

Appendix 4D

(Rule 4.2A.3)

Half year report

Name of entity

Nanoveu Limited	97 624 421 085
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1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")	Financial period ended ("previous period")
30 June 2021	30 June 2020

2. Results for Announcement to the Market

			\$'000	%		\$'000
2.1	Revenue from ordinary activities	up	406	2,320%	to	424
2.2	Loss from ordinary activities after tax attributable to members	up	242	29%	to	1,078
2.3	Net loss for the period attributable to members	up	242	29%	to	1,078
2.4	Loss per share	up		17%	to	0.7 cents
2.5	Brief explanation of results					
	For further details, please refer to the interim financial report.					

3. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.0052	\$0.0094

4. Control gained or lost over entities having material effect

Not applicable.

5. Dividends

There were no dividends declared or paid during the period and the do not recommend

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that any dividends be paid.

6. Dividend Reinvestment Plans

Not applicable.

7. Material interest in entities which are not controlled entities

Not applicable.

8. Independent Review Report

Refer to the attached Half Year Financial Report for the half-year ended 30 June 2021.

9. Compliance Statement

This report should be read in conjunction with the attached Half-year Financial Report for the half-year ended 30 June 2021.

Signed here:



Date: 31 August 2021

Print name: Alfred Chong
Executive Chairman and CEO

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Nanoveu Limited

(ACN 624 421 085)

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED**

30 June 2021

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COMPANY DIRECTORY

Directors

Mr Alfred Chong
Executive Chairman

Mr Michael van Uffelen
Executive Director

Mr Steven Apedaile
Non-executive Director

Mr David Nicol
Non-executive Director

Company Secretary

Mr Michael van Uffelen

Share Registry

Automic Registry Services
Level 2
267 St Georges Terrace
Perth WA 6000

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ABN:

97 624 421 085

Registered Office

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Tel: +61 8 6244 9095

Web Address

www.nanoveu.com

ASX Code:

NVU

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

LETTER FROM THE CHAIRMAN AND CEO

Dear Shareholders,

Many of you will be experiencing the lockdowns at first hand. These precautionary measures driven by governments and their public health agencies, are there to control the spread of the covid-19 pandemic but have negatively impacted consumers and businesses with disruptions to travel, retail, manufacturing, and general business operations. The health and safety of our people, shareholders, and the communities in which we operate is of paramount importance to us.

In my last letter, I shared we are part of the solution for the return to open business, and developments around our antiviral solution to help reduce risk of surface transmissions. I am pleased to share that we are leading the way for self-disinfectant coatings, a new subcategory of Environmental Cleaning and Disinfection products that is rapidly gaining mainstream attention.

This has helped Nanoveu achieve increased revenue in the half-year through the distribution networks we have established.

Singapore particularly has been a leader in government action, and we are actively working with their agencies in applying our solutions to public facilities to help them reopen. The Singapore National Environment Agency has recognised our independent tests and listed us as the only supplier of Self-Disinfecting Surface Coating Products Effective Against Coronaviruses.

Sales of Nanoshield™ continue to grow with global high-quality distributions partners and customers. Nanoshield™ technology has been tested extensively across the United States, Japan, Singapore, India, China, Europe and Middle East.

The global recognition offers a strong growth pipeline for the Company, with opportunities for Nanoveu to pursue applications for its antiviral products in the personal protective equipment, while partnering with key multinational businesses which could benefit from the advanced protection of the Nanoshield™ product.

We have used this growth to re-launch a B2C ecommerce platform based in the USA, which will start to expand internationally, and deliver direct-to-consumer solution as brand awareness and consumer recognition of this category grows.

As COVID-19 remains at the forefront of nearly all global activity, citizens and businesses are looking to return to normal working and living environments. Nanoveu is continuously dedicated to creating and producing products that not only inactivate the virus but also deliver long-term protection.

Nanoveu will continue establishing partnerships in major markets, enhancing sales and distribution capabilities.

Furthermore our recently oversubscribed capital raise has demonstrated the trust that the financial markets have in our products, brand, partners and staff.

