



**Nanofilm Technologies International Limited**

11 Tai Seng Drive, Singapore 535226.  
Tel: (65) 6281 1888 Website: [www.nti-nanofilm.com](http://www.nti-nanofilm.com)  
Registration No.: 199902564C

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023 (“FY2023”)**

Nanofilm Technologies International Limited (the “**Company**”) was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 30 October 2020 (“**Listing**”).

## Table of Contents

A. Unaudited condensed interim consolidated statement of profit or loss and other comprehensive income.....	3
B. Unaudited condensed interim statements of financial position.....	5
C. Unaudited condensed interim statements of changes in equity .....	6
D. Unaudited condensed interim consolidated statement of cash flows .....	9
E. Notes to the unaudited condensed interim consolidated financial statements .....	10
F. Other information required by Listing Rule Appendix 7.2.....	31

**A. Unaudited condensed interim consolidated statement of profit or loss and other comprehensive income**

		2H2023	2H2022	Change	Group	FY2023	FY2022	Change
	Note	S\$'000	S\$'000	%		S\$'000	S\$'000	%
<b>Revenue</b>	5	103,866	126,112	(17.6)		177,018	237,406	(25.4)
Cost of sales		(61,742)	(64,735)	(4.6)		(111,453)	(126,015)	(11.6)
Gross profit		42,124	61,377	(31.4)		65,565	111,391	(41.1)
Other operating income		4,745	4,824	(1.6)		6,188	6,695	(7.6)
Finance income		962	954	0.8		2,139	1,576	35.7
Expenses:								
Research & development and engineering <sup>(1)</sup>		(9,351)	(11,606)	(19.4)		(16,605)	(21,908)	(24.2)
Selling and distribution		(4,657)	(4,023)	15.8		(8,373)	(7,792)	7.5
Administrative		(21,921)	(24,004)	(8.7)		(43,823)	(42,545)	3.0
Finance		(951)	(729)	30.5		(1,902)	(1,222)	55.6
Write back/(Impairment loss) of allowance on trade receivables and contract assets		96	(51)	n.m.		96	(51)	n.m.
Share of loss of associate		(95)	(28)	n.m.		(142)	(28)	n.m.
<b>Profit before income tax</b>	6	10,952	26,714	(59.0)		3,143	46,116	(93.2)
Income tax expenses	7	(399)	(1,619)	(75.4)		(449)	(2,831)	(84.1)
<b>Profit after income tax</b>		10,553	25,095	(57.9)		2,694	43,285	(93.8)
<b>Other comprehensive income, net of tax</b>								
<i>Items that may be reclassified subsequently to profit or loss</i>								
Exchange difference arising from translation of foreign operations		(2,147)	(23,962)	(91.0)		(17,620)	(32,377)	(45.6)
<i>Items that will not be reclassified subsequently to profit or loss</i>								
Fair value gain from equity investment at fair value through other comprehensive income		-	425	n.m.		131	365	(64.1)
<b>Total comprehensive income for the period</b>		8,406	1,558	n.m.		(14,795)	11,273	n.m.
<b>Profit attributable to:</b>								
Equity holders of the Company		10,784	25,005	(56.9)		3,135	43,809	(92.8)
Non-controlling interests		(231)	90	n.m.		(441)	(524)	(15.8)
		10,553	25,095	(57.9)		2,694	43,285	(93.8)
<b>Total comprehensive income attributable to:</b>								
Equity holders of the Company		8,470	2,213	n.m.		(13,878)	12,711	n.m.
Non-controlling interests		(64)	(655)	(90.2)		(917)	(1,438)	(36.2)
		8,406	1,558	n.m.		(14,795)	11,273	n.m.
<b>Adjusted EBITDA</b>	4	29,043	42,922	(32.3)		39,403	80,502	(51.1)

n.m. - Not meaningful

(1) "Research & development and Engineering" includes Research & development, Engineering and Quality assurance expenses.

**A. Unaudited condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)**

		2H2023	2H2022	Change	Group	FY2023	FY2022	Change
	Note	S\$'000	S\$'000	%		S\$'000	S\$'000	%
<b>Earnings per share attributable to the equity holders of the Company (cents)</b>								
Basic earnings per share	8	1.65	3.80	(56.5)		0.48	6.65	(92.9)
Diluted earnings per share	8	1.65	3.79	(56.5)		0.48	6.64	(92.8)

## B. Unaudited condensed interim statements of financial position

	Note	Group		Company	
		31/12/2023 S\$'000	31/12/2022 S\$'000	31/12/2023 S\$'000	31/12/2022 S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	299,595	289,151	62,239	54,133
Land use rights		11,283	12,030	-	-
Intangible assets	10	32,807	19,607	9,691	6,273
Investment in subsidiaries	11	-	-	130,057	112,025
Investment in associate	12	3,892	4,033	-	-
Other receivables and other non-current assets	13	-	-	66,265	80,769
Other financial assets	21	1,367	1,637	-	-
Deferred tax assets		3,786	3,223	-	-
		<u>352,730</u>	<u>329,681</u>	<u>268,252</u>	<u>253,200</u>
<b>Current assets</b>					
Inventories		19,500	18,429	6,111	5,808
Trade and other receivables, and other current assets	13	81,290	100,570	12,297	18,549
Contract assets/Accrued receivables		12,770	12,655	-	-
Cash and bank balances		155,209	147,830	19,361	56,269
Other financial assets	21	-	8,700	-	-
		<u>268,769</u>	<u>288,184</u>	<u>37,769</u>	<u>80,626</u>
<b>Total assets</b>		<u>621,499</u>	<u>617,865</u>	<u>306,021</u>	<u>333,826</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	14	266,927	266,927	266,927	266,927
Treasury shares	14	(32,653)	(17,521)	(32,653)	(17,521)
Reserves		145,598	169,379	21,627	41,128
		<u>379,872</u>	<u>418,785</u>	<u>255,901</u>	<u>290,534</u>
Non-controlling interests		44,132	45,686	-	-
<b>Total equity</b>		<u>424,004</u>	<u>464,471</u>	<u>255,901</u>	<u>290,534</u>
<b>Non-current liabilities</b>					
Bank loans	16	77,528	24,412	22,540	24,412
Lease liabilities	16	19,711	16,841	10,391	8,041
Other creditors	17	53,100	53,100	-	-
Deferred tax liabilities		1,331	1,350	1,331	1,278
		<u>151,670</u>	<u>95,703</u>	<u>34,262</u>	<u>33,731</u>
<b>Current liabilities</b>					
Trade and other payables	17	35,036	47,770	11,731	5,400
Contract liabilities/Advanced receipts		824	1,388	217	230
Bank loans	16	4,668	1,944	1,872	1,872
Lease liabilities	16	3,851	3,371	1,697	1,580
Provisions		330	644	239	377
Provision for taxation		1,116	2,574	102	102
		<u>45,825</u>	<u>57,691</u>	<u>15,858</u>	<u>9,561</u>
<b>Total liabilities</b>		<u>197,495</u>	<u>153,394</u>	<u>50,120</u>	<u>43,292</u>
<b>Total equity and liabilities</b>		<u>621,499</u>	<u>617,865</u>	<u>306,021</u>	<u>333,826</u>

### C. Unaudited condensed interim statements of changes in equity

	Attributable to equity holders of the Company						Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury Shares S\$'000	Translatio n reserve S\$'000	Statutory reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000			
<b>Group</b>									
<b>At 1 January 2023</b>	266,927	(17,521)	(19,381)	7,002	(64,083)	245,841	418,785	45,686	464,471
Profit/(loss) for the period	-	-	-	-	-	3,135	3,135	(441)	2,694
Other comprehensive income	-	-	(17,144)	-	131	-	(17,013)	(476)	(17,489)
Total comprehensive income for the period	-	-	(17,144)	-	131	3,135	(13,878)	(917)	(14,795)
Transfer upon disposal of investment (Note 21)	-	-	-	-	(496)	496	-	-	-
Transfer of statutory reserve	-	-	-	140	-	(140)	-	-	-
Transactions with equity holders, recognised directly in equity									
- Dividends (Note 18)	-	-	-	-	-	(9,272)	(9,272)	-	(9,272)
- Purchase of treasury shares	-	(16,701)	-	-	-	-	(16,701)	-	(16,701)
- Treasury shares re-issued under ESOS 2017 Scheme and RSP 2021	-	1,569	-	-	(1,250)	-	319	-	319
- Adjustment on employee share options	-	-	-	-	443	-	443	-	443
- Adjustment on restricted share plan	-	-	-	-	712	-	712	-	712
- Contribution of capital by non-controlling interest	-	-	-	-	-	-	-	584	584
- Acquisition of interest in a non-controlling interest	-	-	-	-	-	(536)	(536)	(1,221)	(1,757)
Total transactions with equity holders	-	(15,132)	-	-	(95)	(9,808)	(25,035)	(637)	(25,672)
<b>At 31 December 2023</b>	<b>266,927</b>	<b>(32,653)</b>	<b>(36,525)</b>	<b>7,142</b>	<b>(64,543)</b>	<b>239,524</b>	<b>379,872</b>	<b>44,132</b>	<b>424,004</b>

Note:

Other reserves consist of share option reserve, fair value reserve and put option relating to interest in non-controlling interest.

**C. Unaudited condensed interim statements of changes in equity (cont'd)**

	Attributable to equity holders of the Company						Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury Shares S\$'000	Translation reserve S\$'000	Statutory reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000			
<b>Group</b>									
<b>At 1 January 2022</b>	266,927	(15,241)	12,082	6,507	(57,033)	216,361	429,603	45,374	474,977
Profit/(loss) for the period	-	-	-	-	-	43,809	43,809	(524)	43,285
Other comprehensive income	-	-	(31,463)	-	365	-	(31,098)	(914)	(32,012)
Total comprehensive income for the period	-	-	(31,463)	-	365	43,809	12,711	(1,438)	11,273
Transfer of statutory reserve	-	-	-	495	-	(495)	-	-	-
Transactions with equity holders, recognised directly in equity									
- Dividends (Note 18)	-	-	-	-	-	(13,834)	(13,834)	-	(13,834)
- Purchase of treasury shares	-	(12,683)	-	-	-	-	(12,683)	-	(12,683)
- Treasury shares re-issued under ESOS scheme	-	10,403	-	-	(8,679)	-	1,724	-	1,724
- Adjustment on employee share options	-	-	-	-	306	-	306	-	306
- Adjustment on restricted share plan	-	-	-	-	958	-	958	-	958
- Contribution of capital by non-controlling interest	-	-	-	-	-	-	-	1,750	1,750
Total transactions with equity holders	-	(2,280)	-	-	(7,415)	(13,834)	(23,529)	1,750	(21,779)
<b>At 31 December 2022</b>	<b>266,927</b>	<b>(17,521)</b>	<b>(19,381)</b>	<b>7,002</b>	<b>(64,083)</b>	<b>245,841</b>	<b>418,785</b>	<b>45,686</b>	<b>464,471</b>

