

NEWS RELEASE

NANOFILM ACHIEVED 24.2% REVENUE GROWTH TO S\$96.6 MILLION FOR 1H2021

- ***Increase in revenue for 1H2021 led by Advanced Materials Business Unit and Industrial Equipment Business Unit despite global chip shortage that was severe in 1H2021***
- ***1H2021 had incurred costs associated with the new Shanghai Plant 2 and equipment qualification costs, as well as higher new product introduction costs involving new projects yet to contribute meaningfully to the Group's top line***
- ***As a result of such costs incurred, adjusted EBITDA was flat at S\$33.2 million and Net Profit After Tax was 2.3% lower at S\$18.1 million***
- ***Strong balance sheet, with a net cash balance of S\$188.9 million, well positioned to fund growth opportunities***
- ***Aggressively building up revenue pipeline, with multiple strategic projects currently under development to take shape in 2H2021 and beyond***
- ***Board recommends interim dividend of one Singapore cent per share***

SINGAPORE, 13 August 2021 – Mainboard-listed Nanofilm Technologies International Limited (the “**Company**”, and together with its subsidiaries, “**Nanofilm**” or “**纳峰科技有限公司**” or the “**Group**”), a leading provider of nanotechnology solutions, today announced its results for the financial half year ended 30 June 2021 (“**1H2021**”).

In 1H2021, the Group's revenue saw an increase of 24.2% to S\$96.6 million, from S\$77.8 million in 1H2020, led by the Group's Advanced Materials Business Unit (“**AMBU**”) and Industrial Equipment Business Unit (“**IEBU**”). Net Profit After Tax for 1H2021 stood at S\$18.1 million, 2.3% lower as compared to S\$18.5 million in 1H2020, dragged down by increased expenses related to the new Shanghai Plant 2 (utility, facility management, manpower additions and training) and equipment qualification costs, as well as New Product Introduction (“**NPI**”) projects, amounting to a total of S\$5.4 million, which has yet to contribute materially to the Group's top line.

GROUP FINANCIAL HIGHLIGHTS			
S\$' Million	1H2021	1H2020	Change
Revenue	96.6	77.8	24.2%
Gross Profit	44.5	40.9	8.9%
GP Margins (%)	46.1	52.6	-6.5 pp⁽¹⁾
Adjusted EBITDA	33.2	33.2	0.1%
Adjusted EBITDA Margins (%)	34.4	42.7	-8.3 pp⁽¹⁾
Net Profit After Tax	18.1	18.5	-2.3%
PAT Margins (%)	18.7	23.8	-5.1 pp⁽¹⁾
PAT attributable to equity holders	17.9	18.5	-3.1%

⁽¹⁾ refers to percentage point

Dr Shi Xu (史旭), Executive Chairman of the Company, said, “Despite a challenging operating environment caused by global supply chain disruptions, we continued to post revenue growth, underscored by an increasing adoption of our proprietary nanotechnology solutions. Meantime in 1H2021, we have prepared ourselves for future growth through the preparation of our new Shanghai Plant 2 for operation and are working on a greater number of NPI projects that have yet to reach mass production.”

“Looking ahead, apart from entering into a typical high activity season in 2H2021, we are building our business pipeline with strategic projects in existing and new markets that aim to take shape beyond 2021. We will continue to execute our strategy to accelerate the connection of deep tech with the commercial world in multiple markets with a purpose to integrate our nanotechnology solutions, offering social good, into our daily lives in a sustainable manner.”

FINANCIAL REVIEW

Building on its strong track record, the Group’s AMBU secured an 18.5% revenue increase in 1H2021 to S\$76.0 million, compared to S\$64.1 million in 1H2020. This growth was achieved in a relatively soft Computer, Communications and Consumer electronics

(“3C”) supply chain environment. And as a result of costs incurred for NPI projects and qualification costs for coating equipment in new Shanghai Plant 2, and changes in product mix, adjusted EBITDA for AMBU in 1H2021 was S\$28.2 million, down 4.0% year-on-year (“YoY”).

The Group’s Nanofabrication Business Unit (“NFBU”) slowed in 1H2021 as projects entered into end of life with no equivalent or bigger new projects executed during this period. Revenue from the NFBU had correspondingly fell 47.8% YoY to S\$1.6 million in 1H2021. Adjusted EBITDA for the NFBU stood at negative S\$0.9 million, down 489.7% YoY.

