

GRI 3-3, GRI 403-1

Nanofilm is committed to maintaining a healthy and safe working environment across all business operations. This dedication extends to our employees, customers and contractors, as outlined in our Health and Safety Policy. This policy applies universally, 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, our operations in China rigorously comply with local health and safety regulations.

Shanghai Site
is certified to ISO 45001:2018

Singapore and Vietnam Sites
holding an ISO 14001:2015 certification

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

To strengthen our commitment to safety, we have established safety committees at our sites in Shanghai, Yizheng, Singapore, Vietnam and Japan. These committees, made up of employee representatives from different departments, play a key role in overseeing safety practices, and they conduct monthly safety inspections and ensure that we consistently meet and improve upon our stringent safety standards.

OCCUPATIONAL HAZARD IDENTIFICATION AND RISK ASSESSMENT

GRI 403-2

Nanofilm employs a structured approach to identifying and assessing work-related hazards, ensuring compliance with country-specific regulations. Our strategy follows the hierarchy of controls to effectively eliminate hazards and minimise risks across all operations.

In Shanghai, we have implemented a hazard identification and evaluation management procedure, conducting annual assessments using the LEC method to systematically evaluate risks. Control measures are applied to mitigate major hazards and safeguard employee well-being. Our safety management system emphasises preventing "three violations" (violations of regulations, operating procedures and labour discipline), fostering a culture of proactive reporting. To protect whistle-blowers, strict anti-retaliation measures are in place. Employees' rights are explicitly safeguarded under HR protocols, allowing them to refuse unsafe work and report concerns anonymously via suggestion boxes and through our grievance mechanisms, including email and phone channels, to ensure employees can raise concerns securely. Our accident investigation procedures, guided by the "Four No-Misses" principle, aim to prevent recurrence and continuously improve workplace safety.

In Vietnam, we have established a comprehensive risk assessment process to identify and control high-risk activities. Workers receive training on associated risks in alignment with our OHS-01 risk assessment procedure. Employees are encouraged to anonymously report hazards and near-misses, while robust investigative procedures ensure that all work-related incidents are thoroughly addressed.

In Singapore, our risk management and assessment process identify both routine and non-routine work hazards, apply the controls in order to eliminate hazards and minimise risks, ensuring that appropriate measures are in place to eliminate risks and enhance workplace safety.

Approach to Hazardous Substances/Chemical Safety

At Nanofilm, we uphold the highest standards of regulatory compliance to ensure the sustainable management of our operations. This commitment includes the careful identification and regulation of substances used in our processes. We ensure that all chemical substances are properly registered and fully comply with local regulations in the countries where we operate. This includes securing and renewing necessary permits and licenses for the handling, storage and use of these chemicals, as required by local authorities. Importantly, Nanofilm does not use substances classified as of concern or high concern, making the need for phasing out such chemicals or introducing alternatives non-applicable to our operations.

As part of our routine workplace risk assessments, we thoroughly evaluate key indicators related to hazardous material storage and chemical usage. This proactive approach enables us to effectively identify and mitigate potential risks, ensuring a safe and secure working environment for our employees. We strictly adhere to all regulations governing the storage 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 exposed to occupational hazards, such as prolonged exposure to loud noises that could lead to noise-induced deafness. Regular health monitoring is conducted to ensure our employees remain safe and free from occupational health risks. Beyond workplace safety, we are also committed to fostering a health-conscious work environment through local initiatives that promote overall well-being and encourage healthy lifestyle choices.

In China, our canteens offer nutritionally balanced menus to support employees in maintaining a healthy diet. Regular health check-ups are organised to help staff detect minor health concerns early, enabling them to take preventive measures. These initiatives serve as proactive reminders for employees to prioritise their well-being and embrace a healthier lifestyle.

Sustainability Report

COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY
GRI 403-4

In Shanghai, a joint labour union committee has been established alongside internal and external communication management 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 and make decisions on OHS-related matters.

In Vietnam, bi-weekly meetings are held with employee representatives to address environmental, health and safety concerns. These discussions ensure compliance with both legal and customer requirements while actively incorporating employee feedback into workplace safety improvements.

In Singapore, stakeholder engagement includes monthly Workplace Safety and Health (WSH) reviews and line walks with Safety Committees, ensuring that employee perspectives are continuously heard and integrated into safety initiatives. A monthly site inspection is conducted, and a representative is selected from each department to act as safety committee member and be responsible for safety matters.

OHS TRAINING
GRI 403-5

Nanofilm implements comprehensive health and safety training programs to ensure all employees are equipped with the necessary knowledge to maintain a safe working environment. New hires undergo mandatory training that covers emergency preparedness, hazard identification and risk assessments, along with an annual occupational health and safety session to reinforce best practices.

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

In Vietnam, we adhere to Vietnamese Law and customer requirements, conducting extensive training:

- Annual safety training for 6 groups according to ND144/2016/ND -CP
- Chemical safety training for relevant subjects
- Electrical safety training for relevant subjects
- Fire safety and rescue training

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 attended by top executives to ensure that all employees follow procedures safely and effectively.

PROMOTION OF WORKER HEALTH
GRI 403-6

In Shanghai, we offer annual non-occupational physical examinations for all employees to ensure their well-being and encourage proactive health management. Employees receive their medical check-up results along with explanations provided by medical examiners.

In Vietnam, we conduct yearly health examinations to ensure they are fit and in good health. Employees are also educated on the benefits of regular health check-ups through safety training courses, 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, our employees are fully enrolled in the statutory National Health Care System, ensuring that they have access to comprehensive health care services, including preventive care, treatment and medical support. This enrolment provides employees with the security of affordable health services, reducing financial barriers to accessing necessary medical care.

GRI 403-8: WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

The health and safety of our employees in the workplace remain a top priority at Nanofilm. We have established a robust Occupational Health and Safety (OHS) management system that aligns with our site-specific health and safety policies, statutory regulations, industry standards and the stringent requirements of our global customers. This system ensures compliance with legal obligations while fostering a safe and healthy work environment.

Our OHS management system extends to all 2,390 employees and 1,586 workers who, while not direct employees, operate under the organisation’s control as of December 2024. Through this comprehensive approach, we are committed to safeguarding the well-being of our workforce and maintaining the highest standards of workplace safety.

GRI 403-9: WORK-RELATED INJURIES

In FY2024, we achieved a record of zero fatalities from work-related injuries. However, there were 5 cases of high-consequence work-related injuries and 6 cases of recordable work-related injuries, all of which occurred in Shanghai. These incidents were 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.

Nanofilm aims to achieve a recordable work injury rate of less than 1.0 (per one million man-hours worked) by 2030, reflecting our dedication to continuous improvement in workplace safety. We work towards improving on this by implementing comprehensive safety training programs, conducting regular safety checks, promoting a culture of safety awareness and ensure a safer working environment for all employees.

Sustainability Report

TABLE 11: HEALTH AND SAFETY PERFORMANCE

	FY2022	FY2023	FY2024
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)	0.13	0.84	0.83
Rate of recordable work-related injuries (excluding high-consequence work-related injuries) (per 1,000,000 hours worked)	1.64	0.84	0.99
Total Recordable Injury Rate (TRIR) (per 100 workers)	0.33	0.34	0.36
Lost Time Incident Rate (LTIR) (per 1,000,000 hours worked)	Not reported	0.84	0.83

HUMAN RIGHTS AND LABOUR MANAGEMENT

GRI 408-1, GRI 409-1

We are strongly committed to ensuring a safe and ethical work environment that upholds the rejection of human trafficking, slavery, forced labour and unlawful child labour across all areas of our operations. To ensure that our employees are aware of the responsibilities expected of them and understand their role in ensuring human rights' ethical compliance and behaviour, all our new employees are required to complete the Code of Business Conduct and Ethics training.

Our organisation unequivocally condemns these practices, and we actively collaborate with our customers to conduct regular reviews, aiming to prevent any incidents of human rights violations. To mitigate the risk of child labour and forced labour within our supply chain, we require our operations and critical direct suppliers located in high-risk countries to undergo annual social compliance audits as part of our human rights due diligence process. These audits are designed to evaluate whether their business practices align with our Supplier Code of Conduct and adhere to internationally recognised human rights standards.

Our goal is to ensure zero instances of forced labour and child labour in both our operations and across our critical direct suppliers. We are committed to working closely with our suppliers to improve their practices, offer support for 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 factories, prioritising fair working hours, a safe work environment and zero tolerance for discrimination based on job roles or locations. We also enforce responsible sourcing policies for all raw materials, expecting both our factories and suppliers to adhere to these principles. Before onboarding any supplier, we conduct comprehensive due diligence screenings to ensure ethical practices, including a strict zero-tolerance stance on bribery and corruption, as well as the responsible sourcing of raw materials from non-conflict areas.

Our approved suppliers are periodically reviewed internally to ensure they continue to meet our stringent criteria. We establish anti-bribery and environmental agreements with critical vendors to maintain compliance throughout our long-term relationships.

In FY2024, all critical direct material suppliers underwent screening based on social and environmental criteria, including factors like environmental policies, waste management practices, prohibition of forced and child labour and adherence to health and safety standards. Our commitment is to maintain 100% due diligence screening for human rights, environmental, health and safety practices for all new critical direct material suppliers.

CONFLICT MINERALS POLICY

We are fully committed to adhering to the relevant regulations set forth by international organisations and industry, taking proactive measures to mitigate the risk of conflict minerals. To ensure compliance, we have implemented specific regulations and policies that mandate our suppliers to strictly adhere to legal requirements regarding the prohibition of conflict minerals. During the supplier selection process, we require all suppliers to complete the Conflict Minerals Questionnaire and sign the Commitment Letter on Not Using Conflict Minerals, which includes an investigation into the presence of conflict minerals.

For suppliers dealing with raw metal materials, we request suppliers to trace back to the source of smelting plants and to ensure the traceability of raw materials. In cases where necessary, we work closely with our customers to conduct relevant audits and inspections. 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.

LOCAL COMMUNITIES

GRI 413

Rooted in a strong sense of corporate responsibility, we are 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.

COMMUNITY GIVE BACK GOLF & APPRECIATION DINNER 2024

Nanofilm proudly sponsored the "Community Give Back Golf & Appreciation Dinner", organised by the North East Community Development Council. This event successfully raised over $600,000, which will be directed towards supporting lower-income families in the North East community. The funds will provide support to the underprivilege, including essential milk and diaper supplies for children up to 6 years old, alleviating transportation costs for students and empowering individuals with disabilities to pursue their artistic aspirations. Our involvement in this initiative reflects our ongoing commitment to fostering social responsibility, empowering families and contributing to the development of a more inclusive and compassionate society.

Sustainability Report

CONTRIBUTION TO THE ONE MILLION TREES MOVEMENT

In 2024, Nanofilm participated in a tree planting activity organised by the National Parks Board to support the One Million Trees movement, a key pillar of the Singapore Green Plan 2030. This initiative plays a vital role in improving local air quality, expanding green spaces and creating a more liveable environment in our city. Our volunteers dedicated their time and effort planting trees in designated areas identified for environmental rehabilitation. This project has helped mitigate urban heat island effects, provide shade for local parks and support biodiversity, contributing to a more sustainable and thriving urban ecosystem.

Responsible Businesses

Core Principles

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

We continue to adopt a meticulous approach to governance and responsible business practices in FY2024. Our governance structure ensures that we effectively monitor compliance, manage risks and uphold the trust and confidence of our customers and society. Under the active leadership of our Group CEO, and in close collaboration with the Board of Directors and its committees responsible for performance and compliance reviews, we remain committed to the highest standards of economic, environmental and societal performance. We also ensure compliance with laws, regulations and corporate policies that govern our operations worldwide.

The Board plays a key role in overseeing and ensuring the Group's adherence to sound corporate governance practices. The Board is supported by its Board Committees comprising independent directors with specialised expertise, enabling them to thoroughly review and address complex matters. By delegating specific responsibilities to these Board Committees, the Board can ensure that decisions are made with the necessary attention to detail and in accordance with best practices. Regular reports from the Board Committees help the Board stay informed and make well-informed, strategic decisions that uphold the integrity and transparency of the organisation's governance framework.

In addition to the Board Committees, the Board is assisted by relevant committees within the organisation, including the Investment Committee, Confidentiality Committee and Internal Audit Committee, which exercises oversight in various areas of the Company's business and ensures ethical decision-making across all levels of the organisation. We reaffirm our commitment 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 2024.

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 anti-competitive behaviour, anti-trust, and monopoly practices
- **100%** of new employee completing the Compliance and Code of Conduct training

BUSINESS ETHICS
GRI 205

At Nanofilm, we prioritise strong business ethics and foster a competitive yet fair environment as the foundation for our continued growth. We are committed to upholding the highest standards of integrity and transparency in every aspect of our operations. This includes strict adherence to anti-corruption laws and regulations in all the countries and regions where we operate. Our CEO actively oversees and drives our efforts in business ethics and anti-corruption, ensuring these efforts are reported to the Board on an annual basis.

Throughout the reporting period, Nanofilm has 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 successfully met our target for 100% of new employees completing the Compliance and Code of Conduct training.

To ensure ongoing compliance with legal and regulatory requirements, as well as our internal policies, we have established comprehensive procedures across the Group. Our Code of Business Conduct and Ethics provides clear guidelines for ethical behaviour, covering areas such as work ethics, conflicts of interest, confidentiality, related party transactions, handling gifts and the Group securities. The full Code of Business Conduct and Ethics is 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, cultivating positive relationships with customers, suppliers, competitors and employees. As part of this commitment, we require critical vendors to sign an anti-bribery and environmental agreement to ensure continued alignment with our policies.

We actively invest in building a strong culture of ethics and integrity within the organisation. We communicate our policies clearly to all employees through ongoing training, communications and consultations. Our goal is to ensure 100% of new employees to complete the Compliance and Code of Conduct training within six months of joining. For existing employees, annual refresher training ensures that everyone remains up to date on compliance standards and ethical expectations.

Sustainability Report

Nanofilm's compliance and integrity program is supported by significant resources and is built upon three key pillars:

FIGURE 19: NANOFILM'S THREE KEY PILLARS OF COMPLIANCE AND INTEGRITY PROGRAM

Prevention:

Enforce policies, code of conduct, risk assessment and internal controls metrics when we onboard new employees and periodically during their tenure

Early Detection:

Whistle-blowing platform is in place and each reported incident is independently reviewed and investigated. Internally, we have continuous compliance reviews, controls and internal audits to ensure we pick up any irregularities early

Response:

Disciplinary action on compliance breaches, process adaptation, resolution plans, and remediation of internal control systems. We are committed to continuously fine-tune the policies to seek further improvements going forward

We also have a Whistle-Blowing Policy to ensure independent investigations into complaints related 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 AC Chairman and/or the Compliance Officer at:

   - AC Chairman: siewkoon.ong@nti-nanofilm.com
   - Compliance Officer: yihsen.gian@nti-nanofilm.com

The Company ensures that all whistle-blowing reports undergo independent investigation, and appropriate remedial actions will be taken to address any substantiated concerns.

Sustainability Performance Summary

Standard	Metrics	Unit of Measurement	FY2021	FY2022	FY2023	FY2024
/	Revenue	S$' million	247	237	177	204
Sustainable Innovation						
/	R&D and engineering expenses	Percentage	7.1	7.1	9.0	7.0
/	Patents and trademarks	Number	> 80	> 90	>100	>200
/	Employees engaged in R&D and engineering	Number	> 300	> 400	> 400	>370
Responsible Business						
GRI 205-2	Management Committee	Percentage	100	100	100	100
	All Employees	Percentage	100	100	100	100
GRI 205-3	Confirmed incidents of corruption	Number of incidents	0	0	0	0
/	Human rights incidents in supply chain	Number	0	0	0	0
GRI 204-1	Sourcing from local suppliers	Percentage	72	60	71	82
Environment						
GRI 302-1	Total energy consumption	GJ	322,334	317,384	286,247.22	327,809.60
GRI 302-4	Energy consumption intensity	GJ/ 1,000 machine production hours	243.40	345.46	324.06	314.69
GRI 303-3	Total water withdrawal	m^3	516,820.00	708,827.20	406,887.51	410,501.00
GRI 303-4	Total water discharge to all areas	m^3	361,940.00	596,257.00	361,874.51	361,861.00
GRI 303-5	Total water consumption from production	m^3	489,809	654,683	368,014.51	361,861.00
GRI 305-1	Total Scope 1 GHG emissions	tCO_2e	2,463	272	78.09	84.57
GRI 305-2	Total Scope 2 GHG emissions (Location-based)	tCO_2e	66,545	37,461.62	34,365.99	39,244.55
GRI 305-2	Total scope 2 GHG emissions (Market-based)	tCO_2e	Not reported	37,461.62	5,558.19	5,935.19
GRI 305-1, 305-2	Total Scope 1 and scope 2 GHG emissions (Location-based)	tCO_2e	69,007	37,733.44	34,444.08	39,329.12
GRI 305-1, 305-2	Total Scope 1 and scope 2 GHG emissions (Market-based)	tCO_2e	Not reported	37,733.44	5,636.28	6,019.76
GRI 305-4	Total GHG emission intensity (Location-based)	tCO_2e/ 1,000 machine production hours	52.1	41.07	38.99	37.75
GRI 305-4	Total GHG emission intensity (Market-based)	tCO_2e/ 1,000 machine production hours	Not reported	41.07	6.38	5.78
GRI 306-3	Total waste generated	tonne	419.7	669.3	544.29	818.14
GRI 306-4	Total waste diverted	tonne	Not reported	Not reported	447.38	272.04
Social						
GRI 2-7	Total employees	Number	Not reported	2,658	2,215	2,390
GRI 401-1	New employees hire rate	Percentage	Not reported	34	32	57
	Employee turnover rate	Percentage	Not reported	30	44	48
GRI 403-9 GRI 403-10	Rate of fatalities as a result of work-related injury (per 1,000,000 hours worked)	Rate	Not reported	0	0	0
	Rate of high consequence work-related injuries (excluding fatalities) (per 1,000,000 hours worked)	Rate	Not reported	0.13	0.84	0.83
	Rate of recordable work-related injuries (per 1,000,000 hours worked)	Rate	2.14	1.64	0.84	0.99
	Total recordable incident rate (TRIR)	Rate	0.43	0.33	0.34	0.36
GRI 404-1	Average hours of training per employee	Hours	26.5	31.44	21.07	14.04
GRI 404-2	Employees groupwide subject to regular performance appraisal	Percentage	Not reported	100	74.09	89

Sustainability Report

TCFD CONTENT INDEX

Pillars	Details of Pillar Areas	Page Reference
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	Please refer to Sustainability Report Pg. 32
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Please refer to Sustainability Report Pg. 46-47
Risk Management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Please refer to Sustainability Report Pg. 56
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.	Please refer to Sustainability Report Pg. 38, 48

GRI Content Index

Statement of use Nanofilm has reported the information cited in this GRI content index for the period from 1st January 2024 to 31st December 2024 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

Index	GRI Disclosure	Page Reference/Remarks
2-1	Organisational details	SR: Board Statement (Pg. 30-31)
2-2	Entities included in the organisation's sustainability reporting	SR: Board Statement (Pg. 30-31)
2-3	Reporting period, frequency and contact point	SR: Board Statement (Pg. 31)
2-4	Restatements of information	There is no restatement of information for FY2024.
2-5	External assurance	Nanofilm did not seek for external assurance.
2-6	Activities, value chain and other business relationships	Please refer to Annual Report Pg. 6-8
2-7	Employees	SR: Employee Profiles and Employee Welfare (Pg. 58-60)
2-8	Workers who are not employees	SR: Employee Profiles and Employee Welfare (Pg. 58)
2-9	Governance structure and composition	SR: Board Statement (Pg. 31) SR: Corporate Governance (Pg. 74)
2-10	Nomination and selection of the highest governance body	Please refer to Annual Report Pg. 98-101
2-11	Chair of the highest governance body	Please refer to Annual Report Pg. 22
2-12	Role of the highest governance body in overseeing the management of impacts	SR: Sustainability Governance (Pg. 32)
2-13	Delegation of responsibility for managing impacts	SR: Sustainability Governance (Pg. 32)
2-14	Role of the highest governance body in sustainability reporting	SR: Sustainability Governance (Pg. 32)
2-15	Conflicts of interest	SR: Business Ethics (Pg. 74-76)
2-16	Communication of critical concerns	SR: Business Ethics (Pg. 74-76)
2-17	Collective knowledge of the highest governance body	Please refer to Annual Report Pg. 88-89
2-18	Evaluation of the performance of the highest governance body	Please refer to Annual Report Pg. 104-105
2-19	Remuneration policies	Please refer to Annual Report Pg. 106-112
2-20	Process to determine remuneration	Please refer to Annual Report Pg. 106-107
2-21	Annual total compensation ratio	Please refer to Annual Report Pg. 110
2-22	Statement on sustainable development strategy	SR: Sustainability Pillars (Pg. 33)
2-23	Policy commitments	SR: Health and Safety (Pg. 66-67) SR: Human Rights and Labour Management (Pg. 70) SR: Business Ethics (Pg. 75-76)

