

31 January 2025

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2024

### Operational highlights:

- Ongoing progression of product development and commercialisation strategies across two core operating divisions - Nullarbor™ and Nufolium™ sustainable fibres and Biollose™ soilless growth technology
- Transition from R&D to commercialisation supported by strategic \$2.1m capital raise, including firm commitments for a \$672,000 Placement alongside a \$1.05m Rights Issue for eligible shareholders, and a \$400,000 fee-to-equity conversion by Nanollose Directors
- Along with general working capital, the funds raised will be allocated to support the next phase of initiatives for the Company's suite of advanced R&D projects in fabrics and fibres, agricultural products, and vegan leather, in collaboration with its global partners

**Nanollose Limited (ASX:NC6)** ("Nanollose", the "Company"), a leading bio-materials company commercialising scalable technology to create fibres, fabrics and other materials from microbial cellulose, is pleased to provide shareholders with an overview of activities undertaken during the three-month period ended 31 December 2024 ("quarter", "reporting period").

### Management commentary

**Executive Chairman Dr Wayne Best said:** *"We are delighted to have secured this strategic funding which will provide the Company with the balance sheet strength it needs and to focus on developing and commercialising its projects in a timely manner. We continue to receive excellent feedback from potential partners on our Nullarbor and Nufolium fibres and this remains the main focus of our near-term commercialisation workstreams. However, we are also excited about the potential of our vegan leather-like biomaterial, and this additional new funding will allow us to pursue R&D and commercial opportunities for this innovative product more vigorously. Discussions with potential commercial partners in the horticulture sector also remain ongoing, and we look forward to providing further updates on our multi-channel development strategy early in 2025."*

### Operational overview:

**Nullarbor:** Work has continued on the Nularbor-20 fibre produced from the third pilot production spin completed in December 2023. Most recently, a sample of the product was successfully blended with wool to produce a yarn. The Company has also been working on producing another batch of microbial cellulose with its China-based development partner, HGB, for the fourth pilot spin with work delayed in Q4 2024 to fix damage to the HGB facility caused by a typhoon.

**Nufolium:** Initial feedback from Glatfelter on our first batch of Nufolium-20 has been positive. The Company looks forward to its progress through the process to produce a first trial batch of wet-wipes with its development partner, Codi Group (Codi).

## **Strategic \$2.1m Capital Raise**

During the quarter, Nanollose announced a strategic \$2.1m capital raise, comprising a two-tranche Placement to raise \$672,000 and a Rights Issue to raise \$1.05m before costs. In addition to the Placement and the Rights Issue, Nanollose Directors Wayne Best and Winton Willesee both agreed to convert \$200,000 in outstanding fees to equity, to raise an additional \$400,000.

### Placement

The Placement comprised the issue of 42,000,000 fully paid ordinary shares in the Company at an issue price of \$0.016 per Share.

The Placement received is to four strategic sophisticated investors and was comprised of two tranches:

Tranche 1: Placement of 25,000,000 Shares at 1.6c to raise \$400,000, pursuant to the Company's available placement capacity under ASX Listing Rule 7.1.

Tranche 2: Placement of 17 million shares at 1.6c to raise \$272,000, subject to shareholder approval to be sought at a general meeting of shareholders to be held on 20 February 2025 ("EGM").

Subject to shareholder approval at the EGM, participants in the Placement will also receive one unlisted option to acquire a Share for every 5 Shares issued, with an expiry date three years from the date of issue and an Exercise Price set out as follows:

- 2.5c if the Option is exercised on or before 30 April 2026;
- 3.5c if the Option is exercised after 30 April 2026 but on or before 30 April 2027; and
- 4.5c if the Option is exercised after 30 April 2027 but on or before 30 April 2028. ('Attaching Option')

### Rights Issue

The Rights Issue was initiated on the same pricing terms as the Placement and gives eligible shareholders the opportunity to apply for an allocation of Shares on a 1-for-3 basis, being one new Nanollose share for every three Shares they held on the record date. Participants in the Share Issue will also receive unlisted Attaching Options on a one-for-five basis.

As at the date of this report, the Entitlement Offer remains open and is scheduled to close at 5pm on 20 February 2025.

### Equity conversion

As part of the strategic capital raise, Nanollose Executive Chairman, Dr Wayne Best, and Non-Executive Director, Mr Winton Willesee, each agreed to convert \$200,000 in outstanding fees to equity at 1.6c (with one-for-five Attaching Options), subject to shareholder approval to be sought at the EGM.