On behalf of the Board I would like to thank all shareholders, staff and stakeholders across Nanoveu. We continue to work hard to maximise the potential of our products and returns to shareholders.

Alfred Chong

Executive Chairman & Chief Executive Officer

DIRECTORS' REPORT

Your Directors submit the financial report of the Company, being Nanoveu Limited, and the entities it controlled ("the Group"), for the half-year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Alfred Chong	Executive Chairman and CEO
Michael van Uffelen	Executive Director, Company Secretary and CFO
Steven Apedaile	Independent Non-executive Director
David Nicol	Independent Non-executive Director

Review of Operations

The loss for the half-year period for the Group after providing for income tax amounted to \$1,077,573 (2020: \$835,660).

Nanoveu is a technology company developing a range of products for mobile phones and other digital displays. The Company's wholly-owned, flagship product is its Nanoshield antiviral protection which is available in a variety of mobile phone screen covers, mobile phone cases and as a commercial film capable of being applied to a number of surfaces. The product is a clear plastic containing a layer of charged copper nanoparticles which have antiviral and antimicrobial properties. The product is commercially available and sold in a number of countries via Nanoveu's channel partners. Nanoveu also produces EyeFly3D™, which converts 2D digital displays into 3D without the need for 3D glasses and is currently available for Apple iPhones and Google Pixel 3 phones.

In addition, the Company is also developing the following products:

- Customskins: vending machines capable of precisely applying screen covers to mobile phones in just over a minute and with an alignment accuracy of 150 microns;
- EyeFyx: a vision correction solution under development using hardware and software to manipulate screen output; and
- Anti-reflective coating technology capable of being applied to mobile phones, tablets, automotive displays and other digital displays. Further, Nanoveu offers laminating machines for precise and bacterial free installation of its products on smart phones.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Events After Reporting Date

Subsequent to reporting date:

- 5,450,000 performance rights were approved by shareholders;
- 333,000 performance rights expired;
- The Company has received firm commitments from sophisticated and professional investors to raise \$1,350,000 (before costs) through the issue of 30,000,000 fully paid ordinary shares ('shares') in the Company ('Placement') at \$0.045 per share, with 1 free attaching option exercisable at \$0.058 on or before the second anniversary of the issue of the Placement shares for every 2 shares issued, subject to

DIRECTORS' REPORT

shareholder approval which the Company aims to seek in October 2021. The arranging broker will be paid a fee of 6% and issued with 1,000,000 options on the same terms; and

- The Company announced an entitlement 1 for 4 entitlement issue on the same terms as the placement which will see the Company issue up to 47,840,001 shares to raise up to \$2,152,800 and up to 23,920,000 options with an exercise price of \$0.058 each and a term of two years.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the item above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this Directors' report for the half-year ended 30 June 2021.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3)(a) of the Corporations Act 2001.



Mr Alfred Chong
Executive Chairman and CEO

Dated this 31st day of August 2021

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF NANOVEU LIMITED

As lead auditor for the review of Nanoveu Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Nanoveu Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