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Index	GRI Disclosure	Page Reference/Remarks
2-24	Embedding policy commitments	SR: Health and Safety (Pg. 66-67) SR: Human Rights and Labour Management (Pg. 70) SR: Business Ethics (Pg. 75-76)
2-25	Processes to remediate negative impacts	SR: Business Ethics (Pg. 75-76)
2-26	Mechanisms for seeking advice and raising concerns	SR: Business Ethics (Pg. 75-76)
2-27	Compliance with laws and regulations	SR: Business Ethics (Pg. 75-76)
2-28	Membership associations	The information is not available for FY2024.
2-29	Approach to stakeholder engagement	SR: Stakeholder Engagement (Pg. 36)
2-30	Collective bargaining agreements	The information is not available for FY2024.
3-1	Process to determine material topics	SR: Materiality Assessment (Pg. 34)
3-2	List of material topics	SR: Materiality Assessment (Pg. 35)
3-3	Management of material topics	The management of material topics can be found in each pillar across the report.
204-1	Proportion of spending on local suppliers	SR: Sustainability Performance Summary (Pg. 77)
205-1	Operations assessed for risks related to corruption	SR: Business Ethics (Pg. 75-76)
205-2	Communication and training about anti-corruption policies and procedures	SR: Business Ethics (Pg. 75-76)
205-3	Confirmed incidents of corruption and actions taken	SR: Business Ethics (Pg. 75)
302-1	Energy consumption within the organisation	SR: Energy Management (Pg. 49-50)
302-2	Energy consumption outside of the organisation	The information is not available for FY2024.
302-3	Energy intensity	SR: Energy Management (Pg. 49-50)
302-4	Reduction of energy consumption	SR: Energy Management (Pg. 49)
302-5	Reductions in energy requirements of products and services	SR: Energy Management (Pg. 49)
303-1	Interactions with water as a shared resource	SR: Water Management (Pg. 51-53)
303-2	Management of water discharge related impacts	SR: Water Management (Pg. 51-53)
303-3	Water withdrawal	SR: Water Management (Pg. 52-53)
303-4	Water discharge	SR: Water Management (Pg. 52-53)
303-5	Water consumption	SR: Water Management (Pg. 52-53)
305-1	Direct (Scope 1) GHG emissions	SR: Carbon Emissions and Climate Change (Pg. 48)
305-2	Energy indirect (Scope 2) GHG emissions	SR: Carbon Emissions and Climate Change (Pg. 48)
305-3	Other indirect (Scope 3) GHG emissions	The information is not available for FY2024.
305-4	GHG emissions intensity	SR: Carbon Emissions and Climate Change (Pg. 48)

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Index	GRI Disclosure	Page Reference/Remarks
305-5	Reduction of GHG emissions	SR: Carbon Emissions and Climate Change (Pg. 48)
305-6	Emissions of ozone-depleting substances (ODS)	The information is not available for FY2024.
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	SR: Carbon Emissions and Climate Change (Pg. 49)
306-1	Waste generation and significant waste-related impacts	SR: Waste Management (Pg. 54-55)
306-2	Management of significant waste-related impacts	SR: Waste Management (Pg. 54-55)
306-3	Waste generated	SR: Waste Management (Pg. 55)
306-4	Waste diverted from disposal	SR: Waste Management (Pg. 55)
306-5	Waste directed to disposal	The information is not available for FY2024.
401-1	New employee hires and employee turnover	SR: Employee Profiles and Employee Welfare (Pg. 59)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR: Employee Profiles and Employee Welfare (Pg. 59)
401-3	Parental leave	SR: Employee Profiles and Employee Welfare (Pg. 59)
403-1	Occupational health and safety management system	SR: Health and Safety (Pg. 66)
403-2	Hazard identification, risk assessment and incident investigation	SR: Health and Safety (Pg. 67)
403-3	Occupational health services	SR: Health and Safety (Pg. 67)
403-4	Worker participation, consultation and communication on occupational health and safety	SR: Health and Safety (Pg. 68)
403-5	Worker training on occupational health and safety	SR: Health and Safety (Pg. 68)
403-6	Promotion of worker health	SR: Health and Safety (Pg. 69)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The information is not available for FY2024.
403-8	Workers covered by an occupational health and safety management system	SR: Health and Safety (Pg. 69)
403-9	Work-related injuries	SR: Health and Safety (Pg. 69)
403-10	Work-related ill health	The information is not available for FY2024.
404-1	Average hours of training per year per employee	SR: Human Capital Development (Pg. 62)
404-2	Programs for upgrading employee skills and transition assistance programs	SR: Human Capital Development (Pg. 62-64)
404-3	Percentage of employees receiving regular performance and career development reviews	SR: Sustainability Performance Summary (Pg. 77)
405-1	Diversity of governance bodies and employees	SR: Diversity and Inclusion (Pg. 60)
405-2	Ratio of basic salary and remuneration of women to men	The information is not available for FY2024.

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Index	GRI Disclosure	Page Reference/Remarks
408-1	Operations and suppliers at significant risk for incidents of child labour	SR: Human Rights and Labour Management (Pg. 70-71)
412-1	Operations that have been subject to human rights reviews or impact assessments	SR: Human Rights and Labour Management (Pg. 70-71)
412-2	Employee training on human rights policies or procedures	SR: Human Rights and Labour Management (Pg. 70-71)
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	SR: Human Rights and Labour Management (Pg. 70-71)
413-1	Operations with local community engagement, impact assessments and development programs	SR: Local Communities (Pg. 71-72)
414-1	New suppliers that were screened using social criteria	SR: Human Rights and Labour Management (Pg. 70-71)

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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, practices, 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 2024 ("**FY2024**"), 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.

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;
- Reviewing recommendations by the Audit Committee ("**AC**") on the appointment, re-appointment or removal of external auditors;

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- Reviewing recommendations by the AC on any whistle-blowing investigations relating to practices and infractions of company policies, processes and procedures, staffing and personnel matters, and compliance matters;
- Reviewing recommendations by the Board Risk Committee ("**BRC**") on the risk management framework;
- Setting objective performance criteria to evaluate the performance of the Board, individual Directors and Board Committees;
- Approving recommendations by the Nominating Committee ("**NC**") on nomination and appointment/ reappointment of Directors, Board Committees members and key management personnel[1] (collectively, "**KMP**");
- Reviewing recommendations by 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.

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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. Independent directors ("**IDs**") have each received a formal letter of appointment detailing their duties and responsibilities. The CEO has an existing service agreement with the Company.

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 FY2024, 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 arranges for them to attend 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 67 training hours through seminars, courses, conferences, and workshops. In addition to the LED Programme courses, some of the key seminars and conferences attended by Directors included:

- Asean Corporate Governance Scorecard Briefing (SID)
- Singapore Budget 2024 Webinar (EY)
- SID Course on The Board's Role in Talent Management (SID)
- Board Training – Risk Culture (Organization Sustainability) (PwC)
- Engaging Stakeholders Amidst Rising Activism (SID)
- Corporate Governance RoundUp 2024 (SID)
- CGS – Understanding Directors' Duties in Climate Risks (SID)
- PSP 3 – Navigating Towards ISSB Compliance (SID)
- CTP 22: Negotiating the Geopolitical Divide (SID)

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- Director RoundTable – Innovation Strategy for 2024 – How to use discovery-driven approach to create Growth Opportunities (Asia Pacific Institute for Strategy)
- Evolving Global Reporting: Implications for Local companies (SID)
- CTP 2: Extracting Real Value and Impact from ESG (SID)
- Cyber compromise detection: staying ahead of evolving threats (EY)
- CTP13: Navigating Personal Data Protection and Data Breaches (SID)
- NRC Seminar – Behind Closed Doors: Key Decisions and Insights from NRCs (SID)

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;

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- 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;
- 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 four Board Committees: the Audit Committee, Nominating Committee, Remuneration Committee and Board Risk Committee, each tasked with overseeing specific areas of responsibility. Details of these committees 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, considering 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 four 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.

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Board and Board Committees Meetings and Attendance (Provision 1.5)

The Board, AC and BRC 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.

A majority of the Directors, including the CEO, AC Chairman, and Board Chairman, attended the Company's last AGM held in person on 26 April 2024.

The number of Board, Board Committee, and General Meetings held in FY2024, along with the attendance records of Directors and KMP, are detailed below:

	Board	AC	NC	RC	BRC	General Meetings
No. of meetings held	6	4	3	2	4	1
No. of meetings attended by Directors						
Dr Shi Xu	6	–	1*	–	–	1
Mr Gary Ho Hock Yong (1)	4	–	–	–	3	1
Ms Ong Siew Koon @ Ong Siew Khoon	6	4	3	2*	4	1
Mr Kristian John Robinson	6	3*	3	2	2*	1
Ms Lee Lee Khoon	6	4	3*	2	4*	1
Mr Wan Kum Tho (2)	6	4	3	2*	4	1
Mr Russell Tham Min Yew (3)	4	2*	1	1	–	0
Mr Steve Ghanayem (4)	6	1*	3*	2*	4	1
No. of meetings attended by KMP						
Mr Lim Kian Onn *(Chief Financial Officer)*	5*	4*	–	–	–	1
Mr Gian Yi-Hsen *(Chief Strategy Officer)*	5*	–	–	–	4*	1
Mr Lars Ralf Rainer Lieberwirth *(Chief Technology Officer)* (5)	0	–	–	–	–	0
Mr Ian Howe *(Chief Commercial Officer)*	5*	–	–	–	–	1

** By invitation.*

(1) Ceased to be Director and member of the Board Risk Committee on 1 January 2025.
(2) Appointed as member of the Nominating Committee on 30 September 2024.
(3) Ceased to be Director and member of the Remuneration Committee and Nominating Committee on 30 September 2024.
(4) Appointed as member of the Remuneration Committee on 30 September 2024.
(5) Resigned as Chief Technology Officer with effect from 9 April 2024.

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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 AC 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.

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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 six Directors, comprising one Executive Director ("**ED**") and five IDs, with IDs forming the majority. The current composition of the Board and its Committees is outlined below:

Board	AC	NC	RC	BRC
ED				
Dr Shi Xu (Board Chairman)	–	–	–	–
IDs				
Ms Ong Siew Koon @ Ong Siew Khoon (Lead ID)	Chairman	Member	–	Member
Mr Kristian John Robinson	–	Chairman	Member	–
Ms Lee Lee Khoon	Member	–	Chairman	–
Mr Wan Kum Tho	Member	Member	–	Chairman
Mr Steve Ghanayem	–	–	Member	Member

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

The five IDs are independent in conduct, character and judgement, with no relationships 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:

- AC – Ms Ong Siew Koon @ Ong Siew Khoon
- BRC – Mr Wan Kum Tho
- RC – Ms Lee Lee Khoon
- NC – Mr Kristian John Robinson

Following the conclusion of the Company's forthcoming AGM on 25 April 2025, Mr Kristian John Robinson will retire from the Board, stepping down as NC Chairman and RC Member. Ms Ong Siew Koon @ Ong Siew Khoon will be redesignated as NC Chairman while Mr Steve Ghanayem will join the NC, and Mr Wan Kum Tho will join the RC, each as a 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.

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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 made unanimously, except in cases of abstention, ensuring 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 performance and decision-making quality. To support this, the Company has implemented a Board Diversity Policy, ensuring that diversity is actively considered in Board composition. The Company is committed to regular Board renewal, appointing new members with the right mix of skills, experience, and expertise to contribute effectively.

In accordance with the Group's Board Diversity Policy, Board diversity is assessed 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, ensuring a diverse yet complementary mix of talents and backgrounds. This diversity helps to mitigate groupthink, foster constructive debate, and enhance decision-making in the best interests of the Company.

Candidate selection considers a broad range of diversity perspectives, with merit and the value each candidate brings to the Board being the ultimate criteria for appointment.

The Board has established the following diversity targets to ensure a balanced composition that enhances decision-making and governance effectiveness:

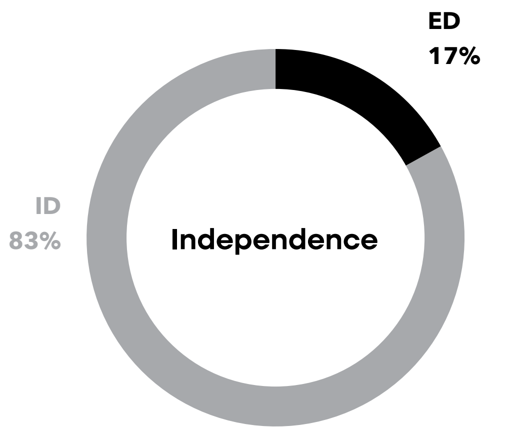
- Gender Diversity: The Board recognizes the importance and value of gender diversity and commits to ensuring that female Directors make up at least one-quarter of the Board. As of the end of FY2024, the Board comprises two female Directors, representing one-third of its composition.

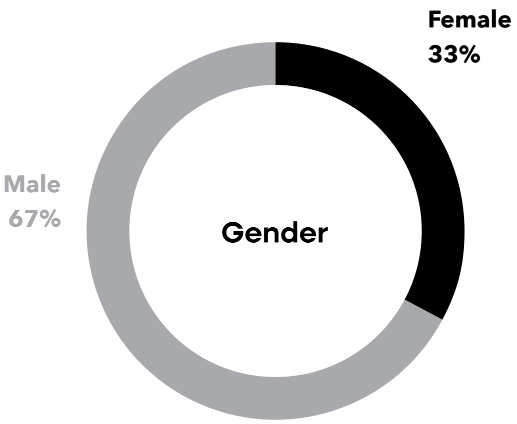
- Geographic Diversity: To foster multinational perspectives and diverse expertise, the Board includes international Directors based outside Singapore. To achieve this, the Company expands its search and recruitment process to attract candidates from various nationalities and cultural backgrounds. As of the end of FY2024, two Directors have extensive experience in jurisdictions outside Singapore, including Australia and the United States, contributing to the Board's global insights and cultural diversity.

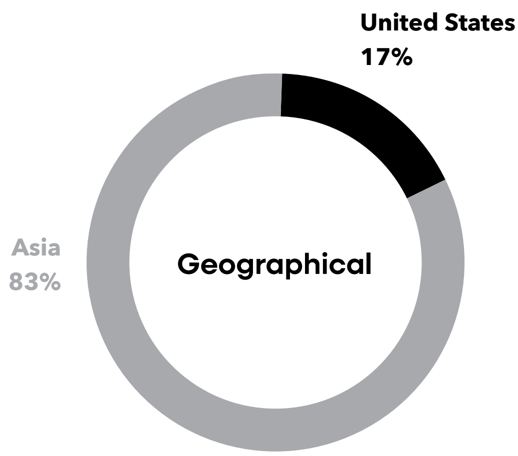
- Skills and Experience: The Company is committed to maintaining a Board with diverse skills and expertise, covering areas such as finance, tax, strategic planning, technology, and industry knowledge. As of the end of FY2024, the Board consists of individuals with broad expertise, spanning across accounting and finance, tax, business and management, legal and regulatory matters, industry-specific knowledge, strategic planning, and customer-based insights. Each Director is appointed based on merit, experience, industry expertise, strategic acumen, and ability to contribute to the Company's growth.

As the Group evolves, the Board will continue to assess its composition, engaging individuals with the right expertise and leadership profile to support the Group's business needs and expansion strategies.

Corporate Governance Report







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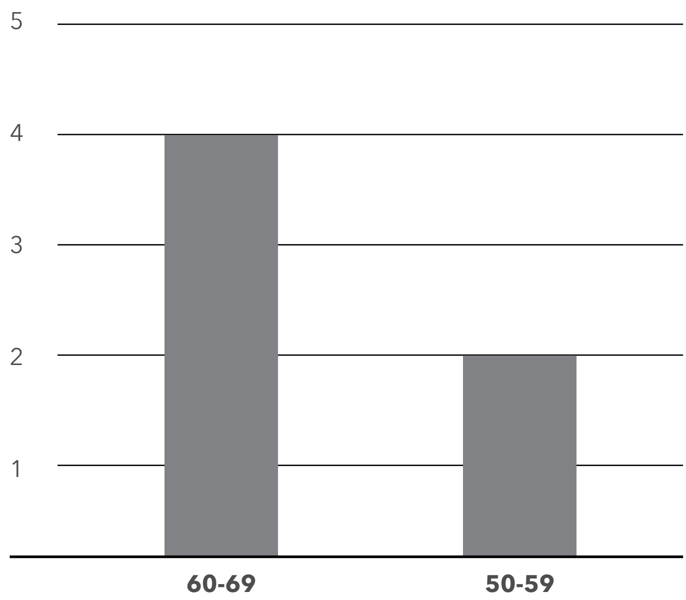

Skills, knowledge, professional and industry background

Corporate Governance Report

After assessing the Board's size and composition, as well as the diverse skills, expertise, and experience each Director brings - including age, gender, nationality, and cultural background, the Board is satisfied that its current diversity effectively meets the Group's needs. The Board remains committed to maintaining a broad range of expertise and multinational perspectives.

The NC is responsible for establishing the Board Diversity Policy, including setting targets, plans, and timelines for the Board's approval. The NC also regularly reviews these targets and keeps the Board updated on the progress and status.

Meeting of Independent Directors without Management (Provision 2.5)

In FY2024 and up to the date of this report, the IDs, led by the Lead ID, have met several times – 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 Chief Executive Officer ("CEO") (Provision 3.1)
Roles of Chairman and 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 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 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.

<u>Responsibilities as Board Chairman</u>

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.

Corporate Governance Report

Responsibilities as CEO

As 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 AC. The performance of the Board Chairman and 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 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 Kristian John Robinson – Chairman (ID)
Ms Ong Siew Koon @ Ong Siew Khoon – Member (Lead ID)
Mr Wan Kum Tho – Member (ID)

In FY2024, the NC convened three 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.

Corporate Governance Report

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 CEO and KMP;
- Identify candidates, review and approve nominations for Directors or alternate Directors (whether appointment or re-appointment), 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 FY2024 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.
- Reviewed the succession planning for the Board and KMP.
- 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.

Corporate Governance Report

- Reviewed the Board Diversity Policy to ensure continued alignment with governance best practices.

- 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.

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

Board Succession Planning and Director Appointment

As part of the Board's succession planning and progressive renewal process, and in alignment with the Company's commitment to diversity in expertise, experience, gender, age, and other relevant attributes, the NC regularly assesses the need for new Board appointments. The NC is responsible for identifying and recommending suitable candidates for appointment to the Board.

New appointments are first considered and reviewed by the NC, with potential candidates sourced through Director recommendations or professional networks. Where necessary, an external consultant may be engaged to identify qualified candidates. The NC evaluates candidates based on character, expertise, industry experience, commitment level, and how their skills complement the existing Board's competencies and diversity targets. Upon identifying a suitable candidate, the NC submits a recommendation to the Board for approval.

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 FY2024 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.

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 FY2024, no Director will retire under Regulation 100 at the forthcoming AGM on 25 April 2025.

- 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.

Corporate Governance Report

Nomination and Board Decision

The NC has recommended that Mr Kristian John Robinson and Mr Wan Kum Tho retire pursuant to Regulation 94 and Mr Wan Kum Tho be nominated for re-election at the forthcoming AGM on 25 April 2025. Mr Wan Kum Tho 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 Kristian John Robinson has decided not to seek re-election.

Board Composition Following Retirement of Independent Director

Following the retirement of Mr Kristian John Robinson, who has opted not to seek re-election, the Board composition remains adequate and continues to align with corporate governance best practices.

- Majority Independence Maintained – The Board will continue to comprise a majority of Independent Directors ("IDs"), ensuring sufficient independent oversight and objective decision-making.

- Diverse and Competent Board – The remaining Directors collectively possess extensive expertise in finance, strategy, risk management, and industry knowledge, providing the necessary guidance and oversight for the Group's operations.

- Effective Board Committees – All Board Committees will continue to be chaired by IDs, ensuring independent leadership in audit, risk, nomination, and remuneration matters.

- Regular Board Review – The NC will continue to review Board composition and succession planning to ensure the Board remains well-balanced and effective.

The Board is confident that, despite the retirement of Mr Kristian John Robinson, its current composition is sufficiently robust to support the Group's strategic direction, governance framework, and long-term interests of stakeholders.

Disclosure of Re-Election Details

In compliance with Rule 720(6) of the SGX-ST Listing Rules, detailed information on the Director(s) proposed for re-election is provided on pages 135 to 137 of this Annual Report.

Corporate Governance Report

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.

Mr Ghanayem is a shareholder and owner of Ghanayem Consulting, LLC which was engaged by the Company to provide business and operational advisory services at an annual fee of S$50,000 since October 2022. The engagement concluded on 30 September 2024, and Ghanayem Consulting, LLC ceased to be a consultant to the Company effective 1 October 2024. Considering the guidelines outlined in Practice Guidance 2 of the Code of Corporate Governance 2018, and given that the total consultancy fees paid to Ghanayem Consulting, LLC in FY2024 did not exceed S$200,000, the Board has determined that Mr Ghanayem remains independent.

The NC has reviewed and confirmed the continued independence of Ms Ong Siew Koon @ Ong Siew Khoon, Mr Kristian John Robinson, 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.

Corporate Governance Report

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 - Director of SGInnovate
Ms Ong Siew Koon @ Ong Siew Khoon	9 Oct 2020	26 April 2024	Non-executive director of Karooooo Limited (listed on Nasdaq)	Nil	- Lead independent director of Maribank Singapore Private Limited - Director of Total-WellBeing SG Limited
Mr Kristian John Robinson	9 Oct 2020	28 April 2023	Nil	Nil	- Nadira Holdings Pty Ltd.
Ms Lee Lee Khoon	9 Oct 2020	26 April 2024	Nil	Nil	Nil
Mr Wan Kum Tho	14 May 2021	28 April 2023	- Non-executive director of AP Oil International Limited - Non-executive director of Tat Hong Equipment Service Co. Ltd	Independent director of D'nonce Technology Bhd	- Managing Director, Investments, APAC of Singtel Innov8 Private Ltd - Adjunct Associate Professor (Finance) at NUS Business School
Mr Steve Ghanayem	1 Nov 2022	28 April 2023	Nil	Nil	- President (US Operations) and Senior Vice President (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 to a maximum of five, including their directorship in the Company. This guideline ensures that Directors have adequate time to fulfill 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 system to assess the effectiveness of the Board, Board Committees, and individual Directors. 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 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 Processes & Effectiveness – Timeliness and adequacy of materials, meeting efficiency, and decision-making effectiveness.

