

## QUARTERLY UPDATE & APPENDIX 4C

**Nanollose Limited (ASX:NC6) (“Nanollose” or the “Company”)** is pleased to provide its Appendix 4C cash flow statement for the quarter ending 31<sup>st</sup> December 2019, together with the following commentary.

### **Adoption of “Fibre First” Commercialisation Strategy**

During the quarter, Nanollose moved into a new phase of commercial development and growth with the Company implementing a “Fibre First” strategy to focus efforts towards commercial outcomes and transition from internal to external Research & Development activities. This focus is reflected in the recent executive changes at the Company with the departure of Mr Gary Cass from his position as Chief Scientific Officer and Executive Chairman Dr Wayne Best now leading the Company’s Research & Development programs.

### **2019 Highlights**

2019 was a transitional year for the Company as it re-focused its efforts away from developing products for multiple markets and concentrated solely on the clothing, textile and personal wipe sectors. Within these industries, there is increasing demand for sustainable fibre alternatives that present Nanollose with significant commercial opportunities.

Progress was made towards developing the Company’s microbial cellulose (MC) supply chain, initially securing a small supply of MC for fibre production trials, followed by a Supply and Purchase Agreement that unlocks a consistent supply of MC for commercialisation of nullarbor™ fibre. Nanollose also expanded its fibre products and processes to include a Tree-Free fibre specifically for nonwoven applications. This fibre was then converted into a nonwoven fabric and resulted in a cooperation agreement with the Codi Group, a global leader in the development, manufacturing and marketing of high-quality personal care wipes.

### **2020 Outlook**

Nanollose has established a refined 2020 commercial roadmap, whereby the Company plans to work closely with its current and future partners in the fibre and textile space who have the expertise and resources available to accelerate the development and commercialisation of its technologies. The strategic focus will centre around three objectives, 1) signing formal agreements with a large-scale fibre manufacturer 2) increasing supply of microbial cellulose to convert into commercial quantities of fibre 3) establishing agreements with clothing brands to purchase initial quantities of fibre.

#### Industrial Partner

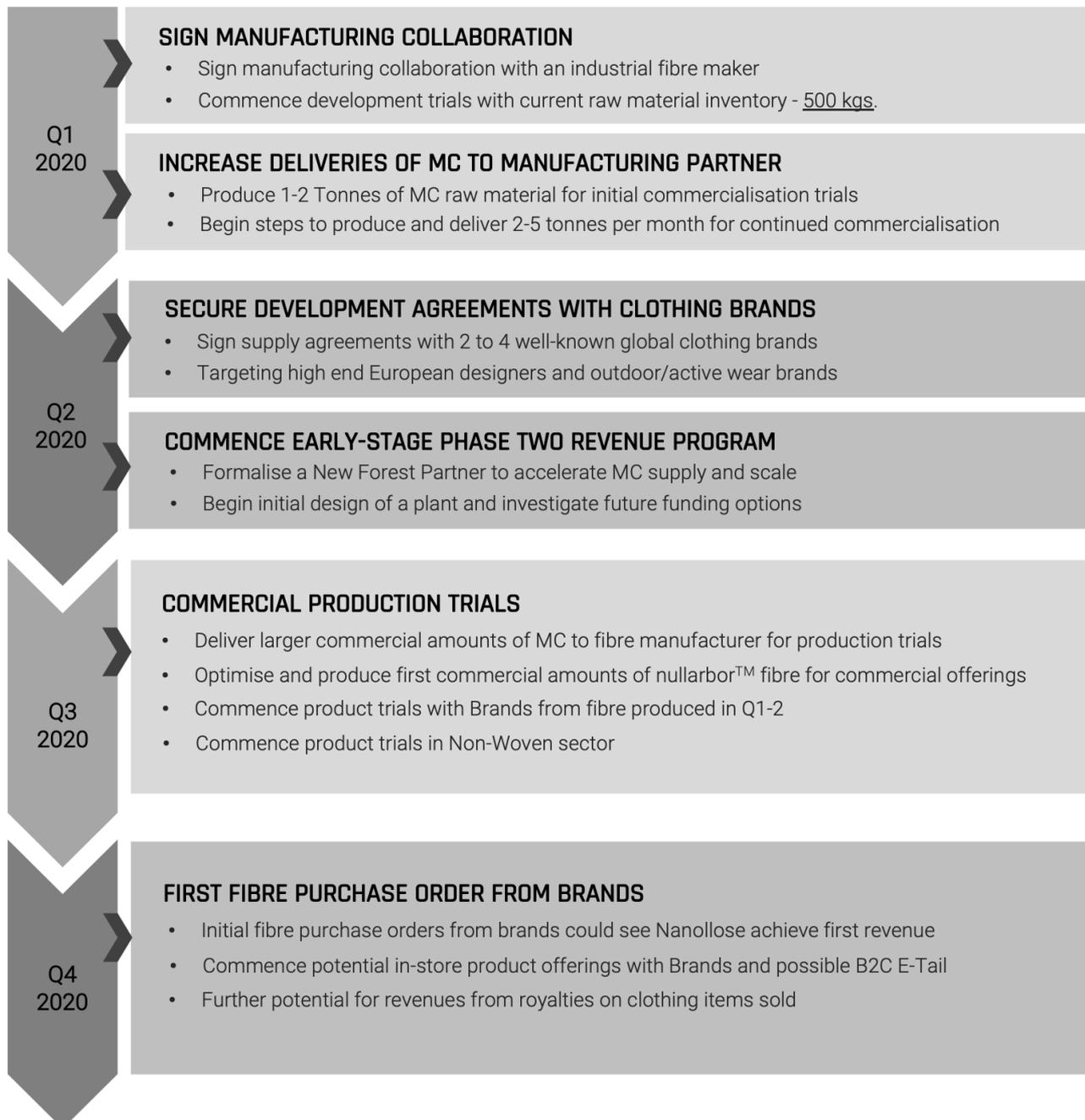
Nanollose has recently signed a collaboration agreement with one of the world’s largest man-made cellulosic fibre manufacturers to develop and produce commercial offerings for brands and retailers. This will enhance technology optimisation, strengthen product development, refine manufacturing costs and accelerate commercialisation. Nanollose can now commence development trials using its current raw material inventory of 0.5 tonnes and then increase delivery of microbial cellulose for initial commercialisation trials.

