

## CHANGES TO EXECUTIVE REMUNERATION

**Nanollose Limited (ASX:NC6)** (“Nanollose” or the “Company”) is pleased to advise that effective 1 September 2019, a revised remuneration structure has been agreed, subject to shareholder approval, with Nanollose Executive Chairman Dr Wayne Best, Managing Director Mr Alfie Germano and Chief Scientific Officer Mr Gary Cass.

The revised remuneration packages include a significant reduction in the cash component of the executive packages coupled with the award of a performance-based equity incentive.

Dr Best and Mr Germano reduce their annual base salary from \$225,000 to \$165,000, whilst Mr Cass reduces his annual base salary from \$160,000 to \$130,000.

The Company will seek shareholder approval at its 2019 AGM for the issue of performance rights for Dr Best and Messrs Germano and Cass whereby Dr Best and Mr Germano will be awarded two million performance rights each, whilst Mr Cass will be awarded one million performance rights.

The terms of the performance rights will include the principal vesting conditions being that the Company enters into a commercial agreement or multiple agreements to exploit the Company’s intellectual property via the licensing of the Company’s intellectual properties and/or sales of products made from or related to the Company’s microbial cellulose business, and the Company receives \$1 million of gross revenue under that agreement or those agreements, on or before 31 December 2020; or the Company is taken over. The full terms and conditions are attached at Annexure A.

Should the award of the performance right not be approved by shareholders the remuneration structures will revert to the original structures with a retrospective date of 1 September 2019.

**[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.

## Nanollose Limited

### Terms and Conditions of Proposed Class C Performance Rights

The terms of the proposed Class C Performance Rights will be:

- (a) (Vesting) The Performance Rights vest on the achievement of either of the following milestones on or before 31 December 2020:
  - a. Commercial Exploitation;
    - i. The Company enters into a commercial agreement or multiple agreements to exploit the Company's intellectual property via the licensing of the Company's intellectual properties and/or sales of products made from or related to the Company's microbial cellulose business; and
    - ii. The Company receives \$1 million of gross revenue under that agreement or those agreements.
  - b. Takeover
    - i. A Takeover Event occurs. A "*Takeover Event*" means a takeover bid for the Company pursuant to Chapter 6 of the Corporations Act where at least 50% of the holders of ordinary shares accept the bid and such bid is free of conditions or a court grants an order approving a compromise or scheme where the ordinary shares are either cancelled or transferred to a third party (not being a scheme of arrangement simply for the purposes of a corporate restructure).
- (b) (Conversion) Upon satisfaction of the relevant vesting condition, each Performance Right once vested will not automatically convert into one Share and Option and will only convert into one Share and one Option (Options being the 31 December 2020 Listed stream) at the election of the holder following the process in clause (c).
- (c) (Conversion Process) Pursuant to Clause (b), a holder electing to convert the vested Performance Rights must give written notice to the Company of its election.
- (d) (No Consideration payable) No consideration is payable upon the vesting and conversion of the Performance Rights.
- (e) (No Voting rights) A Performance Right does not entitle a holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.
- (f) (No dividend rights) A Performance Right does not entitle a holder to any dividends.
- (g) (No rights on winding up) A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (h) (Not transferable) A Performance Right is not transferable.
- (i) (Reorganisation of capital) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company,

the rights of a holder will be varied, as appropriate, in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

- (j) (Quotation of Shares and Options on conversion) An application will be made by the Company to ASX for official quotation of the Shares and Options issued upon the conversion of each Performance Right in accordance with the ASX Listing Rules. The Company will not apply for quotation of the Performance Rights on ASX.
- (k) (No participation in entitlements and bonus issues) A Performance Right does not entitle a holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (l) (No other rights) A Performance Right does not give a holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (m) (Lapse) If;
  - a. the vesting condition relevant to a Performance Right has not been satisfied by the relevant vesting date, or
  - b. if, other than being terminated without Cause (as defined in the employment agreement of the offeree), the offeree ceases to be an employee, director or consultant to the Company, and the Board do not pass a resolution within 30 days of the offeree ceasing to be an employee, director or consultant to the Company, confirming the Performance Rights will not lapse,

then the Performance Rights will automatically lapse.