

## BUSINESS UPDATE

### NANOFILM DELIVERS STRONGER GROWTH MOMENTUM IN 1Q2022

- 1Q2022 revenues grew at a faster pace of 27% YoY, with growth in all BUs
- Positive and confident of 2022 with the accelerated adoption of the Group's nanotechnology solutions through its BU-driven strategy
- Managing COVID-19 lockdown with stringent safety measures and closed-loop manufacturing arrangement at the Group's Shanghai plants, despite the dynamic operating environment

**SINGAPORE, 19 April 2022** – Mainboard-listed Nanofilm Technologies International Limited (the “Company” or “纳峰科技有限公司” and together with its subsidiaries, “Nanofilm” or the “Group”), a global leading provider of nanotechnology solutions, saw its revenues grow at a faster pace of 27% year-on-year (“YoY”) for the three months ended 31 March 2022 (“1Q2022”), with growth in all Business Units (“BU”).

**Mr Gary Ho (“何福荣”), Group CEO,** remarked: *“We have seen a good start to the year with all BUs performing. Our BU-driven strategy is delivering growth momentum as we continue to uncover more applications for our nanotechnology solutions and work with existing and new customers in bringing these applications to mass production.”*

#### **A 1Q2022 Update**

For 1Q2022, the Group's revenue has increased 27% from the previous corresponding period (“1Q2021”), with growth in all BUs.

### Advanced Materials Business Unit (“AMBU”)

AMBU contributed 81% of revenue in 1Q2022, with the 3C segment contributing 63%<sup>1</sup>. Growth in the 3C segment is mainly driven by the communications and wearables and accessories sub-segments, as the market returned to operating in a normalised cycle with the easing of supply chain disruptions. Barring any potential logistics and production challenges arising from the COVID-19 situation in China, the 3C segment’s business pipeline visibility is strong as the Group enters into its typical peak season in the second half of the year.

The other segments contributed 17%<sup>1</sup> of revenue in 1Q2022, led by growth from the Automotive segment. The Group is also seeing positive developments for new applications in the Automotive segment, including fuel injection systems, battery connectors, and other car parts.

Meanwhile, the Precision Engineering and Printing & Imaging segments recorded growth in demand for the Group’s printing imaging, precision engineering tooling and biomedical testing components. As the Group expands its sales channels to various strategic locations in China near to its customers, positive developments for the adoption of the Group’s advanced materials solutions in new applications are recorded.

### Nanofabrication Business Unit (“NFBU”)

NFBU contributed 6% of revenue in 1Q2022, led by mass production projects which include the micro-lens array (“MLA”) project for wearables’ sensors and a Fresnel lens project for a leading technology company. NFBU continues to offer unique nanofabrication processes that provide superior functional performance coupled with cost competitiveness. NFBU has a strong pipeline of projects for sensory components and lens from major leading global customers. As the world pivots towards digitalisation, NFBU is confident of tapping the large addressable and fast growing markets for sensors and lens.

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<sup>1</sup> Figures may not add up due to rounding

### Industrial Equipment Business Unit (“IEBU”)

IEBU contributed 14% of revenue in 1Q2022, led by equipment sales projects as part of the Group’s strategy to tap opportunities in certain markets through equipment sales, as opposed to directly providing coating services to those markets. IEBU is poised for growth as increase in industrial production capacity of its customers is anticipated coupled with the Group’s strong pipeline of projects which includes developing coating equipment with new designs and solutions for the solar energy industry.

### Sydrogen Energy<sup>2</sup> (“Sydrogen”)

Sydrogen’s production lines in the Group’s Shanghai Plant 2 have been qualified by an automotive original equipment manufacturer (“OEM”) and the schedule for initial production is on track. Sydrogen’s maiden revenue contribution to the Group is expected in the second half of 2022. New production lines will be added progressively as demand increases.

Additionally, Sydrogen commenced pilot production of coating services; a strong testament to the applicability and commercial acceptance of its advanced materials solutions.