The Board Committees' evaluation focuses on their efficiency and effectiveness in supporting the Board, including an assessment of their size, composition, and ability to fulfill 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 & Participation – Actively engages in discussions, attends meetings regularly, and contributes meaningfully to decision-making.
- Preparedness for Discussions – Demonstrates a high level of readiness for Board and Board Committee meetings, including thorough review of materials and key issues.

Corporate Governance Report

- Experience & Expertise – Brings relevant industry knowledge, professional expertise, and governance experience to Board deliberations.

- Strategic Understanding – Possesses a strong grasp of the Group's business plans, strategies, and long-term objectives.

- Leadership & Guidance – Provides constructive leadership and strategic direction to Management, offering insights and oversight.

- Communication & Clarity – Effectively articulates thoughts and opinions in a clear, concise, and constructive manner, fostering productive discussions.

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 FY2024, the Board, Board Committees, and individual Director performance evaluations were conducted in February 2025. 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 FY2024, the NC did not engage an external facilitator for the annual performance evaluation.

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 Kristian John Robinson – Member (ID)
Mr Steve Ghanayem – Member (ID)

Role and responsibilities of the Remuneration Committee (Provision 6.1)

In FY2024, 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 EDs 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.

Corporate Governance Report

- 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)

Remuneration of EDs and IDs

The Company has a formal and transparent process for developing executive remuneration and determining the remuneration packages of individual EDs. 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.

Except for the consultancy arrangement between Ghanayem Consulting, LLC and the Company, as detailed under Provision 4.4, none of the IDs have service contracts or consultancy agreements with the Company in FY2024. The consultancy arrangement with Ghanayem Consulting, LLC has ceased since 1 October 2024.

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 CEO and KMP in the event of termination and is satisfied that the termination clauses are fair, reasonable, and not excessively generous.

Corporate Governance Report

<u>Group-wide Remuneration Guidelines</u>

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 FY2024, the Company's subsidiary engaged Foreign Enterprise Human Resources Service Co., Ltd (FESCO), an independent consultant in China to provide comprehensive advisory services aimed at enhancing the efficiency, effectiveness, and competitiveness of the Group's human resource management and talent development strategies through the following four key modules:

- Job Description Optimization – ensures clarity, efficiency, and alignment of roles with business needs.
- Job Evaluation System Design – establishes a structured grading framework to ensure fair and transparent job rankings based on complexity and impact.
- Compensation System Design – develops a competitive, performance-based salary structure aligned with market benchmarks and regulatory requirements.
- Talent Assessment – identifies high-potential employees through structured evaluations, supporting succession planning and leadership development. Collectively, these initiatives enhance workforce efficiency, retention, and alignment with the Group's long-term objectives.

FESCO is independent and has no affiliation with the Group or any of the Company's Directors.

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.

Corporate Governance Report

Fixed and Variable Components

The remuneration packages for EDs 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 EDs 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.

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.

Corporate Governance Report

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 FY2024

The fee structure for the Board and Board Committees in FY2024 is as follows:

	Annual Fees (S$)	
	Chairman	**Member**
Board	80,000	50,000
Audit Committee	20,000	15,000
Nominating Committee	13,000	7,500
Remuneration Committee	15,000	10,000
Board Risk Committee	15,000	10,000

Effective FY2024, in line with corporate governance best practices, EDs 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 FY2024, Dr Shi Xu and Mr Gary Ho did not receive any Directors fees.

Proposed Directors' Fees for FY2025

Under the revised fee structure, the RC has recommended that the Board seek shareholders' approval at the forthcoming AGM for the payment of S$363,616.44 in Directors' fees to the IDs for the financial year ending 2025 ("**FY2025**"), payable quarterly in arrears. No Directors' fees would be payable to the Board Chairman, Dr Shi Xu, in view of the executive nature of his directorship.

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 FY2025 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 25 April 2025 for shareholders' approval.

Corporate Governance Report

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, CEO and KMP for FY2024 is set out below. The disclosure is provided to enable a better understanding of the link between the remuneration paid to Directors, 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	592,952	–	581,600	–	11,352	–
Mr Gary Ho Hock Yong	504,845	–	437,100	–	32,474	35,271
IDs						
Ms Ong Siew Koon @ Ong Siew Khoon	87,500	100%	–	–	–	–
Mr Kristian John Robinson	73,000	100%	–	–	–	–
Ms Lee Lee Khoon	80,000	100%	–	–	–	–
Mr Wan Kum Tho	81,906	100%	–	–	–	–
Mr Russell Tham Min Yew [4]	50,348	100%	–	–	–	–
Mr Steve Ghanayem	62,541	100%	–	–	–	–

	Remuneration Band [1]	Breakdown in Percentage				
		Fixed Salary	Bonus	Others [2]	Share- based Incentives [3]	Total
KMP						
Mr Lim Kian Onn	B	82%	0%	9%	9%	100%
Mr Lars Ralf Rainer Lieberwirth [5]	A	69%	0%	31%	0%	100%
Mr Gian Yi-Hsen	B	85%	0%	9%	6%	100%
Mr Ian Howe	B	73%	0%	21%	6%	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.

Corporate Governance Report

Notes: (continued)

(1) Remuneration bands:
"**A**" refers to remuneration less than or equal to the equivalent of S$250,000.
"**B**" 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 Russell Tham Min Yew was prorated until the date of his cessation as Director of the Company on 30 September 2024.
(5) The remuneration paid to Mr Lars Ralf Rainer Lieberwirth was prorated until the date of his cessation as Chief Technology Officer of the Company on 9 April 2024.

Under the Code of Corporate Governance 2018, the Company is required to disclose the remuneration of its top five KMP. However, in FY2024, the Company had only four KMP (excluding Directors and the 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 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 CEO, as well as details on remuneration policies, composition, performance metrics, and the determination process for 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

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.

Corporate Governance Report

Other Remuneration Policies

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

Aggregate Remuneration of KMP and EDs in FY2024

- The aggregate remuneration of KMP (Mr Lim Kian Onn, Mr Lars Lieberwirth, Mr Ian Howe, and Mr Gian Yi Hsen) for FY2024, including benefits-in-kind, share-based incentives, and any deferred compensation accrued for the financial year and payable at a later date, amounted to approximately S$1.215 million.

- The aggregate remuneration of EDs (Dr Shi Xu and Mr Gary Ho Hock Yong) for FY2024, including Directors' fees, amounted to approximately S$1.098 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 CEO or a substantial shareholder of the Company, and whose remuneration exceeded $100,000 during the financial year under review, are as follows:

			Breakdown in Percentage		
	Designation	**Remuneration Band**	**Fixed Salary, Bonus and Others**	**Share-based incentives**	**Total**
Mr Jin Xiaozhe[(1)]	Deputy for Business Development and Sales of Advanced Materials BU	A[(2)]	94%	6%	100%

Notes:

(1) Mr Jin Xiaozhe is the brother of Mdm Jin Xiao Qun, a substantial shareholder of the Company.
(2) "**A**" refers to remuneration greater than the equivalent of S$300,000 and less than or equal to S$400,000.

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 a Board Risk Committee to address significant risks (Provision 9.1)

The Board holds overall responsibility for risk governance and provides oversight of material risks affecting the Group's business. As part of the Group's risk management strategy, the BRC was established to oversee risk governance and define the significant risks the Group is willing to undertake in pursuit of its strategic objectives and value creation.

The BRC consists of three Directors, all of whom, including the Chairman, are IDs. Additionally, two members of the BRC also serve on the AC.

Mr Wan Kum Tho – Chairman (ID, AC member)
Ms Ong Siew Koon @ Ong Siew Khoon – Member (Lead ID, AC chair)
Mr Steve Ghanayem – Member (ID)

The BRC supports the Board in determining the Group's risk tolerance levels and risk policies. It oversees and monitors the implementation of risk management and the Group's internal control systems to ensure their effectiveness.

The BRC ensures that Management maintains a robust internal control framework and effective risk management policies to safeguard shareholders' interests and the Group's assets.

In FY2024, the BRC held four meetings, formally reporting its proceedings and key matters to the Board after each meeting. Additionally, the BRC met informally to discuss risk identification, control processes, and the adoption of risk management systems within the Group.

<u>Role and Responsibility of the BRC</u>

The responsibilities of the BRC as set out in its Terms of Reference include the following:

- Determine the nature and extent of the material risks which the Board is willing to take in achieving the Group's strategic objectives;
- Recommend the Company's levels of risk appetite and risk tolerance for different categories of risk;
- Review the Company's strategy, policies, framework, processes and procedures for the identification, measurement, reporting and mitigation of material risks in the Company's business, with due consideration to applicable laws and regulations, as appropriate, and report any significant matters, findings and recommendations to the Board;
- Review and recommend risk strategy and policies for the management of material risks over a longer time horizon for approval by the Board;
- Review policies, processes and reports concerning the adequacy and effectiveness of the Company's risk management framework including strategic, operational, compliance, financial, HSE (Health, Safety and Environmental) and information technology risks;

Corporate Governance Report

- Oversee Management in the design, implementation and monitoring of the risk management and internal control system, and ensure Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets;
- Report to the Board on the activities and observations of the risk management and internal control systems;
- Advise on risk aspects and implications for the risk tolerance of the Company on strategic transaction(s) to be undertaken;
- Submit evaluations of the Company's system of risk management to the Board, and recommend policies to be developed that would enhance the system;
- Review the Company's framework, processes and resources to identify and manage new or emerging risks as a result of changes in country, technological, social or business conditions;
- Monitor the implementation of the Company's risk mitigation plans;
- Review the robustness of the business continuity planning process within the Company and ensure that material risks are identified and appropriate contingency plans are in place;
- Review the adequacy of the insurance and other risk transfer arrangements;
- Review reports on material risk events and ensure adequacy of actions taken by Management; and
- Investigate any matters within its Terms of Reference and to require cooperation by Management.

Risk Management and Mitigation Framework

The Group adopts the following risk management approach:

"The Group adopts a balanced approach to risk management, recognizing that not all risks can be eliminated. It undertakes well-considered and appropriate risks to optimize returns and ensure the Group's long-term sustainability."

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

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

Corporate Governance Report

Assessment and Management of Key Risks

The Board, supported by the BRC, AC 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's risk management and mitigation framework identifies, evaluates, and prioritizes strategic, financial, operational, compliance, and cybersecurity risks. Risk-related policies are established to define authority levels, oversight responsibilities, risk identification and assessment and exposure limits, ensuring a structured and effective risk management framework.

- *Operational Risk Management* – Operational risks are delegated to Management, which assumes ownership and day-to-day responsibility for risk management. Appropriate mitigation measures are implemented or proposed to address and manage significant risks.

- *Internal Controls & Compliance* – The AC and IA independently review internal controls, regulatory compliance, and governance processes.

- *Crisis Response & Business Continuity* – The Group maintains business continuity plans and cybersecurity measures to mitigate disruptions and safeguard business operations.

- *Monitoring & Reporting* – Risk exposures, risk management process and mitigation strategies are monitored and regularly reviewed by the BRC and AC, with updates provided to the Board for informed decision-making. Additionally, risk management policies and systems are regularly reviewed and updated to align with market conditions and the Group's evolving activities.

Key Business Risks and Mitigation Measures

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

Corporate Governance Report

Internal Audit and Assurance

The IA evaluates material internal controls as part of the internal audit plan, providing independent assurance on the adequacy, effectiveness, and integrity of the Group's internal controls and risk management systems.

In FY2024, the in-house IA conducted audits covering:

- Financial risk controls
- Operational risk controls
- Compliance measures
- Information technology risk management

Additionally, in FY2024, the Company engaged a third-party consultant to support enhancements in sustainability reporting and monitoring of sustainability processes.

Adequacy and effectiveness

If any non-compliance or internal control weaknesses are identified during the audit, the findings, along with recommended remedial measures and Management's responses, will be reported to the AC.

Additionally, any significant deficiencies in internal controls identified by the EA during the audit will also be reported.

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

Written assurances on their adequacy and effectiveness (Provision 9.2)

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

(1) the financial records have been properly maintained and the 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.

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

For FY2024, the Board had received the written confirmations of the KMP, CEO and CFO (collectively, the "**Management Assurance Letters**") as above stated.

Corporate Governance Report

Board's Assessment of Internal Controls and Risk Management

Based on the internal controls established and maintained by the Group, the work performed by the EA and IA, as well as reviews conducted by Management, the Board Committees, and the Management Assurance Letters, the Board – with the concurrence of the AC and BRC – is of the opinion that the Group's internal controls and risk management systems are adequate and effective. These controls sufficiently address strategic, financial, operational, compliance, and information technology risks that are relevant and material to the Group's operations for the year.

While the Board recognizes that Management's internal control and risk management systems provide reasonable assurance in mitigating foreseeable risks as the Group pursues its business objectives, it acknowledges that no system of internal controls and risk management can provide absolute assurance against:

- Material errors
- Poor judgment in decision-making
- Human error
- Fraud
- Other irregularities

As of 31 December 2024, no material weaknesses in risk management or internal controls were identified.

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 Committee (Provision 10.2)

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

Ms Ong Siew Koon @ Ong Siew Khoon – Chairman (Lead ID)
Ms Lee Lee Khoon (ID) – Member
Mr Wan Kum Tho (ID) – Member

Expertise of AC members

All three AC members possess invaluable expertise and experience in accounting and financial management, equipping them with the necessary qualifications to effectively discharge their responsibilities.

Ms Ong Siew Koon, the AC Chairman, has extensive practical experience in accounting and financial management and is well qualified to lead the AC. 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.

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

In compliance with the Code of Corporate Governance 2018, the AC 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.

Authority of the AC

The AC has explicit authority to investigate any matter within its Terms of Reference. Management is required to provide full co-operation, including access to all necessary information and resources, and to implement any request made by the AC.

The AC has direct access to both the IA and EA, with full discretion to invite any Director or KMP to its meetings. Likewise, the IA and EA have unrestricted access to the AC.

Duties of AC and Activities of the AC (Provision 10.1)

The AC is guided by its Terms of Reference, which defines its duties and scope of authority that are in line with the Code of Corporate Governance 2018. In particular, the duties of the AC include the following:

Financial Reporting

- Reviewing and reporting to the Board on significant financial reporting issues and judgements to ensure the integrity of the financial statements and any announcements relating to financial performance;
- Reviewing the quarterly/half-yearly and annual financial statements before submission to the Board for approval;
- Reviewing the assurance from the CEO and CFO on financial records and financial statements;
- Discussing with Management any legal, regulatory or contractual matters that may have a material impact on the Group's financial statements and any material reports or inquiries from regulatory or governmental agencies;
- Reviewing the adequacy and effectiveness of the Group's finance function;
- Ensuring that the Group's trade receivables are stated at fair value and accurately recorded in the financial statements, and that credit policies are adhered to;
- Reviewing key financial risk areas and monitor the cash flows of the Group;

Internal Controls

- Reviewing and reporting 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 recommending to the Board, policies to be developed that would enhance the controls and operating systems of the Group, and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;
- Reviewing regulatory compliance matters, at least on a quarterly basis, with a view to ensuring that adequate rectification measures are taken for past breaches and new initiatives are implemented to mitigate and reduce the risks of future breaches;

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Whistleblowing

- Reviewing the policy, and establishing procedures for concerns about possible improprieties in financial reporting, criminal offences involving the Group or its employees, or other matters that may negatively impact the Group to be safely raised, independently and appropriately investigated and followed up on;
- Reviewing and reporting to the Board on a timely basis any significant matters raised through the whistleblowing channel;
- Commissioning and reviewing the findings of investigations by the IA and EA into matters where there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

Interested Person Transactions

- Reviewing any interested person transactions to ensure that the minority shareholders' interests have not been compromised;

External Audit and Internal Audit

- Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the EA's audit plan, audit reports and evaluation of the system of internal accounting controls;
- Making recommendations to the Board on the proposals to shareholders on the appointment, reappointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;
- Monitoring and reviewing the implementation of the recommendations of the IA and EA for internal control weaknesses (if any);
- Ensuring co-ordination between the EA, IA and Management, and reviewing the assistance given by Management to the EA and IA;
- Ensuring that the internal audit function is adequately resourced and staffed with persons of relevant qualification and experience, and that the IA comply with the standards set by nationally or internationally recognised professional bodies;
- Reviewing and approving the internal audit plan, the internal audit reports, the scope and results of the internal audit procedures and Management's response and follow-up actions;
- Reviewing at least annually, the adequacy and effectiveness of the Group's risk management and internal audit function and ensuring that a clear reporting structure is in place between the AC and the IA;
- Ensuring that the internal audit function has unfettered access to all the Group's documents, records, properties and personnel, including the AC, and has appropriate standing within the Group;
- Approving 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;

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Conflict of Interest

- Reviewing any actual or potential conflicts of interest that may involve the Directors and resolving all conflicts of interest matters referred to it. A Director who is a member of the AC will not participate in any proceedings of the AC in relation to the review of a conflict of interest relating to him/her;

- Monitoring any investments in the customers, suppliers and competitors of the Group made by the Directors, controlling shareholders and their respective associates, making assessments on whether there are any potential conflicts of interest and proposing ways to resolve such potential conflicts of interest as and when they arise;

- Reviewing and assessing whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders and proposing, where appropriate, the relevant measures for the management of such conflicts;

- Reviewing all conflicts of interest matters referred to it;

Hedging

- Reviewing the adequacy of, and approving the procedures put in place related to hedging policies to be adopted by the Group;

Intellectual Property

- Reviewing the Group's intellectual property protection policies to ensure that the policies and/or procedures are complied with, and are adequate and effective for the Group's operations;

Legal Representatives

- Reviewing and monitoring the measures put in place in respect of the legal representatives of the Company's subsidiaries in the PRC;

Share Swap

- Ensuring that the issuance of the Company's shares to MG Consulting Holdings Pte. Ltd. ("**MG Holdings**") post-listing is in accordance with the shareholders' agreement entered into between the Company, MG Holdings and NanoFab Technologies Pte. Ltd. on 27 October 2017 (as amended) and in compliance with the relevant laws, rules and regulations (including the Companies Act and the Listing Rules);

Chief Financial Officer

- Assessing the performance of the CFO, for the relevant period, on an annual basis to determine his suitability of the position[2];

2 The assessment of the CFO's performance for FY2024 was undertaken by the AC and the results of the assessment were discussed by the AC.

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General

- Undertaking such other functions and duties as may be required by statute or the Listing Rules;
- Undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings on matters arising and requiring the attention of the AC; and
- Monitoring the use of, and making announcement on the use of the proceeds from the IPO, in accordance with the rules of the Listing Rules.

In FY2024, the AC also reviewed its Terms of Reference which is in line with the Code of Corporate Governance 2018.

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 AC 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 CEO, CFO and KMP (as referenced under Provision 9.2). The Group is not required to issue a negative assurance confirmation for its full-year results announcement.

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.

Corporate Governance Report

External Audit

The AC has the authority to seek clarification from Management, the EA, or independent professional advisors as needed. Additionally, AC 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 AC 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 AC engaged in discussions with Management regarding the accounting principles applied and the judgments made that could impact the integrity of financial reporting. The AC also assessed the clarity and adequacy of key disclosures in the financial statements.

Significant financial reporting matters have been identified and included in the Independent Auditor's Report under "Key Audit Matters". For FY2024, the following were reported as Key Audit Matters:

- Accounting for the put option liability
- Measurement of development costs
- Accounting for business combination

Further details on Key Audit Matters can be found on page 151 to 153 of this Annual Report.

Key Audit Matter	How the EA addressed these Matters
Accounting for the put option liability	The EA reviewed the basis to determine the put option liability, independently considered the reasonableness of the key methodologies and assumptions (including discount rates) applied in the valuation of the Venezio Put Option Shares and re-performed the computations involved in the estimation of the put option liability. The EA found the methodologies and assumptions used by Management in estimating the put option liability to be appropriate and reasonable.
Measurement of development costs	The EA reviewed the Group's control environment on intangible assets cycle and performed the test of key controls as appropriate, made enquiries with Management on the determination of research and development stage, 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 cost incurred and payment, and performed cut-off test to check that cost is recognised in the appropriate accounting period. The EA found the methodologies and cost capitalized by Management in determining the intangible assets to be appropriate and reasonable.
Accounting for business combination	The EA reviewed the transaction agreement(s) and meeting minutes as well as Management's assessment of the accounting treatment for the acquisition of Axyntec Dünnschichttechnik GmbH in accordance with SFRS(I) 3 Business combinations. The EA also examined Management's identification of the accounting acquirer and determination of the acquisition date, assessed the consideration transferred, evaluated the assets acquired and liabilities including their fair values as of the acquisition date. Additionally, with assistance from internal valuation specialists the EA examined the valuation report prepared by an external expert, assessed the external expert's competence, capability and objectivity, and reviewed the adequacy of the disclosures in the financial statements. The EA found the business combination assessment made by Management to be appropriate and reasonable.

The AC concurs with the conclusion of the Management and EA on the Key Audit Matters.

Corporate Governance Report

Independence of EA

The AC 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 AC is satisfied that Moore Stephens LLP, along with its audit engagement partner and assigned audit team, possesses the necessary resources and experience to fulfill their audit responsibilities, given the size, nature, operations, and complexity of the Group.

The AC has also reviewed all non-audit services provided by the EA and is of the opinion that these services do not compromise the EA's independence or objectivity. The EA has further confirmed its independence in this regard.

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 AC.

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

AC Oversight and IA Independence

The AC 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 AC.

The IA plays a key role in supporting the AC 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.

AC Review and Compliance

The AC 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 AC 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.

Corporate Governance Report

Meeting with EA and IA (Provision 10.5)

The AC 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.

