



NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED

(Company Registration Number 199902564C)

(Incorporated in Singapore on 13 May 1999)

PROPOSED ACQUISITION OF 100% OF THE SHARE CAPITAL OF EC EUROP COATING GMBH AND MC EUROP COATING 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, Nanofilm AM Germany GmbH (“**NAMG**”) and the Company have entered into a share sale and purchase agreement dated 11 February 2025 (the “**SPA**”) with Mr. Burkhard Scholz (the “**Vendor**”) to acquire all the shares in the capital of EC Europ Coating GmbH (“**EC Coating**”) and MC Europ Coating GmbH (“**MC Coating**”) (collectively, the “**Target Companies**”) held by the Vendor (“**Sale Shares**”) (the “**Proposed Acquisition**”). The Company is a party to the SPA as guarantor to guarantee the payment by NAMG of the consideration under the SPA.

On completion of the Proposed Acquisition, the Company will own all the issued shares of the Target Companies (other than the one treasury share in, and held by MC Coating).

2. INFORMATION ON THE TARGET COMPANIES AND THE VENDOR

EC Coating is a limited liability company organized under the laws of Germany in September 2009 with corporate seat in Hohenlockstedt, Germany. As at the date of this announcement, EC Coating has a share capital of EUR 26,000, comprising four (4) shares all held by the Vendor.

MC Coating is a limited liability company organized under the laws of Germany in October 2013 with corporate seat in Tuttlingen, Germany. As at the date of this announcement, MC Coating has a share capital of EUR 25,000, comprising two (2) shares held by the Vendor and one (1) treasury share held by MC Coating.

The Target Companies are engaged in the provision of thin film coatings for both decorative and functional applications. They serve mainly the luxury, high-end decorative industry as well as other consumer and medical markets in Europe. Applications of the Target Companies’ coating solutions include luxury goods such as watches and jewelry, medical instruments, eyewear, kitchenware and sanitaryware. EC Coating operates from Hohenlockstedt and Zittau, located respectively in the northern and eastern region of Germany, and provides decorative and functional coating solutions for various industries. MC Coating operates from Tuttlingen, located in the southern region of Germany, and focuses on functional applications for the medical industry. The Target Companies have obtained ISO Certifications ISO 9001 and ISO 13485.

The Vendor, Mr. Burkhard Scholz, Dipl.-Ing. (TU), is the managing director of each of the Target Companies. He graduated from the Technical University Dresden and has been active in the Physical Vapour Deposition (“**PVD**”) coating industry since 1993. The Vendor was managing director of several companies including Multi-Coat GmbH Zittau, Techno-Coat Oberflächentechnik GmbH, and Balda Surface GmbH prior to taking over the Target Companies.

Post-completion of the Proposed Acquisition, the Vendor will remain with the Target Companies under a managing director employment contract for a term of twelve (12) months (“**MD Agreement**”) and will continue to perform his managerial roles and other responsibilities in the Target Companies.

As at the date of this announcement, the Vendor (i) does not have any existing interest (whether direct or deemed) in the shares of the Company; and (ii) is 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 Vendor and the Directors or substantial shareholders of the Company).

3. RATIONALE FOR THE PROPOSED ACQUISITION

As part of the Company’s broader strategic growth initiative, the Proposed Acquisition aims to accelerate the business expansion of the Company and its subsidiaries (“**Group**”) in Europe by capitalizing on the Target Companies’ established customer base and presence in Europe as well as expertise in decorative coatings. The strategic acquisition not only facilitates the Group’s entry into the decorative market but also complements AxynTeC Dünnschichttechnik GmbH’s coating technology and markets. The addition of the Target Companies to the Group provides a strong platform to scale and extend the Company’s suite of nanotechnological solutions in Europe.

4. CONSIDERATION

The consideration for the Proposed Acquisition is EUR 3,070,051 (the “**Purchase Price**”) with an earn-out consideration of up to EUR 1,195,000 (“**Earn-Out Consideration**”)(collectively, “**Total Consideration**”).

A sum of EUR 2,838,256 of the Purchase Price is payable to the Vendor on closing of the Proposed Acquisition, which is expected to take place on or before 15 February 2025. The payment of the balance sum of EUR 231,795 plus interest thereon at the rate of 3% per annum is deferred until the termination of the MD Agreement.

Payment of the Earn-Out Consideration is conditional upon the Target Companies meeting certain financial performance targets for the 12-month period ended 31 December 2024 (“**FY2024**”), to be verified from the audited financial statements of the Target Companies for FY2024. The Earn-Out Consideration is expected to be paid in 2H2025.

The Total Consideration was arrived at after arms’ length negotiations and on a willing-buyer willing-seller basis, taking into consideration factors such as the net tangible asset value of the Target Companies, earnings, business operations, capability in decorative coatings, and other potential benefits arising from the business synergy between the Target Companies and the Group. The Total Consideration 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 Companies for the 6-month period ended 30 June 2024 ("1H2024"), the combined net asset value and book value of the Target Companies were respectively EUR 949,603 and EUR 950,095. The combined net profit before tax of the Target Companies for 1H2024 was approximately EUR 91,543.

On a standalone basis, EC Coating has a net tangible asset value and book value of EUR 790,588 and EUR 791,080 respectively, and its net profit before tax for 1H2024 was EUR 120,472. MC Coating has a net tangible asset value and book value of EUR 159,015 and EUR 159,015 respectively, and its net loss before tax for 1H2024 was EUR 28,929.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

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, are set out below:

	<u>SGX Rule 1006</u>	<u>Computation</u>
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits On a combined basis in relation to both Target Companies On a standalone basis in relation to EC Coating On a standalone basis in relation to MC Coating	 -4.07% ⁽¹⁾ -5.35% ⁽¹⁾ -1.29% ⁽¹⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	1.32% ⁽²⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable

Notes:

(1) Pursuant to Rule 1002(3)(c) of the Listing Manual, the ratio under Rule 1006(b) is computed based on the Group's latest announced consolidated net loss before tax of S\$3,271,000 for 1H2024 compared with the respective unaudited net profit/loss before tax of the Target Companies (combined) of EUR 91,543 (profit), EC Coating of EUR 120,472 (profit) and MC Coating of EUR 28,929 (loss) (approximately S\$133,012, S\$175,046 and S\$42,034 respectively based on the exchange rate of EUR 1 : S\$1.4530 as at 30 June 2024) for 1H2024.

(2) The maximum Total Consideration is approximately EUR 4,265,051 (equivalent to approximately S\$6,005,618 based on the exchange rate of EUR 1: S\$1.4081 as at 31 January 2025). The ratio under Rule 1006(c) is computed based on the maximum Total Consideration of S\$6,005,618 compared with the Company's market capitalisation on 10 February 2025 (the

last market day on which the shares of the Company were traded preceding the date of the SPA) of S\$454.53 million. The Company's market capitalisation was determined by multiplying 651,650,535 ordinary shares of the Company in issue by the volume weighted average price of such shares of S\$0.6975 per share on 10 February 2025.

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 ended 31 December 2024.

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 closing conditions in the SPA. 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
Group Chief Financial Officer
12 February 2025