

Nanofilm Technologies International Ltd (SGX: MZH)

Initiation of Coverage | 4 December 2025

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Rating: **BUY**

Last Close: **S\$0.650**

Target Price: **S\$0.750**

Upside: **15%**

“Revitalizing Growth through Diversification and Innovation”

Executive Summary

Recommendation: BUY – We initiate coverage on Nanofilm Technologies International Ltd (NTI) with a **Buy** rating and a target price (TP) of **S\$0.75**, implying ~15% upside from the last close. Our TP is derived from a blended valuation, applying peer-benchmarked **FY2025E** multiples (**P/E** and **EV/EBITDA**) and cross-checked with a DCF. The valuation methodology balances NTI’s current earnings recovery and its long-term growth prospects in new markets.

NTI’s earnings are **rebounding strongly** after a difficult FY2023. FY2024 saw **15.4% revenue growth** (to S\$204.3m) and a return to profit (FY2024 PATMI S\$7.7m, +147% YoY). 1H2025 continued this momentum with **29.6% YoY revenue growth** and a swing back to net profit (S\$1.6m vs -S\$3.7m in 1H2024). We expect this positive trajectory to accelerate, underpinned by NTI’s **diversified growth drivers** – from a recovering **3C (Consumer, Communication & Computer) electronics business to rapidly growing new segments in **automotive coatings** and **hydrogen energy** solutions. The company’s strategic expansion into **high-growth verticals** (EVs, renewable energy, precision optical components) and geographies (new facilities in **China, India, Vietnam** and a foothold in **Europe**) positions it for a multi-year earnings uplift. Margins are set to improve as recent expansion costs normalize and operating leverage kicks in; already, FY2024 adjusted EBITDA margin rose to **25.4%** (from 22.3% in FY2023), and net profit margin doubled to **3.8%**. NTI’s **proprietary nanotechnology** and partnerships (e.g. the **NTI-NTU Corporate Lab** and a Temasek-backed hydrogen venture) bolster its innovation pipeline, giving it an edge in advanced materials. With a **solid balance sheet** (net cash position) and disciplined management, NTI has capacity to fund growth and sustain dividends. Given the stock’s current valuation **near book value (~1.0x P/B)** and a P/E that discounts a return to historical earnings levels, we see an attractive entry point. **Risks** include an uncertain global electronics cycle, execution of new projects, FX volatility, and competition, but these are mitigated by NTI’s diversified customer base and strong financials. On balance, we view NTI as a **compelling turnaround and growth story** in the advanced materials space, deserving of a re-rating as earnings recover.

Key Metrics and Valuation Snapshot

| Key Metrics | Value |
|--------------------------|--|
| Last Close (01 Dec 2025) | S\$0.650 |
| Target Price (12-mth) | S\$0.75 (blended valuation) |
| Implied Upside | 15% |
| Market Capitalization | S\$424 million |
| Shares Outstanding | ~652 million (free float ~48%) |
| 52-Week Price Range | S\$0.45 – 0.85 |
| Sector / Industry | Materials – Advanced Coatings |
| FY2024 Revenue | S\$204.3m (+15.4% YoY) |
| FY2024 Adjusted EBITDA | S\$51.8m (+31% YoY) |
| FY2024 PATMI | S\$7.7m (+147% YoY) |
| FY2024 EPS | 1.18 cents (SGD) |
| FY2024 Dividend | 0.33 cent per share (final) |
| 1H2025 Revenue | S\$107.2m (+29.6% YoY) |
| 1H2025 PATMI | S\$1.6m (vs -\$3.7m 1H2024) |
| Trailing P/E (FY24) | ~55x (on depressed FY24 EPS) |
| Forward P/E (FY25E) | ~29x (on >100% EPS growth est.) |
| EV/EBITDA (FY24) | ~8x (enterprise value basis) |
| Price / Book (FY24) | ~1.0x (Equity S\$430m) |
| ROE (FY2024) | ~2.0% (ROE was >10% in FY2022) |
| Net Gearing (1H25) | Net Cash ~S\$7.5m (cash S\$95m vs debt S\$87.5m) |
| Dividend Yield (FY24) | ~0.5% (S\$0.0033/share) |
| Peer Avg. Forward P/E | ~18–20x (specialty materials/tech) |
| Peer Avg. EV/EBITDA | ~8x |

