

**Nanollose Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Nanollose Limited ('Company')
ABN:	13 601 676 377
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

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**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	down	99.66% to	1,586
Loss from ordinary activities after tax attributable to the owners of Nanollose Limited	down	25.02% to	441,076
Loss for the half-year attributable to the owners of Nanollose Limited	down	25.02% to	441,076

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for the Company after providing for income tax amounted to \$441,076 (31 December 2019: \$588,267). The 2020 R&D grant has not yet been received (2019: \$461,847).

Please refer to the Directors' report in the attached financial statements for further commentary.

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**3. Net tangible assets**

	Reporting period	Previous period
Net tangible assets	\$773,591	\$ 550,584
Shares (No.)	118,749,095	74,999,993
Net tangible assets per ordinary security (cents)	<u>0.65</u>	<u>0.73</u>

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**4. Details of associates**

	Reporting period	Previous period
Name of associate		
CelluAir Pty Ltd		
Ownership interest	20%	nil
Share of associate's profit/(loss) for the period	nil	nil

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## **5. Dividends**

### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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## **6. Audit qualification or review**

The financial statements were subject to a review by the auditors and the auditor's review report is attached as part of the Interim Financial Report.

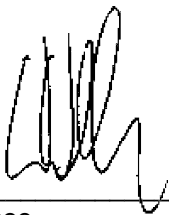
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## **7. Attachments**

The Interim Financial Report of Nanollose Limited for the half-year ended 31 December 2020 is attached.

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## **8. Signed**

Signed   
Winton Willesee  
Non-Executive Director

Date: 22 February 2021

# **Nanollose Limited**

**ABN 13 601 676 377**

**Interim Report - 31 December 2020**

**Nanollose Limited**  
**Corporate directory**  
**31 December 2020**

Directors	Wayne Best Winton Willesee Terence Walsh Heidi Beatty
Managing Director	Raffaele (Alfie) Germano (resigned 15 January 2021)
Company Secretary	Erlyn Dale
Stock exchange listing	Nanollose Limited shares and options are listed on the Australian Securities Exchange (ASX) (ASX code: NC6 and NC6O).
Registered office	Suite 5 CPC 145 Stirling Highway Nedlands WA 6009
Principal place of business	Suite 5 CPC 145 Stirling Highway Nedlands WA 6009
Share register	Automic Level 2 267 St Georges Terrace Perth WA 6000 Phone: 08 9324 2099
Auditor	RSM Australia Partners Level 32 Exchange Tower 2 The Esplanade Perth WA 6000
Solicitors	Fairweather Corporate Lawyers 595 Stirling Highway Peppermint Grove WA 6011
Website	<a href="http://www.nanollose.com">www.nanollose.com</a>

**Nanollose Limited**  
**Directors' report**  
**31 December 2020**

The directors present their report, together with the financial statements, for Nanollose Limited (referred to hereafter as the "Company" or "Nanollose") for the half-year ended 31 December 2020.

**Directors**

The following persons were directors of Nanollose Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Wayne Best (Chairman)  
Winton Willesee  
Terence Walsh  
Heidi Beatty  
Alfie Germano (resigned 15 January 2021)

**Principal Activities and Review of operations**

Nanollose Limited is a leading biotechnology company, commercialising scalable technology to create fibres and fabrics with minimal environmental impact. During the financial year, the principal continuing activities of the Company consisted of research and development, and promotion of the Company's microbial cellulose technology. The primary focus has been directed towards the development, scale up and ultimate commercialisation of the Company's Plant-Free rayon fibre for use in textiles (nullarbor™) and non-woven applications (nufolium™).

The loss for the Company for the period after providing for income tax amounted to \$441,076 (2019: \$588,267). The result includes a write-back of previously expensed Employee Performance Rights Class C of \$396,000 as the vesting conditions were not met. In addition, the Company's research and development grant has not been finalised and the amount reflected in the financial results for the period of \$nil compares to the prior comparative period of \$461,847.

The Company has made significant progress towards commercialising its technologies in the last six months.

In September 2020, the Company made a strategic investment of \$200,000 to acquire a 20% holding in CelluAir Pty Ltd, an Australian company developing an advanced filtration technology based on nanocellulose. This investment enables Nanollose to enter the high growth personal protective equipment market, within which the face mask sector alone had a market size of US\$11 billion in 2020.

Building on the Collaboration Agreement signed with Grasim Industries Limited in January 2020, on 13 January 2021 the Company announced that it had filed a joint patent application for a high tenacity lyocell fibre made from Microbial Cellulose. This fibre is finer than silk and significantly stronger than conventional lyocell made from wood pulp. The lyocell market is predicted to be worth US\$1.5 billion by 2024.