HALF-YEAR ENDED 30 JUNE 2021

	Note	Half-Year Ended 30/06/2021 \$	Half-Year Ended 30/06/2020 \$
Revenue from contracts with customers		423,827	17,514
Revenue		423,827	17,514
Cost of sale of goods		(174,583)	(12,656)
Gross profit		249,244	4,858
Other operating income		50,299	76,719
Selling and distribution expenses		(407,473)	(168,864)
Administration expenses		(623,922)	(518,723)
Research and development costs		(86,056)	(134,210)
Share based payment expense	8	(117,543)	(96,317)
Operating loss		(935,451)	(836,537)
Finance income		262	994
Finance costs		(142,384)	(117)
Loss before income tax		(1,077,573)	(835,660)
Income tax expense		-	-
Loss for the period		(1,077,573)	(835,660)
Other comprehensive income / (loss)			
<i>Items that may be reclassified to profit or loss:</i>			
- Currency translation differences arising from consolidation		3,267	4,790
		3,267	4,790
Total comprehensive loss for the period		(1,074,306)	(830,870)
Loss per share – basic and diluted	3	(0.7)	(0.6)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	30 June 2021 \$	31 December 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		827,007	1,147,917
Trade and other receivables		264,307	161,074
Inventories	5	531,440	377,452
Total Current Assets		1,622,754	1,601,775
NON-CURRENT ASSETS			
Plant and equipment		75,009	91,294
Right of use asset		-	14,985
Total Non-current Assets		75,009	190,947
TOTAL ASSETS		1,697,763	1,792,722
CURRENT LIABILITIES			
Trade and other payables		191,434	231,322
Lease liability		2,156	14,985
Financial liability	6	631,177	318,792
Provisions		27,228	14,681
Total Current Liabilities		851,995	579,780
TOTAL LIABILITIES		851,995	579,780
NET ASSETS		845,768	1,212,942
EQUITY			
Issued capital	7	14,817,066	14,211,972
Accumulated losses		(13,026,303)	(11,948,731)
Reserves		(944,995)	(1,050,300)
TOTAL EQUITY		845,768	1,212,942

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 30 JUNE 2021

	Issued Capital	Accumulated Losses	Option Reserve	Common Control Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020	13,372,408	(10,186,715)	-	(1,710,087)	424,875	81,131	1,981,612
Loss for the half-year	-	(835,660)	-	-	-	4,790	(830,870)
Total comprehensive loss for the half-year	-	(835,660)	-	-	-	4,790	(830,870)
<i>Transactions with owners in their capacity as owners:</i>							
Share based payments	-	-	-	-	96,317	-	96,317
Balance at 30 June 2020	13,372,408	(11,022,375)	-	(1,710,087)	521,192	85,921	1,247,059

	Issued Capital	Accumulated Losses	Option Reserve	Common Control Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2021	14,211,972	(11,948,731)	342,620	(1,710,087)	281,662	35,505	1,212,942
Loss for the half-year	-	(1,077,573)	-	-	-	3,267	(1,074,306)
Total comprehensive loss for the half-year	-	(1,077,573)	-	-	-	3,267	(1,074,306)
<i>Transactions with owners in their capacity as owners:</i>							
Share based payments	-	-	-	-	117,543	-	117,543
Vesting of performance rights	15,505	-	-	-	(15,505)	-	-
Shares issued under an equity facility	591,000	-	-	-	-	-	591,000
Share issue expenses	(1,411)	-	-	-	-	-	(1,411)
Balance at 30 June 2021	14,817,066	(13,026,303)	342,620	(1,710,087)	383,700	38,772	845,768

The above Consolidated Statement of Statement of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

HALF-YEAR ENDED 30 JUNE 2021

	Half-Year Ended 30/06/2021 \$	Half-Year Ended 30/06/2020 \$
Cash flows from Operating Activities		
Receipts from customers	302,488	17,514
Government grant received	50,299	76,719
Payments to suppliers and employees	(1,433,548)	(1,287,870)
Interest received	262	994
Net cash (used in) operating activities	(1,080,499)	(1,192,643)
Cash Flows from Financing Activities		
Proceeds from an equity facility	761,000	-
Share issue expenses	(1,411)	-
Net cash provided by investing activities	759,589	-
Net increase (decrease) in cash held	(320,910)	(1,192,643)
Cash at the beginning of the financial period	1,147,917	2,195,407
Cash at the end of the financial period	827,007	1,002,764

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 30 June 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

It is recommended that the financial statements are read in conjunction with the annual financial report for the year ended 31 December 2020 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The interim financial statements have been approved and authorised for issue by the Board on 27 August 2021.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going concern

The interim financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the half year ended 30 June 2021 of \$1,077,573 (2020: \$835,660) and net cash outflows from operating activities of \$1,080,499 (2020: \$1,192,643).