**C. Unaudited condensed interim statements of changes in equity (cont'd)**

	Share capital S\$'000	Treasury Shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Total equity S\$'000
<b>Company</b>					
<b>At 1 January 2023</b>	266,927	(17,521)	(11,810)	52,938	290,534
Loss for the period	-	-	-	(10,203)	(10,203)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(10,203)	(10,203)
Transactions with equity holders, recognised directly in equity					
- Dividends (Note 18)	-	-	-	(9,272)	(9,272)
- Purchase of treasury shares	-	(16,701)	-	-	(16,701)
- Treasury shares re-issued under ESOS 2017 Scheme and RSP 2021	-	1,569	(1,250)	-	319
- Adjustment on employee share options	-	-	443	-	443
- Adjustment on restricted share plan	-	-	781	-	781
Total transactions with equity holders	-	(15,132)	(26)	(9,272)	(24,430)
<b>At 31 December 2023</b>	266,927	(32,653)	(11,836)	33,463	255,901
<b>At 1 January 2022</b>					
<b>At 1 January 2022</b>	266,927	(15,241)	(4,395)	64,588	311,879
Profit for the period	-	-	-	2,184	2,184
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,184	2,184
Transactions with equity holders, recognised directly in equity					
- Dividends (Note 18)	-	-	-	(13,834)	(13,834)
- Buy-back of ordinary shares	-	(12,683)	-	-	(12,683)
- Treasury shares re-issued	-	10,403	(8,679)	-	1,724
- Adjustment on employee share options	-	-	306	-	306
- Adjustment on restricted share plan	-	-	958	-	958
Total transactions with equity holders	-	(2,280)	(7,415)	(13,834)	(23,529)
<b>At 31 December 2022</b>	266,927	(17,521)	(11,810)	52,938	290,534

Note:

Other reserves consist of share option reserve and other reserve.



#### D. Unaudited condensed interim consolidated statement of cash flows

	Note	Group	
		FY2023 S\$'000	FY2022 S\$'000
<b>Cash Flows from Operating Activities</b>			
Profit before income tax		3,143	46,116
Adjustments for:			
Depreciation of property, plant and equipment		29,789	28,880
Amortisation of land use rights		265	285
Amortisation of intangible assets		4,403	1,719
Finance expenses		1,902	1,222
Finance income		(2,139)	(1,576)
Provision for warranties & restoration cost		299	827
Reversal of provision for warranties & restoration cost		(487)	(597)
Write off/loss/(gain) on disposal of property, plant and equipment		808	(2)
Expense recognised in respect of share-based payments and share options granted		1,155	1,374
Exchange differences – unrealised		(449)	770
Write off of other financial assets		270	-
Share of loss of associate		142	28
<b>Operating cash flows before working capital changes</b>		<b>39,101</b>	<b>79,046</b>
Inventories		(2,304)	4,327
Trade, other receivables and other current assets (include contract assets)		14,877	5,473
Trade, other payables and provisions (include contract liabilities)		(11,616)	(9,804)
<b>Cash generated from operations</b>		<b>40,058</b>	<b>79,042</b>
Interest paid		(1,192)	(536)
Interest received		2,139	1,576
Income tax paid		(1,959)	(7,664)
<b>Net cash generated from operating activities</b>		<b>39,046</b>	<b>72,418</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of a non-controlling interests		(1,173)	-
Purchase of property, plant and equipment		(49,071)	(50,774)
Proceeds from disposal of property, plant and equipment		744	178
Proceeds from disposal of financial asset		2,027	-
Additions to investment in associate		-	(4,061)
Additions to intangible assets		(14,264)	(11,358)
Additions to other financial assets		-	(9,239)
Redemption from investment in financial assets		6,804	6,363
<b>Net cash used in investing activities</b>		<b>(54,933)</b>	<b>(68,891)</b>
<b>Cash Flows from Financing Activities</b>			
Contribution of capital by non-controlling interests		-	1,750
Proceeds from re-issuance of treasury shares under ESOS Scheme 2017		319	1,616
Payment for buy-back of shares		(16,701)	(12,683)
Proceeds from bank loans		57,784	-
Repayment of bank loans		(1,938)	(1,894)
Payment of lease liabilities		(4,705)	(3,309)
Decrease in fixed deposits pledged with banks		-	446
Dividends paid		(9,272)	(13,834)
<b>Net cash generated from/(used in) financing activities</b>		<b>25,487</b>	<b>(27,908)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>9,600</b>	<b>(24,381)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>147,830</b>	<b>176,164</b>
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		(2,221)	(3,953)
<b>Cash and cash equivalents at the end of the period</b>		<b>155,209</b>	<b>147,830</b>
<b>Note:</b>			
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:			
Cash and bank balances and fixed deposits		155,209	147,830

## **E. Notes to the unaudited condensed interim consolidated financial statements**

These notes form an integral part of and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements.

### **1 General Information**

Nanofilm Technologies International Limited (the “**Company**”) is a public company limited by shares, incorporated and domiciled in Singapore. The Company’s registered address and its principal place of business are at 11 Tai Seng Drive, Singapore 535226.

The Company was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 30 October 2020.

The unaudited condensed interim consolidated financial statements as at and for the six months ended 31 December 2023 comprise of the Company and its subsidiaries (collectively, the “**Group**”).

The Company is a leading nanotechnology material company in Asia, leveraging its proprietary technologies through its self-built equipment to produce advanced materials coatings and nanofabricated products, with core competencies in R&D, engineering and mass production. Nanofilm’s environmentally sustainable nanotechnology solutions serve as key catalysts in enabling its customers to achieve high value-add advancements in their end-products across wide range of industries.

### **2 Basis of Preparation**

The unaudited condensed interim consolidated financial statements for the six months ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The unaudited condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last interim financial statements for the six-month period ended 30 June 2023.

The unaudited condensed interim financial statements are presented in Singapore dollar (“**S\$**”) which is the Company’s functional currency. The unaudited condensed interim financial statements are presented and rounded to the nearest thousand (**S\$’000**) except when otherwise indicated.

The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2022, except for the adoption of new and amendments to SFRS(I) that are effective as of 1 January 2023 which did not have significant impact on the financial performance or financial position of the Group. The Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In preparing the unaudited condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## **E. Notes to the unaudited condensed interim consolidated financial statements**

### **3 Seasonal Operations**

The Group typically enjoys significantly better results in the second half of the year, primarily driven by the Advanced Materials BU's and Nanofabrication BU's exposure to the 3C market. Increase in demand for the Group's services and products in the 3C sector tend to be in line with new product launches or product upgrades by the Group's customers and increases in demand during the holiday season. However, such seasonality trend may change along with changes in consumer pattern or the Group's customers' timing to launch new products or product upgrades.

The Group does not experience any material seasonality impact with respect to the Group's customers from the other industries.

### **4 Operating Segment Information**

Management has determined the operating segments based on the reports reviewed to make strategic decisions. The Group has four reportable segments, as described below, which are the Group's strategic business units ("BU") based on different services/products ranges.

- |                         |   |
|-------------------------|---|
| Advanced Materials BU   | - material science provider of advanced materials through proprietary vacuum coating technology across wide range of end industries.  |
| Industrial Equipment BU | - designs and develops customised coating equipment, cleaning lines and automation systems, including after sales support for internal BUs and external sales to selective markets. |
| Nanofabrication BU      | - manufacturer and supplier of nanoproducts in optical imaging lens and sensory components critical to customers' end-products.   |
| Sydrogen BU             | - provider of critical fuel cell components with its proprietary conductive diamond coatings and fuel cell system solutions for the hydrogen energy market.                         |

**E. Notes to the unaudited condensed interim consolidated financial statements**

**4 Operating Segment Information (cont'd)**

	Advanced materials S\$'000	Industrial equipment S\$'000	Nanofab -rication S\$'000	Sydrogen S\$'000	Inter-segment eliminations S\$'000	Total S\$'000
<b>FY2023</b>						
Revenue from external customers	141,544	18,372	16,049	1,053	-	177,018
Inter-segment sales	-	18,794	-	-	(18,794)	-
	<u>141,544</u>	<u>37,166</u>	<u>16,049</u>	<u>1,053</u>	<u>(18,794)</u>	<u>177,018</u>
Adjusted EBITDA	<u>32,700</u>	<u>6,068</u>	<u>2,678</u>	<u>(2,043)</u>	<u>-</u>	<u>39,403</u>
<u>Other information</u>						
Depreciation	24,384	1,756	2,514	1,135	-	29,789
Amortisation of land use rights	254	-	11	-	-	265
Amortisation of intangible assets	3,278	345	304	476	-	4,403
Write back of impairment loss on trade receivables	(140)	(18)	56	6	-	(96)
Write off/loss/ (gain) on disposal of property, plant and equipment	805	3	-	-	-	808
Listing expenses – Recurring	20	23	1	-	-	44
Share option expenses	199	235	9	-	-	443
Award share expenses under RSP 2021	321	377	14	-	-	712
Provision for warranties & restoration costs	-	299	-	-	-	299
Reversal of provision for warranties & restoration costs	-	(487)	-	-	-	(487)
<b>At 31 December 2023</b>						
<u>Assets</u>						
Segment assets	345,443	65,575	20,340	25,887	-	457,245
Cash and bank balances						155,209
Other financial assets						1,367
Investment in associate						3,892
Deferred tax assets						3,786
						<u>621,499</u>
Segment assets include:						
Additions to non-current assets:						
- Property, plant and equipment	40,649	8,166	1,257	7,250	-	57,322
- Intangible assets	10,409	93	138	3,624	-	14,264
<u>Liabilities</u>						
Segment liabilities	41,729	11,105	2,107	4,811		59,752
Bank loans						82,196
Deferred tax liabilities						1,331
Other creditors (non-current)						53,100
Provision for taxation						1,116
						<u>197,495</u>