Valuation: Our **S\$0.75** fair value is based on an equal blend of **P/E and EV/EBITDA multiples** applied to **FY2025E** estimates. We benchmark NTI against regional advanced materials and precision engineering peers trading around **18–20x forward earnings** and **7–9x EBITDA**, tech-growth names like AEM at the high end (~40x). Given NTI's superior growth outlook (forecast **~+18% EPS CAGR** next 3 years) and high-tech profile, we ascribe a slight premium. We use **29x FY25E P/E** and **8x FY25E EV/EBITDA**, both yielding valuations and arrive at a blended TP of **S\$0.75**. This target is further supported by a **DCF cross-check**: using conservative assumptions (mid-term revenue growth ~8%, terminal growth 3%, **WACC ~10%**), our DCF yields an equity value in the **S\$0.75–0.80** range, indicating our TP is fundamentally grounded. At the target price, NTI would trade at **~23x FY2026E P/E**, still below its pre-downturn historical average (mid-20s) and reasonable relative to its growth prospects. We also note the **consensus analyst TP averaging ~S\$0.71** (range S\$0.62–0.79), so our outlook is slightly more optimistic as we factor in successful execution of NTI's new initiatives.

Business Overview

Nanofilm Technologies International (SGX: MZH) is a Singapore-based deep-tech company specializing in advanced nano-scale coatings and precision fabrication. Founded in 1999 as an NTU spin-off by Dr. Shi Xu, NTI has grown from a consumer electronics coating specialist into a diversified advanced materials platform. The company listed on SGX Mainboard in October 2020 and now operates manufacturing facilities across Singapore, China, Vietnam, India, Japan, and Germany.

Business Segments

| Segment | Description | FY2024 Revenue Mix |
|------------------------------------|--|--------------------|
| AMBU (Advanced Materials) | Core coating services using proprietary FCVA technology; serves 3C electronics, automotive, and industrial markets | ~84% |
| NFBU (Nanofabrication) | Manufactures nano-precision optical and sensor components (lenses, filters) | ~9% |
| IEBU (Industrial Equipment) | Designs and builds specialized PVD coating systems; lumpy, project-driven revenue | ~6% |
| Sydragen | Hydrogen fuel cell components (bipolar plates with diamond coatings); JV with Temasek, scaling rapidly (+101% YoY in 1H2025) | ~1% |

End-Markets & Geographic Reach

NTI serves **consumer electronics** (smartphones, wearables), **automotive** (EV components, engine parts), **precision optics** (AR/VR, camera lenses), and **clean energy** (fuel cells, solar). Historically China-centric, the company has diversified geographically through:

- **China:** Multiple sites (Shanghai, Zigong, Huizhou) serving local OEMs
- **Southeast Asia:** New facilities in Vietnam and India (operational 2024)
- **Europe:** Acquired AxynTeC (Germany) in 1Q2024 for automotive/industrial access

This global footprint mitigates geopolitical risk while enabling localized customer support.

Strategic Priorities

1. **Customer Diversification** — Reduced key account concentration by onboarding Chinese smartphone OEMs; successfully entered smartphone mid-frame segment in 2024

2. **Technology Leadership** — S\$66m NTI-NTU Corporate Lab (established 2023) focuses on next-gen coatings, nanofabrication, and hydrogen technologies
3. **Clean Energy Expansion** — Acquiring Temasek's remaining 35% stake in Sydrogen to fully consolidate this high-growth venture

In summary, NTI has evolved into an integrated advanced materials platform — providing coating services, precision components, and equipment — with a nascent but fast-growing clean energy business. Its proprietary technology, global manufacturing footprint, and diversified end-markets position it to capture growth across multiple industries.

Financial Highlights

Earnings Cycle: NTI experienced a sharp downturn in FY2022–2023 following record results in FY2021 (PAT S\$63m). Revenue fell 25% to S\$177m in FY2023, with PATMI collapsing to S\$3.1m as consumer electronics demand slumped and expansion costs weighed on margins. The company responded with cost discipline while maintaining strategic investments.