The ability of the Group to continue as a going concern is dependent on securing additional funding through either equity, debt or receipts, or a combination of all, to continue to fund its operational and technology development activities. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Group for the following reasons:

- The Directors of Nanoveu Limited have assessed the likely cash flow for the 12 month period from date of signing this half year report and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements as at the date of this report, based on the belief that additional funds will be received via product sales to finance the Company's activity.
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements. Management have considered the future capital requirements of the Group and will consider all funding options as required.
- The Directors of Nanoveu Limited have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected from the commercialisation of the Group's products.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of Measurement and Reporting Conventions

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

The accounting policies adopted are consistent with the accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2020 except for the adoption of new and amended standards adopted by the Group. Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant or material change to the Group's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the functional currency of Nanoveu Limited.

Critical estimates and judgements

Performance rights

5,297,500 performance rights are on issue, at 30 June 2021, which convert into fully paid ordinary shares on the achievement of the milestones as disclosed in Note 7. If the milestone is not satisfied on or before expected achievement dates, the Performance Rights will expire.

For remuneration and expense recognition purposes the value is the number of performance rights granted, multiplied by the share price at date of grant and the value being amortised over the period to the expected vesting date after assessing the likelihood, probability and date of achieving these milestones. These are then reassessed at each reporting date for performance rights which have not been achieved nor expired.

Performance Options

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using an option pricing model, taking into account the terms and conditions upon which the instruments were granted. The fair value is determined by a valuation using a Black Scholes Option Pricing Model.

The probability of achieving non-market based performance milestones is assessed at each reporting date. As at 30 June 2021, no expense has been recognised in respect of the performance options issued to the consultants as a 0% probability has been assigned to meeting the respective milestones.

Coronavirus (COVID-19) pandemic

On 11 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

Although the company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Group's results of future operations, financial position, and liquidity in the fiscal year 2021 and 2022.

2. SEGMENT REPORTING

The Group predominantly deploys nanotechnology in vision applications for consumer devices industry. For management purposes, the Group is organised into business units based on its services and has three reportable segments, as follows:

- Americas;
- rest of the world; and
- corporate and head office.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Half-year Ended 30 June 2021	Americas	Rest of the World	Corporate and Head Office	Total Segments	Adjustments and Eliminations	Consolidated
Revenue						
External customers	-	423,827	-	423,827	-	423,827
Inter-segment		-		-	-	-
Total revenue (i)	-	423,827	-	423,827	-	423,827

Income/(expenses)						
Depreciation and amortisation	-	(25,761)	-	(25,761)	-	(25,761)
Segment profit/(loss)	(664)	(371,513)	(705,396)	(1,077,573)	-	(1,077,573)
Total assets	103	982,914	714,747	1,697,763	-	1,697,763
Total liabilities	(266)	(162,831)	(688,899)	(851,995)	-	(851,995)

Half-year Ended 30 June 2020	Americas	Rest of the World	Corporate and Head Office	Total Segments	Adjustments and Eliminations	Consolidated
Revenue						
External customers	15,564	1,950	-	17,514	-	17,514
Inter-segment		-		-	-	-
Total revenue (i)	15,564	1,950	-	17,514	-	17,514

Income/(expenses)						
Depreciation and amortisation	-	(23,513)	-	(23,513)	-	(23,513)
Segment profit/(loss)	(44,974)	(292,655)	(498,030)	(835,660)	-	(835,660)
Total assets	3,028	613,167	955,594	1,571,789	-	1,571,789
Total liabilities	(4,219)	(266,325)	(54,187)	(324,730)	-	(324,730)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis. Inter-segment revenues are eliminated on consolidation.

- (i) Revenue is recognised at a point in time.

3. LOSS PER SHARE

	Half-year Ended 30/06/2021	Half-year Ended 30/06/2020
(Loss) for the period	(\$1,077,573)	(\$835,660)
Weighted average number of ordinary shares used in the (loss) per share calculations	158,590,933	132,530,203
Basic and diluted (loss) per share (cents)	(0.7)	(0.6)

4. DIVIDENDS PAID OR PROPOSED

No dividends were paid or declared during the half-year ended 30 June 2021 (30 June 2020: nil).

5. INVENTORIES

	As at 30/06/2021	As at 31/12/2020
Finished goods	339,770	-
Work-in-progress	191,670	377,452
	<u>531,440</u>	<u>377,452</u>

Work-in-progress comprises of raw materials being processed into finished goods.

