

30 April 2025

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2025

Operational highlights:

- Advancement of product development and commercialisation for both the Nullarbor™ sustainable fibre and Biollose™ soilless horticulture divisions
- Post quarter-end, successful completion of a pilot manufacturing run with Waverley Mills, a leading Australian wool mill, resulting in the production of ~70 wool blankets incorporating Nanollose's Nullarbor-20™ fibre
- The Nullarbor-20™ fibre was blended with Australian merino wool to create a yarn consisting of 30% Nullarbor-20 and 70% wool, marking the first time Nullarbor has been blended with wool fibre and the first pilot production of a finished consumer good
- Also post quarter-end, Nanollose confirmed receipt of the \$272,000 Tranche 2 payment, which was subject to shareholder approval in February 2025 in connection with the \$672,000 placement announced in December 2024

Outlook and key objectives:

- Continued advancement of pilot production of Nullarbor fibres and fabrics in collaboration with the Company's multinational development partners
- Ongoing product development of the Biollose product suite, and ongoing discussions in the vertical farming and commercial microgreen sectors for the commercial adoption of the technology

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 March 2025 ("quarter", "reporting period").

Management commentary

Executive Chairman Dr Wayne Best said: *"We are pleased with the continued progress of the R&D and commercialisation strategies for our two core operating divisions. In particular, the recent pilot production of blankets with Waverley Mills further underlined the versatility and potential of our Nullarbor fibres to seamlessly integrate with existing fibres and manufacturing equipment. Moreover, the collaboration demonstrated the use-case for Nullarbor to be blended with a high value premium fibre like merino wool, combining the natural benefits of these two sustainable fibres. Along with the proceeds from Tranche 2 of our strategic capital raise, Nanollose is positioned to advance the stated commercialisation strategy for its leading technology over the coming quarters."*

Operational overview:

Work during the quarter culminated in an important commercial development milestone post quarter-end, with the completion of a successful pilot production run with leading Australian wool products company, Waverley Mills (refer ASX Announcement 28 April 2025).

The production run resulted in the manufacture of approximately 70 blankets incorporating Nullarbor-20 fibre. Nanollose provided 50kg of its proprietary Nullarbor-20 fibre to the project, made by strategic partner Birla Cellulose. Waverley blended the Nullarbor-20 material with Australian merino wool to generate a yarn consisting of 30% Nullarbor-20 and 70% wool. Waverley then undertook the dyeing and weaving of the yarn to produce the fabric and undertook the finishing to manufacture the blankets which measure 150cm x 110cm.

The collaboration marked the first time Nullarbor has been blended with wool, extending the range of compatible fibres and highlighting the technology's versatility. The ability to blend seamlessly with a premium natural fibre such as wool provides Nanollose with access to a potentially large addressable and high value market.

During the quarter Nanollose continued to refine its Biollose MicroGel formulation for microgreen production. Personnel from Nanollose attended a trial at Greenspace to observe the rehydration, dispensing and application of MicroGel first-hand. This enabled Nanollose to better align the implementation of MicroGel with the specific practices and equipment used at Greenspace. Following this site-visit, and post quarter-end, Nanollose's Operations and Quality Manager visited our manufacturing partner, Hainan Guangyu Biological (HGB), in China to oversee some minor improvements to MicroGel's formulation and prepare for the next pilot batch of material. Nanollose is pleased to report that production activities at HGB are essentially back to normal following the significant typhoon damage reported in our September 2024 quarterly update.

The Company has also continued to advance its animal-free, plastic-free nonwoven biomaterial as an alternative to leather in some applications. In particular, progress was made to improve the water repellency and hand-feel of the material for fashion applications.

Completion of Placement

Also post quarter-end, Nanollose received the Tranche 2 payment totalling \$272,000 in connection with the \$672,000 Placement announced in December 2024. The placement was comprised of two tranches as follows:

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.

Approval for the Tranche 2 placement was subsequently received in the March quarter at an EGM on Thursday, 20 February 2025. The additional funds will provide the Company with added financial flexibility to pursue its near-term R&D and commercialisation objectives.

Outlook:

As at quarter-end, the Company's key near-term priorities include:

- Completion of the next spin of Nullarbor fibre at higher volume and higher microbial cellulose content
- Incorporation of Nullarbor fibre into commercial product with mills and brands

- Commercialisation of Biollose for horticultural applications.
- Development of the Company's animal-free and plastic-free nonwoven biomaterial

Appendix 4C Quarterly Cash Flow:

The Company's Appendix 4C Quarterly Cash Flow Report for the quarter ended 31 March 2025 accompanies this announcement. At the end of the quarter, Nanollose had a cash balance of \$88,000. The Company continued diligent cash management, expending a gross total of \$439,000 on the operations of the Company. Capital expenditure comprised of R&D (\$159,000), advertising and marketing (\$58,000), staff costs (\$22,000), administrative and corporate costs (\$187,000) and costs of finance paid (\$13,000). The payments included at section 6.1 of the attached Appendix 4C relate to Executive Directors' Salaries (\$32,000), Non-Executive Director Fees (\$12,000), and Company Secretary, Accounting and Office Fees (\$12,000).

[ENDS]

AUTHORITY AND CONTACT DETAILS

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

For further information, please contact:

Dr Wayne Best

Executive Chairman

Email: wayne.best@nanollose.com

Phone: 0421 545 820

Henry Jordan

Six Degrees Investor Relations

Email: henry.jordan@sdir.com.au

Phone: 0431 271 538

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™, 150kg of Nullarbor-30™, and 100kg of Nufolium-20™. Quantities of these fibres have since been sent to several collaborators and been converted into yarns, fabrics, blankets, and garments for testing and evaluation, prior to potential uptake by partners.

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 March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	0	0
1.2 Payments for		
(a) research and development	(159)	(353)
(b) product manufacturing and operating costs	0	0
(c) advertising and marketing	(58)	(95)
(d) leased assets	0	0
(e) staff costs	(22)	(54)
(f) administration and corporate costs	(187)	(261)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	0	2
1.5 Interest and other costs of finance paid	(13)	(28)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives (R&D Rebate)	0	0
1.8 Other	0	0
1.9 Net cash from / (used in) operating activities	(439)	(789)
2. Cash flows from investing activities		
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 (9 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 Net cash from / (used in) investing activities	0	0

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	173	573
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	(50)	(50)
3.5 Proceeds from borrowings	0	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 Net cash from / (used in) financing activities	123	741

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	404	136
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(439)	(789)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	123	741
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	88	88

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	68	384
5.2	Call deposits	20	20
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	88	404

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	56
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 (\$32,000), Non-Executive Director Fees (\$12,000), Company Secretary, Accounting and Office Fees (\$12,000)		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	0	0
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 Total financing facilities	0	0
7.5 Unused financing facilities available at quarter end		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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(439)
8.2 Cash and cash equivalents at quarter end (item 4.6)	88
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	88
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.2
<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>	
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?	
Answer: The Company does anticipate continuing to have materially the current levels of net operating cash flows for the time being.	
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?	
Answer: The Company undertook a placement and rights issue during the quarter. The placement was in two tranches and the portion of the placement that was subject to shareholder approval was received post the end of the quarter. Further, the Company anticipates it will receive shortfall from that rights issue shortly.	
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?	
Answer: Yes. The Company is confident it will have access to sufficient additional capital when needed.	
<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: 30 April 2025
.....

Authorised by: The Board of Directors
.....

(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.