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 verify the results. The total number of votes for and against each resolution is announced at the meeting.

Shareholders attending in person or via proxy are entitled to one vote per share. The detailed voting results, along with the name of the independent scrutineer, are announced via SGXNet on the same day.

Attendance at general meetings (Provision 11.3)

The Board of Directors, including the Chairman of the Board and the Chairmen of the AC, BRC, 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.

Corporate Governance Report

AGM for FY2023

The FY2023 AGM, held on 26 April 2024, took place at 28 Ayer Rajah Crescent #02-02/03, Singapore 139959, one of the Company's operational locations. The AGM Notice, sent on 11 April 2024, 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 FY2024

The upcoming FY2024 AGM, scheduled for 25 April 2025, will be held at 11 Tai Seng Drive, Singapore 535226, the Company's registered office. The AGM Notice, dated 10 April 2025, 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.

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

Corporate Governance Report

FY2024 Dividend Declaration

The Board is pleased to recommend a final tax-exempt dividend of S$0.0033 per ordinary share for FY2024, subject to shareholder approval at the AGM.

Together with the interim dividend of S$0.0033 per share paid on 6 September 2024, the total declared dividend for FY2024 amounts to S$0.0066 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 upholds a high standard of disclosure, recognizing its importance in good corporate governance. It is committed to providing shareholders with fair, relevant, comprehensive, and timely information regarding its financial performance and material developments.

Timely and Transparent Disclosures

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

- Notifies shareholders in advance of the release date for financial results via SGXNet.
- Discloses material information that is price-sensitive or investment-relevant through SGXNet, in compliance with the Listing Rules and the Code of Corporate Governance 2018.
- Publishes such announcements on its corporate website at https://www.nti-nanofilm.com/investor-overview/investor-announcement/
- Ensures prompt public disclosure if any inadvertent disclosure occurs to a select group.
- Makes financial reports, annual reports, announcements, and media releases accessible via its website.

Shareholder Engagement and Investor Relations

The Company maintains regular engagement with shareholders to enhance awareness and understanding of its:

- Strategic business model
- Corporate developments
- Financial performance
- Competitive strengths
- Growth strategies and investment potential

The Company actively engages with local and foreign institutional investors and participates in investor relations activities. All briefing materials are publicly disseminated via SGXNet and the corporate website, ensuring transparency and non-selective disclosure.

Corporate Governance Report

Annual General Meeting and General Meetings

The AGM and other general meetings serve as the primary forum for direct engagement with shareholders. Shareholders are informed of these meetings through notices sent electronically or made available online.

Key documents, including the notice of AGM, 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 to the Board, and the Board endeavours to address all substantial and relevant queries either before or during the meetings.

Investor Relations (Provisions 12.2 and 12.3)

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 equitable communication.

Investor Engagement and Communications

The Group's investor relations team, supported by MUFG Corporate Markets IR Pty Ltd ("**MUFG**"), facilitates ongoing and informed dialogue with shareholders to foster an open exchange of views.

The Company regularly meets with current and prospective investors, media, and analysts and participates in investor roadshows and industry conferences throughout the year.

Following the release of half-year and full-year financial results, as well as quarterly business updates, the Company holds briefings for analysts and media. These announcements and relevant materials, as well as transcripts of the Company's briefing with analysts and media, are uploaded on the SGX-Net are made publicly available via SGXNet and the Company's corporate website.

The Company also provides detailed disclosures in its Annual Report and/or Sustainability Report, covering:

- Business strategy
- Performance and outlook
- Future plans
- Key areas of focus in stakeholder engagement

Investor Relations Activities in FY2024

In FY2024 and up to the date of this report, the Company had conducted over 80 meetings with institutional investors and analysts through briefings and investor meetings to maintain regular engagement, address inquiries, and gain insights into shareholder views.

Corporate Governance Report

Enhancing Shareholder Communication

To further encourage and enhance communication, the Company provides the contact details of its investor relations team in press releases. Additionally, shareholders and investors can:

- Reach the investor relations team via a dedicated email address available on the corporate website.
- Submit questions and feedback, which are addressed by the Company's IR team and MUFG.

This approach ensures timely and transparent communication, fostering strong relationships with the investment community.

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.

The Board is committed to achieving sustained value creation for all stakeholders and takes an inclusive approach by carefully considering and balancing their needs and interests. This is integral to ensuring that the best interests of the Group are served.

Stakeholders play a crucial role in the Group's business. They are identified as those directly impacted by the Group's operations, as well as those whose actions can influence the Group's business. The Company's vision and business success are closely aligned with the interests of its key stakeholders.

Effective stakeholder engagement enables the Group to better understand stakeholder needs and incorporate them into its corporate strategy, strengthening long-term relationships and enhancing business sustainability.

Material stakeholder groups (Provision 13.1)
Management of stakeholder relationships (Provision 13.2)
Corporate website to communicate and engage with stakeholders (Provision 13.3)

Sustainability Reporting and Stakeholder Engagement

In line with its commitment to good corporate governance, Management has established a Sustainability Reporting Framework, which is incorporated into this report. In FY2024, the Company engaged Baker Tilly Consultancy (Singapore) Pte. Ltd. as external internal auditor to conduct an internal review of the Company's sustainability reporting processes, in accordance with Practice Note 7.6 of the Listing Rules.

More details on the Group's strategy and key focus areas for managing stakeholder relationships can be found in the Sustainability Report on pages 28 to 82 of this Annual Report.

Corporate Governance Report

Key Stakeholder Groups

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

- Shareholders
- Business Partners (customers, suppliers, and joint venture partners)
- Employees
- Investors
- Community
- Regulators

Stakeholder Engagement

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

Additionally, the Group maintains a corporate website (https://www.nti-nanofilm.com/), serving as a key communication platform for stakeholders and the public. The website provides current and archived corporate information, including:

- Financial results
- Annual reports
- SGXNet announcements
- Presentation materials
- Other relevant corporate updates

This ensures transparent and accessible communication with all stakeholders.

Awards and Recognition in FY2024

In FY2024, the Company received the WIPO National Award for Enterprises and the WIPO-IPOS IP for Innovation Awards 2024. These awards celebrate Singapore enterprises that have achieved exceptional growth through the effective use of intellectual property ("**IP**"). Organised by IPOS International and supported by the Intellectual Property Office of Singapore ("**IPOS**") and the World Intellectual Property Organization ("**WIPO**"), the awards recognize IP champions that have successfully leveraged IP to innovate, transform, and grow their businesses.

Additionally, the Company was named one of Singapore's Best Managed Companies in 2024, an initiative by Deloitte Private. Having first won the Best Managed award in 2021, the Company has maintained this recognition for four consecutive years, achieving Gold Standard Winner status in 2024.

Corporate Governance Report

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 development
- Capabilities and innovation
- Corporate culture and commitment
- Strong governance structures
- Financial discipline

These awards reaffirm the Company's commitment to innovation, operational excellence, and strong governance.

Other Corporate Governance Matters

WHISTLE-BLOWING POLICY

The Group has established a whistle-blowing policy to ensure independent investigations into complaints related 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

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 Group also maintains strict confidentiality regarding the whistleblower's identity. Anonymous complaints may be considered based on factors such as the seriousness of the issue, credibility of the concern, and availability of verifiable supporting evidence.

The AC oversees and monitors the whistle-blowing framework.

Corporate Governance Report

Reporting Channels

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 AC Chairman and/or the Compliance Officer at:

    - AC Chairman: siewkoon.ong@nti-nanofilm.com

    - Compliance Officer: yihsen.gian@nti-nanofilm.com

Investigation and Remedial Actions

All whistle-blowing reports will undergo independent investigation, and appropriate remedial actions will be taken to address any substantiated concerns.

During FY2024, one whistle-blowing report relating to the provision of corporate advisory services by a third party to the Company, was received. The matter was thoroughly investigated by the Company's in-house IA and the AC, appropriate follow-up actions were taken where necessary and the matter was closed. The report does not have any significant impact on the Company.

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.

Corporate Governance Report

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 CEO must notify the Company of their transactions within two business days after dealing in the Company's securities.

Share Buyback Mandate

At the 2024 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 2025 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 FY2024

The Company did not undertake any share repurchases from the open market in FY2024.

CODE OF BUSINESS CONDUCT AND ETHICS

The Group upholds a high standard of integrity and requires all employees to adhere to laws, regulations, and internal policies. Employees are expected to conduct business ethically across all operations, covering areas such as work ethics, conflicts of interest, confidentiality, related party transactions, gift policies, and dealings in the Company's securities.

<u>Code of Business Conduct and Ethics</u>

As part of its Code of Business Conduct and Ethics, the Group is committed to fair business practices, including the timely settlement of invoices to safeguard creditor rights. The Group negotiates contractual terms with suppliers on an individual basis and meets its financial obligations accordingly. The full Code of Business Conduct and Ethics is available on the Company's website at https://www.nti-nanofilm.com/wp-content/uploads/2023/11/Nanofilm-Supplier-Code-of-Conduct.pdf.

<u>Zero Tolerance for Bribery and Corruption</u>

The Company maintains a zero-tolerance approach to bribery and corruption and strictly complies with anti-corruption regulations in all jurisdictions where it operates. The CEO oversees business ethics and anti-corruption efforts, reporting annually to the Board on related matters. The Group is committed to conducting business with honesty, transparency, and integrity.

Corporate Governance Report

Health, Safety, and Workplace Compliance

The Group is dedicated to ensuring safe work environments for both employees and customers, complying with all applicable statutory laws and regulations. To uphold high safety standards, the Company has implemented a Health and Safety Policy and established safety committees across its operational sites worldwide. These committees are responsible for:

- Monitoring safety practices
- Conducting monthly safety inspections
- Ensuring continuous improvements in workplace safety

Employee Training and Development

The Company is committed to continuous employee development. To equip employees with the necessary skills and competencies, it has established Nanofilm College, a comprehensive in-house talent training and development program. This program provides specialized training tailored to different career stages, supporting professional growth and expertise within the Group.

INTERESTED PERSON TRANSACTIONS ("IPT") (LISTING RULE 907)

The Group has established internal procedures to ensure that all interested person transactions ("**IPTs**") are conducted fairly and at arm's length in accordance with regulatory requirements and corporate governance best practices.

- Approval & Oversight – All IPTs are subject to review by the AC which ensures transactions are conducted on commercially reasonable terms.
- Transparency & Disclosure – IPTs are properly documented and disclosed in compliance with the Listing Rules and financial reporting standards.
- Arm's Length Principle – Transactions with related parties are assessed to ensure that they are consistent with prevailing market terms and do not grant preferential treatment.
- Monitoring & Internal Controls – The Company also maintains an IPT register to track and document such transactions in a transparent and timely manner. These transactions are promptly reported to the AC for review.

Details of all IPT entered into during FY2024 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during FY2024 (excluding transactions less than S$100,000) (S$'000)
上海纳曦餐飲管理有限公司 ("**Na Xi**")	Note (1)	291

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 or significant IPTs conducted during the year. The Company has not obtained a shareholders' mandate pursuant to Rule 920 of the Listing Rules. Therefore, no IPTs were carried out under a shareholders' mandate in FY2024.

Corporate Governance Report

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 CEO, or controlling shareholders during the year under review.

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 2024, the gross proceeds had been utilised as follows:

	Amount allocated (as disclosed in the IPO prospectus) S$'000	**Last announced balance as at 31 December 2024[1]** S$'000	**Amount utilised from 1 January 2025 to 28 February 2025** 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	25,174	2,327	22,847
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	24,669	2,327	22,342

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	Mr Wan Kum Tho
Date of appointment	14 May 2021
Date of last re-appointment	28 April 2023
Age	58
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 100 of this Annual Report
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title	Non-Executive Independent Director
Professional qualifications Working experience and occupation(s) during the past 10 years	Please refer to page 24 of this Annual Report
Shareholding interest in the listed issuer and its subsidiaries	Please refer to page 139 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	Nil
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)	Director of: 1. Heliconia Capital Management Pte Ltd 2. D'nonce Technology Bhd. 3. Nanofilm Technologies International Pte Ltd* 4. Sesto Robotics Pte Ltd* 5. Encyclia 2 Investments Pte Ltd* 6. Encyclia 1 Investments Pte Ltd* 7. Ascent Solutions Pte Ltd* 8. Star 360 Holdings Pte Ltd* * Appointment nominated by Heliconia Capital Management Pte Ltd
Present	1. Adjunct Associate Professor (Finance) at NUS Business School 2. Director of: (i) AP Oil International Limited (ii) Tat Hong Equipment Service Co., Ltd. 3. Managing Director, Investments, APAC at Singtel Innov8 Pte. Ltd.

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 (i) 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 (i) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (i) 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

<u>Information required</u> **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? **Mr Wan 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 Mr Wan as this is a re-election/re-appointment of Director.**

Directors' Statement

For the financial year ended 31 December 2024

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 2024.

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 2024, 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
Mr Kristian John Robinson
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 2024

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:

	Holdings registered in the name of directors			Holdings in which a director is deemed to have an interest		
Name of directors	**At 1.1.2024**	**At 31.12.2024**	**At 21.1.2025**	**At 1.1.2024**	**At 31.12.2024**	**At 21.1.2025**
The Company						
Nanofilm Technologies International Limited						
Number of Ordinary Shares						
Dr Shi Xu	44,457,573	44,457,573	44,457,573	292,592,853	292,592,853	292,592,853
Mr Kristian John Robinson	–	–	–	120,000	120,000	120,000
Mr Wan Kum Tho	–	–	–	25,000	25,000	25,000
Ultimate Holding Company						
Pearl Yard Holdings Inc.						
Number of Ordinary Shares						
Dr Shi Xu	1	1	1	–	–	–

Directors' Statement

For the financial year ended 31 December 2024

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 31.12.2024	**At 1.1.2024**
Nanofab Technologies Pte. Ltd. – Number of ordinary shares	4,900[1]	4,410
Nanofab Japan Co., Ltd – Capital contribution in JPY	100[1]	90
Nanofab Vietnam Co., Ltd – Capital contribution in USD	500,000[1]	450,000
Yizheng Nahuan Technologies Co., Ltd - Capital contribution in RMB	30,600,000	30,600,000
Sydrogen Energy Pte. Ltd. - Capital contribution in SGD	21,000,000 preference shares and 70,000,000 ordinary shares	21,000,000 preference shares and 70,000,000 ordinary shares
Sydrogen (Shanghai) Technology Co., Ltd - Capital contribution in RMB	20,000,000	20,000,000
Sydrogen Enterprise Management (Shanghai) Co., Ltd - Capital contribution in RMB	100,000	100,000
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.

Note:

(1) As at 31 December 2024, Nanofab Technologies Pte. Ltd., Nanofab Japan Co., Ltd and Nanofab Vietnam Co., Ltd had become wholly-owned subsidiaries of the Group. Please refer to Note 14 for more information.

Directors' Statement

For the financial year ended 31 December 2024

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 Kristian Robinson (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 2024, details of the options granted under the ESOS Scheme 2017 are as follows:

Date of grant of options	Options outstanding at 1.1.2024	Options granted during the financial year	Options cancelled/ lapsed during the financial year	Options exercised during the financial year	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		

During the financial year ended 31 December 2024, 40,000 shares options were exercised and 30,000 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-ST Listing Manual).

Information on Directors of the Company who were granted options under the ESOS Scheme 2017, 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:

Directors' Statement

For the financial year ended 31 December 2024

4 Share Options and Awards Shares (cont'd)

(A) Pre-IPO Employee Share Option Scheme 2017 ("**ESOS Scheme 2017**") (cont'd)

	Share options granted during the financial year	Aggregate share options granted since the commencement of the ESOS Scheme 2017 to 31.12.2024	Aggregate share options cancelled/ lapsed since the commencement of the ESOS Scheme 2017 to 31.12.2024	Aggregate share options exercised since the commencement of the ESOS Scheme 2017 to 31.12.2024	Aggregate share options outstanding as at 31.12.2024
Directors and Employees of Company					
Mr Gary Ho Hock Yong (Resigned effective 1 January 2025)	–	5,200,000	(1,350,000)	(3,850,000)	–
Directors and employees of subsidiaries					
Mr Jin Xiaozhe	–	6,700,000	(1,734,000)	(4,966,000)	–

(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%).

Directors' Statement

For the financial year ended 31 December 2024

4 Share Options and Awards Shares (cont'd)

(B) Employee Share Option Scheme ("**ESOS Scheme 2020**") (cont'd)

- 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.

As at 31 December 2024, details of the options granted under the ESOS Scheme 2020 are as follows:

Date of grant of options	Options outstanding at 1.1.2024	Options granted during the financial year	Options cancelled/ lapsed during the financial year	Options exercised during the financial year	Options outstanding at 31.12.2024	Exercise price	Date of expiry
						S$	
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		

During the financial year ended 31 December 2024, there were no share options granted under the ESOS Scheme 2020. 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.

Directors' Statement

For the financial year ended 31 December 2024

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 31.12.2024	Aggregate share options cancelled/ lapsed since the commencement of the ESOS Scheme 2020 to 31.12.2024	Aggregate share options exercised since the commencement of the ESOS Scheme 2020 to 31.12.2024	Aggregate share options outstanding as at 31.12.2024[1]
Name of directors					
Mr Gary Ho Hock Yong (Resigned effective 1 January 2025)	–	300,000	(300,000)	–	–
Ms Ong Siew Koon @ Ong Siew Khoon	–	50,000	–	–	50,000
Mr Kristian John Robinson	–	50,000	–	–	50,000
Ms Lee Lee Khoon	–	50,000	–	–	50,000
Mr Wan Kum Tho	–	50,000	–	–	50,000
	–	500,000	(300,000)	–	200,000
Directors and employees of the Company's subsidiaries	–	240,000	(170,000)	–	70,000
	–	240,000	(170,000)	–	70,000

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 2024

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 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 2024

4 Share Options and Awards Shares (cont'd)

(C) Nanofilm Restricted Share Plan ("**RSP 2021**") (cont'd)

During the financial year ended 31 December 2024, the Company granted 2,170,223 (2023: Nil) 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.

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 shares awards granted pursuant to the RSP 2021 as at 31 December 2024 are as follows:

Date of RSP	Share awards outstanding at 1.1.2024	Share awards granted	Share awards vested	Share awards forfeited	Share 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

Directors' Statement

For the financial year ended 31 December 2024

4 Share Options and Awards Shares (cont'd)

(C) Nanofilm Restricted Share Plan ("**RSP 2021**") (cont'd)

Information on Directors of the Company who have been granted options under the RSP 2021 is as follows:

	Share awards granted during the financial year	Aggregate Share awards granted since the commencement of the RSP 2021 to 31.12.2024	Aggregate Share awards cancelled/ lapsed since the commencement of the RSP 2021 to 31.12.2024	Aggregate Share awards vested since the commencement of the RSP 2021 to 31.12.2024	Aggregate Share awards outstanding as at 31.12.2024
Name of directors					
Mr Gary Ho Hock Yong (Resigned effective 1 January 2025)	280,000	330,000	282,667	47,333	–

5 Audit Committee

The members of the Audit Committee ("**AC**") 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 AC are non-executive independent directors.

The AC Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967 of Singapore. In performing those functions, the AC:

- 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;

Directors' Statement

For the financial year ended 31 December 2024

5 Audit Committee (cont'd)

The AC Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967 of Singapore. In performing those functions, the AC: (cont'd)

- 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;

- 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 AC 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 AC held four meetings in the financial year ended 31 December 2024 with full attendance from all members of the AC. In performing its functions, the AC 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 AC is disclosed in the Corporate Governance Report.

Directors' Statement

For the financial year ended 31 December 2024

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

28 March 2025

Independent Auditor's Report

For the financial year ended 31 December 2024

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 statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of 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 2024 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**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have 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 2024

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
Accounting for the put option liability	**Our response**
We refer to Note 2(n), Note 3(i) and Note 25 to the financial statements. The Group's put option liability amounted to S$53.10 million as at 31 December 2024. As disclosed in Note 3(i), the put option was granted to Venezio Investments (Private) Limited ("**Venezio**") where Venezio shall have the right to require the Company to redeem the equity interests (the "**Venezio Put Option Shares**") held by Venezio in a subsidiary of the Company, Sydrogen Energy Pte. Ltd., at an amount which is variable depending on the fair market value of the Venezio Put Option Shares. The carrying amount of the put option liability, amounting to S$53.10 million as at 31 December 2024, depends on the valuation of the Venezio Put Option Shares. We focused on this area because of the materiality of the balance and the significant judgement and critical estimates used in the valuation methodologies and assumptions to determine the fair market value of the Venezio Put Option Shares and the carrying amount of the put option liability at year end.	We have performed the following key procedures: • Discussed with management, their basis to determine the put option liability; • Independently reviewed the appropriateness of the methodologies and reasonableness of the key inputs and assumptions (including discount rates) applied in the valuation of the Venezio Put Option Shares; and • Re-performed the computations involved in the estimation of the put option liability. Based on our audit procedures, we found the methodologies and assumptions used by management in estimating the put option liability to be appropriate and reasonable.

Independent Auditor's Report

For the financial year ended 31 December 2024

KEY AUDIT MATTERS (CONT'D)

Key audit matter	How our audit addressed the key audit matter
Measurement of development costs	**Our response**
We refer to Note 2(g), Note 3(i) and Note 13 to the financial statements. As disclosed in Note 13 to the financial statements, included in the Group's and the Company's intangible assets are development costs of S$37.28 million and S$2.78 million respectively as at 31 December 2024. 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 *Intangible Assets*, paragraph 57. 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 *Intangible Assets*.	We have performed the following key procedures: • Reviewed the Group's control environment on intangible assets cycle and performed test of key controls as appropriate; • Made enquiries with management on the determination of research and development stage; • 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 test to check that costs are recognised in the appropriate accounting period. Based on our procedures, we found that the methodologies and costs capitalised by management in determining the intangible assets to be appropriate and reasonable.