6. FINANCIAL LIABILITIES

	As at 30/06/2021	As at 31/12/20
	\$	\$
Current:		
Advance against shares to be issued	1,361,000	600,000
Less: Transaction costs – options/shares	(326,314)	(326,314)
Less: Value of placement shares issued (Note 7(a))	(430,000)	-
Less: Value of treasury shares issued (Note 7(a))	(161,000)	-
Accrued finance costs	187,491	45,106
Financial liability balance at year-end	<u>631,177</u>	<u>318,792</u>

The Company secured a funding facility of up to \$2.4 million from Antiviral Technologies Portfolio LLC (“the Investor”) for subscriptions for ordinary shares of the Company as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- A \$1,200,000 subscription for shares with the value of \$1,317,000 has been received by the Company.
- An additional \$400,000 subscription for shares with the value of \$439,000 to be made (at the Investor's election) no later than 3 August 2021.
- An additional \$800,000 subscription for shares with the value of \$878,000 may be made by mutual consent of the parties, subject to the Company obtaining shareholder approval for that subscription.

Each of these investments will be made by way of the Investor prepaying for shares which will be issued upon the Investor's written request, within 18 months of the final subscription, in the number determined by applying to the subscription amount prepaid for by the Investor the "Purchase Price", being the average of the five daily volume-weighted average prices (rounded down to the next one tenth of a cent, or if the share price exceeds \$0.10, the next half a cent) selected by the Investor at its discretion during the 20 consecutive actual trading days immediately prior to the Investor's written request. Each issue must be for no less than \$150,000 of the shares.

The Company has made an initial issuance of 3,500,000 shares to the Investor for no consideration ("Collateral Shares") for which the Company received \$161,000; the remainder of shares will be issued as set out above. Alternatively, in lieu of applying these shares towards the aggregate number of the Placement Shares to be issued by Nanoveu, the Investor may, at a date determined by the Investor (no later than five business days after the later of the date of termination of the Agreement or the date by which all of the investments under the Agreement have been made, and all of the shares issuable under the Agreement have been issued), elect to make a further payment to the Company equal to the value of these shares determined using the Purchase Price at the time of the payment. The Collateral Shares are reported as Treasury Shares until applied towards the Placement Shares or when consideration is received from the Investor.

The Company has:

- paid a fee to the Investor of \$100,000 (equivalent to 4.2% of the maximum placement amount), satisfied by way of an issuance of 1,587,302 Shares to the Investor which had a fair value of \$130,158 on issue date; and
- granted to the Investor 3,900,000 unlisted options to acquire ordinary shares at \$0.1018 each on or before 36-month anniversary of their grant date. This exercise price is at a 40% premium to the average of the daily VWAPs for Shares for the 20 consecutive actual trading days immediately prior to the date of the Agreement. These options had a fair value of \$196,156 and have been valued using a Black-Scholes methodology.

The difference between the amount received by the Company and the value of shares to be issued plus the fair value of the shares issued in lieu of fees and the fair value of the options granted to the Investor are amortised as notional interest over the term of each tranche of 18 months.

As shares are issued to settle the liability for shares, the liability is reduced by the value of the shares issued.

During the period, the Company recognised a total of \$142,384 in accrued finance costs through profit and loss.

7. ISSUED CAPITAL

(a) Ordinary shares

	As at 30/06/2021	As at 31/12/2020
Paid up capital – ordinary shares	15,928,576	14,196,629
Capital raising costs	(1,111,510)	(824,221)
	<u>14,817,066</u>	<u>14,211,972</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Date	Number of shares	\$
30 June 2021 movements in issued capital:			
Balance at 1 January 2021		152,138,505	14,211,972
Conversion performance rights (see Note 7(c))			
- 50% of Tranche D, at \$0.07 per share	29 Jan 2021	221,500	15,505
Shares issued under an equity agreement (see Note 6)			
- Placement shares	6 Jan 2021	4,000,000	200,000
- Placement shares	6 Apr 2021	5,000,000	230,000
- Treasury shares	8 Apr 2021	-	161,000
		<u>161,360,005</u>	<u>14,818,477</u>
Share issue expenses		-	(1,411)
Balance at 30 June 2021		<u>161,360,005</u>	<u>14,817,066</u>

