



NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED

(Company Registration Number 199902564C)
(Incorporated in Singapore on 13 May 1999)

PROPOSED ACQUISITION OF 100% OF THE SHARE CAPITAL OF AXYNTEC DÜNNSCHICHTTECHNIK GMBH

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Nanofilm Technologies International Limited (the “**Company**”) is pleased to announce that its wholly-owned subsidiary incorporated in the Netherlands, Nanofilm Technologies Europe B.V (“**NTEBV**”) has entered into a share sale and purchase agreement dated 21 December 2023 (the “**SPA**”) with Dr Bernd Schey (“**Dr Schey**”) and Dr Claus Hammerl (“**Dr Hammerl**”) (collectively, the “**Vendors**”) to acquire all the registered share capital of AxynTeC Dünnschichttechnik GmbH (the “**Target Company**”) from the Vendors (the “**Proposed Acquisition**”). On completion of the Proposed Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

2. INFORMATION ON THE TARGET COMPANY AND THE VENDORS

The Target Company is a private company incorporated in Germany in January 1999. As at the date of this announcement, the Target Company has a registered share capital of EUR 25,000 which is 100% held by the Vendors in equal proportion.

The principal place of operations of the Target Company is in Augsburg, Germany. The core business of the Target Company is the provision of thin-film coating solutions to the consumer, industrial and medical industries using its own innovative and patented thin-film technologies. In addition to coating services, the Target Company also supplies coating equipment and systems. The Target Company has obtained ISO Certifications such as DIN ISO 13485 (for medical devices) and DIN EN ISO 9001.

Dr Schey is the founder and the Vendors are the managing directors of the Target Company. Dr Schey, a Physicist, graduated from the Technical University of Munich with a Diploma in Physics in 1994 and the University of Augsburg with a PhD in Physics in 1998. Dr Hammerl, a Physicist, graduated from the University of Augsburg with a PhD in Physics in 2003. Dr Schey and Dr Hammerl have been with the Target Company since 1999 and 2001 respectively. Post-completion of the Proposed Acquisition, both Vendors will remain with the Target Company under a managing director’s employment contract each, and will continue to perform their managerial roles and other responsibilities in the Target Company.

As at the date of this announcement, the Vendors (i) do not have any existing interest (whether direct or deemed) in shares of the Company (“**Shares**”); and (ii) are not related to any of the Directors, substantial shareholders of the Company, or their respective associates. There is also no connection (including business relationship between the Vendors and the Directors or substantial shareholders of the Company).

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is undertaken for the purpose of (1) accelerating time-to-market for the Group's business expansion into Europe and (2) broadening the Group's customer base and product offerings by leveraging on the Target Company's access to European customers and complementary capabilities in thin-film coating technologies.

4. CONSIDERATION

The total purchase price for the Sale Shares is EUR 6,800,000 (approximately S\$ 9,928,000 based on the exchange rate of EUR 1.00 = S\$ 1.46 as at 20 December 2023) (the "**Total Purchase Price**"), subject to certain downward adjustment in the event the Target Company's total liabilities to banks exceed a certain agreed threshold.

An amount equal to EUR 5,800,000 of the Total Purchase Price is payable to the Vendors in equal share on completion of the Proposed Acquisition and the balance sum of EUR 1,000,000 is payable in three (3) equal instalments to the Vendors equally, over a period of three (3) years after completion. Payment of the balance EUR 1,000,000 to the Vendors in their respective share is subject to them meeting agreed retention conditions.

The Total Purchase Price for the Proposed Acquisition was arrived at after an arms' length negotiation on a willing-buyer willing-seller basis, and taking into consideration factors such as the net tangible asset value of Target Company, earnings, business operations, the existing technical performance and capabilities of the Target Company in thin-film coating technology, and other potential benefits arising from the synergy in the Target Company and the Group's businesses.

The Total Purchase Price will be funded from internal sources of funds.

5. FINANCIAL INFORMATION RELATING TO THE SALE SHARES

Based on the unaudited financial statements of the Target Company for the financial period ended 30 September 2023, the net tangible asset value was EUR 1,106,850 and book value of the Sale Shares was EUR 1,116,553.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

As the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section A: Rules of Mainboard (the "**Listing Manual**") do not exceed 5%, the Proposed Acquisition is considered as a non-discloseable transaction under Rule 1008 of the Listing Manual. Accordingly, this announcement is released by the Company on a voluntary basis.

7. FINANCIAL EFFECTS

The Proposed Acquisition is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 December 2023.

8. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and the controlling shareholder of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

9. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action in respect of securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Completion of the Proposed Acquisition is subject to fulfilment of the conditions in the SPA and, as at the date of this announcement, there is no certainty or assurance that the Proposed Acquisition will proceed to Completion. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

**BY ORDER OF THE BOARD
NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED**

Lim Kian Onn
Chief Financial Officer

21 December 2023