

2 June 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

As noted in the market update of 16 March 2021 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.

Unfortunately the gradual recovery has again been impacted by the recent Malaysia government announcement of another nationwide lock down due the increase of case in the COVID 19. The lock down will be until 14 June 2021 as a minimum.

As announced on 16 March 2021 in February 2021 Nanopac (M) retendered 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. The tender is yet to be finalized.

Since the announcement of 16 March 2021 the following further developments in respect of the business have occurred:

1. The group has secured a new customer - Focus Point Malaysia, which is a public listed company engaged in the operation of eye care centres, trading of eyewear and eye care products. It generates the majority of the revenue from the Optical related products segment, which includes to retailing of optical related products. They have 74 retail outlets. Nanopac has commenced supplying coated lens and spectacle frames to which a Nano-coating for anti-bacteria and anti-Viral function is applied.

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2. Our fully owned Subsidiary – Nanotextiles has secured more orders from Little Ahmad and Lilit in respect of textile fashion for retail and online marketing. Nanotextiles has started providing their muslim head scarf and cotton face mask ranges with Nano-coating for anti-bacteria and anti-viral functions.
3. In early May the group entered into Agreement of Understanding with Bio Integrasi Sdn Bhd, a company that markets and manufactures baby diapers and sanitary pads to incorporate Nano-coating for anti-bacteria and anti-viral functions. The agreement will also covers launching a new package through their mobile application to incorporate our Nano Face Masks in the package. The project expected to be launched with trial 1,000 packages prior to full launching. Projected Sales : AUD48,000.00. Once proved, expected to target 100,000 package sales.
4. In respect of the groups Nano Light Energy Panel (NLEP), we have secured an order for 40 panels from NanoMalaysia (a government guarantee Company under the Ministry of Science and Technology). Project sales : AUD7,272.72.
5. The group is also collaborating with its Macau partner to enhance the NLEP performance by introducing a new inverter that can delivery 3 times the Amps for better performance. The first version of the inverter was 1000 watts and has already been successfully developed and tested. Second improved version is in the midst of development. Company intends to use this new system to target different market segments and help to improve the lost revenue due to the pandemic.

Audit Update

The process of Australian audit the 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 had been put in place but the process is still progressing slowly.

The Company is working towards completing the audit process as soon as possible and now aims to have the 2019 and 2020 completed by the end of July 2020.

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Authorised by



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