(b) Share options

Options on issue:

At 30 June 2021, unissued ordinary shares of the Company under option were:

Terms of Options	Number on Issue
Unlisted options with an exercise price of \$0.20 on or before 16 November 2021	2,081,328
Unlisted options with an exercise price of \$0.20 on or before 30 November 2021	150,000
Unlisted options with an exercise price of \$0.10 on or before 22 December 2022	3,300,000
Unlisted options with an exercise price of \$0.1018 on or before 28 October 2023	3,900,000
Total	9,431,328

(c) Performance rights

Performance rights issued to directors, employees and consultants:

8,930,000 Performance Rights were granted to directors, employees and consultants during the half-year ended 30 June 2021 with 5,450,000 Performance Rights being approved subsequent to period end at the Company's AGM on 2 July 2021. This comprised of 300,000 issued to Juliana Stothard (being a related party of Alfred Chong), 5,940,000 to Directors and 750,000 to a third party consultant. All 8,930,000 Performance Rights have all been accounted for as at 30 June 2021. The vesting of the Performance Rights is subject to the achievement of the following hurdles:

Tranche	Performance Hurdle	Number	Assumed Probability of achievement	Assumed Achievement Date
J	A\$3m of sales revenue across all by 31 December 2021 as validated from audited / reviewed financial reports	2,710,000	100%	31 December 2021
K	A\$8m of sales revenue across all by 31 December 2022 as validated from audited / reviewed financial reports	2,710,000	100%	31 December 2022
L	A\$15m of sales revenue across all by 31 December 2023 as validated from audited / reviewed financial reports	2,260,000	100%	31 December 2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

M	The Company securing exclusive commercial and marketing rights of all antiviral products developed by Innox Limited by 31 December 2021 as validated by an exclusive licencing agreement (Class M Milestone)	500,000	100%	31 December 2021
N	A\$1m of EyeFyx product sales revenue by 31 December 2021 as validated from audited / reviewed financial reports	250,000	100%	31 December 2021
O	A\$2.7m of EyeFyx product sales revenue by 31 December 2022 as validated from audited / reviewed financial reports	250,000	100%	31 December 2022
P	A\$5m of EyeFyx product sales revenue by 31 December 2023 as validated from audited / reviewed financial reports	250,000	100%	31 December 2023
Total		8,930,000		

50% of each tranche of Performance Rights vest on achievement of the respective performance hurdle and 50% vest 12 months after achievement of the respective hurdle as long as the respective staff member continuously remains employed by the Company 12 months after achievement of the respective hurdle.

The shares to be issued in the event of vesting of the Performance Rights shall rank pari-passu in all respects with other fully paid ordinary shares in the Company.

Any unvested Performance Rights will lapse 7 years after their date of issue or if the respective performance hurdle is not achieved by the date specified, where applicable.

Performance rights vested and were converted:

During the half-year ended 30 June 2021, the following performance rights have vested and been converted to fully paid ordinary shares:

Tranche	Performance Rights Hurdle	Number Vested, Not Converted
D	Completion of production of the first three Android models of at least 100,000 units	221,500
Total		221,500

Performance rights vested but not converted:

During the half-year ended 30 June 2021, the following performance rights have vested but not been converted to fully paid ordinary shares:

Tranche	Performance Rights Hurdle	Number Vested, Not Converted
E	Completion of gaming software development kit or launch of first five 3D games introduced to market	221,000
Total		221,000

Performance rights forfeited:

The following performance rights were forfeited due to either the holder no longer being employed by the Company or the hurdle not being achieved:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tranche	Performance Rights Hurdle	Number Forfeited
B	First sales of EyeFyx products achieved by 31 March 2021	850,000
Total		850,000

Valuation of Performance Rights

Performance Rights are valued at the last price at which a share in the Company traded on the Australian Securities Exchange.