Independent Auditor's Report

For the financial year ended 31 December 2024

KEY AUDIT MATTERS (CONT'D)

Key audit matter	How our audit addressed the key audit matter
Accounting for business combination We refer to Note 2(g), Note 3(i) and Note 14 to the financial statements. On 21 December 2023, the Group entered into a sale and purchase agreement ("**SPA**") to acquire 100% of Axyntec Dünnschichttechnik GmbH ("**Axyntec**"). On 1 February 2024, the acquisition of Axyntec was completed for a purchase consideration of EUR6.80 million (equivalent to S$9.90 million) of which EUR5.80 million (equivalent to S$8.45 million) was settled with cash on the same day. The remaining EUR1.00 million (equivalent to S$1.46 million) is held in an escrow account and will be settled over three years after completion upon the terms and conditions of the SPA. The fair values of the net identifiable assets of S$2.15 million acquired and resulting goodwill of S$7.75 million are disclosed in Note 14 to the financial statements. We focused on this area because management made significant estimates and assumptions when measuring the consideration transferred, the identifiable assets acquired, and the liabilities assumed at their acquisition date fair values.	**Our response:** We have performed the following key procedures: • Reviewed the transaction agreement and meeting minutes as well as reviewed management's assessment of the accounting treatment of this acquisition in accordance with SFRS(I) 3 *Business combinations*. • Reviewed management's identification of the accounting acquirer and determination of the acquisition date; • Reviewed management's determination of the consideration transferred; • Reviewed management's assessment on assets acquired and liabilities assumed and reviewed management's determination of acquisition date fair values; • Examined with assistance from internal valuation specialists the valuation report prepared by an external expert in determining the acquisition date fair values of acquired assets and liabilities assumed and evaluated the external expert's competence, capability and objectivity; and • Reviewed the adequacy of the disclosures in the financial statements. Based on our procedures, we found the business combination assessment made by management to be appropriate and reasonable.

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.

Independent Auditor's Report

For the financial year ended 31 December 2024

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.

- 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.

Independent Auditor's Report

For the financial year ended 31 December 2024

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

28 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2024

	Note	2024 S$'000	2023 S$'000
Revenue	4	204,269	177,018
Cost of sales		(128,403)	(111,453)
Gross profit		75,866	65,565
Other operating income	5	5,056	6,188
Finance income	6	3,189	2,139
Research & development and engineering expenses		(14,980)	(16,605)
Selling and distribution expenses		(10,410)	(8,373)
Administrative expenses		(45,129)	(43,823)
Finance expenses	7	(3,619)	(1,902)
(Allowance for)/Write back of impairment loss on trade receivables and contract assets		(225)	96
Share of loss of associate		(103)	(142)
Profit before income tax	8	9,645	3,143
Income tax expenses	9	(2,110)	(449)
Profit after income tax		7,535	2,694
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange difference arising from translation of foreign operations		1,602	(17,620)
Items that will not be reclassified subsequently to profit and loss			
Fair value gain from equity investment at fair value through other comprehensive income		–	131
Total comprehensive income/(loss) for the year		9,137	(14,795)
Profit attributable to:			
Equity holders of the Company		7,744	3,135
Non-controlling interests		(209)	(441)
		7,535	2,694
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		9,284	(13,878)
Non-controlling interests		(147)	(917)
		9,137	(14,795)
Earnings per share attributable to equity holders of the Company (cents)			
Basic earnings per share	10	1.18	0.48
Diluted earnings per share	10	1.18	0.48

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2024

	Note	Group 2024 S$'000	Group 2023 S$'000	Company 2024 S$'000	Company 2023 S$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	304,515	299,595	59,880	62,239
Land use rights	12	11,051	11,283	–	–
Intangible assets	13	53,013	32,807	9,058	9,691
Investment in subsidiaries	14	–	–	148,169	130,057
Investment in associate	15	3,789	3,892	–	–
Trade and other receivables and other non-current assets	17	–	-	3,595	66,265
Other financial assets	16	1,367	1,367	–	–
Deferred tax assets	24	4,278	3,786	–	–
		378,013	352,730	220,702	268,252
Current assets					
Inventories	18	17,104	19,500	5,011	6,111
Trade and other receivables, and other current assets	17	111,757	81,290	20,646	12,297
Contract assets	4	18,012	12,770	–	–
Cash and bank balances	19	110,207	155,209	57,051	19,361
		257,080	268,769	82,708	37,769
Total assets		635,093	621,499	303,410	306,021
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	20	266,927	266,927	266,927	266,927
Treasury shares	20	(23,498)	(32,653)	(23,498)	(32,653)
Reserves	21	144,431	145,598	11,920	21,627
		387,860	379,872	255,349	255,901
Non-controlling interests	14(c)	42,090	44,132	–	–
Total equity		429,950	424,004	255,349	255,901
Non-current liabilities					
Bank loans	22	76,728	77,528	20,668	22,540
Lease liabilities	23	17,375	19,711	9,241	10,391
Trade and other payables	25	53,100	53,100	–	–
Deferred tax liabilities	24	1,526	1,331	1,331	1,331
		148,729	151,670	31,240	34,262
Current liabilities					
Trade and other payables	25	42,605	35,036	12,669	11,731
Contract liabilities	4	602	824	221	217
Bank loans	22	8,229	4,668	1,872	1,872
Lease liabilities	23	3,344	3,851	1,757	1,697
Provisions	26	297	330	200	239
Provision for taxation		1,337	1,116	102	102
		56,414	45,825	16,821	15,858
Total liabilities		205,143	197,495	48,061	50,120
Total equity and liabilities		635,093	621,499	303,410	306,021

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2024

Group	Note	Attributable to equity holders of the Company								
		Share capital (Note 20) S$'000	Treasury shares (Note 20) S$'000	Translation reserve (Note 21) S$'000	Statutory reserve (Note 21) S$'000	Other reserves (Note 21) S$'000	Accumulated profits (Note 21) S$'000	Total S$'000	Non-controlling interests S$'000	Total equity 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										
- Dividends	27	–	–	–	–	–	(4,297)	(4,297)	–	(4,297)
- Treasury shares re-issued for settlement of NTI Swap Shares to acquire interest in non-controlling interest	14	–	7,704	–	–	(5,809)	–	1,895	(1,895)	–
- Treasury shares re-issued under ESOS Scheme 2017 and RSP 2021	20	–	1,451	–	–	(1,427)	–	24	–	24
- Adjustment on employee share options	21	–	-	–	–	87	–	87	–	87
- Adjustment on restricted share plan	21	–	-	–	–	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 (cont'd)

For the financial year ended 31 December 2024

Group (cont'd)	Note	Share capital (Note 20) S$'000	Treasury shares (Note 20) S$'000	Translation reserve (Note 21) S$'000	Statutory reserve (Note 21) S$'000	Other reserves (Note 21) S$'000	Accumulated profits (Note 21) S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
		Attributable to equity holders of the Company								
At 1 January 2023		266,927	(17,521)	(19,381)	7,002	(64,083)	245,841	418,785	45,686	464,471
Profit for the year		-	-	-	-	-	3,135	3,135	(441)	2,694
Other comprehensive income		-	-	(17,144)	-	131	-	(17,013)	(476)	(17,489)
Total comprehensive income for the year		-	-	(17,144)	-	131	3,135	(13,878)	(917)	(14,795)
Transfer to retained earnings	21	-	-	-	-	(496)	496	-	-	-
Transfer of statutory reserve		-	-	-	140	-	(140)	-	-	-
Transactions with equity holders, recognised directly in equity										
- Dividends	27	-	-	-	-	-	(9,272)	(9,272)	-	(9,272)
- Purchase of treasury shares	20	-	(16,701)	-	-	-	-	(16,701)	-	(16,701)
- Treasury shares re-issued under ESOS Scheme 2017 and RSP 2021	20	-	1,569	-	-	(1,250)	-	319	-	319
- Adjustment on employee share options	21	-	-	-	-	443	-	443	-	443
- Adjustment on restricted share plan	21	-	-	-	-	712	-	712	-	712
- Contribution of capital by non-controlling interest		-	-	-	-	-	-	-	584	584
- Acquisition of non-controlling interest		-	-	-	-	-	(536)	(536)	(1,221)	(1,757)
Total transactions with equity holders		-	(15,132)	-	-	(95)	(9,808)	(25,035)	(637)	(25,672)
At 31 December 2023		266,927	(32,653)	(36,525)	7,142	(64,543)	239,524	379,872	44,132	424,004

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity (cont'd)

For the financial year ended 31 December 2024

Company	Note	Share capital (Note 20) S$'000	Treasury shares (Note 20) S$'000	Other reserves (Note 21) S$'000	Accumulated profits (Note 21) S$'000	Total equity S$'000
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	27	–	–	–	(4,297)	(4,297)
- Treasury shares re-issued for settlement of NTI Swap Shares to acquire interest in non-controlling interest	14	–	7,704	–	–	7,704
- Treasury shares re-issued under ESOS Scheme 2017 and RSP 2021	20	–	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
At 1 January 2023		266,927	(17,521)	(11,810)	52,938	290,534
Loss for the year, representing total comprehensive income for the year		–	–	–	(10,203)	(10,203)
Transactions with equity holders, recognised directly in equity						
- Dividends	27	–	–	–	(9,272)	(9,272)
- Purchase of treasury shares	20	–	(16,701)	–	–	(16,701)
- Treasury shares re-issued under ESOS Scheme 2017 and RSP 2021	20	–	1,569	(1,250)	–	319
- Adjustment on employee share options		–	–	443	–	443
- Adjustment on restricted share plan		–	–	781	–	781
Total transactions with equity holders		–	(15,132)	(26)	(9,272)	(24,430)
At 31 December 2023		266,927	(32,653)	(11,836)	33,463	255,901

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2024

	Note	2024 S$'000	2023 S$'000
Cash Flows from Operating Activities			
Profit before income tax		9,645	3,143
Adjustments for:			
Depreciation of property, plant and equipment	8	30,011	29,789
Amortisation of land use rights	8	260	265
Amortisation of intangible assets	8	9,462	4,403
Finance expenses	7	3,619	1,902
Finance income	6	(3,189)	(2,139)
Provision for warranties and restoration of property, plant and equipment	8	185	299
Reversal of provision for warranties	8	(219)	(487)
(Gain)/Write off/loss on disposal of property, plant and equipment	8	(69)	808
Expenses recognised in respect of share options granted	8	87	443
Expenses recognised in respect of award share expenses under RSP 2021	8	995	712
Exchange differences – unrealised		(751)	(449)
Write off of financial assets	8	–	270
Share of loss of associate		103	142
Operating cash flow before working capital changes		50,139	39,101
Inventories		1,974	(2,304)
Trade, other receivables and other current assets (include contract assets)		(34,611)	14,877
Trade, other payables and provisions (include contract liabilities)		5,752	(11,616)
Cash generated from operations		23,254	40,058
Interest paid		(2,888)	(1,192)
Interest received		3,189	2,139
Income tax paid		(2,331)	(1,959)
Net cash generated from operating activities		21,224	39,046
Cash Flows from Investing Activities			
Acquisition of a non-controlling interests		–	(1,173)
Acquisition of a subsidiary, net of cash acquired	14(b)(iii)	(9,210)	–
Purchase of property, plant and equipment		(34,879)	(49,071)
Proceeds from disposal of property, plant and equipment		226	744
Proceeds from disposal of financial asset		–	2,027
Additions to intangible assets	13	(15,228)	(14,264)
Redemption from investment in financial assets		–	6,804
Net cash used in investing activities		(59,091)	(54,933)
Cash Flows from Financing Activities			
Proceeds from re-issuance of treasury shares under ESOS Scheme 2017		–	319
Payment for buy-back of shares	20	–	(16,701)
Proceeds from bank loans	28	9,435	57,784
Repayment of bank loans	28	(8,208)	(1,938)
Payment of lease liabilities	28	(4,385)	(4,705)
Dividends paid	27	(4,297)	(9,272)
Net cash (used in)/generated from financing activities		(7,455)	25,487
Net (decrease)/increase in cash and cash equivalents		(45,322)	9,600
Cash and cash equivalents at the beginning of the year		155,209	147,830
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		320	(2,221)
Cash and cash equivalents at the end of the year	19	110,207	155,209

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2024

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 14 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 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)**"). 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 3.

On 1 January 2024, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(b) 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) 1-21: *Lack of Exchangeability*	1 January 2025
Amendments to SFRS(I) 9 and SFRS(I) 7: *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to SFRS(I)s – Volume 11	1 January 2026
SFRS(I) 18: *Presentation and Disclosure in Financial Statements*	1 January 2027
SFRS(I) 19: *Subsidiaries without Public Accountability: Disclosure*	1 January 2027
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely, early application is still permitted

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.

(c) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(c) Group Accounting (cont'd)

Consolidation (cont'd)

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 2024

2 Material Accounting Policies (cont'd)

(c) 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.

(d) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(d) Investment in Associate (cont'd)

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.

(e) 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(e) Foreign Currencies (cont'd)

<u>Translation of Group Entities' Financial Statements</u>

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.

(f) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(f) Property, Plant and Equipment (cont'd)

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:

	Useful lives
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.

(g) 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 live and are amortised over 2 to 5 years on a straight-line basis.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(g) Intangible Assets (cont'd)

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.

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. This is 5 years from financial year 2021 to financial year 2025 and financial year 2024 to financial year 2028 based on purchase price allocation report. Impact was not material to be adjusted.

(h) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(i) 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(j) 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.

(k) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(k) Financial Assets (cont'd)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(k) Financial Assets (cont'd)

Impairment (cont'd)

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.

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.

(l) 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.

(m) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(n) 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.

(o) 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.

(p) 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 has non-current liabilities.

(q) 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.

(r) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(s) 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.

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.

(t) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(t) Leases (cont'd)

When the Group is the Lessee (cont'd)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

2 Material Accounting Policies (cont'd)

(t) Leases (cont'd)

<u>When the Group is the Lessor</u>

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.

(u) 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.

<u>Treasury Shares</u>

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.

(v) Reserves

<u>Translation Reserve</u>

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.

<u>Fair Value Reserve</u>

The fair value reserve comprises cumulative fair value changes of financial assets through other comprehensive income until they are de-recognised or impaired.

<u>Statutory Reserve</u>

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.

(w) 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 2024

2 Material Accounting Policies (cont'd)

(w) 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 2(s)).

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 2024

2 Material Accounting Policies (cont'd)

(w) 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.

(x) 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.

(y) 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 2024

2 Material Accounting Policies (cont'd)

(z) 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 2024

2 Material Accounting Policies (cont'd)

(aa) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(ab) 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.

(ac) 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.

(ad) 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 2024

3 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 2(k). 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 4, Note 17 and Note 31(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 2(f). 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 11 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$3,467,000 (2023: S$3,211,000).

Estimated Useful Life of Development Costs

Development costs are capitalised in accordance with the accounting policy as disclosed in Note 2(g). 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 13 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$815,000 (2023: S$348,000).

Notes to the Financial Statements

For the financial year ended 31 December 2024

3. Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(i) Critical accounting estimates and assumptions (cont'd)

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 21 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 2(c) and 2(i)(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 a subsidiary is set out in Note 13 to the financial statements.

Put Option Liability

In 2021, the Company entered into an agreement with Venezio Investments Private Limited (Venezio) to invest in a hydrogen energy and hydrogen fuel business, through Sydrogen Energy Pte. Ltd.. Upon completion, Sydrogen Energy Pte. Ltd. became a 65% owned subsidiary of the Group. The remaining 35% equity interest is held by Venezio.

Arising from the agreement, the Company granted Venezio a put option, pursuant to which Venezio shall have the right, upon the occurrence of certain put option events (within 8 to 10 years from 1 October 2021), to require the Company to redeem the equity interests held by Venezio in Sydrogen Energy Pte. Ltd. (the "**Venezio Put Option Shares**"), at an amount (the "**Redemption Amount**") which is the higher of:

(A) 50% of the total amount contributed by Venezio for the subscription of Venezio Put Option Shares divided by the number of Venezio Put Option Shares, both as at the date that Venezio exercises the put option; and

(B) the fair market value of the Venezio Put Option Shares.

The put option liability is measured at the present value of the Redemption Amount. The determination of the Redemption Amount, which also requires an assessment of the fair value of the Venezio Put Option Shares, is subject to estimates and assumptions. These estimates and assumptions, which are not observable, will affect the carrying amount of the put option liability.

The carrying amount of the put option liability amounted to S$53,100,000 (2023: S$53,100,000) as at 31 December 2024 as disclosed in Note 25.

Notes to the Financial Statements

For the financial year ended 31 December 2024

3 Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(i) Critical accounting estimates and assumptions (cont'd)

Valuation of Other Financial Assets

The Group's other financial assets are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of other financial assets, the Group uses market-observable data to the extent it is available. Where inputs are not available, the valuation team makes use of appropriate valuation techniques to determine the fair value and the recoverable amount of the assets. The valuation techniques used for different financial assets are selected to reflect how the market would be expected to price the instruments, using inputs that reasonably reflect the risk-return factors inherent in the instruments. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 16 and 31(f).

Impairment for Investment in Associate

The Group determines the recoverable amount of the investment in associate based on the higher of the fair value less cost of disposal and value-in-use calculations. The calculation requires the use of estimates and assumptions and changes to these estimate and assumptions would result in changes in the carrying amount of the investment in associate at the reporting date. 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 investment in associate is set out in Note 15 to the financial statements.

Valuation of goodwill, intangible and tangible assets/liabilities through business combination

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The fair value of such assets and liabilities are estimated by independent professional valuers where significant, or using the discounted cash flow model, which requires the Group to make an estimate of the expected future cash flows of the acquired business and choosing a suitable discount rate. In addition, the Group also assesses the reasonableness of the estimated useful lives of such newly acquired assets which would also have an impact to the underlying fair valuation. The business combinations completed during the current financial year are disclosed in Note 14 to the financial statements.

(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 9 and Note 24 to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2024

4 Revenue

(a) Revenue by business segment

	Group	
	2024	2023
	S$'000	S$'000
Advanced materials	172,140	141,544
Industrial equipment	11,290	18,372
Nanofabrication	18,042	16,049
Sydrogen	2,797	1,053
Total	204,269	177,018

(b) Disaggregation of revenue from contracts with customers

	Group	
	2024	2023
	S$'000	S$'000
<u>Performance obligations satisfied at a point in time</u>		
Sale of equipment	4,902	4,439
Sale of products and spare parts	24,121	26,991
	29,023	31,430
<u>Performance obligations satisfied over time</u>		
Service rendered	174,113	138,943
Sale of equipment	1,133	6,645
	175,246	145,588
Total	204,269	177,018

Notes to the Financial Statements

For the financial year ended 31 December 2024

4 Revenue (cont'd)

(c) Contract balances

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Current				
Contract assets	18,012	12,770	–	–
Contract liabilities	602	824	221	217

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.

The significant changes in the contract assets and contract liabilities during the financial years are as follows:

	Group	
	2024	2023
	S$'000	S$'000
Contract assets		
Contract assets billed	(12,770)	(12,655)
Changes in measurement of progress	18,012	12,770

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Contract liabilities				
Revenue recognised at the beginning of the year	824	1,388	(217)	230
Increase due to cash received, excluding amounts recognised as revenue during the year	(602)	(824)	(221)	(217)

Notes to the Financial Statements

For the financial year ended 31 December 2024

5. Other Operating Income

	Group	
	2024	2023
	S$'000	S$'000
Government grants and incentives	2,415	4,627
Rental income – third party	972	590
Sundry income	740	622
Scrap sales	105	148
Gain on disposal of property, plant and equipment	145	201
Exchange gains, net	679	–
	5,056	6,188

6 Finance Income

	Group	
	2024	2023
	S$'000	S$'000
Interest income:		
- bank deposits	3,189	2,139

7 Finance Expenses

	Group	
	2024	2023
	S$'000	S$'000
Interest expense:		
- bank loans	2,900	1,192
- lease liabilities	719	710
	3,619	1,902

Notes to the Financial Statements

For the financial year ended 31 December 2024

8 Profit before Income Tax

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

	Note	Group 2024 S$'000	Group 2023 S$'000
Cost of inventories sold (recognised as cost of sales)		101,780	88,012
Audit fees paid/payable to:			
- Auditors of the Company		210	187
- Other auditors – network firms		84	84
- Other auditors – non-network firms		8	–
Non-audit fees paid/payable to:			
- Auditors of the Company		14	7
- Other auditors – non-network firms		101	173
Directors' fees		435	588
Depreciation of property, plant and equipment	11	30,011	29,789
Amortisation of land use rights	12	260	265
Amortisation of intangible assets	13	9,462	4,403
Lease expenses (short term leases)		258	59
Listing expenses - Recurring		46	44
Net impairment loss on/(write back of) trade receivables and contract assets	17	225	(96)
Write down/(Write back) of inventories	18	53	(39)
Staff costs (including directors' remuneration)			
- Salaries and related costs		80,054	67,457
- Contribution to defined contribution plans		4,609	4,460
- Share option expenses under ESOS Schemes		87	443
- Award shares expenses under RSP 2021		995	712
(Gain)/Write off/loss on disposal of property, plant and equipment		(69)	808
Write off of financial assets		–	270
Exchange (gain)/loss		(679)	535
Provision for warranties and restoration of property, plant and equipment	26	185	299
Reversal of provision for warranties	26	(219)	(487)
Breakdown of staff costs included in:			
- Cost of sales		48,681	37,850
- Research & development and engineering expenses		7,285	8,434
- Selling and distribution expenses		7,774	5,986
- Administrative expenses		22,005	20,802
		85,745	73,072
Breakdown of amortisation of land use rights and intangible assets included in:			
- Cost of sales		4,979	1,929
- Research & development and engineering expenses		3,173	1,524
- Administrative expenses		1,570	1,215
		9,722	4,668

Notes to the Financial Statements

For the financial year ended 31 December 2024

9 Income Tax Expenses

	Group	
	2024	2023
	S$'000	S$'000
Income tax:		
- Current year	2,425	1,185
- Under/(Over) provision in prior years	126	(97)
	2,551	1,088
Deferred tax (Note 24):		
- Current year	(636)	(511)
- Under/(Over) provision in prior years	195	(128)
	(441)	(639)
	2,110	449

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	
	2024	2023
	S$'000	S$'000
Profit before income tax	9,645	3,143
Tax calculated at 17%	1,640	534
Effect of different tax rates from other countries	(462)	(270)
Non-deductible expenses	1,232	237
Income not subject to tax	(726)	(492)
Tax incentives (1)	(2,585)	(2,845)
Utilisation of previously unrecognised tax losses	(240)	(168)
Deferred tax assets not recognised	2,930	3,678
Under/(Over) provision in prior years	321	(225)
	2,110	449

(1) Tax incentives pertain mainly to tax deductions for research and development and treasury shares re-issued under ESOS Scheme 2017

Notes to the Financial Statements

For the financial year ended 31 December 2024

9 Income Tax Expenses (cont'd)

Singapore

The current corporate income tax rate applicable to the Company is 17% (2023: 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% (2023: 15%) for Nanofilm Vacuum Coating (Shanghai) Co., Ltd and Yizheng Nahuan Technologies Co., Ltd, and 25% (2023: 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% (2023: 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

10 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	
	2024	**2023**
Profit for the year attributable to equity holders of the Company (S$'000)	7,744	3,135
Weighted average number of ordinary shares ('000)	654,822	650,895
Basic earnings per share (cents)	1.18	0.48

(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.