**E. Notes to the unaudited condensed interim consolidated financial statements**

**4 Operating Segment Information (cont'd)**

	Advanced materials S\$'000	Industrial equipment S\$'000	Nanofab- rication S\$'000	Sydrogen S\$'000	Inter-segment eliminations S\$'000	Total S\$'000
<b>FY2022</b>						
Revenue from external customers	187,219	30,887	19,097	203	-	237,406
Inter-segment sales	533	15,677	84	-	(16,294)	-
	<u>187,752</u>	<u>46,564</u>	<u>19,181</u>	<u>203</u>	<u>(16,294)</u>	<u>237,406</u>
Adjusted EBITDA	<u>68,162</u>	<u>7,619</u>	<u>6,280</u>	<u>(1,559)</u>	<u>-</u>	<u>80,502</u>
<u>Other information</u>						
Depreciation	26,362	1,060	1,362	96	-	28,880
Amortisation of land use rights	274	-	11	-	-	285
Amortisation of intangible assets	854	772	93	-	-	1,719
COVID-19 related expenses	2,399	66	-	-	-	2,465
Impairment loss on trade receivables and contract assets	51	-	-	-	-	51
Write down of inventories	196	-	-	-	-	196
Write off/loss/ (gain) on disposal of property, plant and equipment	4	(6)	-	-	-	(2)
Listing expenses –						
Recurring	40	29	1	-	-	70
Share option expenses	236	175	5	-	-	416
Award share expenses under RSP 2021	871	85	2	-	-	958
Provision for warranties	-	827	-	-	-	827
Reversal of provision for warranties	-	(597)	-	-	-	(597)
<b>At 31 December 2022</b>						
<u>Assets</u>						
Segment assets	363,901	54,553	15,285	18,703	-	452,442
Cash and bank balances						147,830
Other financial assets						10,337
Investment in associate						4,033
Deferred tax assets						<u>3,223</u>
						<u>617,865</u>
Segment assets include:						
Additions to non-current assets:						
- Property, plant and equipment	43,362	4,229	789	8,474	-	56,854
- Intangible assets	5,852	1,503	-	4,463	-	11,818
<u>Liabilities</u>						
Segment liabilities	55,771	10,411	1,132	2,700		70,014
Bank loans						26,356
Deferred tax liabilities						1,350
Other creditors (non-current)						53,100
Provision for taxation						<u>2,574</u>
						<u>153,394</u>

**E. Notes to the unaudited condensed interim consolidated financial statements**

**4 Operating Segment Information** (cont'd)

	Advanced materials S\$'000	Industrial equipment S\$'000	Nanofab -rication S\$'000	Sydrogen S\$'000	Inter-segment eliminations S\$'000	Total S\$'000
<b>2H2023</b>						
Revenue from external customers	82,273	9,522	11,395	676	-	103,866
Inter-segment sales	-	13,193	-	-	(13,193)	-
	<u>82,273</u>	<u>22,715</u>	<u>11,395</u>	<u>676</u>	<u>(13,193)</u>	<u>103,866</u>
Adjusted EBITDA	<u>23,902</u>	<u>3,821</u>	<u>2,728</u>	<u>(1,408)</u>	<u>-</u>	<u>29,043</u>
<u>Other information</u>						
Depreciation	11,649	779	1,538	388	-	14,355
Amortisation of land use rights	150	(16)	(2)	(1)	-	131
Amortisation of intangible assets	2,219	120	216	446	-	3,001
COVID-19 related expenses	-	-	-	-	-	-
Write back of Impairment loss on trade receivables	(140)	(18)	56	6	-	(96)
Write down of inventories	-	-	-	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	151	4	-	-	-	155
Listing expenses –						
Recurring	2	20	-	-	-	22
Share option expenses	(50)	198	(9)	(3)	-	136
Award share expenses under RSP 2021	120	348	(1)	(2)	-	465
Provision for warranties & restoration costs	-	132	-	-	-	132
Reversal of provision for warranties & restoration costs	-	(191)	-	-	-	(191)

**E. Notes to the unaudited condensed interim consolidated financial statements**

**4 Operating Segment Information (cont'd)**

	Advanced materials S\$'000	Industrial equipment S\$'000	Nanofab -rication S\$'000	Sydrogen S\$'000	Inter-segment eliminations S\$'000	Total S\$'000
<b>2H2022</b>						
Revenue from external customers	102,691	11,435	11,798	188	-	126,112
Inter-segment sales	533	9,936	84	-	(10,553)	-
	<u>103,224</u>	<u>21,371</u>	<u>11,882</u>	<u>188</u>	<u>(10,553)</u>	<u>126,112</u>
Adjusted EBITDA	<u>39,391</u>	<u>482</u>	<u>3,437</u>	<u>(388)</u>	<u>-</u>	<u>42,922</u>
<u>Other information</u>						
Depreciation	13,283	242	594	7	-	14,126
Amortisation of land use rights	132	-	6	-	-	138
Amortisation of intangible assets	538	422	61	-	-	1,021
COVID-19 related expenses	4	-	-	-	-	4
Impairment loss on trade receivables and contract assets	51	-	-	-	-	51
Write down of inventories	196	-	-	-	-	196
Gain on disposal of property, plant and equipment	(37)	(6)	-	-	-	(43)
Listing expenses – Recurring	20	7	1	-	-	28
Share option expenses	178	63	2	-	-	243
Award share expenses under RSP 2021	808	43	2	-	-	853
Provision for warranties	-	662	-	-	-	662
Reversal of provision for warranties	-	(352)	-	-	-	(352)

## E. Notes to the unaudited condensed interim consolidated financial statements

### 4 Operating Segment Information (cont'd)

A reconciliation of the Adjusted EBITDA to profit before income tax is as follows:

	Group			
	2H2023 S\$'000	2H2022 S\$'000	FY2023 S\$'000	FY2022 S\$'000
Adjusted EBITDA <sup>(1)</sup> for reportable segments	29,043	42,922	39,403	80,502
Depreciation	(14,355)	(14,126)	(29,789)	(28,880)
Amortisation	(3,132)	(1,159)	(4,668)	(2,004)
Gain/ (Write off/Loss) on disposal of property, plant and equipment	(155)	43	(808)	2
COVID-19 related expenses <sup>(2)</sup>	-	(4)	-	(2,465)
Write down of inventories	-	(196)	-	(196)
Other professional fees	5	(138)	(520)	(239)
Award shares expenses under Restricted Share Plan 2021	(465)	(853)	(712)	(958)
Finance income	962	954	2,139	1,576
Finance expenses	(951)	(729)	(1,902)	(1,222)
Profit before income tax	10,952	26,714	3,143	46,116
Income tax expenses	(399)	(1,619)	(449)	(2,831)
Profit after income tax	10,553	25,095	2,694	43,285

<sup>(1)</sup> Net profit before interest, tax, depreciation and amortisation (EBITDA).

<sup>(2)</sup> COVID-19 related expenses were idle manpower and increased freight charges incurred during the COVID-19 lockdown in Shanghai for the month of April and May 2022.

Revenue from external customers based on the Group's entities' place of business are as follows:

	Group			
	2H2023 S\$'000	2H2022 S\$'000	FY2023 S\$'000	FY2022 S\$'000
Singapore	20,818	20,900	35,828	42,364
China	77,052	94,680	129,084	173,333
Japan	5,983	10,506	12,090	21,648
Vietnam	13	26	16	61
Total revenue	103,866	126,112	177,018	237,406



**E. Notes to the unaudited condensed interim consolidated financial statements**

**5 Revenue**

(a) Revenue by business segment

	Group			
	2H2023	2H2022	FY2023	FY2022
	S\$'000	S\$'000	S\$'000	S\$'000
Advanced materials	82,273	102,691	141,544	187,219
Industrial equipment	9,522	11,435	18,372	30,887
Nanofabrication	11,395	11,798	16,049	19,097
Syrogen	676	188	1,053	203
<b>Total</b>	<b>103,866</b>	<b>126,112</b>	<b>177,018</b>	<b>237,406</b>

(b) Disaggregation of revenue from contracts with customers

	Group			
	2H2023	2H2022	FY2023	FY2022
	S\$'000	S\$'000	S\$'000	S\$'000
Performance obligations satisfied at a point in time				
Sale of equipment	2,087	2,521	4,439	17,784
Sale of products and spare parts	16,826	16,961	26,991	28,090
	<u>18,913</u>	<u>19,482</u>	<u>31,430</u>	<u>45,874</u>
Performance obligations satisfied over time				
Service rendered	81,372	103,214	138,943	188,116
Sale of equipment	3,581	3,416	6,645	3,416
	<u>84,953</u>	<u>106,630</u>	<u>145,588</u>	<u>191,532</u>
<b>Total</b>	<b>103,866</b>	<b>126,112</b>	<b>177,018</b>	<b>237,406</b>

(c) Breakdown of sales and profit after income tax

	Group		
	FY2023	FY2022	Change
	S\$'000	S\$'000	%
Sales reported for the first half year	73,152	111,294	(34.3)
(Loss)/profit after income tax reported for first half year	(7,859)	18,190	n.m.
Sales reported for the second half year	103,866	126,112	(17.6)
Profit after income tax reported for second half year	10,553	25,095	(57.9)

## E. Notes to the unaudited condensed interim consolidated financial statements

### 6 Profit before Income Tax

This is stated after charging/(crediting) the following:

	Group			
	2H2023	2H2022	FY2023	FY2022
	S\$'000	S\$'000	S\$'000	S\$'000
Finance expense on:				
- bank loans	611	436	1,192	618
- lease liabilities	340	293	710	604
Finance income from:				
- bank deposits	(962)	(954)	(2,139)	(1,576)
Material items included in expenses/other operating income:				
Government grants and incentives	(3,998)	(4,819)	(4,627)	(5,678)
Depreciation of property, plant and equipment	14,355	14,126	29,789	28,880
Amortisation of land use rights	131	138	265	285
Amortisation of intangible assets	3,000	1,021	4,403	1,719
Lease expenses	-	37	-	41
Listing expenses – Recurring	22	28	44	70
Write down of inventories	-	196	-	196
Staff costs (including directors' remuneration)				
- Salaries and related costs	31,853	42,098	67,457	82,239
- Contribution to defined contribution plans	1,872	2,737	4,460	5,318
- Share option expenses	136	243	443	416
- Award shares expenses	464	853	712	958
(Gain)/write off/ loss on disposal of property, plant and equipment	155	(43)	808	(2)
Write off of other financial assets	270	-	270	-
Exchange loss	348	1,265	535	681
Provision for warranties & restoration cost	132	662	299	827
Reversal of provision for warranties & restoration cost	(191)	(352)	(487)	(597)

### 7 Income Tax Expenses

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses in the unaudited condensed interim consolidated statement of profit or loss are:

	Group			
	2H2023	2H2022	FY2023	FY2022
	S\$'000	S\$'000	S\$'000	S\$'000
Income tax:				
- Current period	719	3,129	962	5,472
- Over provision in prior years	(61)	(867)	(325)	(804)
	658	2,262	637	4,668
Deferred tax:				
- Current period	(259)	(643)	(188)	(1,272)
- Under provision of deferred tax assets in prior years	-	-	-	(565)
	399	1,619	449	2,831

## E. Notes to the unaudited condensed interim consolidated financial statements

### 8 Earnings per Share

#### (a) Basic Earnings per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial periods as follows:

	Group			
	2H2023	2H2022	FY2023	FY2022
Profit for the period attributable to equity holders of the Company (S\$'000)	10,784	25,005	3,135	43,809
Weighted average number of ordinary shares ('000)	650,895	658,304	650,895	658,304
Basic earnings per share (cents)	1.65	3.80	0.48	6.65

#### (b) Diluted Earnings per Share

For the purposes of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and restricted share plan

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial period) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share amounts attributable to equity holders of the Company are calculated as follows:

	Group			
	2H2023	2H2022	FY2023	FY2022
Profit for the period attributable to equity holders of the Company (S\$'000)	10,784	25,005	3,135	43,809
Weighted average number of ordinary shares ('000)	650,895	658,304	650,895	658,304
Adjustments for ('000):				
- Share options	90	559	90	559
- Restricted share plan	1,073	1,340	1,073	1,340
	652,058	660,203	652,058	660,203
Diluted earnings per share (cents)	1.65	3.79	0.48	6.64

### 9 Net Asset Value

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net assets value (S\$'000)	379,872	418,785	255,901	290,534
Number of shares ('000)	647,057	657,398	647,057	657,398
Net asset value per share (cents)	58.71	63.70	39.55	44.19

## E. Notes to the unaudited condensed interim consolidated financial statements

### 10 Property, Plant and Equipment and Intangible assets

During the twelve months ended 31 December 2023, the Group acquired property, plant and equipment amounting to S\$57,322,000 (31 December 2022: S\$56,854,000) and disposed of/write off property, plant and equipment amounting to S\$2,093,000 (31 December 2022: S\$479,000). The additions to property, plant and equipment included S\$8,251,000 (31 December 2022: S\$6,080,000) acquired under right-of-use assets under leasing arrangement. The disposal of property, plant and equipment included derecognition of right-of-use assets related to replacement of lease agreements amounting to S\$541,000 (31 December 2022: S\$279,000). The Group derecognised the corresponding lease liabilities in the same period.