Recovery Confirmed: FY2024 marked the inflection point, with revenue climbing 15.4% to S\$204.3m and PATMI rebounding 147% to S\$7.7m. Adjusted EBITDA improved 31% to S\$51.8m (margin: 25.4% vs 22.3% prior year).

1H2025 Results — Momentum Accelerating

The latest results confirm the recovery is gaining pace:

| Metric | 1H2025 | 1H2024 | YoY Change |
|--------------|-----------|-----------|------------|
| Revenue | S\$107.2m | S\$82.6m | 29.60% |
| Gross Margin | 32.60% | 33.50% | -0.9pp |
| Adj. EBITDA | S\$24.4m | S\$16.7m | 46% |
| PATMI | S\$1.6m | (S\$3.7m) | Turnaround |

Segment Performance (1H2025):

- **AMBU (84% of revenue): S\$89.6m (+26% YoY)** — core coating business benefiting from recovering 3C demand and automotive strength
- **IEBU: S\$8.5m (+117% YoY)** — timing-driven surge from deferred equipment deliveries; inherently lumpy
- **NFBU: S\$7.6m (+10% YoY)** — steady growth in optical components; typically 2H-weighted
- **Sydrogen: S\$1.5m (+101% YoY)** — hydrogen venture doubling revenue as China fuel cell market gains traction

Margin Note: 1H2025 gross margin (32.6%) dipped slightly due to higher NPI and new project costs and shift in product mix (equipment carries lower margins). This should normalize in 2H as higher-margin coating services dominate.

Balance Sheet (as at 30 June 2025):

- Cash: S\$95m | Debt: ~S\$87.5m | Net Cash: ~S\$7.5m
- Equity: S\$412m (P/B ~1.0x)
- Current ratio >4x; ample liquidity for growth initiatives

Dividend: Interim dividend of 0.33¢ declared for 1H2025, consistent with prior periods. Yield remains modest (~0.5%) as focus is on reinvestment.

Outlook: We expect a stronger 2H2025, driven by seasonality (consumer electronics launches), scheduled equipment deliveries, and Sydrogen ramp-up. Full-year PATMI could exceed S\$15m (>100% YoY growth), with further margin expansion as operating leverage improves.

Investment Thesis

We initiate coverage with a **BUY** rating based on five key catalysts:

1. Earnings Inflection Underway

NTI is rebounding strongly from its FY2023 trough. FY2024 delivered +15% revenue and +147% PATMI growth; 1H2025 accelerated to +30% revenue with a return to profitability. All four business segments posted >9% YoY growth in 1H2025, demonstrating broad-based recovery.

Key drivers:

- Consumer electronics demand stabilizing (inventory digestion complete)
- Automotive coatings growing robustly (+15% YoY in 1H2025)
- Operating leverage returning (EBITDA margin improved to 25.4% in FY2024)

We forecast FY2025 PATMI to **more than double** to >S\$15m. The stock still trades on trough earnings; P/E should compress rapidly as EPS normalizes.

2. Diversified Growth Reduces Risk

NTI has structurally de-risked its business since 2021, reducing dependence on any single customer or sector:

| Then (2021) | Now (2025) |
|--|--|
| Heavy reliance on 3C/single key accounts | Diversified across Chinese OEMs, auto suppliers, industrial clients |
| Consumer electronics dominated | Automotive, clean energy, precision optics now meaningful contributors |
| Narrow addressable market | Expanded TAM across multiple verticals |

This diversification provides multiple growth pillars — if one market stalls, others (auto, solar, hydrogen) can compensate.

3. Proprietary Technology Moat

NTI's core **FCVA vacuum coating technology** creates high barriers to entry:

- End-to-end mastery: material science, equipment design, mass production
- Sizeable patent portfolio with continuous innovation (diamond-like carbon, nanoimprint)
- S\$66m NTI-NTU Corporate Lab accelerates R&D pipeline
- Often **sole-sourced** for critical coating steps by key customers
- Temasek's investment in Sydrogen validates tech capabilities in hydrogen

This deep-tech DNA enables premium margins and defensible market share.