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

	Group	
	2024	**2023**
Profit for the year attributable to equity holders of the Company (S$'000)	7,744	3,135
Weighted average number of ordinary shares ('000)	654,822	650,895
Adjustments for ('000):		
- Share options	27	90
- Restricted share plan	1,925	1,073
	656,774	652,058
Diluted earnings per share (cents)	1.18	0.48

Notes to the Financial Statements

For the financial year ended 31 December 2024

11 Property, Plant and Equipment

	Plant and machinery S$'000	Building and renovation S$'000	Leasehold land S$'000	Office and other equipment S$'000	Tools and supplies S$'000	Motor vehicles S$'000	Construction in-progress S$'000	Total S$'000
Group								
2024								
Cost								
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 f)	–	–	–	–	–	–	(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
Accumulated depreciation								
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
Net book value								
At 31 December	106,577	139,743	7,959	14,749	592	129	34,766	304,515
2023								
Cost								
At 1 January	183,210	115,153	7,907	35,794	2,878	949	61,307	407,198
Additions	20,351	10,634	476	2,611	260	–	22,967	57,299
Disposal/Write off	(2,326)	(2,481)	–	(716)	(2,427)	(160)	(444)	(8,554)
Transfer	2,068	46,814	–	3,005	1,287	–	(53,174)	–
Reclassification (Note e,f)	(51)	–	–	(2,240)	–	–	–	(2,291)
Translation adjustment	(8,602)	(12,207)	–	(1,516)	37	(37)	(638)	(22,963)
At 31 December	194,650	157,913	8,383	36,938	2,035	752	30,018	430,689

* Denotes less than S$1,000

Notes to the Financial Statements

For the financial year ended 31 December 2024

11 Property, Plant and Equipment (cont'd)

	Plant and machinery S$'000	Building and renovation S$'000	Leasehold land S$'000	Office and other equipment S$'000	Tools and supplies S$'000	Motor vehicles S$'000	Construction in-progress S$'000	Total S$'000
Group (cont'd)								
2023								
Accumulated depreciation								
At 1 January	76,955	18,087	328	19,218	2,833	626	–	118,047
Charge for the year	18,311	8,585	264	4,737	117	97	–	32,111
Disposal/Write off	(2,439)	(744)	–	(734)	(2,427)	(144)	–	(6,488)
Transfer	(1,174)	–	–	147	1,027	–	–	-
Reclassification	(7)	–	–	(1,263)	–	–	–	(1,270)
Translation adjustment	(2,374)	(8,108)	–	(756)	(45)	(23)	–	(11,306)
At 31 December	89,272	17,820	592	21,349	1,505	556	–	131,094
Net book value								
At 31 December	105,378	140,093	7,791	15,589	530	196	30,018	299,595

(a) The carrying amount of building, leasehold land and plant and machinery held under leasing arrangements to the Group amounted to S$20,397,000 (2023: S$23,281,000) for the financial year ended 31 December 2024 (Note 23).

(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 12).

(c) During the financial year ended 31 December 2024, the additions to property, plant and equipment included S$2,425,000 (2023: S$8,251,000) acquired as right-of-use assets under leasing arrangements (Note 23) and S$3,670,000 (2023: S$5,202,000) that were payable as at 31 December 2024 recorded as sundry creditors (Note 25).

(d) During the financial year ended 31 December 2024, 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$1,544,000 (2023: S$782,000). The Group de-recognised the corresponding lease liabilities amounting to S$1,604,000 (2023: S$540,000) and a gain of S$60,000 (2023: a loss of S$241,000) was recorded in profit or loss.

(e) Included manufactured coating services machinery reclassified to inventories for sale.

(f) Included developed computer software reclassified to intangible assets.

(g) In 2023, the Tai Seng Property was transferred from construction-in-progress to building and renovation and corresponding depreciation was recorded in profit or loss. As at 31 December 2024, the Tai Seng Property, with a net carrying value of S$29,688,000 (2023: S$30,633,000), is held as security for the Group's bank loan as disclosed in Note 22(a).

(h) As at 31 December 2024, Shanghai Plant 1 and 2, with a net carrying value of S$61,569,000, is held as security for the Group's bank loan as disclosed in Note 22(b) & Note 22(c).

Notes to the Financial Statements

For the financial year ended 31 December 2024

11 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								
2024								
Cost								
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
Accumulated depreciation								
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
Net book value								
At 31 December	7,917	41,310	7,959	558	309	115	1,712	59,880
2023								
Cost								
At 1 January	13,980	5,509	7,907	1,747	–	87	37,487	66,717
Transfer of business from a subsidiary	544	31	–	1	–	–	–	576
Additions	2,848	6,103	476	558	260	–	2,193	12,438
Disposal/Write off	(549)	–	–	–	–	–	–	(549)
Transfer	(1,215)	36,315	–	29	1,215	–	(36,344)	–
At 31 December	15,608	47,958	8,383	2,335	1,475	87	3,336	79,182
Accumulated depreciation								
At 1 January	7,602	3,336	328	1,265	–	53	–	12,584
Transfer of business from a subsidiary	68	10	–	–	–	–	–	78
Charge for the year	880	2,713	264	306	109	9	–	4,281
Transfer	(991)	–	–	–	991	–	–	–
At 31 December	7,559	6,059	592	1,571	1,100	62	–	16,943
Net book value								
At 31 December	8,049	41,899	7,791	764	375	25	3,336	62,239

Notes to the Financial Statements

For the financial year ended 31 December 2024

11 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$10,819,00 (2023: S$11,996,000) for financial year ended 31 December 2024 (Note 23).

(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 2024, the additions to property, plant and equipment included S$1,431,000 (2023: S$4,101,000) acquired as right-of-use assets under leasing arrangements (Note 23).

(d) During the financial year ended 31 December 2024, the disposal of property, plant and equipment included derecognition of right-of-use assets arising from early termination of leased properties amounting to S$728,000 (2023: Nil). The Company de-recognised the corresponding lease liabilities amounting to S$732,000 and a gain of S$4,000 (2023: Nil) is recorded in profit or loss.

(e) As at 31 December 2024, the Company's Tai Seng Property, with a net carrying value of S$29,688,000 (2023: S$30,633,000), is held as security for the Company's bank loan as disclosed in Note 22(a).

The breakdown of depreciation charged for the financial years are as follows:

	Group	
	2024	**2023**
	S$'000	**S$'000**
Depreciation included in profit or loss:		
- cost of sales	21,490	21,815
- research & development and engineering	2,630	1,364
- selling and distribution expenses	30	210
- administrative expenses	5,861	6,400
	30,011	29,789
Capitalised in statements of financial position as:		
Intangible assets - development costs	3,029	839
Inventories	1,629	1,483
	34,669	32,111

Notes to the Financial Statements

For the financial year ended 31 December 2024

12 Land Use Rights

	Group	
	2024	2023
	S$'000	S$'000
Cost		
At 1 January	12,819	13,424
Translation adjustment	30	(605)
At 31 December	12,849	12,819
Accumulated amortisation		
At 1 January	1,536	1,394
Amortised during the year	260	265
Translation adjustment	2	(123)
At 31 December	1,798	1,536
Net book value		
At 31 December	11,051	11,283

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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

13 Intangible Assets

	Patents	Development costs	Computer software	Goodwill	Customer contract	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group						
2024						
Cost						
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
Accumulated amortisation and impairment losses						
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
Net carrying amount						
At 31 December	1,863	37,282	2,164	11,384	320	53,013
2023						
Cost						
At 1 January	1,334	24,893	1,826	4,503	565	33,121
Additions	518	15,502	965	–	–	16,985
Reclassification	–	–	2,240	–	–	2,240
Translation adjustment	–	(339)	(88)	–	–	(427)
At 31 December	1,852	40,056	4,943	4,503	565	51,919
Accumulated amortisation and impairment losses						
At 1 January	345	11,865	291	872	141	13,514
Amortised during the year	75	3,475	740	–	113	4,403
Reclassification	–	–	1,263	–	–	1,263
Translation adjustment	–	(2)	(66)	–	–	(68)
At 31 December	420	15,338	2,228	872	254	19,112
Net carrying amount						
At 31 December	1,432	24,718	2,715	3,631	311	32,807

Notes to the Financial Statements

For the financial year ended 31 December 2024

13 Intangible Assets (cont'd)

Included in the additions are depreciation of property, plant and equipment and staff costs, amounting to S$5,722,000 and S$8,291,000 (2023: S$839,000 and S$7,124,000) 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$185,000 (2023: S$2,240,000) of computer software has been transferred from property, plant and equipment upon completion of these software.

Goodwill

The Group recorded S$11,384,000 (2023: S$3,631,000) 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**"):

- Miller Technologies Pte. Ltd
- Axyntec Dünnschichttechnik GmbH

The carrying amount of goodwill was allocated to cash-generating units as follows:

	Group	
	2024	**2023**
	S$'000	**S$'000**
Miller Technologies Pte. Ltd	3,631	3,631
Axyntec Dünnschichttechnik GmbH	7,753	–
	11,384	3,631

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:

	Miller Technologies Pte. Ltd		Axyntec Dünnschichttechnik GmbH	
	2024	**2023**	**2024**	**2023**
Gross Margin	52%	48%	45%	–
Growth rates	5%	5%	17%	–
Pre-tax discount rates	10%	9.5%	13.6%	–

Notes to the Financial Statements

For the financial year ended 31 December 2024

13 Intangible Assets (cont'd)

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.

	Patents	Development costs	Computer software	Goodwill	Customer contract	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Company						
2024						
Cost						
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
Accumulated amortisation						
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
Net carrying amount						
At 31 December	1,348	2,780	1,101	3,631	198	9,058
2023						
Cost						
At 1 January	1,179	15,790	1,725	–	–	18,694
Additions	438	406	372	–	–	1,216
Transfer of business from a subsidiary	–	–	31	3,631	565	4,227
At 31 December	1,617	16,196	2,128	3,631	565	24,137
Accumulated amortisation						
At 1 January	346	11,790	285	–	–	12,421
Amortised during the year	54	1,302	413	–	–	1,769
Transfer of business from a subsidiary	–	–	2	–	254	256
At 31 December	400	13,092	700	–	254	14,446
Net carrying amount						
At 31 December	1,217	3,104	1,428	3,631	311	9,691

Notes to the Financial Statements

For the financial year ended 31 December 2024

14 Investment in Subsidiaries

	Company	
	2024	2023
	S$'000	S$'000
At 1 January, at cost	122,716	105,232
Additions	17,779	21,396
Reduction in cost of capital	–	(3,912)
At 31 December; at cost	140,495	122,716
Fair value adjustment to non-current loans	6,036	6,036
Adjustment on award share expenses under RSP 2021	1,638	1,305
	148,169	130,057

(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	
		2024	2023	2024	2023
		%	%	S$'000	S$'000
Nanofilm Advanced Materials Pte. Ltd. (Singapore) [1]	Investment holding company (Singapore)	100	100	57,120	56,949
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	90	22,135	14,431
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)	65	65	15,010	15,010

Notes to the Financial Statements

For the financial year ended 31 December 2024

14 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	
		2024	2023	2024	2023
		%	%	S$'000	S$'000
Miller Technologies Pte. Ltd. (Singapore) [1]	Manufacture and supply of dies, molds, tools, jigs and fixtures and the manufacture and repair of machinery (Singapore)	100	100	588	588
Nanofilm Investments Pte. Ltd. (Singapore) [1]	Investment holding company (Singapore)	100	100	7,229	7,229
Nanofilm Technologies Europe B.V (Netherland) [5]	Investment holding company (Netherland)	100	100	10,629	725
Nanofilm Technologies Vietnam Co., Ltd (Vietnam) [3]	Manufacture of plastic products (Vietnam)	100	100	20,451	20,451
				140,495	122,716

Notes to the Financial Statements

For the financial year ended 31 December 2024

14 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 2024 %	Equity held by the Group 2023 %
Held by Nanofilm Advanced Materials Pte. Ltd.			
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
Held by Nanofilm Advanced Materials India Pte. Ltd.			
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
Held by Nanofab Technologies Pte. Ltd.			
Nanofab Japan Co., Ltd (Japan) [(4)]	Manufacture and forming modules (Japan)	100	90
Nanofab Vietnam Co., Ltd (Vietnam) [(3)]	Manufacture, process and assembly plastic (Vietnam)	100	90

Notes to the Financial Statements

For the financial year ended 31 December 2024

14 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 2024 %	Equity held by the Group 2023 %
Held by Wizture Holdings Pte. Ltd.			
Nanofilm New Materials (Dongguan) Co., Ltd (formerly Wizture Technologies (Yizheng) Co., Ltd) (People's Republic of China) (2)	Provision of coating solutions (People's Republic of China)	100	100
Held by Nanofilm Investments Pte. Ltd.			
Nanofilm Ventures Pte. Ltd. (Singapore) (1)	Investment holding company (Singapore)	100	100
Held by Sydrogen Energy Pte. Ltd.			
Sydrogen (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)	65	65
Sydrogen 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)	65	65
Held by Nanofilm Vacuum Coating (Shanghai) Co., Ltd			
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
Nanofilm Vacuum Coating (Huizhou) Co., Ltd (People's Republic of China) (2)	Provision of vacuum coating (People's Republic of China)	100	100
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 2024

14 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	
		2024	2023
		%	%
Held by Nanofilm Technologies Europe B.V			
Nanofilm AM Germany GmbH (Germany) [5]	Manufacture and provide vacuum coating applications and solutions for related product (Germany)	100	100
Axyntec Dünnschichttechnik GmbH [4]	Provision of thin-film coating solutions to the consumer, industrial and medical industries (Germany)	100	-

(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 AISC, 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 2024. Audited by Singhi & Co, India.

Notes to the Financial Statements

For the financial year ended 31 December 2024

14 Investment in Subsidiaries (cont'd)

(b) Additional injection in capital/Incorporation of subsidiaries

(i) As at 16 January 2024, Nanofab Technologies Pte. Ltd. ("**NFT**") was 90% owned by the Company and 10% owned by MG Consulting Holdings Pte. Ltd. ("**MG Holdings**"). Pursuant to the shareholders' agreement dated 27 October 2017 (as amended on 1 July 2019, 15 June 2020 and 6 October 2020) entered into between the Company and MG Holdings ("**NFT SHA**"), MG Holdings elected to effect an exchange of the 10% shares in NFT held by MG Holdings ("**NFT Swap Shares**") with shares in the Company issued to MG Holdings ("**NTI Swap Shares**") (the "**Share Swap**").

On 17 January 2024, the Company transferred 3,866,104 treasury shares in the Company to MG Holdings at cost of S$7,704,000 in settlement of the NTI Swap Shares and in exchange, MG Holdings transferred the NFT Swap Shares to the Company. Following completion of the Share Swap, NFT became a wholly-owned subsidiary of the Company. The Group recognised a net decrease in non-controlling interest of S$1,895,000 and a corresponding debit to other reserves by S$5,809,000.

The consolidated net asset value of NFT as at 31 December 2022 was S$15.8 million. The number of NTI Swap Shares transferred to MG Holdings as consideration for the NFT Swap Shares was computed in accordance with the NFT SHA, which took into consideration the net profit after tax of NFT for FY2022, and the price earnings ratio and market capitalization of the Company as at 31 December 2022. Please refer to the Company's prospectus dated 23 October 2020, at pages 311 to 313 for more details.

(ii) Effective 25 January 2024, Nanofilm Technologies Europe B.V. ("**NTEBV**") and the Company (as sole shareholder of NTEBV) entered into a share premium contribution agreement pursuant to which payment of a total sum of EUR6,800,000 (equivalent to S$9,904,000) was made by the Company to NTEBV as payment towards the share premium contribution without the issue of shares in the capital of NTEBV.

(iii) On 1 February 2024, the acquisition of 100% equity interest of Axyntec Dünnschichttechnik GmbH ("**Axyntec**") was completed for a purchase consideration of EUR6,800,000 (equivalent to S$9,904,000) of which EUR5,800,000 (equivalent to S$8,448,000) was settled with cash on the same day. The remaining EUR1,000,000 (equivalent to S$1,456,000) was held in escrow to be released over three years after completion upon the terms and conditions of the share sale and purchase Agreement dated 21 December 2023. Following the completion of the acquisition, Axyntec has become an indirect wholly-owned subsidiary of the Company. In January 2025, the Company released the first instalment of EUR333,000 (equivalent to S$454,000) to the sellers.

Notes to the Financial Statements

For the financial year ended 31 December 2024

14 Investment in Subsidiaries (cont'd)

(b) Additional injection in capital/Incorporation of subsidiaries (cont'd)

(iii) (cont'd)

The fair values of identifiable net assets and the cash outflow on the acquisition as at 1 February 2024 were as follows:

	Fair Value S$'000
Non-current assets	4,115
Cash and cash equivalents	694
Current assets (excluding cash and cash equivalents)	1,042
Total liabilities	(3,700)
Net identifiable assets acquired	2,151
Add: Goodwill	7,753
Total consideration transferred	9,904
Less: Cash and cash equivalents acquired	(694)
Net cash outflow on acquisition	9,210

The goodwill is attributed to Axyntec's diamond-like carbon ("**DLC**") coating equipment and DLC coating recipe, access to its existing customer base and market, and ready space in its facility for Group to expand with additional equipment. This strategic acquisition accelerated the Group's expansion in Europe as well as expanded the Group's suite of solutions. The business of Axyntec has been integrated into the Group's Advanced Materials Business Unit.

(iv) On 22 April 2024, the Company increased the mobilised capital of Nanofilm Technologies Vietnam Co., Ltd. from USD5,000,000 to USD15,000,000. The increase in mobilised capital was to fund the construction of Phase 2 of the new Plant 2 in Vietnam.

(v) On 14 May 2024, the Company's wholly-owned subsidiaries in Singapore, Nanofilm Advanced Materials India Pte. Ltd. and Nanofilm Advanced Materials Pte. Ltd., subscribed for 980,100 and 9,900 new shares, respectively, in Nanofilm Advanced Materials India Private Limited, a wholly-owned subsidiary in India, for a consideration of INR9,801,000 (equivalent to S$158,000) and INR99,000 (equivalent to S$2,000) respectively. The purpose of the capital injection was to fund the working capital of the subsidiary.

(vi) On 29 May 2024, the Company subscribed for 171,000 ordinary shares in the capital of Nanofilm Advanced Materials Pte. Ltd. for an aggregate consideration of S$171,000. The purpose of the capital injection was to fund the subscription by Nanofilm Advanced Materials Pte. Ltd. of 169,999 shares and 9,900 shares in Nanofilm Advanced Materials India Pte. Ltd. and Nanofilm Advanced Materials India Private Limited respectively.

(vii) On 29 May 2024, Nanofilm Advanced Materials Pte. Ltd., subscribed for 169,999 ordinary shares in the capital of Nanofilm Advanced Materials India Pte. Ltd. for an aggregate consideration of S$169,999. The purpose of the capital injection was to fund the subscription by Nanofilm Advanced Materials India Pte. Ltd. of 980,100 shares in Nanofilm Advanced Materials India Private Limited.

Notes to the Financial Statements

For the financial year ended 31 December 2024

14 Investment in Subsidiaries (cont'd)

(b) Additional injection in capital/Incorporation of subsidiaries (cont'd)

(viii) On 10 December 2024, NTEBV and the Company (as sole shareholder of NTEBV) entered into a share premium contribution agreement pursuant to which NTEBV and the Company agreed that the payment of a total sum of EUR500,000 (equivalent to S$725,000) made by the Company to NTEBV in November 2023 ("**Effective Date**") will be deemed as (a) payment of EUR1 (equivalent to S$1) towards the nominal value of the one (1) issued common share in the capital of NTEBV; and (b) payment of EUR499,999 (equivalent to S$724,999) towards the share premium contribution without the issue of shares in the capital of NTEBV, as of the Effective Date.