During the twelve months ended 31 December 2023, the Group added intangible assets amounting to S\$16,986,000 (31 December 2022: S\$11,818,000).

### 11 Investment in Subsidiaries

#### Additional injection in capital/ incorporation of subsidiaries/ acquisition of subsidiaries

During the twelve months ended 31 December 2023, the Company carried out the following capital injections and incorporation of subsidiaries:

- (a) On 27 February 2023, the Company incorporated a wholly owned subsidiary in Vietnam, Nanofilm Technologies Vietnam Co., Ltd, with a charter capital of USD 5,000,000 (equivalent to S\$6,787,000). The registered capital contribution of USD 5,000,000 (equivalent to S\$6,787,000) in Nanofilm Technologies Vietnam Co., Ltd. was fully paid up on 19 May 2023. The principal business of Nanofilm Technologies Vietnam Co., Ltd, is processing of coating by vacuum deposition technology.

On 28 September 2023, the Company increased the charter capital of Nanofilm Technologies Vietnam Co., Ltd from USD 5,000,000 (equivalent to S\$6,787,000) to USD 15,000,000 (equivalent to S\$20,451,000). The increase in charter capital was fully settled by way of cash by the Company in October 2023 and was primarily to fund the construction of the new production site in Vietnam.

- (b) Wizture Technologies (Yizheng) Co., Ltd was 80% owned by Wizture Holdings Pte Ltd, and the balance 20% was held by a third party joint venture partner. On 26 July 2023, Wizture Holdings Pte Ltd acquired 20% of the registered capital of Wizture Technologies (Yizheng) Co., Ltd from the third party joint venture partner at a consideration of RMB 9,412,000 (equivalent to S\$1,757,000). The consideration was fully satisfied in cash. After the acquisition, Wizture Technologies (Yizheng) Co., Ltd became a wholly-owned subsidiary of Wizture Holdings Pte. Ltd.

On 30 November 2023, Wizture Technologies (Yizheng) Co., Ltd., a wholly owned subsidiary of the Company, undertook a capital reduction exercise to cancel and return RMB30,000,000 (equivalent to S\$5,160,000) of its registered capital to its sole shareholder, Wizture Holdings Pte. Ltd..

- (c) On 7 July 2023, Nanofilm Advanced Materials Pte. Ltd., a wholly-owned subsidiary of the Company, incorporated a subsidiary in Singapore, Nanofilm Advanced Materials India Pte. Ltd. with an initial paid-up capital of S\$1. The principal activity of Nanofilm Advanced Materials India Pte. Ltd. is that of a holding company.
- (d) On 20 July 2023, Nanofilm Advanced Materials India Pte. Ltd., a wholly-owned subsidiary of the Company, incorporated a subsidiary in India, Nanofilm Advanced Materials India Private Limited, with a share capital of INR 100,000 (equivalent to S\$2,000) divided into 10,000 shares of INR10.00 each, which are subscribed as to 9,900 shares by Nanofilm Advanced Materials India Pte. Ltd. and the balance 100 shares by Nanofilm Advanced Materials Pte. Ltd.. The principal activities of Nanofilm Advanced Materials India Private Limited are to provide thin film deposition services and supply equipment and ancillary technical, maintenance, repair and overhaul services.

On 1 December 2023, Nanofilm Advanced Materials India Pte. Ltd. and Nanofilm Advanced Materials Pte. Ltd., respectively subscribed for 990,000 and 10,000 new shares in Nanofilm Advanced Materials India Private Limited for a consideration of INR 9,900,000 (equivalent to S\$166,000) and INR 100,000 (equivalent to S\$2,000) respectively. The purpose of the capital injection was to fund the working capital of the subsidiary.

- (e) On 20 July 2023, the Company incorporated a wholly-owned subsidiary in the Netherlands, Nanofilm Technologies Europe B.V., with an initial capital of EUR 1. The principal activity of Nanofilm Technologies Europe B.V. is that of a holding company.

## E. Notes to the unaudited condensed interim consolidated financial statements

### 11 Investment in Subsidiaries (Cont'd)

- (f) On 21 December 2023, Nanofilm Technologies Europe B.V., a wholly-owned subsidiary of the Company, incorporated a subsidiary in Germany, Nanofilm AM Germany GmbH, with a registered capital of EUR 100,000 (equivalent to S\$145,000). The principal activity of Nanofilm AM Germany GmbH is that of manufacturing and providing vacuum coating applications and solutions for related products.
- (g) On 21 December 2023, the Company's wholly owned subsidiary, Nanofilm Technologies Europe B.V, had entered into a share sale and purchase agreement dated 21 December 2023 with Dr Bernd Schey and Dr Claus Hammerl (collectively, the "**Vendors**") to acquire all the registered share capital of Axyntec Dünnschichttechnik GmbH ("**Axyntec**") from the Vendors. Following the completion of the acquisition on 1 February 2024, Axyntec became a wholly-owned subsidiary of the Company. The principal activity of Axyntec is that of providing thin-film coating solutions to the consumer, industrial and medical industries and supplying coating equipment and systems.

Please refer to the Company's announcements dated 21 December 2023 and 1 February 2024 for more details.

- (h) On 31 December 2023, the Company subscribed for 220,000 ordinary shares in the capital of Nanofilm Advanced Materials Pte. Ltd., a wholly-owned subsidiary of the Company, for an aggregate consideration of S\$220,000. The purpose of the capital injection was to fund the working capital of the subsidiary and the subscription by Nanofilm Advanced Materials Pte. Ltd. of 195,000 shares and 10,000 shares in Nanofilm Advanced Materials India Pte. Ltd. and Nanofilm Advanced Materials India Private Limited respectively.
- (i) On 31 December 2023, Nanofilm Advanced Materials Pte. Ltd., subscribed for 195,000 ordinary shares in the capital of Nanofilm Advanced Materials India Pte. Ltd., an indirect wholly-owned subsidiary of the Company, for an aggregate consideration of S\$195,000. The purpose of the capital injection was to fund the working capital of the subsidiary and the subscription by Nanofilm Advanced Materials India Pte. Ltd. of 990,000 shares in Nanofilm Advanced Materials India Private Limited.

## E. Notes to the unaudited condensed interim consolidated financial statements

### 12 Investment in Associate

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Investment in associate	3,892	4,033	-	-

<u>Name of associate</u>	<u>Principal activity</u>	<u>Place of incorporation and operation</u>	<u>Proportion (%) of ownership interest</u>
Zulu Inc.	Design and manufacturing of adjustable eyecare lenses	United states	21.9

On 21 January 2022, Nanofilm Investments Pte. Ltd., a wholly owned subsidiary of the Company entered into a stock purchase agreement with Zulu Inc., a Delaware corporation for the purchase of 30,000,000 shares of preferred stock in Zulu Inc. at a consideration of US\$3,000,000 (equivalent to S\$4,061,000), for a stake of 21.9%. The purchase was completed on 15 February 2022. Concurrently, on 16 February 2022, the Company subscribed for 4,061,100 new ordinary shares in the capital of Nanofilm Investments Pte. Ltd., for an aggregate consideration of S\$4,061,100. The purpose of the capital injection was to fund the subscription of the 30,000,000 shares of preferred stock in Zulu Inc..

Nanofilm Investments Pte. Ltd. has the right and option, but not the obligation, to require Zulu Inc. to issue, for the price of US\$3,000,000, such number of shares of Series A Preferred Stock which, assuming full conversion into common stock, would comprise 13.0% of the common stock issued and outstanding immediately after the option closing on a fully diluted basis.

The call option shall be treated as mandatorily and automatically exercised if the following conditions are met:

- Zulu Inc. raised any equity fundraising round of which the pre-money valuation of the company will be no less than US\$30,000,000; and
- Zulu Inc. will receive no less than US\$3,000,000 in investment proceeds

The exercise period is at any time from and including the date of the agreement (dated 21 January 2022) up to and including the date which is the fifth anniversary thereof (21 January 2027).

The following table summarises the financial information of Zulu Inc. as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Zulu Inc..

	Zulu Inc 31/12/2023 S\$'000	Zulu Inc 31/12/2022 S\$'000
Non-current assets	198	654
Current assets	1,668	1,735
Current liabilities	(702)	(582)
Net assets of the associate	1,165	1,807
Proportion of the Group's ownership in Zulu Inc.	21.9%	21.9%
Group's share of net assets	255	396
Goodwill	3,637	3,637
Carrying amount of the Group's interest in Zulu Inc.	3,892	4,033
Revenue	51	326
Loss for the year	(556)	(128)

## E. Notes to the unaudited condensed interim consolidated financial statements

### 13 Trade and Other Receivables, and Other Current Assets

	Group		Company	
	<u>31/12/2023</u> S\$'000	<u>31/12/2022</u> S\$'000	<u>31/12/2023</u> S\$'000	<u>31/12/2022</u> S\$'000
Current				
Trade receivables:				
- Third parties	68,731	83,198	4,359	4,987
- Loss allowance	(216)	(362)	(30)	(30)
	<u>68,515</u>	<u>82,836</u>	<u>4,329</u>	<u>4,957</u>
- Subsidiaries	-	-	1,532	5,778
- Loss allowance	-	-	(7)	(120)
	<u>-</u>	<u>-</u>	<u>1,525</u>	<u>5,658</u>
	<u>68,515</u>	<u>82,836</u>	<u>5,854</u>	<u>10,615</u>
Other receivables:				
- Deposits	491	553	378	401
- GST/VAT and other taxes receivable	2,442	2,136	489	470
- Due from subsidiaries	-	-	2,869	4,696
- Sundry debtors	2,696	4,036	24	1,777
	<u>5,629</u>	<u>6,725</u>	<u>3,760</u>	<u>7,344</u>
Other current assets:				
- Prepayments	2,890	775	2,467	165
- Advances to suppliers	4,256	10,234	216	425
	<u>7,146</u>	<u>11,009</u>	<u>2,683</u>	<u>590</u>
Total current	<u>81,290</u>	<u>100,570</u>	<u>12,297</u>	<u>18,549</u>
Non-current				
Other receivables:				
- Loan due from a subsidiary	-	-	66,265	80,769
Gross amount (non-interest bearing)	-	-	67,354	83,138
Less: Fair value adjustment to investment in a Group's subsidiary	-	-	(6,036)	(6,036)
Add: Accumulated imputed interest recognised in profit or loss, net of exchange differences	-	-	4,947	3,667
	<u>-</u>	<u>-</u>	<u>66,265</u>	<u>80,769</u>
Total non-current	<u>-</u>	<u>-</u>	<u>66,265</u>	<u>80,769</u>

#### Current

Trade receivables are interest-free and are generally on 30 to 90 days' terms.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand, except for an amount due from subsidiaries of S\$2,229,000 which is interest bearing at 3% per annum and are repayable within the next 12 months.