#### Increase Supply

Increasing supply of microbial cellulose (MC) from Indonesian and Chinese partners will commence shortly now that the Company has secured an industrial partner to convert the raw material into commercial quantities of fibre. Initially, it is expected that 0.5-2 tonnes of MC will be required for initial trials, then scaling up to produce and deliver 2-5 tonnes per month for continued commercialisation.

## Commercial Partner

Demand for Nanollose's fibre remains strong, with the Company progressing towards signing agreements with a number of globally renowned designers and high tier apparel brands in the near term. Initial fibre purchase orders from brands could see Nanollose achieve first revenue in late 2020, with potential future royalties from in-store product offerings on clothing items sold.



[ENDS]

## **AUTHORITY AND CONTACT DETAILS**

This announcement has been authorised for release by the Board of Nanollose Limited.  
For further information, please contact:

**Alfie Germano**  
CEO & Managing Director  
Email: [alfie.germano@nanollose.com](mailto:alfie.germano@nanollose.com)  
Phone: 0411 244 477

## **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 food and beverages, has the ability to produce 'Plant-Free' Cellulose. Cellulose is the hidden 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")**

31st December 2019

<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	0	0
1.2 Payments for		
(a) research and development	(299)	(560)
(b) product manufacturing and operating costs		
(c) advertising and marketing (including business development)	(38)	(82)
(d) leased assets		
(e) staff costs	(35)	(80)
(f) administration and corporate costs	(108)	(277)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	8
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	462	462
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(15)</b>	<b>(529)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(0)	(3)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(0)</b>	<b>(3)</b>

<b>3. 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		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>		

<b>4. 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	600	1,117
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(15)	(529)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(0)	(3)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>585</b>	<b>585</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	465	130
5.2 Call deposits	120	470
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>585</b>	<b>600</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	(250)
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 and their related entities for R&D consulting services, director's fees and accounting & company secretarial fees.

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

N/A

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	0	0
8.3 Other (please specify)	0	0
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.		

N/A

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	194
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	61
9.4 Leased assets	
9.5 Staff costs	31
9.6 Administration and corporate costs	98
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>384</b>

<b>10. 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 January 2020  
Company secretary

Print name: Erlyn Dale

### 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.