4. Global Footprint as Competitive Advantage

NTI's geographic expansion (China, Vietnam, India, Germany) is both a growth catalyst and risk mitigator:

- **New market access:** India/Vietnam serve regional electronics and auto suppliers; Germany opens European automotive/industrial
- **Supply chain flexibility:** Multi-site capability aligns with customers' "China+1" strategies
- **Revenue diversification:** Reduces currency and geopolitical concentration

Major capex is largely complete — the focus now shifts to filling capacity with revenue.

5. Strong Balance Sheet Enables Optionality

NTI navigated the downturn with financial strength intact:

- **Net cash ~S\$7.5m** (cash S\$95m vs debt S\$87.5m)
- Low gearing (debt/equity ~0.2x)
- Capacity to fund R&D, M&A, and growth capex without strain
- Optionality for buybacks or special dividends as earnings recover

Financial stability also reassures long-cycle customers (auto, industrial) who require reliable, well-capitalized suppliers.

Summary: These five factors — earnings inflection, diversification, technology moat, global reach, and balance sheet strength — collectively support our view that NTI's current valuation does not reflect its transformed prospects. We expect these catalysts to drive earnings surprises and a re-rating over the next 12–18 months.

Valuation

Target Price: S\$0.75 (15% Upside)

We derive our 12-month target price using a blended approach:

| Method | Multiple Applied | FY2025E Metric | Implied Value |
|-------------------|------------------------------|----------------|----------------|
| P/E | 29x | EPS 2.6¢ | S\$0.75 |
| EV/EBITDA | 8.0x | EBITDA S\$60m | S\$0.75 |
| DCF | WACC 10%, terminal growth 3% | FCF ~S\$20m | S\$0.75 |
| Blended TP | | | S\$0.75 |

At our target price, NTI would trade at:

- **29x FY2025E P/E** (compressing to ~20x FY2026E as earnings normalize)
- **8x FY2025E EV/EBITDA**
- **~1.2x P/B** — undemanding for a company targeting double-digit ROE by FY2026

Peer Comparison

NTI lacks perfect comparables on SGX. We benchmark against specialty chemicals and precision engineering peers:

| Company | Mkt Cap | P/E | EV/EBITDA | EPS CAGR | Profile |
|----------------------|---------|--------------|------------|----------|---------------------------------|
| Nanofilm (MZH) | S\$424m | ~29x (FY25E) | 8x | +100%+ | Advanced coatings, multi-sector |
| UMS Holdings (558) | S\$970m | ~22x | ~8x | 10% | Semiconductor equipment |
| AEM Holdings (AWX) | S\$540m | ~40x | ~10x | 15% | Semiconductor test systems |
| Frencken (E28) | S\$590m | ~15x | ~7x | 8% | Electronics manufacturing |
| China Sun sine (QES) | S\$750m | ~8x | ~4x | 5% | Rubber chemicals (cyclical) |
| Peer Average | — | ~15x | ~7x | — | — |

Key observations:

- NTI's headline P/E (~29x FY25E) appears elevated due to **trough earnings** — EV/EBITDA (8x) is a better normalized comparison and shows NTI trading **in line with peers**
- Tech-focused peers (UMS, AEM) trade 20x+ forward P/E; NTI's superior growth trajectory (+100% EPS in FY25E) justifies a premium
- Consensus TP averages ~S\$0.71; we are modestly higher given potential for earnings upside surprises

Valuation Context

| Metric | Current | At TP (S\$0.75) | Historical Peak |
|----------------|---------|-----------------|-----------------|
| P/B | 1.0x | 1.2x | >5x (2021) |
| P/E (trailing) | 55x | 29x FY25E | 30–40x |
| EV/EBITDA | 7.5x | 8x | >15x (IPO) |

We are not forecasting a return to peak valuations. Our TP simply assumes NTI **re-rates toward peer multiples** as earnings normalize — a reasonable expectation given the confirmed recovery trajectory.