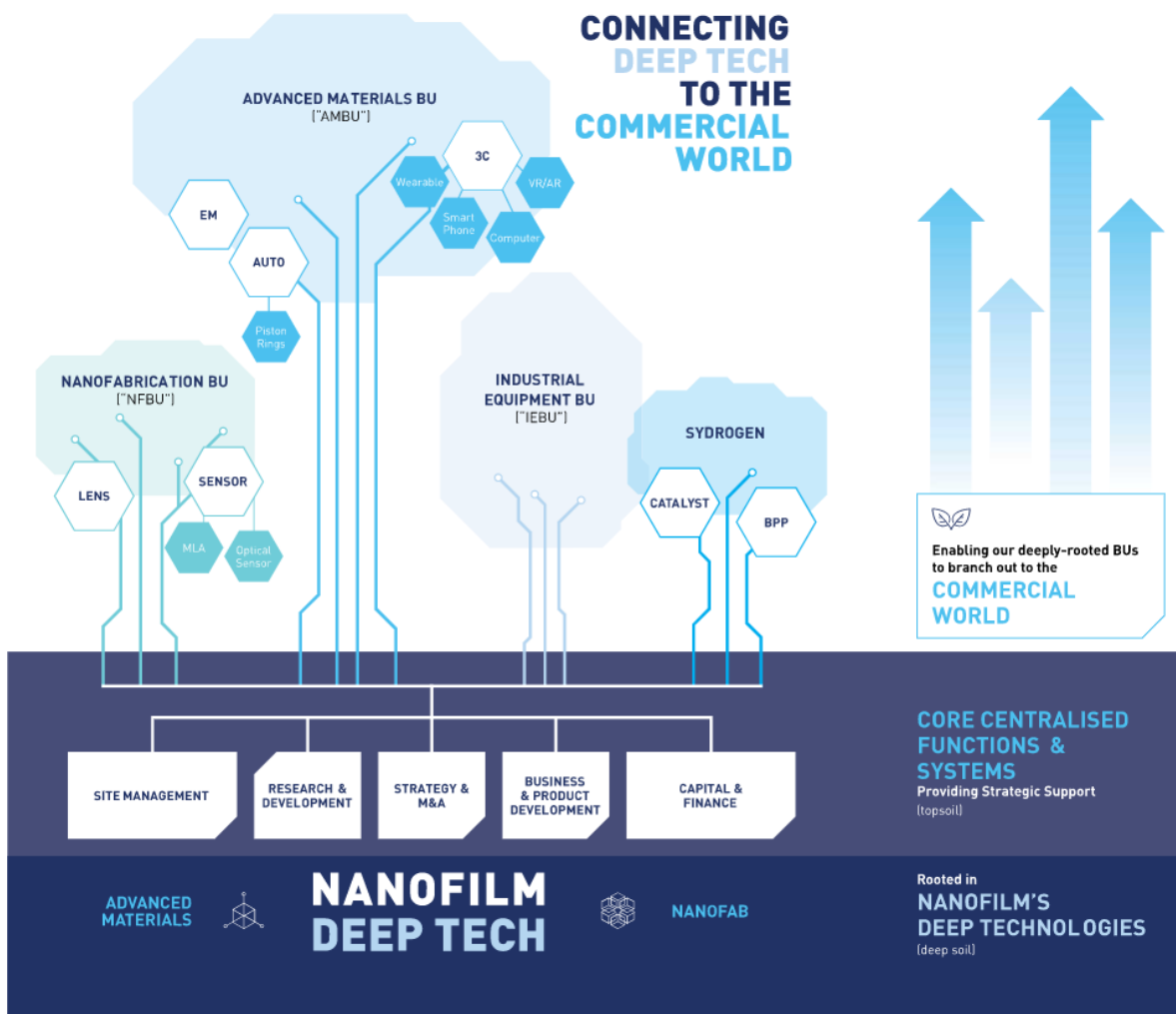
Nanofilm’s proprietary advanced materials solution enables the production of stainless steel bipolar plates, a key critical and high cost component in proton-exchange membrane fuel cells, by potentially reducing its adoption cost while at the same time extending its longevity. The Group will continue to develop new product applications in hydrogen fuel cell systems as they are an important solution for the world’s energy transition.

