

16 March 2021

The Manager

National Stock Exchange of Australia Ltd

Market and Audit Update

Nanopac Innovation limited (NSX: NNO) is pleased to provide the following market and Audit update.

Market Update

The business of Nanopac (M) Sdn Bhd (Nanopac (M)), the Company's main operating subsidiary, was severely and negatively impacted by the effects of the Covid -19 global pandemic and the various lock downs and movement restrictions put in place in Malaysia and markets which the group supplies.

With the easing of restrictions Nanopac (M) is seeing slowly improving market conditions and an increase in revenues once again.

Nanopac (M) has been undertaking various measures to reduce the impact of the pandemic on its business. These include:

1. Nanotechnology face mask production was commenced in May 2020. The mask is patented and has a bacteria/virus killing function through the use of nanno materials which are applied to the masks. The production of masks generated sales that somewhat cushioned the reduced revenue as a result of loss sales for other products.
2. In June 2020 Nanopac (M) participated in the Mobile Covid – 19 test centre initiative undertaken by the Malaysian Ministry Of Science, Technology and Innovation through the provision of anti bacterial/anti virus coating products. So far 6 mobile centres have been established.
3. In November 2020 Nanopac (M) commenced supplying filters to Hitachi India. The group currently supplies the filters to Hitachi in Malaysia, China, Japan and the Philippines.

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4. In December 2020 the Nanopac (M) participated in 2 tenders for the Malaysian Army in respect of solutions for shooting simulations. Both tenders were unsuccessful.
5. Finally in February 2021 Nanopac (M) retended to supply socks with nano particle coatings to the Malaysian Army. The Company's previous contract expired in January 2021. The tender is in the final stages and the group hopes to again supply socks to the Malaysian army. If the tender was successful the contract would be worth approximately AUD 1 million over 3 years.

Audit Update

Further to the Company's announcement of 15 February 2021 the audit of outstanding accounts by an Australian auditor is still progressing. Difficulties with Covid – 19 have been compounded by complex accounting issues such as de – consolidation of former subsidiaries. In order to speed up the completion of the accounts Australian accounting assistance has been put in place. The Company now hopes to have the 2019 accounts completed by mid April 2021 and the 2020 accounts by mid May 2021.

Authorised by



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Secretary

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