Upside/Downside Scenarios

| Scenario | Price | Catalyst/Risk |
|-----------------------|--------------|--|
| Bull case | S\$0.85–0.90 | Beats earnings estimates; hydrogen commercialization accelerates |
| Base case (TP) | S\$0.75 | Meets FY25–26 growth targets; gradual re-rating |
| Bear case | S\$0.45–0.50 | Macro downturn; key customer loss; execution missteps |

Downside is partially protected by NTI's tangible asset base and net cash position — at S\$0.45 (52-week low), the stock would trade at ~0.7x book, providing a valuation floor.

Catalysts and Risks

Catalysts

| Catalyst | Potential Impact |
|---------------------------|--|
| Earnings Beats | Quarterly surprises would prompt analyst upgrades; low base means small absolute gains translate to large YoY percentages |
| New Customer/Program Wins | Major automotive coating deal (EV maker, Tier-1 supplier) or new consumer electronics client would validate growth strategy |
| Sydhrogen Traction | Sizeable fuel cell order or OEM partnership would be transformative given small current base; China hydrogen adoption accelerating |
| R&D Milestones | Breakthrough from NTI-NTU Corporate Lab (e.g., medical implant coatings) would highlight innovation pipeline |
| M&A / Strategic Alliances | Accretive acquisitions or partnerships with global OEMs could expand reach and validate technology |
| Macro/Industry Upswing | Smartphone upgrade cycle, EV sales acceleration, or green energy stimulus would boost end-market demand |
| Capital Returns | Resumption of share buybacks (\$\$16.7m deployed in FY2022) would signal management confidence |

Risks

| Risk | Mitigating Factors |
|-------------------------------|---|
| Demand Volatility / Recession | Consumer electronics and auto remain cyclically exposed; China slowdown would directly impact orders |
| Customer Concentration | Loss of major customer or order push-outs could create revenue gaps and quarterly lumpiness |
| Expansion Execution | New sites (India, Vietnam, Germany) may face ramp delays, integration issues, or higher-than-expected costs |
| Technology / Competition | Competitors could develop alternative coating techniques; customers may attempt in-house solutions |
| FX / Geopolitics | RMB depreciation impacts reported results (\$\$17m translation loss in 1H2025); trade tensions could affect supply chains |
| Hydrogen Business Uncertainty | Fuel cell adoption may lag expectations; competing battery technology; Sydrogen still loss-making |

Risk-Reward Assessment

We view the risk-reward as asymmetric to the upside:

- Catalysts are weighted toward execution of growth plans already underway
- Risks are largely known and partially mitigated by diversification, balance sheet strength, and technology leadership
- Management has navigated prior crises (COVID-2020, electronics slump 2022–23) while maintaining operational stability

Delivery on even a couple of positive catalysts — an earnings beat plus a new EV client win, for example — without major risk events materializing would likely drive a meaningful re-rating.

Dividend and Balance Sheet

Dividend Policy

NTI operates a discretionary dividend policy, prioritizing reinvestment during growth phases:

| Period | Dividend | Payout Ratio | Yield | Context |
|-----------|----------|--------------|-------|----------------------|
| FY2021–22 | 2.1¢ | ~20–22% | ~1% | Peak earnings period |

| Period | Dividend | Payout Ratio | Yield | Context |
|----------------|--------------|--------------|--------------|---|
| FY2023 | 0.66¢ | >100% | ~0.8% | Maintained despite losses (confidence signal) |
| FY2024 | 0.66¢ | ~56% | ~0.5% | Conservative; growth investment prioritized |
| FY2025E | 0.66¢ | ~25% | ~0.9% | Dividends maintained. YTD interim 0.33¢ |

Outlook: Dividends should rise with earnings, but expect modest yields (1–2% medium-term) as management prioritizes growth investments. Dividends are tax-exempt under Singapore's one-tier system. The primary return will be **capital appreciation**, not income.