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<sup>2</sup> Joint venture investment with Venezia Investments Pte. Ltd., an indirect wholly owned subsidiary of Temasek Holdings (Private) Limited

## B Business Outlook

The Group is positive and confident of 2022, notwithstanding the dynamic operating environment, as it continues to accelerate the adoption of its nanotechnology solutions through its BU-driven strategy. Each BU (“tree”) is deeply rooted by the Group’s deep technology platform (“deep soil”) and supported by the Group’s centralised support functions and systems (“topsoil”) which include Site Management, R&D, Strategy, Mergers and Acquisitions (“M&A”), Business & Product Development, and Capital & Finance. This allows the BUs, each with their own different market dynamics to simultaneously grow and bear fruit independently, while accelerating commercialisation pathways in multiple industries, customers, applications and products.



Just like many others, the Group has to deal with a constantly evolving operating environment arising from the many challenges confronting businesses today, including COVID-19 pandemic-related risks, geopolitical tensions, inflationary pressures arising from the war in Eastern Europe, and other macroeconomic conditions and events.

The COVID-19 lockdown in Shanghai since end-March 2022 has affected the flow of logistics and labour but the Group has so far been able to continue operations in a closed-loop manufacturing arrangement, with stringent health measures in place to ensure the safety and well-being of its employees. Should the situation be prolonged, there may be impact on the Group's operations. The Group will adapt and manage the situation accordingly.

Apart from the ongoing COVID-19 pandemic/endemic, other longer-term macro challenges the Group is navigating include inflationary cost pressures affecting companies across the board. However, the Group has been able to control the impact of rising raw material costs as raw materials form a relatively small portion of the Group's cost structure. On the other hand, higher raw material prices generally help to accelerate the adoption of the Group's advanced materials as its solutions offer better performance at greater cost efficiency in customers' end-products. As such, the impact of rising raw material prices is mitigated by the Group's high value-adding process of turning commoditised raw materials into advanced materials of much higher value.

To reduce the higher utility costs, for example electricity tariffs, the Group is installing solar panels at its plants in Shanghai to partially offset its electricity needs. Additionally, rising labour costs are also mitigated with the use of automation to reduce direct labour input as the Group moves towards its Industry 4.0 Smart Factory roadmap.

In spite of these macro challenges, the Group remains positive and confident of 2022 and will continue to navigate through any short-term headwinds while keeping its focus on achieving its longer-term objectives.

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## Cautionary Statement

This announcement is intended to be a general update of the Group's businesses for the first quarter ended 31 March 2022 and a commentary of the significant trends and competitive conditions of the industries in which the Group operates, based on the Directors' best knowledge. Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. In the event of any doubt as to the action they should take, shareholders and potential investors should consult their financial, tax, legal or other professional advisers.

## About Nanofilm Technologies International Limited (MZH / NANO.SI)

Listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 October 2020, Nanofilm Technologies International Limited ("Nanofilm") is a leading provider of nanotechnology solutions in Asia, leveraging its proprietary technologies, core competencies in R&D, engineering and production, to provide technology-based solutions across a wide range of industries. Nanofilm's solutions serve as key catalysts in enabling its customers to achieve high value-add advancements in their end-products in an environmentally sustainable manner. Nanofilm is a constituent of the FTSE ST All-Share Index, FTSE ST China Index, FTSE ST Large & Mid Cap Index, FTSE ST Mid Cap Index, MSCI ACWI Small Cap Index, MSCI Singapore Small Cap Index, and the MSCI World Small Cap Index.

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