#### Non-current

As at 31 December 2023, the loans due from subsidiaries are unsecured and repayable on 31 December 2024. The amounts are adjusted to be measured at fair value at date of inception. Accordingly, imputed interest income (where necessary) has been recognised in the Company's profit or loss and fair value adjustment has been recognised in investments in subsidiaries.

**E. Notes to the unaudited condensed interim consolidated financial statements**

**14 Share Capital and Treasury Shares**

	Group and Company			
	2023 No. of ordinary shares (‘000)	S\$’000	2022 No. of ordinary shares (‘000)	S\$’000
<u>Fully paid ordinary shares</u>				
At 1 January	663,443	266,927	663,443	266,927
At 31 December	663,443	266,927	663,443	266,927
<u>Treasury shares</u>				
At 1 January	6,045	17,521	3,755	15,241
Purchase of treasury shares	11,082	16,701	5,027	12,683
Treasury shares re-issued under ESOS Scheme 2017 and RSP 2021	(740)	(1,569)	(2,737)	(10,403)
At 31 December	16,387	32,653	6,045	17,521
Total issued shares excluding treasury shares	647,056	234,274	657,398	249,406

Treasury shares

For the twelve months period ended 31 December 2023, the Company held 16,386,800 treasury shares, representing 2.53% of the total number of issued ordinary shares (excluding treasury shares) comprising 647,056,310 shares as at 31 December 2023.

For the twelve months period ended 31 December 2022, the Company held 6,045,500 treasury shares, representing 0.92% of the total number of issued ordinary shares (excluding treasury shares) comprising 657,397,610 shares as at 31 December 2022.

During 2023, the Group purchased 11,081,900 shares from the open market and hold them as treasury shares. In the year, the Group transferred 154,600 treasury shares in settlement of the vesting and release of shares pursuant to the RSP 2021 and 586,000 treasury shares in settlement of the exercise of Options granted under the ESOS Scheme 2017.

Subsidiary holdings

There were no holdings in the Company by any subsidiary as at 31 December 2023 and 31 December 2022.



## E. Notes to the unaudited condensed interim consolidated financial statements

### 15 Employee Share Options and Share Awards

#### Pre-IPO Employee Share Option Scheme 2017 (“ESOS Scheme 2017”)

As at 31 December 2023 and 31 December 2022, details of the options granted under the ESOS Scheme 2017 to acquire ordinary shares in the capital of the Company are as follows:

Date of grant of options	Options outstanding at 1.1.2023	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 31.12.2023	Exercise price S\$	Date of expiry
3 December 2018	100,000	-	-	(30,000)	70,000	0.5868	9-27 December 2024
3 June 2019	90,000	-	-	(90,000)	-	0.5868	16-18 June 2025
1 July 2020	566,000	-	-	(466,000)	100,000	0.5868	30 June 2026
	<u>756,000</u>	-	-	<u>(586,000)</u>	<u>170,000</u>		

Date of grant of options	Options outstanding at 1.1.2022	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 31.12.2022	Exercise price S\$	Date of expiry
2 April 2018	1,700,000	-	-	(1,700,000)	-	0.5927	2 April 2023
3 December 2018	511,000	-	-	(411,000)	100,000	0.5868	9-27 December 2024
3 March 2019	159,000	-	-	(159,000)	-	0.5868	18-28 March 2025
3 June 2019	190,000	-	-	(100,000)	90,000	0.5868	16-18 June 2025
1 July 2020	1,032,000	-	(99,000)	(367,000)	566,000	0.5868	30 June 2026
	<u>3,592,000</u>	-	<u>(99,000)</u>	<u>(2,737,000)</u>	<u>756,000</u>		

As at 31 December 2023, all the 170,000 outstanding options granted under the ESOS Scheme 2017 had vested.

As at 31 December 2022, out of the 756,000 outstanding options granted under the ESOS Scheme 2017, 590,000 had vested and 166,000 options would vest in 2023.

#### Employee Share Option Scheme (“ESOS Scheme 2020”)

As at 31 December 2023 and 31 December 2022, details of the options granted under the ESOS Scheme 2020 to acquire ordinary shares in the capital of the Company are as follows:

Date of grant of options	Options outstanding at 1.1.2023	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 31.12.2023	Exercise price S\$	Date of expiry
26 March 2021	730,500	-	(46,000)	-	684,500	4.9279	26 March 2031
6 April 2021	610,000	-	(100,000)	-	510,000	5.1135	6 April 2026 & 6 April 2031
19 August 2021	530,000	-	-	-	530,000	4.1185	19 August 2026
31 March 2022	2,325,000	-	(360,000)	-	1,965,000	2.6907	31 March 2027
	<u>4,195,500</u>	-	<u>(506,000)</u>	-	<u>3,689,500</u>		

Date of grant of options	Options outstanding at 1.1.2022	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 31.12.2022	Exercise price S\$	Date of expiry
26 March 2021	867,500	-	(137,000)	-	730,500	4.9279	26 March 2031
6 April 2021	870,000	-	(260,000)	-	610,000	5.1135	6 April 2026 & 6 April 2031
19 August 2021	880,000	-	(350,000)	-	530,000	4.1185	19 August 2026
31 March 2022	-	2,640,000	(315,000)	-	2,325,000	2.6907	31 March 2027
	<u>2,617,500</u>	<u>2,640,000</u>	<u>(1,062,000)</u>	-	<u>4,195,500</u>		

## E. Notes to the unaudited condensed interim consolidated financial statements

### 15 Employee Share Options and Share Awards (cont'd)

#### Employee Share Option Scheme ("ESOS Scheme 2020") (cont'd)

As at 31 December 2023, out of the 3,689,500 outstanding options granted under the ESOS Scheme 2020, 1,353,500 had vested and 2,336,000 will vest between 2024 and 2026.

As at 31 December 2022, out of the 4,195,500 outstanding options granted under the ESOS Scheme 2020, 467,625 had vested and 3,727,875 will vest between 2023 and 2026.

On 31 March 2022, the Company granted options under the ESOS Scheme 2020 to subscribe for 2,640,000 ordinary shares of the Company. The options are exercisable from 31 March 2023 and will expire on 31 March 2027.

#### Nanofilm Restricted Share Plan ("RSP 2021")

As at 31 December 2023, a total of 1,455,000 share awards were granted under the RSP 2021.

- 1) 25,000 share awards were granted on 26 January 2022. The share awards granted will vest over four years in four equal annual tranches commencing 26 January 2023.
- 2) 273,000 share awards were granted on 31 March 2022.
  - a. 240,000 share awards granted will vest over five years in five equal annual tranches commencing 31 March 2023.
  - b. 33,000 share awards granted will vest over ten years in ten equal annual tranches commencing 31 March 2023.
- 3) 438,000 share awards were granted on 26 August 2022. The share awards granted will vest over ten years in ten equal annual tranches commencing 26 August 2023.
- 4) 719,000 share awards were granted on 31 December 2021. The share awards granted will vest over ten years in ten equal annual tranches commencing 31 December 2022.

As at 31 December 2023, out of the 1,455,000 share awards granted under the RSP 2021, 227,750 shares awards have lapsed and 154,600 shares were vested and released pursuant to the RSP 2021.

### 16 Borrowings

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current</u>				
Bank loans	4,668	1,944	1,872	1,872
Lease liabilities	3,851	3,371	1,697	1,580
	<u>8,519</u>	<u>5,315</u>	<u>3,569</u>	<u>3,452</u>
<u>Non-current</u>				
Bank loans	77,528	24,412	22,540	24,412
Lease liabilities	19,711	16,841	10,391	8,041
	<u>97,239</u>	<u>41,253</u>	<u>32,931</u>	<u>32,453</u>
<u>Amount repayable in one year or less, or on demand</u>				
Secured	8,519	5,243	3,569	3,452
Unsecured	-	72	-	-
	<u>8,519</u>	<u>5,315</u>	<u>3,569</u>	<u>3,452</u>
<u>Amount repayable after one year</u>				
Secured	97,239	41,253	32,931	32,453
Unsecured	-	-	-	-
	<u>97,239</u>	<u>41,253</u>	<u>32,931</u>	<u>32,453</u>

## E. Notes to the unaudited condensed interim consolidated financial statements

### 16 Borrowings (cont'd)

#### Details of any collateral

As at 31 December 2023, a bank loan amounting to S\$24,412,000 was outstanding to a local bank. The loan was obtained by the Company for general working capital purposes after the acquisition of the property at 11 Tai Seng Drive, Singapore, which was funded by internal sources of funds on completion. The bank loan was secured by a mortgage over the property. The Company incurred an interest of approximately 4.62% to 4.80% (2022: 1.30% to 4.65%) per annum based on a fixed interest spread and cost of fund.

As at 31 December 2023, a bank loan amounting to S\$57,784,000 was outstanding by a wholly owned subsidiary, Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd. to a local financial institution for working capital purposes. The bank loan was secured by a mortgage over the Shanghai Plant 1 and 2 and corporate guarantee of the Company and a wholly owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd. The bank loan incurred interest at 2.79% per annum.

Lease liabilities of the Group and the Company amounting to S\$23,562,000 (2022: S\$20,212,000) and S\$12,088,000 (2022: S\$9,621,000) respectively are secured by the leased properties and plant and machinery under the leasing arrangements.