Balance Sheet Strength

NTI maintains a conservative balance sheets:

| Metric | Value | Comment |
|--------------------------|-------------------|--------------------------------------|
| Cash | S\$95m (Jun 2025) | Ample liquidity |
| Debt | ~S\$87.5m | Primarily long-term property loan |
| Net Cash | ~S\$7.5m | Provides downside cushion |
| Debt/Equity | ~20% | Conservative gearing |
| EBITDA Interest Coverage | >16x | 1H25: EBITDA \$24.4; Interest \$1.44 |
| Current Ratio | >4x | Strong working capital position |

Key implications:

- **Headroom for opportunistic M&A** — AxynTeC (€6.8m) funded comfortably without equity raise
- **Potential for buybacks** — At current prices (~1.0x P/B), repurchases would be highly NAV-accretive
- **No dilution risk** — No equity issuance anticipated; treasury shares used for employee plans
- **Capex declining** — Major expansions complete; FCF generation expected from FY2025

Capital Allocation Philosophy

Management has demonstrated balanced capital allocation:

| Priority | Recent Actions |
|----------------------------|---|
| Growth Investment | S\$66m NTI-NTU Corporate Lab; new facilities in Vietnam, India, Germany |
| M&A | AxynTeC acquisition (1Q2024); Sydrogen stake consolidation underway |
| Shareholder Returns | S\$16m buybacks in FY2023; maintained dividends through downturn |

Bottom line: NTI's balance sheet is a strategic asset — providing resilience through cycles, capacity to fund growth organically, and optionality for opportunistic capital returns.

ESG and Strategic Initiatives

NTI-NTU Corporate Laboratory

In November 2023, NTI launched a **S\$66 million**, five-year R&D partnership with Nanyang Technological University, supported by Singapore's National Research Foundation. The 19,000 sq ft facility focuses on four research thrusts:

| Research Thrust | Focus | ESG Relevance |
|--------------------------------|---|---|
| Green Coating Equipment | Energy-efficient, cost-effective vacuum coating systems | Reduced power consumption and material waste |
| Advanced Materials | Non-toxic coatings for medical implants; protective coatings extending product lifespan | Eliminates hazardous substances; reduces waste |
| Nano-fabrication | Efficient production of optical/sensor components (AR/VR, imaging) | Lower resource usage; enables medical/safety applications |
| Hydrogen Energy | Fuel cell materials improving efficiency, reliability, affordability | Supports decarbonization goals |

Strategic value: The lab accelerates NTI's innovation pipeline while leveraging government funding and academic expertise — a capital-efficient R&D model that also develops deep-tech talent.

Sydhrogen — Clean Energy Venture

Sydhrogen represents NTI's direct play on the hydrogen economy:

- **Technology:** Proprietary diamond-like carbon coatings for fuel cell bipolar plates — improving corrosion resistance, conductivity, and lifespan
- **Progress:** Revenue doubled YoY in 1H2025; transitioning from R&D to commercialization
- **Commitment:** Acquiring Temasek's remaining 35% stake to fully consolidate

ESG alignment: Fuel cells emit only water; NTI's coatings enable cleaner, more cost-effective hydrogen power. Success here directly ties NTI's growth to decarbonization.

ESG Summary

| Dimension | Approach |
|----------------------|---|
| Environmental | Vacuum-based processes (cleaner than traditional plating); resource optimization; enabling technologies for clean energy and efficiency |
| Social | Specialized employment (scientists, engineers); university collaboration; workplace safety standards |
| Governance | Majority independent board; Temasek involvement brings additional scrutiny; no known controversies |

Bottom line: NTI is positioning ESG as a growth driver rather than a compliance burden. Its hydrogen, solar, and sustainable coating initiatives align with global megatrends — appealing to ESG-focused institutional investors while opening new revenue streams.

Recommendation

| | |
|----------------------|----------------|
| Rating | BUY |
| Target Price | S\$0.75 |
| Upside | 15% |
| Current Price | S\$0.65 |

Investment Summary

We initiate coverage on Nanofilm Technologies with a **BUY** rating. After a challenging 2022–2023, the company has reached an inflection point — FY2024 marked the return to growth, and 1H2025 confirms the recovery is accelerating.