Revenue contribution from the Group’s IEBU surged 80.8% to S\$19.0 million in 1H2021, up from 1H2020’s S\$10.5 million, whilst adjusted EBITDA was S\$5.9 million, up 66.7% YoY. This was led by a strong project order book execution for industrial equipment in the manufacturing industries, driven by return of capex spending this year on the back of higher product demand of the Group’s customers.

Due to the foregoing, the Group’s Adjusted EBITDA was flat at S\$33.2 million in 1H2021, marking a slight increase of 0.1% from 1H2020. Adjusted EBITDA margin stood at 34.4%, down 8.3 percentage points from 1H2020.

The Group’s balance sheet remains strong with a net cash position of S\$188.9 million, with positive operating cash flows of S\$49.0 million generated in 1H2021, offset by repayment of S\$40.0 million loan, of which S\$14.9 million was associated to the construction of the Shanghai Plant 2. This positions the Group well to capitalise on opportunities to fund its business growth. Nanofilm remains disciplined in its approach towards capex to drive value creation.

OPERATIONAL REVIEW

In 1H2021, the Group’s AMBU saw an increase of 64 coating equipment in various time intervals to 186 coating equipment in preparation for demand as the Group’s business continues to scale. This resulted in a lower utilisation rate at 61% in 1H2021, compared

to 73% in 1H2020 of 122 coating equipment. Utilisation rate at the Group's NFBU decreased to 11% in 1H2021 due to project end of life. IEBU had completed 16 industrial equipment, of which ten are coating equipment for AMBU and six are industrial equipment for third-party customers.

On 19 July 2021, the Group announced the entry into a definitive agreement with Temasek in relation to their joint venture ("JV") through Sydrogen Energy Pte. Ltd. ("Sydrogen", "SEPL"). With the combined resources of Nanofilm and Temasek, Sydrogen expects to play a critical role in enabling the widespread adoption of hydrogen energy through Nanofilm's proprietary technologies that are integrated into the components and products of strategic partners in the value chain.

Added Mr Gary Ho, Deputy CEO of Nanofilm, "In line with our green-labelled mission, ESG is and will continue to be our top priority in all solution offerings. Sydrogen is one example. As the world pivots decisively to fight climate change through sustainable clean tech energy, Sydrogen holds the leading advanced material technologies to unlock the promises of the hydrogen economy as the lynchpin for the much needed energy transition."

In quick succession since the Group's listing in October 2020, Nanofilm has achieved several notable awards and recognitions. In 1H2021, Nanofilm received the '2021 Asia Pacific Technology Innovation Leadership Award' by Frost & Sullivan in the nanocoating deposition technology market. The Frost & Sullivan's Technology Innovation Award recognises Nanofilm for introducing the best underlying technology and for achieving remarkable product and customer success while driving future business value. In July 2021, the Group was named a winner in Deloitte's inaugural 'Best Managed Companies Singapore 2021' Award, in recognition of its exemplary management and performance.

In May 2021, Nanofilm was included in the MSCI Singapore Small Cap Index, adding to the list of reputable indexes which Nanofilm is a part of. Nanofilm is also a constituent of the FTSE ST China Index, FTSE ST Singapore Shariah Index, FTSE ST Large & Mid Cap Index, and the FTSE ST Mid Cap Index.

OUTLOOK & FUTURE PLANS

Going forward, Nanofilm's operational infrastructure puts the Group in a good position as it enters into a typical high activity season in 2H2021. In addition to the Group's 3C NPI projects, the Group is building its business pipeline with strategic projects in existing and new markets aimed to take shape in 2H2021 and beyond.

The Group continues to leverage its core technologies on mission critical applications in new end-markets that offer favourable secular growth trends and seek to tap strategic value chain partners to accelerate market penetration in these markets.

In conjunction with its ongoing strategy to strengthen its value proposition as a provider of technology-based solutions, the Group continues to proactively assess potential synergistic acquisitions and strategic partnerships, unlocking value through the Group's core technologies and platform. By harnessing the Group's DNA in innovation, Nanofilm will seek to reduce carbon emissions through its nanotechnology solutions to play a part in contributing to a greener world.

- ENDS -

ABOUT NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED

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 China Index, FTSE ST Singapore Shariah Index, FTSE ST Large & Mid Cap Index, FTSE ST Mid Cap Index and the MSCI Singapore Small Cap Index.

This media release is issued on behalf of Nanofilm Technologies International Limited by Citigate Dewe Rogerson. For media queries, please contact:

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