

**Nanollose Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Nanollose Limited ('Company')
ABN:	13 601 676 377
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	394.8% to	11,435
Loss from ordinary activities after tax attributable to the owners of Nanollose Limited	down	0.9% to	979,875
Loss for the half-year attributable to the owners of Nanollose Limited	down	0.9% to	979,875

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for the Company after providing for income tax amounted to \$979,875 (31 December 2021: \$988,912).

Please refer to the Directors' report in the attached financial statements for further commentary.

**3. Net tangible assets**

	Reporting period	Previous period
Net tangible assets	\$786,689	\$2,093,060
Shares (No.)	148,886,368	148,886,368
Net tangible assets per ordinary security (cents)	<u>0.53</u>	<u>1.41</u>

**4. Details of associates**

	Reporting period	Previous period
Name of associate		
CelluAir Pty Ltd		
Ownership interest	N/A	20%
Share of associate's loss for the period	N/A	\$14,401
During the period, the Company's interest in CelluAir Pty Ltd fell below 20% and the investment is no longer accounted for using equity method of accounting.		

**Nanollose Limited**  
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**Half-year report**

**5. Loss of control over entity**

Name of entity: CelluAir Pty Ltd

Date control loss over entity: 1 September 2022

*Contribution of the above entity to the reporting entity's profit/(loss) from ordinary activities before income tax for the period was \$nil.*

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**6. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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**7. Audit qualification or review**

The financial statements were subject to a review by the auditors and the auditor's review report is attached as part of the Interim Financial Report.

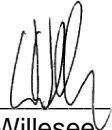
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**8. Attachments**

The Interim Financial Report of Nanollose Limited for the half-year ended 31 December 2022 is attached.

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**9. Signed**

Signed   
Winton Willesee  
Non-Executive Director

Date: 24 February 2023

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**Nanollose Limited**

**ABN 13 601 676 377**

**Interim Report  
31 December 2022**

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# Corporate Directory

## Directors

Wayne Best  
Winton Willesee  
Terence Walsh  
Heidi Beatty

## Company Secretary

Erlyn Dawson

## Stock exchange listing

Nanollose Limited shares (ASX:NC6) and options (ASX:NC6OA) are listed on the Australian Securities Exchange (ASX).

## Registered office and principal place of business

Suite 5, CPC  
145 Stirling Highway  
Nedlands WA 6009  
Phone: 08 9389 3120

## Share register

Automic Registry Services  
Level 5  
191 St Georges Terrace  
Perth WA 6000  
Phone: 08 9324 2099

## Auditor

RSM Australia Partners  
Level 32 Exchange Tower  
2 The Esplanade  
Perth WA 6000

## Solicitors

Fairweather Corporate Lawyers  
Suite 2, 589 Stirling Highway  
Cottesloe WA 6011

## Website

[www.nanollose.com](http://www.nanollose.com)

**Nanollose Limited**  
**Directors' report**  
**For the half-year ended 31 December 2022**

The Directors present their report, together with the financial statements of Nanollose Limited (referred to hereafter as the 'Company') for the half-year ended 31 December 2022 ("Reporting Period", "half-year").

**Directors**

The following persons were directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Wayne Best  
Winton Willesee  
Terence Walsh  
Heidi Beatty

**Principal Activities, Review of Operations & Operating Results**

Nanollose is a leading biomaterials company commercialising scalable technology to create fibres and fabrics with minimal environmental impact. Nanollose uses an eco-friendly fermentation process to produce tree-free lyocell fibres for use in textiles, non-woven fabrics and other industrial applications. The Company's tree-free and forest-friendly high tenacity Nullarbor™ fibres are stronger than conventional lyocell, making them a potentially disruptive alternative to conventional tree-based lyocell and cotton fibres. The Company is targeting the US\$500 billion textile industry with an initial focus on the US\$14.4 billion rayon market.

During the half-year, the Company continued its principal continuing activities, being the research and development, and promotion and commercialisation of the Company's proprietary nanocellulose technologies, with a particular focus on the development, scale up and ultimate commercialisation of the Company's Nullarbor high tenacity lyocell fibres.

The loss for the Company after providing for income tax amounted to \$979,875 (31 December 2021: \$988,912). At 31 December 2022, the Company had cash of \$778,574 (30 June 2022: \$1,586,252) and net assets of \$786,689 (30 June 2022: \$1,728,319).

**Dividends**

There were no dividends declared or paid during the half-year ended 31 December 2022 (31 December 2021: Nil).