### 17 Trade and Other Payables

	Group		Company	
	31/12/2023 S\$'000	31/12/2022 S\$'000	31/2/2023 S\$'000	31/12/2022 S\$'000
Trade payables:				
- Subsidiaries	-	-	1,257	994
- Third parties	14,368	21,656	1,982	999
	<u>14,368</u>	<u>21,656</u>	<u>3,239</u>	<u>1,993</u>
Other payables:				
- Accrued operating expenses	9,295	13,837	1,659	2,068
- Advances received from government	434	855	19	-
- VAT and other taxes payable	461	1,278	-	-
- Sundry creditors	10,478	10,144	531	1,330
- Due to subsidiaries	-	-	6,283	9
	<u>20,668</u>	<u>26,114</u>	<u>8,492</u>	<u>3,407</u>
Total current trade and other payables	<u>35,036</u>	<u>47,770</u>	<u>11,731</u>	<u>5,400</u>
Other creditors:				
- Put option liability	53,100	53,100	-	-
Total non-current other creditors	<u>53,100</u>	<u>53,100</u>	<u>-</u>	<u>-</u>

Trade payables are interest-free and are normally settled on 30 to 90 days' terms. The trade amounts due to subsidiaries are unsecured, interest-free and repayable on normal credit terms.

The amounts due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

The non-current other payable of S\$53,100,000 as at 31 December 2023 and 31 December 2022 was attributed to a financial liability to acquire a non-controlling interest arising from the investment in Sydrogen Energy Pte. Ltd. The financial liability relates to a put option agreement with Temasek to acquire its 35% equity interest in Sydrogen Energy Pte. Ltd. in the event of a put option event based on the terms of the agreement. The measurement of the fair value of the financial liability is derived from valuation techniques that include inputs for the liability that are not based on observable market data (level 3 fair value measurements).

## E. Notes to the unaudited condensed interim consolidated financial statements

### 18 Dividends

	Group and Company	
	FY2023 S\$'000	FY2022 S\$'000
Ordinary dividends declared and payable:		
One-tier tax exempt final dividend of a total of S\$0.011 per share paid on 18 May 2023 in respect of the financial year ended 31 December 2022	7,137	-
One-tier tax exempt interim dividend of a total of S\$0.0033 per share paid on 8 September 2023 in respect of the financial year ended 31 December 2023	2,135	-
One-tier tax exempt final dividend of a total of S\$0.010 per share paid on 20 May 2022 in respect of the financial year ended 31 December 2021	-	6,577
One-tier tax exempt interim dividend of a total of S\$0.011 per share paid on 9 September 2022 in respect of the financial year ended 31 December 2022	-	7,257
	<u>9,272</u>	<u>13,834</u>

### 19 Commitments and Contingencies

#### Capital commitment

Capital expenditure contracted for as at the reporting date but not recognised in the unaudited condensed interim financial statements is as follows:

	Group		Company	
	31/12/2023 S\$'000	31/12/2022 S\$'000	31/12/2023 S\$'000	31/12/2022 S\$'000
Property, plant and equipment	<u>6,272</u>	<u>10,968</u>	<u>3,213</u>	<u>6,367</u>

### 20 Related Party Transactions

In addition to the related party information disclosed elsewhere in the unaudited condensed interim financial statements, significant transactions with related parties, on terms agreed between parties, are as follows:

	Group			
	2H2023 S\$'000	2H2022 S\$'000	FY2023 S\$'000	FY2022 S\$'000
<u>Transactions with related parties</u>				
Sales	14,169	8,972	25,954	17,609
Purchases	10,701	5,880	20,012	11,580
Lease payments	52	99	127	205
Consultancy fee	-	11	-	11

**E. Notes to the unaudited condensed interim consolidated financial statements**

**21 Other Financial Assets**

	Group	
	31/12/2023	31/12/2022
	S\$'000	S\$'000
<u>Equity Investments – at fair value through other comprehensive income</u>		
Investment in unquoted equity (non-current)	1,367	1,367
Investment in quoted equity (current)	-	1,896
	1,367	3,263
<u>Debt investment – at fair value through profit or loss</u>		
Structured deposit with a financial institution (current)	-	6,804
Convertible bond (non-current)	-	270
	-	7,074
 Total	1,367	10,337

The investment in unquoted equity represents investments that the Group intends to hold for the long-term for strategic purposes. No strategic investments were disposed of during FY2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments. No dividend was recognised during FY2023. The carrying value approximates its fair value and is derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (level 3 fair value measurements).

The investment in quoted equity in FY2022 represents investments that the Group intends to hold for strategic purposes. The fair value was derived from quoted prices in active markets and there was a recognition of fair value gain to other comprehensive income during the reporting period (level 1 fair value measurements). During the financial year, the Group disposed listed equity securities due to a shift in the original strategic business intent of the parties. The investment had a fair value of S\$2,027,000 at the date of disposal, and the cumulative gain on disposal amounted to S\$496,000, net of tax. The cumulative gain on disposal was reclassified from fair value reserve to retained profits.

The structured deposit in FY2022 is a capital protected deposit that represents investments that the Group intends to hold for the short-term and realized in January 2023. The carrying value of the investment approximates its fair value, with reference to observable commodity index at reporting period (level 2 fair value measurements). The structure deposit has been fully redeemed in FY2023.

The convertible bond in FY2022 is a corporate debt security that represents investments that the Group intends to hold for the long-term till maturity in January 2024. The carrying value of the investment approximates its fair value, with reference to valuation techniques that include inputs for the asset or liability that are not based on observable market data at reporting period (level 3 fair value measurements). The convertible bond of S\$270,000 has been written off in FY2023 after the Company performed impairment assessment.

## **E. Notes to the unaudited condensed interim consolidated financial statements**

### **22 Fair Value**

*Fair value measurements recognised in the statement of financial position*

The Group provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*Financial assets and liabilities at amortised cost, whose carrying amounts approximate fair values*

The carrying amounts of the Group's and the Company's financial assets and financial liabilities with a maturity of less than one year approximate their fair values due to their short-term maturities.

Other than as disclosed, the fair values of the Group's and the Company's non-current financial assets and non-current financial liabilities are calculated based on discounted expected future principal and interest cash flows. The discount rate used is based on market rate for similar instruments as at the reporting date ("Level 2"). As at 31 December 2023 and 31 December 2022, the carrying amounts of these non-current assets and non-current liabilities approximate their fair values.

### **23 Subsequent events**

- (a) On 1 February 2024, the acquisition of Axyntec Dünnschichttechnik GmbH ("**Axyntec**") was completed, as announced on 1 February 2024.

Following the completion of the acquisition, Axyntec has become a wholly-owned subsidiary of the Company.

- (b) As at 16 January 2024, Nanofab Technologies Pte. Ltd. ("NFT") was 90% owned by the Company and 10% owned by MG Consulting Holdings Pte. Ltd. ("MG Holdings"). The Company and MG Holdings entered into a shareholders' agreement dated 27 October 2017 (as amended on 1 July 2019, 15 June 2020 and 6 October 2020) ("NFT SHA") pursuant to which MG Holdings may elect to effect an exchange of the 10% shares in NFT held by MG Holdings ("NFT Swap Shares") with shares in the Company to be issued to MG Holdings ("NTI Swap Shares"), by serving a written notice on the Company (the "Share Swap"). On 17 January 2024, the Company transferred 3,866,104 treasury shares in the Company to MG Holdings in settlement of the NFT Swap Shares and in exchange, MG Holdings transferred the NFT Swap Shares to the Company. Following completion of the Share Swap, NFT becomes a wholly-owned subsidiary of the Company.

The consolidated net asset value of NFT as at 31 December 2022 was S\$15.8 million. The number of NTI Swap Shares transferred to MG Holdings as consideration for the NFT Swap Shares was computed in accordance with the NFT SHA, which takes into consideration the net profit after tax of NFT for FY2022, and the price earning ratio and market capitalization of the Company as at 31 December 2022. Please refer to the Company's prospectus dated 23 October 2020, at pages 311 to 313 for more details.

## Other Information Required by Listing Rule Appendix 7.2

**1 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The condensed consolidated statement of financial position of Nanofilm Technologies International Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company as at 31 December 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the 12-month period then ended and certain explanatory notes have not been audited or reviewed.

**2 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

**2A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: - (a) updates on the efforts taken to resolve each outstanding audit issue; (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

**3 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -  
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### REVIEW OF THE GROUP'S PERFORMANCE

#### Revenue

The Group derives revenue from its four BU segments: (i) Advanced Materials BU, (ii) Nanofabrication BU, and (iii) Industrial Equipment BU and (iv) Sydrogen BU.

The Group's revenue for FY2023 was S\$177.0 million, registering a decrease of S\$60.4 million (-25.4%) from S\$237.4 million in FY2022, attributed by lower revenue from the Industrial Equipment BU, Advanced Materials BU and Nanofabrication BU. The decrease was partially offset by the increase in revenue from the Sydrogen BU.

	FY2023 S\$'000	FY2022 S\$'000	Change %
Advanced Materials BU	141,544	187,219	(24.4)
Industrial Equipment BU	18,372	30,887	(40.5)
Nanofabrication BU	16,049	19,097	(16.0)
Sydrogen BU	1,053	203	418.7
<b>Total</b>	<b>177,018</b>	<b>237,406</b>	<b>(25.4)</b>

#### Revenue – Advanced Materials BU

Revenue from the Advanced Materials BU for FY2023 was S\$141.5 million, a decrease of S\$45.7 million (-24.4%) from S\$187.2 million in FY2022, attributable to lower revenue contributions from 3C product sub-segments, partially offset by the increase in Automotive product sub-segments.

#### Revenue – Industrial Equipment BU

Revenue from the Industrial Equipment BU for FY2023 revenue was S\$18.4 million, a decrease of S\$12.5 million (-40.5%) from S\$30.9 million in FY2022, attributable to lower sales of industrial equipment to third party customers.

## Other Information Required by Listing Rule Appendix 7.2

### REVIEW OF THE GROUP'S PERFORMANCE (cont'd)

#### Revenue (cont'd)

##### *Revenue – Nanofabrication BU*

Revenue from the Nanofabrication BU for FY2023 revenue was S\$16.0 million, a decrease of S\$3.1 million (-16.0%) from S\$19.1 million in FY2022, primarily due to lower sales in the consumer electronics sectors.

##### *Revenue – Sydrogen BU*

Revenue from the Sydrogen BU for FY2023 revenue was S\$1.1 million, an increase of S\$0.9 million (418.7%) from S\$0.2 million in FY2022, primarily due to production ramp-up from new projects.

#### Gross profit

Gross profit for FY2023 was S\$65.6 million, a decrease of S\$45.8 million (-41.1%) from S\$111.4 million for FY2022. Gross profit margin was 37.0% for FY2023, a decrease of 9.9% from 46.9% for FY2022, primarily due to increase in material cost by 4.5% due to product mix with higher material contents from higher Advanced Materials BU's Automotive sale contribution and increase in depreciation and amortisation expenses by 4.1%.

#### Other operating income

The breakdown for other operating income for FY2023 and FY2022 is as follows:

	<b>FY2023</b> S\$'000	<b>FY2022</b> S\$'000	<b>Change</b> %
Government grants and incentives	4,627	5,678	(18.5)
Sundry income	1,212	780	55.4
Scrap sales	148	183	(19.1)
Gain on disposal of property, plant and equipment	201	54	272.2
<b>Total</b>	<b>6,188</b>	<b>6,695</b>	<b>(7.6)</b>

Other operating income was S\$6.2 million for FY2023, a decrease of S\$0.5 million (-7.6%) from S\$6.7 million for FY2022. This was primarily due to a decrease in government grants and incentives received from local government, partially offset by an increase in sundry income.