Why BUY now:

- **Valuation disconnect** — Stock trades at ~1.0x book and ~29x FY25E P/E, reflecting trough earnings; we forecast >100% EPS growth in FY2025, compressing P/E to <15x by FY2026
- **Transformed business** — Diversified across end-markets (3C, automotive, hydrogen, optics) and geographies (China, ASEAN, Europe), reducing single-point risk
- **Catalysts ahead** — Earnings beats, new customer wins, Sydorgen traction, and potential buybacks could drive re-rating
- **Downside protected** — Net cash balance sheet, trading at premium to tangible book value

Target Price Rationale

Our S\$0.75 TP is derived from:

- **29x FY25E P/E and 8x EV/EBITDA** (blended) — in line with tech/manufacturing peers
- **DCF cross-check** supports S\$0.75–0.80 range
- Conservative relative to street high (OCBC: S\$0.79)

At target, NTI would trade at ~1.2x P/B — undemanding for a company targeting double-digit ROE by FY2026.

Key Risks

- Consumer electronics demand relapse or macro downturn
- Execution delays in new facilities or segment ramp-ups
- Customer concentration; order lumpiness

Risk-reward assessment: Downside is mitigated by balance sheet strength and valuation floor near book value; upside from successful execution is substantial.

Bottom line: Nanofilm offers exposure to advanced materials, EV, and clean energy themes at a trough valuation. The recovery is underway, catalysts are emerging, and the risk-reward is compelling. **Accumulate ahead of earnings normalization.**

Appendix

Historical Financial Summary (FY2022–1H2025):

| (S\$ '000) | FY2022 | FY2023 | FY2024 | 1H2025 |
|-------------------------------------|---------|---------|--------------|--------------|
| Revenue | 237,406 | 177,018 | 204,269 | 107,150 |
| – Advanced Materials BU | 187,219 | 141,544 | 172,140 | 89,596 |
| – Industrial Equipment BU | 30,887 | 18,372 | 11,290 | 8,465 |
| – Nanofabrication BU | 19,097 | 16,049 | 18,042 | 7,634 |
| – Sydrogen BU | 203 | 1,053 | 2,797 | 1,455 |
| Gross Profit | 111,391 | 65,565 | 75,866 | 34,946 |
| Gross Margin | 46.9% | 37.0% | 37.1% | 32.6% (calc) |
| Adjusted EBITDA | 80,502 | 39,403 | 51,806 | 24,443 |
| EBITDA Margin | 33.9% | 22.3% | 25.4% | 22.8% (calc) |
| Profit Before Tax (PBT) | 46,116 | 3,143 | 9,645 | 2,034 |
| Net Profit (PAT) | 43,285 | 2,694 | 7,535 | 1,379 |
| PATMI (Net profit to equity) | 43,809 | 3,135 | 7,744 | 1,614 |
| PATMI Margin | 18.5% | 1.8% | 3.8% | 1.5% (calc) |
| EPS (basic, SGD cents) | 6.65¢ | 0.48¢ | 1.19¢ (calc) | 0.25¢ |
| DPS (SGD cents) | 2.10¢ | 0.66¢ | 0.33¢ | 0.33¢ * |

Notes: FY2022 figures are pre-restatement (if any) and for reference; Adjusted EBITDA excludes one-off and includes government grants. PATMI for FY2022 was higher than PAT due to a slight loss in minority interest (AxynTeC not yet acquired). 1H2025 DPS of 0.33¢ refers to interim dividend paid Sep 2025. Gross margin decline in 1H2025 owing to product mix (lower IEPU contribution).

Valuation Footnotes:

- *Blended Valuation:* TP S\$0.75 = average of P/E and EV/EBITDA methods on FY25E. P/E method uses 29x FY25E EPS (~S\$0.026); EV/EBITDA uses 8.0x FY25E EBITDA (~S\$60m). Peers range ~15x P/E and 7x EBITDA; we apply a premium for growth.

- *DCF assumptions:* WACC ~10% (Ke: 11% based on risk-free 3%, beta ~1.2, ERP 6.5%; Kd ~3%, 20/80 debt/equity), terminal g = 3%. Our DCF yields equity ~S\$500m (S\$0.75/share) in base case, and ~S\$580m (S\$0.87/share) in optimistic case (faster growth, lower WACC).
 - *Book Value:* S\$412m equity as of Jun 2025, implying P/B 1.0x at last close. Net tangible assets are slightly lower (~S\$0.53/share) after excluding intangibles from AxynTeC, still providing asset support.
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Analyst Certification and Disclaimer

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