

NEWS RELEASE

NANOFILM TECHNOLOGIES ACHIEVES RECORD FINANCIAL PERFORMANCE FOR FY2020

- ***68.1% surge in net profit to S\$58.1 million, notwithstanding the incurrence of a one-off net listing expenses and restricted shares award costs of S\$5.4 million, partially offset by the receipt of Covid-19 related government grants of S\$1.2 million***
- ***52.8% increase in revenue to S\$218.3 million, driven by stellar growth in Advanced Materials and Nanofabrication Business Units, underscored by increasing adoption and demand for its nanotechnology solutions applied across mission critical applications and products of its customers***
- ***Adjusted EBITDA of S\$96.9 million with a robust 4.4 percentage-point improvement in Adjusted EBITDA margins to 44.4%, benefiting from economies of scale and boosted by operational excellence***
- ***Strong balance sheet, with a net cash balance of S\$185.1 million***
- ***Well-positioned for growth opportunities in existing and recently established end industries, underpinned by its deep-tech environmentally sustainable nanotechnology solutions as key catalysts in enabling its customers to achieve high value-add advancements in their end-products***
- ***For long term strategic objectives, the Group continues to maximise its core technologies in mission critical applications in new end-markets of favourable secular growth trends, in line with its vision of integrating nanotechnology into the daily lives of end-consumers***
- ***As a global citizen, where its nanotechnology is proliferated worldwide, the Group is committed to uphold a robust Environmental, Social and Governance (“ESG”) framework that creates stakeholder value in a sustainable and responsible manner.***

SINGAPORE, 26 February 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, is pleased to announce a record set of results for the Group’s financial performance for the financial year ended 31 December 2020 (“**FY2020**”).

In FY2020, the Group reported a 52.8% increase in revenue to S\$218.3 million, as compared to S\$142.9 million in FY2019, driven by its Advanced Materials and Nanofabrication Business Units. The Group reported a faster pace increase of 68.1% in profit after tax to S\$58.1 million, as compared to S\$34.5 million recorded in FY2019, benefiting from economies of scale and boosted by operational excellence.

GROUP'S FINANCIAL HIGHLIGHTS			
S\$' Million	FY2020	FY2019	Change
Revenue	218.3	142.9	52.8%
Gross Profit	119.8	77.7	54.2%
GP Margins (%)	54.9	54.3	0.6 percentage points
Adjusted EBITDA	96.9	57.1	69.8%
Adjusted EBITDA Margins (%)	44.4	40.0	4.4 percentage points
Profit After Tax	58.1	34.5	68.1%
PAT Margins (%)	26.6	24.2	2.4 percentage points
PAT attributable to equity holders	57.6	35.8	61.1%
Earnings per Share – Basic (Sing cents)	10.6	7.0	52.2%
Net Asset Value per Share (Sing cents)	65.4	23.6	177.6%

Dr Shi Xu (史旭), Executive Chairman of the Company, said, “This is the inaugural financial report of the Nanofilm Group after our IPO debut. We are pleased to see that our proprietary differentiated nanotechnology solutions, which are key enablers across a number of mission critical applications in multiple end-markets, have achieved strong returns.”

“We have successfully achieved value chain integration to offer one-stop solutions to our customers by leveraging synergies across our business and strategic partners. Additionally, with the versatility of our nanotechnology solutions, where we have redrawn material science

boundaries, we continue to open up existing and new markets which were previously inaccessible to conventional technologies.”

FINANCIAL REVIEW

The Group has a track record of strong financial performance and enjoyed revenue growth together with high Adjusted EBITDA margins.

In FY2020, the Group’s Advanced Materials Business Unit achieved a 66.4% growth in revenue to S\$182.5 million, as compared to S\$109.6 million in FY2019. The increase in revenue contributions were mainly attributed to the Computer, Communications, and Consumer electronics (“3C”) and Automotive sub-segments.

The Group’s Nanofabrication Business Unit recorded a 90.3% surge in revenue to S\$11.3 million, from S\$5.9 million in FY2019, mainly due to new mass-production projects to produce Fresnel lenses for smartphone applications. The Industrial Equipment Business Unit recorded a revenue of S\$24.6 million, a 10.1% decrease from S\$27.4 million in FY2019, as the Group remains selective on equipment sales to external customers. The majority of coating equipment manufactured during the year were retained within the Group to support the Advanced Materials Business Unit.

In FY2020, the Group reported Adjusted EBITDA of S\$96.9 million, representing a 69.8% increase from S\$57.1 million in FY2019. Adjusted EBITDA margin hit 44.4%, an increase of 4.4 percentage points from 40.0% in FY2019.

As a result of the above, Nanofilm achieved a higher profit after tax of S\$58.1 million in FY2020, an increase of 68.1% from S\$34.5 million in FY2019. This is notwithstanding the incurrence of a one-off net listing expenses and restricted shares award costs of S\$5.4 million, partially offset by the receipt of Covid-19 related government grants of S\$1.2 million in FY2020.

The Group continued to generate strong positive net operating cash flows amounting to S\$59.0 million for FY2020. The balance sheet remained healthy in the period under review, with an increase in cash and bank balances to S\$227.4 million as at 31 December 2020. The Group

maintained a net cash balance of S\$185.1 million as at 31 December 2020, after taking into consideration interest-bearing debt of S\$42.3 million.

Earnings per share for FY2020 grew **52.2%** to 10.6 cents from 7.0 cents in FY2019. Net asset value per share increased to **65.4** cents as at 31 December 2020, from **23.6** cents as at 31 December 2019.

Operational Review

Operationally, in FY2020, the Group has achieved remarkable utilisation rate in its coating plants. Notably, in the Advanced Materials Business Unit, the Group recorded a utilisation rate of 74%, which is relatively stable from the 71% in FY2019. This comes after the addition of 73 coating equipment in the plant throughout FY2020 to a total of 176 coating equipment.

Operations at the Group's Shanghai Plant 2 will provide the Group with an additional 66,406 square metres of gross built-up area to house new production facilities. This will also increase the Group's total gross floor area across all of its production facilities to more than 110,000 square metres. The Shanghai Plant 2 has commenced operations in February 2021.

Mr Lee Liang Huang (李良煌), Chief Executive Officer of the Company, said, "Since 1999, with our technology ecosystem and value propositions, we have shown a strong track record in acquiring and retaining customers, including market leading blue-chip end-customers in multiple mission critical applications and products. Our relationship continues to strengthen over time as we are typically engaged in the early stage of our customers' development and design process, to mass production and continuous product enhancement, providing our customers with value-added services using our proprietary differentiated nanotechnology solutions."

"To maintain our technology leadership and stay ahead of competition, we will continue to invest and build on our three core competencies – our R&D innovation and product development, in-house engineering and efficient production capabilities."

Outlook and Future Plans

On the back of a strong FY2020 performance, Nanofilm continues to be well-positioned for growth opportunities in existing and recently established end-industries, underpinned by its deep-tech environmentally sustainable nanotechnology solutions as key catalysts in enabling its customers to achieve high value-add advancements in their end-products.

The Group intends to strengthen its value proposition as a provider of technology-based solutions through synergistic M&As or strategic partnerships, focusing on integration across the product value chain to drive sustainable growth.

For long term strategic objectives, Nanofilm continues to maximise its core technologies in mission critical applications in new end-markets that are in favourable secular growth trends, in line with its vision of integrating nanotechnology into the daily lives of end-consumers.

As a global citizen, where its nanotechnology is proliferated worldwide, the Group is committed to uphold a robust ESG framework that creates stakeholder value in a sustainable and responsible manner.

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ABOUT NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED

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.

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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