(ix) On 10 December 2024, NTEBV (as the sole shareholder of Nanofilm AM Germany GmbH ("**NAMG**")) passed a shareholders' resolution to record and confirm that the payment of a total sum of EUR350,000 (equivalent to S$510,000), made by NTEBV to NAMG on 23 November 2023, will be deemed as (a) payment of EUR100,000 (equivalent to S$146,000) towards the share capital of NAMG; and (b) payment of EUR250,000 (equivalent to S$364,000) towards the free share capital reserve of NAMG.

(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	
	2024	2023	2024	2023	2024	2023
	%	%	S$'000	S$'000	S$'000	S$'000
Nanofab Technologies Pte. Ltd. and its subsidiaries ("**Nanofab Group**")	–	10	(26)	349	–	1,866
Yizheng Nahuan Technologies Co., Ltd ("**NHT**")	49	49	1,400	1,147	9,729	8,309
Sydrogen Energy Pte. Ltd. and its subsidiaries ("**SDE Group**")	35	35	(1,322)	(1,499)	30,231[(1)]	31,903[(1)]
Other subsidiaries with immaterial non-controlling interests			(261)	(438)	2,130	2,054
			(209)	(441)	42,090	44,132

Note:

(1) The amount is computed using the non-controlling interest's contribution of S$35,000,000 and cumulative share of loss.

Notes to the Financial Statements

For the financial year ended 31 December 2024

14 Investment in Subsidiaries (cont'd)

(c) Interest in subsidiaries with material non-controlling interests (cont'd)

Summarised financial information (before intragroup eliminations) in respect of subsidiaries with material non-controlling interests is set out below.

	NHT		SDE Group	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Summarised Statement of Financial Position				
Current				
Assets	15,898	11,670	22,821	25,874
Liabilities	(3,955)	(3,202)	(4,892)	(3,292)
Total current net assets	11,943	8,468	17,929	22,582
Non-current				
Assets	17,771	20,570	91,705	92,646
Liabilities	(9,859)	(12,080)	(4,028)	(4,971)
Total non-current net assets	7,912	8,490	87,677	87,675
Net assets	19,855	16,958	105,606	110,257

	NHT		SDE Group	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Summarised Statement of Profit or Loss and Other Comprehensive Income				
Revenue	30,348	26,329	2,798	1,053
Expenses	(27,491)	(23,988)	(6,575)	(5,337)
Profit/(loss) for the year	2,857	2,341	(3,777)	(4,284)
Profit/(loss) attributable to non-controlling interests	1,400	1,147	(1,322)	(1,499)
Total comprehensive income/(loss) attributable to non-controlling interests	1,420	835	(1,672)	(1,569)
Summarised Cash Flow				
Net cash generated from/(used in) operating activities	3,149	1,977	(2,904)	(1,510)
Net cash used in investing activities	(145)	(94)	(4,258)	(6,667)
Net cash used in financing activities	(2,918)	(2,277)	(195)	(10,366)

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15 Investment in Associate

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
At cost	4,061	4,061	-	-
Less: Share of loss	(272)	(169)	-	-
	3,789	3,892	-	-

Name of associate Place of incorporation and operation	Principal activity	Proportion (%) of ownership interest	
		2024	2023
		%	%
Zulu Inc. United States of America	Design and manufacturing of adjustable eyecare lenses	21.9	21.9

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

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

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

(A) Zulu Inc. raised any equity fundraising round of which the pre-money valuation of the company will be no less than US$30,000,000; and

(B) Zulu Inc. will receive no less than US$3,000,000 in investment proceeds

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

Notes to the Financial Statements

For the financial year ended 31 December 2024

15 Investment in Associate (cont'd)

The table below presents Zulu Inc.'s financial information as reported 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	
	2024	2023
	S$'000	S$'000
Percentage ownership interest	21.9%	21.9%
Non-current assets	93	198
Current assets	1,487	1,668
Current liabilities	(884)	(702)
Net assets of the associate	696	1,164
Proportion of the Group's ownership in Zulu Inc.	21.9%	21.9%
Group's share of net assets	152	255
Goodwill	3,637	3,637
Carrying amount of the Group's interest in Zulu Inc.	3,789	3,892
Revenue	79	51
Loss for the year	(469)	(556)

16 Other Financial Asset

	Group	
	2024	2023
	S$'000	S$'000
Equity Investments – at fair value through other comprehensive income		
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 FY2024, and there were no transfers of any cumulative gain or loss within equity relating to these investments. No dividend was recognised during FY2024 (FY2023: Nil). 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 2024

17 Trade and Other Receivables, and Other Current/Non-current Assets

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Trade receivables:				
- Third parties	96,158	68,731	8,842	4,359
- Loss allowance	(497)	(216)	(67)	(30)
	95,661	68,515	8,775	4,329
- Subsidiaries	–	–	5,795	1,532
- Loss allowance	–	–	(73)	(7)
	–	–	5,722	1,525
	95,661	68,515	14,497	5,854
Other receivables:				
- Deposits	589	491	363	378
- GST/VAT and other taxes receivable	1,555	2,442	459	489
- Due from subsidiaries	-	-	1,842	2,869
- Sundry debtors	1,842	2,696	229	24
	3,986	5,629	2,893	3,760
Other current assets:				
- Prepayments	4,087	2,890	3,137	2,467
- Advances to suppliers	8,023	4,256	119	216
	12,110	7,146	3,256	2,683
Total current	111,757	81,290	20,646	12,297
Non-current				
Other receivables:				
- Loans due from subsidiaries	–	–	3,595	66,265
Gross amount (Non-interest bearing)	–	–	3,595	67,354
Less: Fair value adjustment to investment in a Group's subsidiary	–	–	–	(6,036)
Add: Accumulated imputed interest recognised in profit or loss, net of exchange differences	–	–	-	4,947
Total non-current	–	–	3,595	66,265

Notes to the Financial Statements

For the financial year ended 31 December 2024

17 Trade and Other Receivables, and Other Current/Non-current Assets (cont'd)

Current

As at 31 December 2024, 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$136,000 (2023: S$169,000).

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 2(k). There has been no change in the estimation techniques or significant assumptions made for financial years ended 31 December 2023 and 2024. 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 subsidiaries of S$354,000 (2023: S$2,229,000) which is interest bearing at 3% (2023: 3%) per annum and repayable within the next 12 months.

The amounts receivable from sundry debtors include the government grant receivables of S$1,119,000 (2023: S$2,643,000) relating to various cash grants in relation to government incentives introduced by the Chinese government (2023: Chinese government) during the financial year ended 31 December 2024.

Notes to the Financial Statements

For the financial year ended 31 December 2024

17 Trade and Other Receivables, and Other Current/Non-current Assets (cont'd)

Non-current

As at 31 December 2024, a loan amount of S$1,295,000 (2023: S$1,399,000) due from a subsidiary is unsecured, bearing interest at 3% (2023: 3%) per annum and repayable on 1 January 2026.

As at 31 December 2024, a loan amount of S$2,300,000 (2023: Nil) due from a subsidiary is unsecured, interest- free and repayable on 31 December 2027.

As at 31 December 2023, a loan amount of S$64,866,000 due from a subsidiary was unsecured, interest-free and repayable on 1 January 2026. The amount was adjusted to be measured at fair value at date of inception. Accordingly, imputed interest income has been recognised in the Company's profit or loss and fair value adjustment has been recognised in investments in subsidiaries. The loan has been fully repaid by the subsidiary in 2024.

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	Lifetime expected credit losses	Net carrying amount
		S$'000	S$'000	S$'000
Group				
2024				
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
2023				
Current	0.2%	69,766	(124)	69,642
Past due:				
1 to 30 days	0.5%	6,237	(11)	6,226
31 to 60 days	1.5%	1,796	(12)	1,784
60 to 90 days	2.5%	1,354	(18)	1,336
More than 90 days	4.0%	2,348	(51)	2,297
		81,501	(216)	81,285

Notes to the Financial Statements

For the financial year ended 31 December 2024

17 Trade and Other Receivables, and Other Current/Non-current Assets (cont'd)

	Lifetime expected loss rate	Gross carrying amount S$'000	Lifetime expected credit losses S$'000	Net carrying amount S$'000
Company				
2024				
Current	0.2%	9,563	(15)	9,548
Past due:				
1 to 30 days	0.5%	1,229	(6)	1,223
31 to 60 days	1.5%	395	(6)	389
60 to 90 days	2.5%	1,684	(42)	1,642
More than 90 days	4.0%	1,766	(71)	1,695
		14,637	(140)	14,497
2023				
Current	0.2%	3,249	(9)	3,240
Past due:				
1 to 30 days	0.5%	2,205	(11)	2,194
31 to 60 days	1.5%	41	(1)	40
60 to 90 days	2.5%	-	-	-
More than 90 days	4.0%	396	(16)	380
		5,891	(37)	5,854

	Group		Company	
	2024 S$'000	2023 S$'000	2024 S$'000	2023 S$'000
Movements in loss allowance				
At 1 January	216	362	37	150
Net impairment loss/(write back) recognised in profit or loss (Note 8)	225	(96)	103	(113)
Translation adjustment	56	(50)	-	-
At 31 December	497	216	140	37

Notes to the Financial Statements

For the financial year ended 31 December 2024

18 Inventories

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
At cost or net realisable value:				
Raw materials and consumables	7,385	8,431	2,193	2,463
Work-in-progress	2,675	3,925	702	818
Finished goods	6,896	7,056	2,083	2,784
Goods in transit	148	88	33	46
	17,104	19,500	5,011	6,111
Inventories are stated after deducting allowance for inventories obsolescence	300	429	106	96
At 1 January	429	517	96	143
Charged to profit or loss (Note 8)	53	(39)	10	(47)
Write off of inventories	(182)	–	–	–
Translation adjustment	–*	(49)	–	–
At 31 December	300	429	106	96

* *Denotes less than S$1,000*

19 Cash and Bank Balances

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Cash and bank balances	38,002	130,562	3,483	13,095
Fixed deposits	72,205	24,647	53,568	6,266
Cash and bank balances in the statements of financial position	110,207	155,209	57,051	19,361
Cash and cash equivalents in the statements of cash flows	110,207	155,209	57,051	19,361

Cash at banks earns interest at floating rates based on daily bank deposit rates which approximate 1.98% (2023: 2.22%) 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 2024, fixed deposits bear interest ranging from 2.05% to 3.82% (2023: 3.61% to 4.25%) per annum with maturity period of 1 day to 3 months (2023: 7 days to 3 months) from the reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2024

20 Share Capital and Treasury Shares

	Group and Company			
	2024		2023	
	No. of ordinary shares ('000)	S$'000	No. of ordinary shares ('000)	S$'000
Fully paid ordinary shares				
At 1 January	663,443	266,927	663,443	266,927
At 31 December	663,443	266,927	663,443	266,927
Treasury shares				
At 1 January	16,387	32,653	6,045	17,521
Purchase of treasury shares	–	–	11,082	16,701
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	(729)	(1,451)	(740)	(1,569)
At 31 December	11,792	23,498	16,387	32,653
Total issued shares excluding treasury shares	651,651	243,429	647,056	234,274

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 2024, the Company acquired Nil (2023: 11,082,000) of its own shares in the open market and these shares are held as treasury shares. In 2024, 40,000 (2023: 586,000) treasury shares were re-issued under ESOS Scheme 2017 and 689,000 (2023: 154,000) treasury shares were re-issued under RSP 2021 at an average price of S$1.9926 (2023: S$2.1203) per share. Options were exercised at an average price of S$0.5868 (2023: S$0.5868). In addition, the Group transferred 3,866,104 treasury shares to MG Holdings in settlement of the NTI Swap Shares.

Notes to the Financial Statements

For the financial year ended 31 December 2024

21 Reserves

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Translation reserve	(34,985)	(36,525)	–	–
Statutory reserve	7,351	7,142	–	–
Other reserves	(70,697)	(64,543)	(12,198)	(11,836)
Accumulated profits	242,762	239,524	24,118	33,463
	144,431	145,598	11,920	21,627

The other reserves include share options and put option and fair value reserves.

Movements in the Group's reserves are set out in the consolidated statement of changes in equity and as follows:

	At 1 January	Loss on re-issuance of treasury shares	Adjustment on employee share options	Fair value gain from equity investment at fair value through other comprehensive income	Adjustment on restricted share plan	Transferred to retained earning	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2024							
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)
2023							
Share options	(13,007)	(1,250)	443	–	–	–	(13,814)
Conversion of convertible bonds	240	–	–	–	–	–	240
Increase in ownership interest in subsidiaries	461	–	–	–	–	–	461
Put option	(53,100)	–	–	–	–	–	(53,100)
Fair value reserve	365	–	–	131	–	(496)	–
Restricted share plan	958	–	–	–	712	–	1,670
Total	(64,083)	(1,250)	443	131	712	(496)	(64,543)

Notes to the Financial Statements

For the financial year ended 31 December 2024

21 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 Kristian Robinson (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 2024, details of the options granted under the ESOS Scheme 2017 are as follows:

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		

Date of grant of options	Options outstanding at 1.1.2023	Options granted	Options cancelled/ lapsed	Options exercised	Options outstanding at 31.12.2023	Exercise price	Date of expiry
						S$	
3 December 2018	100,000	–	–	(30,000)	70,000	0.5868	9-27 December 2024
3 June 2019	90,000	–	–	(90,000)	–	0.5868	16-18 June 2025
1 July 2020	566,000	–	–	(466,000)	100,000	0.5868	30 June 2026
	756,000	–	–	(586,000)	170,000		

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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

21 Reserves (cont'd)

(a) Pre-IPO Employee Share Option Scheme 2017 ("**ESOS Scheme 2017**") (cont'd)

During the financial year ended 31 December 2023, 586,000 share options were exercised. As at 31 December 2023, all the 170,000 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 21(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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

21 Reserves (cont'd)

(b) Employee Share Option Scheme ("**ESOS Scheme 2020**") (cont'd)

As at 31 December 2024, details of the options granted under the ESOS Scheme 2020 are as follows:

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$	
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		

Date of grant of options	Options outstanding at 1.1.2023	Options granted	Options cancelled/ lapsed	Options exercised	Options outstanding at 31.12.2023	Exercise price	Date of expiry
						S$	
26 March 2021	730,500	–	(46,000)	–	684,500	4.9279	26 March 2031
6 April 2021	610,000	–	(100,000)	–	510,000	5.1135	6 April 2026 & 6 April 2031
19 August 2021	530,000	–	–	–	530,000	4.1185	19 August 2026
31 March 2022	2,325,000	–	(360,000)	–	1,965,000	2.6907	31 March 2027
	4,195,500	–	(506,000)	–	3,689,500		

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.

During the financial year ended 31 December 2023, there were no share options granted under the ESOS Scheme 2020 to subscribe for ordinary shares of the Company. No share option was exercised during the year when vested and 506,000 options were lapsed or cancelled. As at 31 December 2023, out of the 3,689,500 outstanding options granted under the ESOS Scheme 2020, 1,353,500 had vested and 2,336,000 will vest between 2024 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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

21 Reserves (cont'd)

(b) Employee Share Option Scheme ("**ESOS Scheme 2020**") (cont'd)

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 interest rate %	Expected 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

(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 21(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 2024, there were 2,170,223 (2023: Nil) 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.

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 2024

21 Reserves (cont'd)

(c) Nanofilm Restricted Share Plan ("**RSP 2021**") (cont'd)

The details of the shares awards pursuant to the RSP 2021 as at 31 December 2024 are as follows:

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

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	1,164,859	0.77

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For the financial year ended 31 December 2024

22 Bank Loans

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Current	8,229	4,668	1,872	1,872
Non-current	76,728	77,528	20,668	22,540
Total	84,957	82,196	22,540	24,412

Security granted/corporate guarantees granted:

(a) As at 31 December 2024, a bank loan amounting to S$22,540,000 (2023: S$24,412,000) was outstanding to a local bank. The loan was obtained by the Company for general working capital purposes after the acquisition of the property at 11 Tai Seng Drive, Singapore, which was funded by internal sources of funds on completion. The bank loan was secured by a mortgage over the property. The Company incurred an interest of approximately 3.88% to 4.65% (2023: 4.62% to 4.80%) per annum based on a fixed interest spread and cost of fund.

(b) As at 31 December 2024, a bank loan amounting to S$55,077,000 (2023: S$57,784,000) remains outstanding by a wholly owned subsidiary, Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd., to a local financial institution. The loan was obtained for the purpose of repaying an intercompany loan. The bank loan is secured by a mortgage over the Shanghai Plant 1 and 2 and corporate guarantee of the Company and a wholly owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd. The bank loan incurred interest at 2.79% (2023: 2.79%) per annum. The fair value of the corporate guarantee is not material and hence not recognised.

(c) As at 31 December 2024, a bank loan amounting to S$6,068,000 (2023: Nil) remains outstanding by a wholly owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd., to a local financial institution for working capital purposes. The bank loan is secured by a mortgage over the Shanghai Plant 1 and 2 and corporate guarantee of the Company. The bank loan incurred interest at 2.60% (2023: Nil) per annum.

(d) As at 31 December 2024, bank loans amounting to S$1,272,000 (2023: Nil) remain outstanding by a wholly owned subsidiary, Axyntec to local financial institutions for capital expenditures purposes. The bank loans are secured by mortgage over the machinery of Axyntec. The bank loans incurred interest at a range from 2.27% to 2.95% per annum.

As at the end of the financial year, there is no breach of loan covenants.

Notes to the Financial Statements

For the financial year ended 31 December 2024

23 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 11) and land use rights (Note 12).

The carrying amounts of right-of-use assets classified within property, plant and equipment are as follows:

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Leasehold land	7,959	7,791	7,959	7,791
Plant and machinery	6,819	7,852	-	-
Buildings and renovation	5,619	7,638	2,860	4,205
	20,397	23,281	10,819	11,996

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$2,425,000 and S$1,431,000 (2023: S$8,251,000 and S$4,101,000) respectively.

Amortisation charges on land use rights are set out in Note 12. Depreciation charges on right-of-use assets classified within property, plant and equipment during the financial year are as follows:

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Leasehold land	264	264	264	264
Plant and machinery	1,042	1,046	-	-
Buildings and renovation	2,341	2,489	1,616	1,406
	3,647	3,799	1,880	1,670

Notes to the Financial Statements

For the financial year ended 31 December 2024

23 Lease Liabilities (cont'd)

The Group as a lessee (cont'd)

Amounts recognised in profit or loss and consolidated statement of cash flows are as follows:

	Group	
	2024	2023
	S$'000	S$'000
Interest on lease liabilities	719	710
Expenses relating to short-term leases and low value assets (included in cost of sales and administrative expenses)	258	59
	977	769
Total cash outflow for leases (excluding short-term leases)	(4,385)	(4,705)

The Group recognised leases liabilities as follows:

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Lease liabilities:				
Current	3,344	3,851	1,757	1,697
Non-current	17,375	19,711	9,241	10,391
	20,719	23,562	10,998	12,088

Notes to the Financial Statements

For the financial year ended 31 December 2024

24 Deferred Taxation

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Deferred tax assets:				
Property, plant and equipment	3,801	3,186	–	–
Lease liabilities	4,279	4,776	1,870	2,039
Trade receivables and contract assets	459	392	–	–
Inventories	18	128	–	–
Award shares expenses under RSP 2021	–	80	–	–
	8,557	8,562	1,870	2,039
Less: net effect of deferred tax liabilities arising from right-of-use assets	(4,279)	(4,776)	(1,870)	(2,039)
	4,278	3,786	–	–
Deferred tax liabilities:				
Property, plant and equipment	1,331	1,331	1,331	1,331
Right-of-use assets	4,279	4,776	1,870	2,039
Intangible assets	195	–	–	–
	5,805	6,107	3,201	3,370
Less: net effect of deferred tax assets arising from lease liabilities	(4,279)	(4,776)	(1,870)	(2,039)
	1,526	1,331	1,331	1,331

Notes to the Financial Statements

For the financial year ended 31 December 2024

24 Deferred Taxation (cont'd)

The movement in the deferred taxation is as follows:

	At 1 January S$'000	Recognised in profit or loss S$'000	Exchange differences S$'000	At 31 December S$'000
Group				
2024				
Property, plant and equipment	(1,855)	(761)	146	(2,470)
Right-of-use assets	(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
Lease liabilities	4,776	(497)	–	4,279
	(2,455)	(441)	144	(2,752)
2023				
Property, plant and equipment	(1,712)	(174)	31	(1,855)
Right-of-use assets	(4,115)	(661)	–	(4,776)
Trade receivables and contract assets	(47)	(362)	17	(392)
Inventories	(87)	(47)	6	(128)
Award shares expenses under RSP 2021	(99)	16	3	(80)
Intangible assets	72	(72)	–	–
Lease liabilities	4,115	661	–	4,776
	(1,873)	(639)	57	(2,455)

Notes to the Financial Statements

For the financial year ended 31 December 2024

24 Deferred Taxation (cont'd)

The movement in the deferred taxation is as follows: (cont'd)

	At 1 January S$'000	Recognised in profit or loss S$'000	Exchange differences S$'000	At 31 December S$'000
Company				
2024				
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
2023				
Property, plant and equipment	1,278	53	–	1,331
Right-of-use assets	1,626	413	–	2,039
Lease liabilities	(1,626)	(413)	–	(2,039)
	1,278	53	–	1,331

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 2024, deferred income tax liabilities of S$10,338,000 (2023: S$9,486,000) 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$206,754,000 (2023: S$189,710,000) 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 2024, several subsidiaries in Singapore, Vietnam, Japan and China have unrecognised tax losses of S$24,776,000 (2023: S$25,812,000) 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 2024

25 Trade and Other Payables

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Current				
Trade payables:				
- Subsidiaries	–	–	472	1,257
- Third parties	21,106	14,368	1,156	1,982
	21,106	14,368	1,628	3,239
Other payables:				
- Accrued operating expenses	11,015	9,295	1,874	1,659
- Advances received from government	1,372	434	19	19
- VAT and other taxes payable	1,534	461	4	–
- Sundry creditors	7,578	10,478	250	531
- Due to subsidiaries	–	–	8,894	6,283
	21,499	20,668	11,041	8,492
Total current trade and other payables	42,605	35,036	12,669	11,731
Non-current				
Other payables:				
- Put option liability	53,100	53,100	–	–
Total non-current other payables	53,100	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$8,151,000 and S$1,527,000 (2023: S$6,106,000 and S$1,230,000) for the Group and the Company respectively.