#### Finance income

Finance income was S\$2.1 million for FY2023, an increase of S\$0.5 million (35.7%) from S\$1.6 million for FY2022. This was primarily due to interest income generated from higher interest rate from fixed deposits.

#### Research & development and engineering expenses

Research & development and engineering expenses were S\$16.6 million for FY2023, a decrease of S\$5.3 million (-24.2%) from S\$21.9 million for FY2022, mainly due to higher capitalization of development costs.

#### Selling and distribution expenses

Selling and distribution expenses were S\$8.4 million for FY2023, an increase of S\$0.6 million (7.5%) from S\$7.8 million for FY2022, primarily due to an increase in staff cost to accelerate business development and sales efforts.

#### Administrative expenses

Administrative expenses were S\$43.8 million for FY2023, an increase of S\$1.3 million (3.0%) from S\$42.5 million for FY2022. This was primarily due to an increase of S\$2.3 million in depreciation and amortisation expenses mainly for Singapore Corporate Office and addition in property, plant and equipment, an increase of S\$1.4 million in professional and consultancy fees, an increase of S\$0.8 million in write off/loss on disposal of property, plant and equipment and an increase of S\$0.3 million in write off of convertible bond. The increase was partially offset by a decrease of S\$3.5 million of manpower cost including bonuses and restricted share awards and other expenses.

#### Finance costs

Finance costs were S\$1.9 million for FY2023, an increase of S\$0.7 million (55.6%) from S\$1.2 million for FY2022. This was primarily due to higher interest expenses from a long term property bank loan and lease liabilities pertaining to leasehold land and rental of equipment.



## Other Information Required by Listing Rule Appendix 7.2

### REVIEW OF THE GROUP'S PERFORMANCE (cont'd)

#### Income tax

Income tax for FY2023 was S\$0.4 million, a decrease of S\$2.4 million (-84.1%) from S\$2.8 million for FY2022, primarily due to lower profit before tax.

#### Profit after income tax

As a result of the above factors, the Group's net profit has decreased by S\$40.6 million (-93.8%) to S\$2.7 million for FY2023 from S\$43.3 million for FY2022.

#### Profit after tax and minority interests (PATMI)

PATMI was S\$3.1 million for FY2023, a decreased of S\$40.7 million (-92.8%) after excluding loss attributable to non-controlling interests of S\$0.4 million.

#### Adjusted EBITDA

The Group's adjusted EBITDA decreased by S\$41.1 million (-51.1%) to S\$39.4 million for FY2023 from S\$80.5 million for FY2022.

Advanced Material BU's adjusted EBITDA for FY2023 was S\$32.7 million, a drop of S\$35.5 million (-52.1%) from S\$68.2 million in FY2022, mainly due to lower sales in 3C sub-segments.

Industrial Equipment BU's adjusted EBITDA for FY2023 was S\$6.1 million, a decrease of S\$1.5 million (-20.1%) from S\$7.6 million in FY2022, mainly due to drop in sales of industrial equipment.

Nanofabrication BU's adjusted EBITDA for FY2023 was S\$2.7 million, a decrease of S\$3.6 million (-57.5%) from S\$6.3 million in FY2022, mainly due to lower sales.

Sydhrogen BU's adjusted EBITDA for FY2023 was a loss of S\$2.0 million in FY2023, an increase of S\$0.4 million (27.7%) from a loss of S\$1.6 million in FY2022.

### REVIEW OF THE GROUP'S FINANCIAL POSITION

#### Property, plant and equipment

Property, plant and equipment was at S\$299.6 million as at 31 December 2023, an increase of S\$10.4 million (3.6%) from S\$289.2 million as at 31 December 2022, primarily due to additions of S\$57.3 million in FY2023 and partially offset by depreciation of S\$29.8 million charged to profit or loss, exchange differences of S\$11.7 million due to translation difference of plant and machinery as a result of depreciation of Renminbi against Singapore dollar and equipment transfer to inventory of S\$1.0 million.

The property, plant and equipment additions of the Group for FY2023 were as follows:

	<b>FY2023 S\$'000</b>
Plant and machinery	20,350
Building and renovation	11,109
Construction in-progress	22,993
Office and other equipment	2,610
Tools and supplies	260
<b>Total<sup>(1)</sup></b>	<b>57,322</b>

#### **Note:**

<sup>(1)</sup> The additions included S\$8.3 million acquired under right-of-use assets under the leasing arrangements, partially offset the right-of-use assets derecognized of S\$0.5 million. In FY2023, the cash outflow on purchase of property, plant and equipment amounted to S\$49.1 million.

Capital expenditure relating to plant and machinery was mainly attributable to the increase number of coating service equipment in China and Singapore. Higher addition of coating service equipment in China was because of the expansion of business operations. During the year, the Group recognised S\$2.5 million right-of-use assets for rental of additional plant and machinery in China.

Capital expenditure relating to building and renovation was mainly attributable to the upgrade of existing building by Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd ("NRE") of S\$1.3 million, Singapore corporate office and factory of S\$6.1 million and the recognition of right-of-use assets for rental of factory units in China of S\$1.0 million as at 31 December 2023.

## Other Information Required by Listing Rule Appendix 7.2

### REVIEW OF THE GROUP'S FINANCIAL POSITION (cont'd)

#### Property, plant and equipment (cont'd)

Capital expenditure relating to construction in-progress was mainly attributable to the renovation-in-progress of existing plants and buildings by subsidiaries in China and the Company and construction in-progress for plant and machinery for China. During the current period, the Group transferred S\$53.2 million assets from construction in-progress to plant and machinery, building and renovation and office and other equipment category due to the completion of the construction in-progress and commenced depreciation.

Capital expenditure relating to office and other equipment was mainly attributable to the increase in office, IT and other equipment in China of S\$2.0 million and IT hardware in Singapore of S\$0.6 million as at 31 December 2023.

#### Intangible assets

Intangible assets was at S\$32.8 million as at 31 December 2023, an increase of S\$13.2 million (67.3%) from S\$19.6 million as at 31 December 2022, primarily due to capitalization of development costs of S\$15.5 million partially offset by amortisation of S\$4.4 million charged to profit or loss in FY2023.

#### Deferred tax assets

Deferred tax assets were at S\$3.8 million as at 31 December 2023, an increase of S\$0.6 million (18.8%) from S\$3.2 million as at 31 December 2022, was due to the provision of deferred tax asset arising from unrealised profit within the group of S\$0.4 million and provision of deferred tax assets of S\$0.2 million.

#### Inventories

Inventories were at S\$19.5 million as at 31 December 2023, an increase of S\$1.1 million (6.0%) from S\$18.4 million as at 31 December 2022, mainly due to production ramp-up in Advanced Materials BU which would be delivered in January 2024 to customer.

#### Trade and other receivables and other current assets, and contract assets - Current

Trade receivables were at S\$68.5 million as at 31 December 2023, a decrease of S\$14.3 million (-17.3%) from S\$82.8 million as at 31 December 2022 was primarily due to the decrease in sales.

Other receivables were at S\$5.6 million as at 31 December 2023, a decrease of S\$1.1 million (-16.4%) from S\$6.7 million as at 31 December 2022. The net decrease in other receivables was mainly due to the decrease in sundry debtors of S\$1.3 million primarily due to less government grant and incentive received and offset by the increase in GST/VAT receivables of S\$0.3 million.

Other current assets represented mainly prepayments and advances to suppliers which was at S\$7.1 million as at 31 December 2023, a decrease of S\$3.9 million (-35.5%) from S\$11.0 million as at 31 December 2022. The decrease in other current assets was mainly due to decrease of S\$6.0 million in advances to suppliers for purchases of property, plant and equipment by the Company and its subsidiaries in China, and offset by an increase of S\$2.1 million in prepayment primarily due to the prepaid cash funding to fund the research project for NTI-NTU Corporate Laboratory in Singapore and software maintenance costs.

Contracts assets were S\$12.8 million as at 31 December 2023, an increase of S\$0.1 million (0.8%) from S\$12.7 million as at 31 December 2022 was mainly due to work completed but not billed at year end.

#### Other financial assets

Other financial assets were at S\$1.4 million as at 31 December 2023, a decrease of S\$8.9 million (-86.4%) from S\$10.3 million as at 31 December 2022, due to the sales of investment in quoted equity, release of structured deposit in the China's subsidiaries and investment written off.

#### Bank loans

Bank loans were at S\$82.2 million as at 31 December 2023, an increase of S\$55.8 million from S\$26.4 million (211.4%) as at 31 December 2022. The increase in bank loans was due to a ten-year term loan of S\$57.8 million obtained from Industrial and Commercial Bank of China by the Group's wholly-owned subsidiary, Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd., and offset with repayment of loans of S\$1.9 million during the year.

## Other Information Required by Listing Rule Appendix 7.2

### REVIEW OF THE GROUP'S FINANCIAL POSITION (cont'd)

#### Lease liabilities

Lease liabilities were at S\$23.6 million as at 31 December 2023, an increase of S\$3.4 million (16.8%) from S\$20.2 million as at 31 December 2022. The increase was due to recognition of S\$7.6 million lease liabilities for the new lease contracts entered by the Company for the rental of factory units and new lease contracts entered by subsidiaries of the Group in China for the rental of equipment, offset against derecognition of lease liabilities of S\$0.6 million by the Company for factory units in Singapore and principal payment of lease liabilities of S\$4.0 million.

#### Trade and other payables, and contract liabilities

Trade payables were at S\$14.4 million as at 31 December 2023, a decrease of S\$7.3 million (-33.6%) from S\$21.7 million as at 31 December 2022.

Other payables were at S\$20.7 million as at 31 December 2023, a decrease of S\$5.4 million (-20.7%) from S\$26.1 million as at 31 December 2022. The decrease in other payables is mainly attributable to a decrease of accrued operating expenses of S\$4.5 million due to decrease in accrued staff cost, a decrease in VAT and other tax payable of S\$0.8 million and a decrease of government advances of S\$0.4 million, offset against the increase in sundry creditors of S\$0.3 million.

Contract liabilities relate to the Group's obligation to transfer goods to customers for which the Group had received consideration. Contract liabilities are recognised as revenue as the Group performs under the contract. Contract liabilities were at S\$0.8 million as at 31 December 2023, a decrease of S\$0.6 million (-42.9%) from S\$1.4 million as at 31 December 2022.

#### Provision for taxation

Provision for taxation was S\$1.1 million as at 31 December 2023, a decrease of S\$1.5 million (-57.7%) from S\$2.6 million as at 31 December 2022. The decrease was mainly due to the income tax payments of S\$2.0 million offset by income tax for the year \$0.6 million.