Nanollose and Birla Cellulose, Grasim's business unit focused on sustainable fibres, will now focus on taking this success to the pilot production phase to produce initial commercial quantities of fibre to enable commercial agreements with fashion brands.

The joint patent provides the companies with additional intellectual property, a superior fibre, and enhances Nanollose's relationship with both Grasim and Birla Cellulose.

In November 2020, the Company's CEO Mr Alfie Germano announced his resignation for personal reasons. On 17 December 2020, the Company announced the appointment of Carla Woidt as a Fashion Consultant to assist in further building on the Company's established relationships in the Australian and global fashion industries.

During the half-year period to 31 December 2020, the Company raised \$660,000 by way of the issue of 12,000,000 ordinary shares.

On 20 November 2020, the Company's shareholders voted by Special Resolution to amend the Company's Constitution to ensure that it is consistent with current legislation and market best practice.

**Significant changes in the state of affairs**

Other than outlined in the Review of Operations, there were no significant changes in the state of affairs of the Company during the financial half-year.

**Events after the reporting period**

On 13 January 2021 the Company announced that it had filed a joint patent application for a high tenacity lyocell fibre made from Microbial Cellulose.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no impact on the Company up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Dividends**

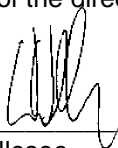
No dividend has been declared or paid during the half-year ended 31 December 2020 (31 December 2019: Nil), and the directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2020.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Winton Willesee

Director

22 February 2021

Perth

**RSM Australia Partners**

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2 The Esplanade Perth WA 6000  
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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Nanollose Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read "Tutu Phong".

TUTU PHONG  
Partner

Perth, WA  
Dated: 22 February 2021

**Nanollose Limited**  
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**31 December 2020**

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**Nanollose Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Revenue		
Research and development grant	-	461,847
Interest income	1,586	4,796
Expenses		
Administration expenses	(41,812)	(51,579)
Compliance and regulatory expenses	(28,267)	(45,881)
Depreciation expense	(26,506)	(26,989)
Employee related expenses	(265,779)	(361,853)
Foreign exchange rate movements	-	(692)
Interest expense	(2,349)	(1,443)
Legal and consultancy expenses	(44,020)	(140,801)
Promotion and communication expenses	(58,981)	(27,945)
Research and development expenses	(174,249)	(327,938)
Share based payments expense/(credit)	199,301	(69,533)
Other expenses	-	(256)
<b>Loss before income tax expense</b>	<b>(441,076)</b>	<b>(588,267)</b>
Income tax expense	-	-
<b>Loss after income tax expense for the half-year</b>	<b>(441,076)</b>	<b>(588,267)</b>
<b>Other comprehensive income</b>		
Other comprehensive income for the half-year, net of tax	-	-
<b>Total comprehensive loss for the half-year</b>	<b>(441,076)</b>	<b>(588,267)</b>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.40)	(0.78)
Diluted loss per share	(0.40)	(0.78)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Nanollose Limited**  
**Statement of financial position**  
**As at 31 December 2020**

	Note	31 Dec 2020 \$	30 Jun 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		550,819	839,161
Trade and other receivables		69,986	67,372
Other current assets		31,385	22,930
<b>Total current assets</b>		<b>652,190</b>	<b>929,463</b>
<b>Non-current assets</b>			
Plant and equipment		61,904	56,988
Right of use asset		22,983	35,519
Investments accounted for using the equity method		200,000	-
<b>Total non-current assets</b>		<b>284,887</b>	<b>92,507</b>
<b>Total assets</b>		<b>937,077</b>	<b>1,021,970</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		81,782	147,161
Lease liability		24,782	26,424
Borrowings		-	20,295
Provisions		33,939	31,467
<b>Total current liabilities</b>		<b>140,503</b>	<b>225,347</b>
<b>Non-current liabilities</b>			
Lease liability		-	11,405
<b>Total non-current liabilities</b>		<b>-</b>	<b>11,405</b>
<b>Total liabilities</b>		<b>140,503</b>	<b>236,752</b>
<b>Net assets</b>		<b>796,574</b>	<b>785,218</b>
<b>Equity</b>			
Issued capital		6,505,959	5,788,186
Reserves		535,745	801,086
Accumulated losses		(6,245,130)	(5,804,054)
<b>Total equity</b>		<b>796,574</b>	<b>785,218</b>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Nanollose Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2020**