Included in sundry creditors are payables to vendors of property, plant and equipment of S$3,670,000 (2023: S$5,202,000).

The non-current other payable of S$53,100,000 (2023: S$53,100,000) as at 31 December 2024 was attributed to a financial liability to acquire non-controlling interest. Arising from the investment in Sydrogen Energy Pte. Ltd., the financial liability relates to a put option agreement with Venezio Investments Pte. Ltd. (an indirect wholly owned subsidiary of Temasek Holdings (Private) Ltd) for the Company to acquire its 35% equity interest in Sydrogen Energy Pte. Ltd. in the event of a put option event based on the terms of the agreement.

Notes to the Financial Statements

For the financial year ended 31 December 2024

26 Provisions

	Warranties S$'000	Restoration S$'000	Total S$'000
Group			
2024			
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
2023			
At 1 January	450	194	644
Provision made	276	23	299
Provision utilised	(120)	–	(120)
Reversal of provision made	(470)	(17)	(487)
Translation adjustment	(6)	–	(6)
At 31 December	130	200	330
Company			
2024			
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
2023			
At 1 January	290	87	377
Provision made	262	23	285
Provision utilised	(116)	–	(116)
Reversal of provision made	(307)	–	(307)
At 31 December	129	110	239

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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

27 Dividends

	Group and Company	
	2024 S$'000	2023 S$'000
Ordinary dividends paid:		
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	–
One-tier tax exempt final dividend of a total of S$0.011 per share paid on 18 May 2023 in respect of the financial year ended 31 December 2022	–	7,137
One-tier tax exempt interim dividend of a total of S$0.0033 per share paid on 8 September 2023 in respect of the financial year ended 31 December 2023	–	2,135
	4,297	9,272

28 Changes in Liabilities Arising from Financing Activities

	Bank loans S$'000	Lease liabilities S$'000	Total S$'000
Group			
2024			
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)
Non-cash changes:			
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
2023			
At 1 January	26,356	20,212	46,568
Proceeds	57,784	–	57,784
Repayment	(1,938)	(4,705)	(6,643)
Non-cash changes:			
Addition during the year	–	8,960	8,960
Disposal during the year	–	(540)	(540)
Currency translation differences	(6)	(365)	(371)
At 31 December	82,196	23,562	105,758

Notes to the Financial Statements

For the financial year ended 31 December 2024

29 Commitments and Contingencies

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

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Property, plant and equipment	4,978	4,253	937	1,628

30 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	
	2024	2023
	S$'000	S$'000
Transactions with related parties		
Sales	30,348	25,954
Purchases	18,118	20,012
Lease payments	127	127

Notes to the Financial Statements

For the financial year ended 31 December 2024

30 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	
	2024	2023
	S$'000	S$'000
Short-term employee benefits	2,527	3,440
Contributions to defined contribution plans	52	67
Other short-term benefits	170	98
Total compensation paid to key management personnel	2,749	3,605
Comprised amounts paid to:		
Directors of the Company [(1)]	1,533	1,672
Other key management personnel	1,216	1,933
	2,749	3,605

(1) Include certain directors who resigned during the financial years ended 31 December 2024 and 2023.

31 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 2024

31 Financial Instruments (cont'd)

Financial Assets and Financial Liabilities

	Group		Company	
	2024	2023	2024	2023
	S$'000	S$'000	S$'000	S$'000
Financial assets at amortised cost:				
Cash and bank balances	110,207	155,209	57,051	19,361
Trade and other receivables	98,092	71,702	20,526	75,390
Contract assets	18,012	12,770	–	–
Financial assets at fair value through other comprehensive income:				
Other financial assets	1,367	1,367	–	–
	227,678	241,048	77,577	94,751
Financial liabilities at amortised cost:				
Trade and other payables	92,799	87,241	12,646	11,712
Bank loans	84,957	82,196	22,540	24,412
Lease liabilities	20,719	23,562	10,998	12,088
	198,475	192,999	46,184	48,212

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2024

31 Financial Instruments (cont'd)

(a) Credit Risk (cont'd)

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 3 debtors and 4 debtors (2023: 4 debtors and 5 debtors) respectively, that individually represented more than 5% (2023: 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 17. 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.

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 19 to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2024

31 Financial Instruments (cont'd)

(a) Credit Risk (cont'd)

Credit risk grading guideline (cont'd)

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 17 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 2024, 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$705,000 and S$187,000 (2023: S$682,000 and S$203,000) as a result of higher/lower interest expense arising from bank loans of the Group and the Company of S$84,957,000 and S$22,540,000 (2023: S$82,196,000 and S$24,412,000) as at 31 December 2024, respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2024

31 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					
2024					
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
2023					
Trade and other payables	87,241	87,241	34,141	–	53,100
Bank loans	82,196	95,675	10,301	41,206	44,168
Lease liabilities	23,562	24,655	4,285	10,598	9,772
	192,999	207,571	48,727	51,804	107,040
Company					
2024					
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
	46,184	53,029	17,446	13,636	21,947
2023					
Trade and other payables	11,712	11,712	11,712	–	–
Bank loans	24,412	29,357	3,670	14,679	11,008
Lease liabilities	12,088	13,964	1,930	4,115	7,919
	48,212	55,033	17,312	18,794	18,927

Notes to the Financial Statements

For the financial year ended 31 December 2024

31 Financial Instruments (cont'd)

(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.

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					
	SGD	**USD**	**JPY**	**RMB**	**Others**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Group						
2024						
Financial assets						
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
Financial liabilities						
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 2024

31 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					
	SGD	USD	JPY	RMB	Others	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group (cont'd)						
2023						
Financial assets						
Cash and bank balances	30,149	16,927	2,510	104,459	1,164	155,209
Trade and other receivables, and contract assets	2,826	10,645	395	70,606	–	84,472
Other financial assets	–	1,367	–	–	–	1,367
	32,975	28,939	2,905	175,065	1,164	241,048
Financial liabilities						
Trade and other payables	61,011	1,359	739	23,945	187	87,241
Bank loans	24,412	–	–	57,784	–	82,196
Lease liabilities	13,176	–	543	9,843	–	23,562
	98,599	1,359	1,282	91,572	187	192,999
Net financial (liabilities)/assets	(65,624)	27,580	1,623	83,493	977	48,049
Less: Net financial (liabilities)/ assets denominated in the entities' functional currencies	(61,445)	3,067	236	72,206	–	14,064
Currency exposure	(4,179)	24,513	1,387	11,287	977	33,985

Notes to the Financial Statements

For the financial year ended 31 December 2024

31 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					
	SGD	USD	JPY	RMB	Others	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Company						
2024						
Financial assets						
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
Financial liabilities						
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 2024

31 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					
	SGD	**USD**	**JPY**	**RMB**	**Others**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Company (cont'd)						
2023						
Financial assets						
Cash and bank balances	8,518	2,776	1,181	6,886	–	19,361
Trade and other receivables	1,151	5,286	30	68,898	25	75,390
	9,669	8,062	1,211	75,784	25	94,751
Financial liabilities						
Trade and other payables	3,799	1,279	332	6,114	188	11,712
Bank loans	24,412	–	–	–	–	24,412
Lease liabilities	12,088	–	–	–	–	12,088
	40,299	1,279	332	6,114	188	48,212
Net financial (liabilities)/assets	(30,630)	6,783	879	69,670	(163)	46,539
Less: Net financial liabilities denominated in the Company's functional currency	(31,299)	–	–	–	–	(31,299)
Currency exposure	669	6,783	879	69,670	(163)	77,838

Notes to the Financial Statements

For the financial year ended 31 December 2024

31 Financial Instruments (cont'd)

(d) Currency Risk (cont'd)

Sensitivity analysis

A change of 2% (2023: 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	
	2024	2023
	S$'000	S$'000
Group		
USD against SGD		
- strengthened	194	407
- weakened	(194)	(407)
JPY against SGD		
- strengthened	1	23
- weakened	(1)	(23)
RMB against SGD		
- strengthened	34	1,432
- weakened	(34)	(1,432)
Company		
USD against SGD		
- strengthened	144	113
- weakened	(144)	(113)
JPY against SGD		
- strengthened	70	15
- weakened	(70)	(15)
RMB against SGD		
- strengthened	(32)	1,157
- weakened	32	(1,157)

Notes to the Financial Statements

For the financial year ended 31 December 2024

31 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 2024 and 2023.

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	
	2024	2023
	S$'000	S$'000
Net debt	91,174	38,685
Total equity	429,950	424,004
Total capital	521,124	462,689
Gearing ratio	17%	8%

As disclosed in Note 2(v), 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 2024 and 2023. The Group has no other externally imposed capital requirements for the financial years ended 31 December 2024 and 2023.

(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 2024

31 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				
2024				
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
2023				
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 2024

31 Financial Instruments (cont'd)

(f) Fair Value of Assets and Liabilities (cont'd)

As at 31 December 2024 and 2023, the valuation techniques and inputs used in the fair value measurement are set out in Note 16 to the financial statements. There was no transfer between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2024 and 2023.

(1) If the inputs for the asset or liability that are not based on observable market data to the valuation techniques were 5% (2023: 5%) higher/lower while all the other variables were held constant, the carrying amount of the would decrease/increase by S$68,000 (2023: decrease/increase by S$68,000).

Movements in level 3 assets and liabilities measured at fair value.

	Financial assets, at fair value through other comprehensive income	
	2024	**2023**
	S$'000	**S$'000**
At 1 January	1,367	1,637
Write off	–	(270)
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 2024 and 2023, the carrying amounts of these non-current assets and non-current liabilities approximate their fair values.

32 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 2024

32 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
2024						
Revenue from external customers	172,140	11,290	18,042	2,797	–	204,269
Inter-segment sales	–	7,060	–	–	(7,060)	–
	172,140	18,350	18,042	2,797	(7,060)	204,269
Cost of sales	111,747	2,898	9,431	4,327	–	128,403
Adjusted EBITDA	40,500	4,967	7,871	(1,532)	–	51,806
Other information						
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)
Assets						
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
						635,093
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
Liabilities						
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
						205,143

Notes to the Financial Statements

For the financial year ended 31 December 2024

32 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
2023						
Revenue from external customers	141,544	18,372	16,049	1,053	–	177,018
Inter-segment sales	-	18,794	–	–	(18,794)	–
	141,544	37,166	16,049	1,053	(18,794)	177,018
Cost of sales	92,307	6,356	10,792	1,998	–	111,453
Adjusted EBITDA	32,700	6,068	2,678	(2,043)	–	39,403
Other information						
Depreciation	24,384	1,756	2,514	1,135	–	29,789
Amortisation of land use rights	254	–	11	–	–	265
Amortisation of intangible assets	3,278	345	304	476	–	4,403
Write back of impairment loss on trade receivables	(140)	(18)	56	6	–	(96)
Write off/ loss/(gain) on disposal of property, plant and equipment	805	3	–	–	–	808
Listing expenses charged to profit or loss						
- Recurring	20	23	1	–	–	44
Share option expenses	199	235	9	–	–	443
Award share expenses under RSP 2021	321	377	14	–	–	712
Staff costs	23,383	5,989	3,194	1,501	–	34,067
Provision for warranties and restoration of property, plant and equipment	–	299	–	–	–	299
Reversal of provision for warranties	–	(487)	–	–	–	(487)
Assets						
Segment assets	345,442	65,575	20,340	25,888	–	457,245
Cash and bank balances						155,209
Other financial assets						1,367
Investment in associate						3,892
Deferred tax assets						3,786
						621,499
Segment assets include:						
Additions to non-current assets:						
- Property, plant and equipment	40,626	8,166	1,257	7,250	–	57,299
- Intangible assets	13,130	93	138	3,624	–	16,985
Liabilities						
Segment liabilities	41,729	11,105	2,107	4,811	–	59,752
Bank loans						82,196
Deferred tax liabilities						1,331
Other creditors (non-current)						53,100
Provision for taxation						1,116
						197,495

Notes to the Financial Statements

For the financial year ended 31 December 2024

32 Operating Segment Information (cont'd)

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

	Group	
	2024	2023
	S$'000	S$'000
Adjusted EBITDA[1] for reportable segments	51,806	39,403
Depreciation	(30,011)	(29,789)
Amortisation	(9,722)	(4,668)
Gain/(Write off/loss) on disposal of property, plant and equipment	69	(808)
Other professional fees	(1,072)	(520)
Award shares expenses under RSP 2021	(995)	(712)
Finance income	3,189	2,139
Finance expenses	(3,619)	(1,902)
Profit before income tax	9,645	3,143
Income tax	(2,110)	(449)
Profit after income tax	7,535	2,694

(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	
	2024	2023
	S$'000	S$'000
Singapore	35,483	35,828
China	154,504	129,084
Japan	9,067	12,090
Vietnam	177	16
Europe	5,038	–
Total revenue	204,269	177,018

Notes to the Financial Statements

For the financial year ended 31 December 2024

32 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	
	2024	2023
	S$'000	S$'000
Singapore	77,786	68,912
China	264,826	262,821
Japan	2,408	4,164
Vietnam	26,186	15,466
Europe	5,388	–
India	52	–
Total non-current non-financial assets	376,646	351,363

33 Subsequent events

(a) On 11 February 2025, the Company's wholly-owned subsidiary, Nanofilm AM Germany GmbH, and the Company entered into a share sale and purchase agreement ("**SPA**") with Mr Burkhard Scholz (the "**Vendor**") to acquire all the shares in the capital of MC Europ Coating GmbH ("**MC Coating**") and EC Europ Coating GmbH ("**EC Coating**") held by the Vendor. The Company is a party to the SPA as guarantor to guarantee the payment by NAMG of the consideration under the SPA.

The consideration for the acquisition is EUR3,070,000 with an earn-out consideration of up to EUR1,195,000, conditional upon MC Coating and EC Coating meeting certain financial performance targets for FY2024. Following completion of the acquisition on 15 February 2025, both MC Coating and EC Coating have become indirect wholly-owned subsidiaries of the Company.

(b) On 25 February 2025, the Board of Directors of the Group has recommended a final tax exempt one-tier dividend of S$0.0033 per ordinary share for the year. The total amount of dividends is expected to be approximately S$2,100,000. Subject to shareholder's approval at the forthcoming annual general meeting of the Company, the proposed final dividend will be payable on 20 May 2025.

(c) On 25 March 2025, the Company's wholly-owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd. ("**NVC**") obtained a three year term loan of RMB50,000,000 (equivalent to S$9,245,000) from the Industrial and Commercial Bank of China to fund the working capital purposes of NVC.

(d) On 28 March 2025, the Company announced its plan to voluntarily wind up Nanofilm Advanced Materials Co., Ltd. and to appoint a liquidator to effect the same.

Statistics of Shareholdings

As at 14 March 2025

Shareholders' Information

Number of equity securities	:	651,650,535
Class of equity securities	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares and subsidiary holdings	:	11,792,575

Distribution of Shareholders by Size of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
1 - 99	1	0.01	1	0.00
100 - 1,000	1,471	19.19	1,193,680	0.18
1,001 - 10,000	4,195	54.71	20,226,950	3.10
10,001 - 1,000,000	1,972	25.72	86,771,980	13.32
1,000,001 and above	28	0.37	543,457,924	83.40
Total	**7,667**	**100.00**	**651,650,535**	**100.00**

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Shareholdings
1	PEARL YARD HOLDINGS INC	253,709,960	38.93
2	VENEZIO INVESTMENTS PTE LTD	49,269,300	7.56
3	SHI XU	44,457,573	6.82
4	CITIBANK NOMINEES SINGAPORE PTE LTD	30,845,827	4.73
5	HARRYMORE INTERNATIONAL LIMITED	28,192,518	4.33
6	DBS NOMINEES (PRIVATE) LIMITED	22,963,583	3.52
7	JIN XIAOZHE	17,562,740	2.70
8	RAFFLES NOMINEES (PTE.) LIMITED	12,986,085	1.99
9	JIN XIAO QUN	10,190,375	1.56
10	HSBC (SINGAPORE) NOMINEES PTE LTD	9,246,287	1.42
11	PHILLIP SECURITIES PTE LTD	8,914,902	1.37
12	MAYBANK SECURITIES PTE. LTD.	6,234,204	0.96
13	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	5,579,015	0.86
14	WEI HAO	5,133,685	0.79
15	LASTING LEGACY PTE LTD	4,721,900	0.72
16	OCBC SECURITIES PRIVATE LIMITED	4,125,500	0.63
17	TIGER BROKERS (SINGAPORE) PTE. LTD.	3,960,300	0.61
18	IFAST FINANCIAL PTE. LTD.	3,381,500	0.52
19	HENG SIEW ENG	3,080,400	0.47
20	DBSN SERVICES PTE. LTD.	2,733,304	0.42
	Total	**527,288,958**	**80.91**

Statistics of Shareholdings

As at 14 March 2025

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest	% [6]	Deemed Interest	% [6]
Pearl Yard Holdings Inc ("**Pearl Yard**")	253,709,960	38.93	–	–
Dr Shi Xu [1]	44,457,573	6.82	292,592,853	44.90
Mdm Jin Xiao Qun [2]	10,190,375	1.56	28,192,518	4.33
Venezio Investments Pte Ltd ("**Venezio**")	47,579,947	7.30	–	–
Napier Investment Pte. Ltd. ("**Napier**") [3]	–	–	47,579,947	7.30
Tembusu Capital Pte. Ltd. ("**Tembusu**") [4]	–	–	47,729,947	7.32
Temasek Holdings (Private) Limited ("**Temasek**") [5]	–	–	47,729,947	7.32

Notes:

(1) Dr Shi Xu's deemed interest arises from (1) the 253,709,960 shares of the Company (the "**Shares**") held by Pearl Yard as Dr Shi 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; (2) 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 (3) the 38,382,893 Shares in which his spouse, Mdm Jin Xiao Qun, has an interest, comprising (i) direct interests in 10,190,375 Shares, and (ii) deemed interests in 28,192,518 Shares held by Harrymore International Limited ("**Harrymore**"). 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. This deemed interest in 500,000 Shares is not required to be notified under the SFA and therefore 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) Napier's deemed interest in Shares arises from the direct interest held by Venezio. Napier is the holding company of Venezio.

(4) Tembusu's deemed interest arises from the interests in Shares held by Venezio and SeaTown Holdings Pte. Ltd. ("**SeaTown**"), an independently-managed Temasek portfolio company.

(5) Temasek's deemed interest arises from the interests in Shares held by Venezio and SeaTown.

(6) The shareholding interests stated in the Register of Substantial Shareholders are computed based on the total number of issued Shares as at the date the respective interests were reported to the Company.

Free Float

As at 14 March 2025, approximately 36.63% of the Company's ordinary shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. 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 **Friday, 25 April 2025 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 year ended 31 December 2024 together with the Auditors' Report thereon. **Resolution 1**

2. To declare a final dividend (tax exempt one-tier) of S$0.0033 per ordinary share for the financial year ended 31 December 2024. **Resolution 2**

3. To re-elect the following Director of the Company who will retire pursuant to the relevant Regulations of the Company's Constitution, and who being eligible, offers himself for re-election: **Resolution 3**

Mr Wan Kum Tho (Regulation 94)

Mr Wan Kum Tho will, upon re-election as a Director of the Company, remain as Chairman of the Board Risk Committee and a member of the Audit Committee and Nominating Committee. Detailed information of Mr Wan Kum Tho required pursuant to Rule 720(6) of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") can be found in the Annual Report. In addition, Mr Wan Kum Tho will be appointed a member of the Remuneration Committee with effect from 25 April 2025.

4. To note the retirement of Mr Kristian John Robinson, a Director 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 Kristian John Robinson shall retire from the Board and cease to act as Chairman of the Nominating Committee and member of the Remuneration Committee.

5. To approve the payment of Directors' fees of S$363,616.44 for the financial year ending 31 December 2025, 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 capitalization 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 (1) options already granted under the Nanofilm ESOS 2020; (2) the Nanofilm Restricted Share Plan (as defined in paragraph 11 below); and (3) 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
10 April 2025

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 26 April 2024 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 2024.

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 2024) 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 2024 has been published and is available for download or online viewing by the 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 2024 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 2024 are required to complete the Request Form and return it to the Company by **17 April 2025** by post to the Company's Share Registrar Office at 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 (i) 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 p.m. on 14 April 2025**, 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 licence 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

   a) 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

   b) 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 22 April 2025**, 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 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 16 April 2025**:

   a) 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

   b) if by email, to srs.teamE@boardroomlimited.com

   Members will need to identify themselves when posing questions by email or by post by providing the following details:

   (a) the Member's full name as it appears on his/her/its CDP/CPF/SRS share records;

   (b) the Member's NRIC/Passport/UEN number; and

   (c) 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 **20 April 2025**, 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.

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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 10 April 2025.

*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 **Friday, 25 April 2025** 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 Mr Wan Kum Tho			
4	Approval of Directors' fees for the financial year ending 31 December 2025			
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____________, 2025

Total Number of Shares held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Fold this Flap for sealing

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.

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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

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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 14 April 2025**) 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 22 April 2025**, 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 10 April 2025.

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