#### Translation reserve

Translation reserve was S\$36.5 million as at 31 December 2023, an increase of S\$17.1 million translation loss from S\$19.4 million as at 31 December 2022. This was mainly due to the depreciation of Chinese Renminbi against Singapore Dollars that resulted in a translation loss arising from the translation of the financial statements of the Group's China operations.

### REVIEW OF THE GROUP'S CASH FLOWS

We generated positive net cash flows from operating activities for FY2023 and FY2022.

Net cash generated from operating activities amounted to S\$39.0 million for FY2023, mainly attributed to the following:

- Operating cash flows before working capital changes of S\$39.1 million;
- Working capital changes of S\$0.9 million;
- Net interest received of S\$0.9 million; and
- Income tax paid of S\$1.9 million.

Net cash used in investing activities amounted to S\$54.9 million for FY2023, primarily due to the renovation carried out at China and Singapore, construction-in-progress, purchase of property, plant and equipment and office and other equipment amounting to S\$49.1 million, additions to intangible assets of S\$14.3 million for development costs, computer software and patents, acquisition of a non-controlling interest of S\$1.2 million, and offset against the redemption from investment in financial assets of S\$6.8 million and proceeds from disposal of financial assets of S\$2.0 million.

Net cash generated from financing activities amounted to S\$25.5 million for FY2023, primarily due to the payment for share buy-back of S\$16.7 million and dividend payment of S\$9.3 million, repayment of bank loans and lease liabilities of S\$6.6 million. The cash outflows were offset by an increase of bank loan of S\$57.8 million and S\$0.3 million from treasury shares re-issued under the ESOS 2017.

As at 31 December 2023, cash and cash equivalents amounted to S\$155.2 million, an increase of S\$7.4 million from S\$147.8 million as at 31 December 2022.

## Other Information Required by Listing Rule Appendix 7.2

**4 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The financial results are in line with the forecast statement disclosed in the Company's profit guidance announcement for the six months ended 30 June 2023, released on 10 July 2023.

**5 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In FY2024, the Group does not expect significant capital expenditure but will instead focus on maximising returns from current asset base.

The combination of cost optimisation and strategic commercial initiatives are expected to progressively contribute to the Group's financial performance in FY2024.

Looking ahead to FY2024, the Group expects FY2024 financial performance to achieve higher revenues and profits, contingent upon absence of major unexpected events.

**6 Dividend Information**

(a) Current Financial Period Reported on

The Company had paid the following tax-exempt (one-tier) interim dividend to shareholders.

Name of dividend	Interim tax-exempt (one-tier) dividend
Date of Payment	8 September 2023
Dividend Type	Cash
Dividend Amount	S\$0.0033 per ordinary share
Total amount payable	S\$2.1 million

The Directors have recommended the following final tax exempt (one-tier) dividend to be paid to shareholders for the financial year ended 31 December 2023, subject to shareholders' approval at the Annual General Meeting of the Company to be held on 26 April 2024.

Name of dividend	Final tax-exempt (one-tier) dividend
Date of Payment	20 May 2024
Dividend Type	Cash
Dividend Amount	S\$0.0033 per ordinary share
Total amount payable	S\$2.1 million

(b) Corresponding Period of the Immediately Preceding Financial Year and Tax Rate

The Company had paid the following final tax exempt (one-tier) dividend to shareholders in the corresponding period of the immediately preceding financial year.

Name of dividend	Final tax-exempt (one-tier) dividend
Date of Payment	18 May 2023
Dividend Type	Cash
Dividend Amount	S\$0.011 per ordinary share
Total amount paid	S\$7.1 million

(c) The date the dividend is payable

20 May 2024

## Other Information Required by Listing Rule Appendix 7.2

### Dividend information (cont'd)

- (d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

The Share Transfer Books and Register of Members of the Company will be closed on 9 May 2024, 5.00 pm. Duly completed transfers in respect of ordinary shares received by the Company's Shares Registrar up to 5.00 pm on 9 May 2024 will be registered to determine shareholders' entitlement to the final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited which are credited with shares as at 5.00 pm on 9 May 2024 will be entitled to the final dividend.

- 7 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable.

- 8 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Not applicable as the Company has not obtained a general mandate from shareholders for interested persons transactions ("IPTs").

However, in the spirit of disclosure and transparency, the IPTs entered into by the Group in the current financial period reported on were as follows: -

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (including transactions less than S\$100,000)
		<b>FY2023 S\$'000</b>
上海纳曦餐饮管理有限公司 ("Na Xi")	Note <sup>(1)</sup>	323

**Note:**

- <sup>(1)</sup> Na Xi is an associate of the Company's director and controlling shareholder and regarded as interested persons under Chapter 9 of the Listing Manual of the SGX-ST.

- 9 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

Pursuant to Listing Rule 720(1), the Company has procured undertakings from all of its directors and executive officers in the format as set out in Appendix 7.7 of the SGX-ST Listing Manual.

## Other Information Required by Listing Rule Appendix 7.2

### 10 Use of IPO Proceeds

Pursuant to the Listing of the Company, the Company received gross proceeds of S\$200.0 million (“IPO Gross Proceeds”). As at the date of this announcement, the IPO Gross Proceeds have been utilised as follows:

	Amount allocated (as disclosed in the Prospectus) S\$'000	Last announced balance as at 30 June 2023 S\$'000	Amount utilised from 1 July 2023 to 31 December 2023 S\$'000	Balance S\$'000
Capital expenditure on development and building of new machinery for Advanced Materials BU and purchase of new machinery to support Nanofabrication BU	90,000	36,305	3,886	32,419
R&D & engineering for entry into new end industries and new areas and/or products in existing business segments	50,000	3,138	3,138	-
Construction, refurbishment and renovation of new and existing production facilities				
- Renovation (including refurbishment, furniture and fittings) of Shanghai Plant 2	20,000	-	-	-
- Construction, refurbishment and renovation of new and existing production facilities	10,000	-	-	-
General corporate and working capital purposes	20,900	-	-	-
Payment of underwriting commissions and offering expenses	9,100	(505)	-	(505)
	200,000	38,938	7,024	31,914

## Other Information Required by Listing Rule Appendix 7.2

### 11 Additional information pursuant to Rule 706A of the Listing Manual

Pursuant to Rule 706A of the Listing Manual, the Company wishes to announce the following acquisitions of shares and incorporations which have resulted in a company becoming a subsidiary of the Company or changes in the Company's percentage shareholding in a subsidiary or associated company during the financial year and up to the date of this announcement.

- (a) On 26 July 2023, Wizture Holdings Pte Ltd acquired 20% of the registered capital of Wizture Technologies (Yizheng) Co., Ltd from its joint venture partner at a consideration of RMB 9,412,000 (equivalent to S\$1,757,000). The consideration was fully satisfied in cash. After the acquisition, Wizture Technologies (Yizheng) Co., Ltd became a wholly-owned subsidiary of Wizture Holdings Pte. Ltd.

The consideration for the acquisition was arrived at after taking into account the registered capital contribution by the third party joint venture partner of RMB 9,000,000, nominal return on the cost of investment of the third party joint venture partner of 2% per annum and net book value of Wizture Technologies (Yizheng) Co., Ltd of RMB36,041,000. The consideration was fully satisfied in cash.

- (b) On 7 July 2023, Nanofilm Advanced Materials Pte. Ltd., a wholly-owned subsidiary of the Company, incorporated a subsidiary in Singapore, Nanofilm Advanced Materials India Pte. Ltd. with an initial paid-up capital of S\$1.00. The principal activity of Nanofilm Advanced Materials India Pte. Ltd. is that of a holding company.
- (c) On 20 July 2023, Nanofilm Advanced Materials India Pte. Ltd., a wholly-owned subsidiary of the Company, incorporated a subsidiary in India, Nanofilm Advanced Materials India Private Limited, with a share capital of INR 100,000 divided into 10,000 shares of INR10.00 each, which are subscribed as to 9,900 shares by Nanofilm Advanced Materials India Pte. Ltd. and the balance 100 shares by Nanofilm Advanced Materials Pte. Ltd.. The principal activities of Nanofilm Advanced Materials India Private Limited are to provide thin film deposition services and equipment and ancillary technical, maintenance, repair and overhaul services
- (d) On 20 July 2023, the Company incorporated a wholly-owned subsidiary in the Netherlands, Nanofilm Technologies Europe B.V., with an initial capital of EUR 1.00. The principal activity of Nanofilm Technologies Europe B.V. is that of a holding company.
- (e) On 21 December 2023, Nanofilm Technologies Europe B.V., a wholly-owned subsidiary of the Company, incorporated a subsidiary in Germany, Nanofilm AM Germany GmbH, with a registered capital of EUR 100,000 (equivalent to S\$145,000). The principal activity of Nanofilm AM Germany GmbH is that of manufacturing and providing vacuum coating applications and solutions for related products.
- (f) On 21 December 2023, the Company's wholly owned subsidiary, Nanofilm Technologies Europe B.V entered into a share sale and purchase agreement dated 21 December 2023 with Dr Bernd Schey and Dr Claus Hammerl (collectively, the "Vendors") to acquire all the registered share capital of Axyntec Dünnschichttechnik GmbH ("Axyntec") from the Vendors. Please refer to the Company's announcement dated 21 December 2023 for more details.

The total purchase price for the shares of Axyntec 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 was paid to the Vendors in equal share on completion of the acquisition and the balance sum of EUR 1,000,000 was paid into an escrow account and 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 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 Axyntec, earnings, business operations, the existing technical performance and capabilities of Axyntec in thin-film coating technology, and other potential benefits arising from the synergy in Axyntec and the Group's businesses.

Based on the unaudited financial statements of Axyntec for the financial period ended 30 September 2023, the net tangible asset value of Axyntec was EUR 1,106,850.

Following the completion of the acquisition as announced on 1 February 2024, Axyntec has become a wholly-owned subsidiary of the Company.

## Other Information Required by Listing Rule Appendix 7.2

### 11 Additional information pursuant to Rule 706A of the Listing Manual (cont'd)

Please refer to Note 23 of this announcement on Subsequent Events in relation to the acquisition of shares in a subsidiary which has resulted in an increase in percentage shareholding of the Company in the subsidiary.

### 12 Additional information pursuant to Rule 704(13) of the Listing Manual

Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mr Jin Xiaozhe	48	Brother of Jin Xiao Qun (Spouse of Dr Shi Xu)	<p><u>Position:</u> He holds various positions since he joined the Company on 1 July 1999 and was subsequently appointed as Vice President of Advanced Materials BU in 2010. In January 2021, he was also appointed as General Manager of NRE.</p> <p><u>Duties:</u> Responsible for Business Development and Sales for Advanced Materials BU in China.</p>	No changes during the year.

## ON BEHALF OF THE BOARD

Dr Shi Xu  
Executive Chairman

Gary Ho Hock Yong  
Executive Director and Chief Executive Officer

26 February 2024