

## APPENDIX 4C COMMENTARY

- Successfully admitted to the Official List of the Australian Securities Exchange
- A\$5 million raised from successful Initial Public Offer (IPO)

**Nanollose Limited (ASX:NC6)**, an innovative Plant-Free™ cellulose technology company, is pleased to report on its activities for the quarter ended 30<sup>th</sup> September 2017.

Nanollose's focus during the quarter was primarily on progressing the Company's capital raising activities to facilitate its listing on the Australian Securities Exchange.

Nanollose successfully commenced trading on the Australian Securities Exchange on 18<sup>th</sup> October 2017 after raising \$5 million in its initial public offering (IPO) via the issue of 25 million new shares.

The proceeds of the IPO positions the Company to continue development of its Plant-Free™ cellulose that the Company believes will be a more environmentally sustainable alternative to currently used fibres.

Commenting on the quarter, Nanollose MD Alfie Germano, stated:

"The early interest from our target industries has been encouraging. The IPO funds raised are being channeled to accelerate the patenting of the Nanollose technology that allows us to make further steps to commercialization."

The Company reminds investors of its planned loyalty option entitlement issue in 2018.

[ENDS]

For further information, please contact:

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### ABOUT NANOLLOSE

Nanollose Limited (ASX: NC6) is an innovative Australian company that uses a low cost and eco-friendly fermentation process to grow fibres that could become a sustainable alternative to conventional plant-derived cellulose fibres. The Company's process, which uses streams from various large-scale industries like sugar, wine and food, has the ability to produce 'Plant-Free' Cellulose. Cellulose is the hidden building block polymer most consumers know nothing about, but forms a huge part of items used in their everyday life such as clothing, paper and hygiene products.

## Appendix 4C

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

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Nanollose Limited

**ABN**

13 601 676 377

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

30<sup>th</sup> September 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	0	0
1.2 Payments for		
(a) research and development	(42)	(42)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(1)	(1)
(d) leased assets		
(e) staff costs	(20)	(20)
(f) administration and corporate costs	(61)	(61)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(124)</b>	<b>(124)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	<b>Net cash from / (used in) investing activities</b>		

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(3)	(3)
3.5	Proceeds from borrowings	138	138
3.6	Repayment of borrowings	(3)	(3)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	<b>Net cash from / (used in) financing activities</b>	<b>132</b>	<b>132</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 quarter/year to date	40	40
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(124)	(124)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)	132	132

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>48</b>	<b>48</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
		<b>48</b>	<b>40</b>
5.1	Bank balances	48	40
5.2	Call deposits		
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>48</b>	<b>40</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	38
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1 Payments to a Director related entity for R&D consulting services.		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	75	75
8.2 Credit standby arrangements		
8.3 Other (director loans)	118	118
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


As detailed in its IPO Prospectus, the Company had a formal loan facility of \$75,000 that was fully drawn at the end of the quarter (and has now been repaid). Further, throughout the quarter the Company was provided with loans from two of its directors on an interest free unsecured basis totalling \$118,000 which have now also been fully repaid.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	107
9.2 Product manufacturing and operating costs	8
9.3 Advertising and marketing	35
9.4 Leased assets	11
9.5 Staff costs	138
9.6 Administration and corporate costs	115
9.7 Other (provide details if material)	119
Other (Accrued IPO and running costs and loan repayments paid in October from IPO proceeds)	947
<b>9.8 Total estimated cash outflows</b>	<b>1,480</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

### 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.

Sign here:  ..... Date: 31 October 2017  
(Company secretary)  
Erlyn Dale

Print name: .....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.