The fair value of Performance Rights is recognised as an expense over the period from grant to vesting date assuming the performance hurdle has been achieved.

The following table lists the assumptions to the model used to value performance rights for the half-year ended 30 June 2021.

Number Issued	Grant Date	Assumed Stock Price at Grant Date (cents)	Issue Price (cents)	Value Per Performance Share (cents)
3,780,000	31/3/2021	5.3	nil	5.3

The performance rights have a 7 year expiry date. The date at which the performance hurdle is assumed to be achieved has been estimated based on the target date for the performance hurdle to be achieved. If the milestone is not satisfied on or before expected achievement dates, the Performance Rights will expire.

For remuneration and expense recognition purposes the value is the number of performance rights granted, multiplied by the share price at date of grant and the value being amortised over the period to the expected vesting date after assessing the likelihood, probability and date of achieving these milestones. These are then reassessed at each reporting date for performance rights which have not been achieved nor expired.

(d) Performance options

Performance options forfeited:

The following performance rights were forfeited due to the hurdle and/or service condition not being achieved:

Tranche	Performance Option Hurdle	Number of Options
1	Nanoveu generating US\$2,500,000 in revenue from sales of Nanoveu's antiviral protectors for smart phones to customers introduced to Nanoveu by D360 by the later of 31 December 2020 and the date which is 7 months from the date on which Nanoveu announces that Products are available for commercial sale.	500,000
2	Nanoveu generating US\$5,000,000 in revenue from sales of Nanoveu's antiviral protectors for smart phones to customers introduced to Nanoveu by D360 by the later of 31 December 2020 and the date which is 7 months from the date on which Nanoveu announces that Products are available for commercial sale.	750,000
3	Nanoveu generating US\$20,000,000 in revenue from sales of antiviral protectors for smart phones to customers introduced to Nanoveu by D360 by the later of 31 December 2021 and the date which is 19 months from the date on which Nanoveu announces that Products are available for commercial sale.	1,000,000
4	Nanoveu generating US\$50,000,000 in revenue from sales of antiviral protectors for smart phones to customers introduced to Nanoveu by D360 by the later of 31	1,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	December 2022 or the date which is 31 months from date on which Nanoveu announces that Products are available for commercial sale.	
Total		3,250,000

8. SHARE-BASED PAYMENTS

3,780,000 Performance Rights were issued to employees during the half-year ended 30 June 2021. See Note 7(c) for details. During the half-year ended 30 June 2021 a total share-based payment expense of \$117,543 was recognised as an expense through profit and loss (30 June 2020: \$96,317).

9. RELATED PARTY TRANSACTIONS

There were no other transactions with related parties during the half-year other than those that were on the same basis as stated in the 31 December 2020 Annual Report.

10. COMMITMENTS AND CONTINGENCIES

There has been no change in commitments or contingent liabilities since the last annual reporting date.

11. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to reporting date:

- 5,450,000 performance rights as detailed in Note 7(c) were issued following shareholder approval at the Company's AGM on 2 July 2021. For financial reporting purposes, these have been accounted for during the half-year ended 30 June 2021;
- 333,000 performance rights expired;
- The Company has received firm commitments from sophisticated and professional investors to raise \$1,350,000 (before costs) through the issue of 30,000,000 fully paid ordinary shares ('shares') in the Company ('Placement') at \$0.045 per share, with 1 free attaching option exercisable at \$0.058 on or before the second anniversary of the issue of the Placement shares for every 2 shares issued, subject to shareholder approval which the Company aims to seek in October 2021. The arranging broker will be paid a fee of 6% and issued with 1,000,000 options on the same terms; and
- The Company announced an entitlement 1 for 4 entitlement issue on the same terms as the placement which will see the Company issue up to 47,840,001 shares to raise up to \$2,152,800 and up to 23,920,000 options with an exercise price of \$0.058 each and a term of two years.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the items above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Alfred Chong
Executive Chairman and CEO
31st August 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nanoveu Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Nanoveu Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 31 August 2021