The participation by Directors reflects the continued commitment of the Directors and the alignment of incentives and ongoing engagement by the Board with the delivery and execution of Nanollose's growth strategy

**Outlook:**

During the December quarter, Nanollose remained focused on the conversion of its product suite from R&D to commercialisation, leveraging the intellectual property it has built over a multi-year development phase to provide viable and scalable solutions for sustainable fabric and indoor farming – two major growth industries of the future. Key near-term priorities include:

- Completion of the 4<sup>th</sup> pilot spin on Nullarbor fibre at higher volume and higher microbial cellulose content.
- Progression of Nullarbor fibre into commercial product with mills and brands.
- Progression of the Nufolium-20 batch of fibre for wet-wipes development with Glatfelter and Codi.
- Commercialisation of Biollose for horticultural applications.
- Development of the Company's vegan leather-like, plastic free biomaterial.

**Appendix 4C Quarterly Cash Flow:**

The Company's Appendix 4C Quarterly Cash Flow Report for the quarter ended 31 December 2024 accompanies this announcement. At the end of the quarter, Nanollose had a cash balance of \$404,000. The Company continued diligent cash management, expending a gross total of \$66,000 on the operations of the Company, and receiving a total of \$418,000 from financing activities. Operational expenditure comprised of R&D (\$44,000), staff costs (\$14,000), administrative and corporate costs (\$4,000) and interest costs (\$5,000). The payments included at section 6.1 of the attached Appendix 4C relate to Executive Directors' Salaries (\$2,000), Non-Executive Director Fees (\$0), and Company Secretary, Accounting and Office Fees (\$0).

**[ENDS]**

**AUTHORITY AND CONTACT DETAILS**

This announcement has been authorised by the Board of Directors of Nanollose.

For further information, please contact:

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**ABOUT NANOLLOSE**

Nanollose Limited (ASX: NC6) is a leading biomaterials company commercialising scalable technology to create fibres, fabrics and other novel materials with minimal environmental impact.

Nanollose's, eco-friendly fermentation process can use agricultural waste and by-products to produce cellulose, a versatile raw material traditionally produced from trees via the wood pulping process. The company then uses this 'Tree-Free' cellulose as an input for its range of innovative biomaterials including its Nullarbor™ fibres, Biollose™ horticultural medium, and its emerging animal-free and plastic-free leather-like materials.

Nanollose filed a joint patent application with strategic partner, Birla Cellulose, for its high tenacity, Tree-Free Nullarbor lyocell fibre in 2021. Work has now moved out of the laboratory and into Birla Cellulose's pilot production facilities in India where we have completed three successful pilot production runs to date totalling over a tonne of fibre, 800kg of Nullarbor-20™ and 150kg of Nullarbor-30™, and 110kg of Nufolium-20™. Quantities of these fibres have since been sent to several collaborators and been converted into yarns, fabrics, and garments for testing and evaluation, prior to potential uptake by partner

**Nanollose Investor Hub:**

We invite you to use our Investor Hub for any questions about this announcement or other matters regarding Nanollose. This forum offers an opportunity to submit questions, share comments, and view video summaries of key announcements.

To access the Nanollose investor hub go to <https://investorhub.nanollose.com/>

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Nanollose Limited

**ABN**

13 601 676 377

**Quarter ended ("current quarter")**

31 December 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(44)	(194)
(b) product manufacturing and operating costs	0	0
(c) advertising and marketing	0	(37)
(d) leased assets	0	0
(e) staff costs	(14)	(32)
(f) administration and corporate costs	(4)	(74)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(5)	(15)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives (R&D Rebate)	0	0
1.8 Other	0	0
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(66)</b>	<b>(350)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	<b>Net cash from / (used in) investing activities</b>	<b>0</b>	<b>0</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	400	400
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	18	218
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	<b>Net cash from / (used in) financing activities</b>	<b>418</b>	<b>618</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	52	136
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(66)	(350)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	0
4.4	Net cash from / (used in) financing activities (item 3.10 above)	418	618
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	<b>Cash and cash equivalents at end of period</b>	<b>404</b>	<b>404</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	384	32
5.2	Call deposits	20	20
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>404</b>	<b>52</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	2
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
Payments at section 6.1 relate to Executive Directors' Salaries (\$2,000).		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	<b>Total financing facilities</b>	0	0
7.5	<b>Unused financing facilities available at quarter end</b>		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(66)
8.2	Cash and cash equivalents at quarter end (item 4.6)	404
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	404
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	6.12
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  <div style="border: 1px solid black; padding: 5px; min-height: 20px;">           Answer: N/A         </div>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?  <div style="border: 1px solid black; padding: 5px; min-height: 20px;">           Answer: N/A         </div>	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  <div style="border: 1px solid black; padding: 5px; min-height: 20px;">           Answer: N/A         </div>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		



## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2025  
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Authorised by: The Board of Directors  
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(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.