	<b>Issued capital</b> \$	<b>Share based payments reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
<b>Balance at 1 July 2019</b>	<b>5,120,207</b>	<b>565,548</b>	<b>(4,566,190)</b>	<b>1,119,565</b>
Adoption of AASB 16	-	-	(2,486)	(2,486)
Proceeds from share issues	-	-	-	-
Share issue costs	-	-	-	-
Share based payments	-	69,533	-	69,533
Loss after income tax expense for the half-year	-	-	(588,267)	(588,267)
<b>Balance at 31 December 2019</b>	<b>5,120,207</b>	<b>635,081</b>	<b>(5,156,943)</b>	<b>598,345</b>

	<b>Issued capital</b> \$	<b>Share based payments reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
<b>Balance at 1 July 2020</b>	<b>5,788,186</b>	<b>801,086</b>	<b>(5,804,054)</b>	<b>785,218</b>
Proceeds from share issues	660,000	-	-	660,000
Share issue costs	(67,727)	-	-	(67,727)
Shares issued in lieu of director's fees	25,500	-	-	25,500
Share based payments – Options	-	50,530	-	50,530
Class A and B performance rights converted to shares	100,000	(100,000)	-	-
Class C performance rights not vested	-	(396,000)	-	(396,000)
Share based payments – Performance rights	-	180,129	-	180,129
Loss after income tax expense for the half-year	-	-	(441,076)	(441,076)
<b>Balance at 31 December 2020</b>	<b>6,505,959</b>	<b>535,745</b>	<b>(6,245,130)</b>	<b>796,574</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Nanollose Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Interest received	1,847	4,796
Government grants received	49,904	461,847
Payments to suppliers and employees	(725,548)	(1,001,347)
Interest paid	(1,596)	(1,150)
<b>Net cash used in operating activities</b>	<b>(675,393)</b>	<b>(535,854)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(18,887)	(2,012)
Payments for investments	(200,000)	-
<b>Net cash used in investing activities</b>	<b>(218,887)</b>	<b>(2,012)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from share issues	626,233	-
Net proceeds from option issue	-	-
Net repayment of borrowings	(20,295)	-
<b>Net cash from financing activities</b>	<b>605,938</b>	<b>-</b>
Net (decrease) /increase in cash and cash equivalents	(288,342)	(537,866)
Cash and cash equivalents at the beginning of the financial half-year	839,161	1,122,710
<b>Cash and cash equivalents at the end of the financial half-year</b>	<b>550,819</b>	<b>584,844</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Nanollose Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**

**Note 1. Significant Accounting Policies**

**Basis of preparation of the half year Financial Statements**

These financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Company incurred a loss of \$441,076 and net cash outflows from operating activities of \$675,393 for the half-year ended 31 December 2020.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to generate sufficient cash inflows from operations, by raising additional capital from equity markets and managing cash flows in line with available funds.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Board believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate for it to adopt the going concern basis in the preparation of the financial report after consideration of following factors:

- The Company's business model includes strategies to secure cash flows from commercial sales of the Company's nullarbor™ and other products;
- The Company expects to receive a R&D tax incentive during the year ended 30 June 2021 upon lodgement of its claim;
- The Company has the ability to issue additional equity securities under the Corporations Act 2001 to raise further working capital; and
- The Company has the ability to curtail administrative, discretionary research expenses and overhead cash outflows as and when required.

Accordingly, the Board believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Company does not continue as a going concern.

**Nanollose Limited**  
**Notes to the Financial Statements**  
**For the half-year ended 31 December 2020**

**Note 2. Interests in associates**

On 28 September 2020, the Company made a strategic investment of \$200,000 to acquire a 20% holding in CelluAir Pty Ltd, an Australian company developing an advanced filtration technology based on nanocellulose. As at 31 December 2020, the investment in CelluAir Pty Ltd is accounted for using the equity method.

The Company's share of profit or loss of CelluAir Pty Ltd was not recognised from the date of acquisition as it is immaterial as at 31 December 2020.

**Note 3. Contingent Liabilities**

The Company has no contingent liabilities at 31 December 2020.

**Note 4. Events after the Reporting Period**

On 13 January 2021 the Company announced that it had filed a joint patent application for a high tenacity lyocell fibre made from Microbial Cellulose.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no impact on the Company up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

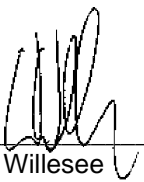
**Nanollose Limited**  
**Directors' declaration**  
**31 December 2020**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

  
\_\_\_\_\_  
Winton Willesee  
Director

22 February 2021  
Perth

**RSM Australia Partners**

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
NANOLLOSE LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Nanollose Limited, which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Nanollose Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**THE POWER OF BEING UNDERSTOOD**  
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### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Nanollose Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Material uncertainty related to going concern*

We draw attention to Note 1, which indicates that the company incurred a loss of \$441,076 and had net cash outflows from operating activities of \$675,393 for the half-year ended 31 December 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nanollose Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 22 February 2021