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors



Winton Willesee  
Director  
24 February 2023  
Perth

**RSM Australia Partners**

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000  
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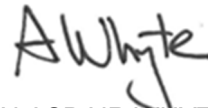
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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Nanollose Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM  
RSM AUSTRALIA PARTNERS



ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 24 February 2023

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**Nanollose Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**

	Note	31 December 2022 \$	31 December 2021 \$
<b>Revenue</b>			
Interest Income		11,435	2,311
		<b>11,435</b>	<b>2,311</b>
<b>Expenses</b>			
Research expenses		(190,513)	(300,240)
Promotion and communication costs		(111,708)	(72,143)
Consultancy and legal expenses		(33,850)	(30,469)
Employee benefit expense		(318,484)	(323,602)
Depreciation expense		(26,189)	(32,152)
Share based payments	8	(38,245)	(71,765)
Share of loss of CelluAir using the equity method		-	(14,401)
Other expenses		(110,953)	(144,509)
Interest expense		(756)	(1,877)
Impairment of Investment in CelluAir	2	(160,199)	-
Foreign exchange loss		(413)	(65)
		<b>(979,875)</b>	<b>(988,912)</b>
<b>Loss before income tax expense</b>		<b>(979,875)</b>	<b>(988,912)</b>
Income tax expense		-	-
		<b>(979,875)</b>	<b>(988,912)</b>
<b>Loss after income tax expense for the half-year</b>		<b>(979,875)</b>	<b>(988,912)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the half-year, net of tax		-	-
		<b>(979,875)</b>	<b>(988,912)</b>
<b>Total comprehensive loss for the half-year</b>		<b>(979,875)</b>	<b>(988,912)</b>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(0.66)	(0.82)
Diluted loss per share		(0.66)	(0.82)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**Nanollose Limited**  
**Statement of financial position**  
**As at 31 December 2022**

	<b>Note</b>	<b>31 December 2022 \$</b>	<b>30 June 2022 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		778,574	1,586,252
Trade and other receivables		26,736	20,406
Prepayments		77,967	42,011
<b>Total current assets</b>		<u>883,277</u>	<u>1,648,669</u>
<b>Non-current assets</b>			
Right of use asset		24,246	37,471
Investments in associate	2	-	160,199
Plant and equipment		51,281	63,489
<b>Total non-current assets</b>		<u>75,527</u>	<u>261,159</u>
<b>Total assets</b>		<u><b>958,804</b></u>	<u><b>1,909,828</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		85,641	88,177
Provisions		61,445	55,239
Lease liability		25,029	38,093
<b>Total current liabilities</b>		<u>172,115</u>	<u>181,509</u>
<b>Total liabilities</b>		<u><b>172,115</b></u>	<u><b>181,509</b></u>
<b>Net assets</b>		<u><b>786,689</b></u>	<u><b>1,728,319</b></u>
<b>Equity</b>			
Issued capital	4	8,975,496	8,975,496
Reserves		1,092,671	1,054,426
Accumulated losses		(9,281,478)	(8,301,603)
<b>Total equity</b>		<u><b>786,689</b></u>	<u><b>1,728,319</b></u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Nanollose Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2022**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>Balance as at 1 July 2021</b>	<b>8,955,496</b>	<b>653,411</b>	<b>(6,735,099)</b>	<b>2,873,808</b>
Loss after income tax expense for the half-year	-	-	(988,912)	(988,912)
<i>Transactions with owners in their capacity as owners:</i>				
Options converted to shares	20,000	-	-	20,000
Share based payments – Options to Lead Manger	-	329,250	-	329,250
Share based payments – Options to employee	-	52,400	-	52,400
Class D performance rights not vested	-	(65,835)	-	(65,835)
Share based payments – Options to directors	-	85,200	-	85,200
<b>Balance as at 31 December 2021</b>	<b>8,975,496</b>	<b>1,054,426</b>	<b>(7,724,011)</b>	<b>2,305,911</b>
	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance as at 1 July 2022</b>	<b>8,975,496</b>	<b>1,054,426</b>	<b>(8,301,603)</b>	<b>1,728,319</b>
Loss after income tax expense for the half-year	-	-	(979,875)	(979,875)
<i>Transactions with owners in their capacity as owners:</i>				
Options issued – Class K	-	34,640	-	34,640
Performance rights issued – Class E	-	3,605	-	3,605
<b>Balance as at 31 December 2022</b>	<b>8,975,496</b>	<b>1,092,671</b>	<b>(9,281,478)</b>	<b>786,689</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Nanollose Limited  
Statement of cash flows  
For the half-year ended 31 December 2022

	31 December 2022 \$	31 December 2021 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(818,357)	(849,325)
Interest received	11,435	2,311
Interest paid	(756)	(1,571)
<b>Net cash used in operating activities</b>	<b>(807,678)</b>	<b>(848,585)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	-	(5,352)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(5,352)</b>
<b>Cash flows from financing activities</b>		
Proceeds from exercise of options	-	20,000
Repayment of principle portion of lease liabilities	-	(13,800)
<b>Net cash from financing activities</b>	<b>-</b>	<b>6,200</b>
Net increase/(decrease) in cash and cash equivalents	(807,678)	(847,737)
Cash and cash equivalents at the beginning of the half-year period	1,586,252	3,006,597
<b>Cash and cash equivalents at the end of the half-year period</b>	<b>778,574</b>	<b>2,158,860</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Nanollose Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2022**

**Note 1. Significant accounting policies**

***Basis of preparation for the half-year financial statements***

These financial statements for the interim half-year reporting period ended 31 December 2022 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 Accounting Standard 34 'Interim Financial Reporting'.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

**New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Company incurred a loss of \$979,875 and net cash outflows from operating activities of \$807,678 for the half-year ended 31 December 2022. As at that date, the Company had net working capital of \$711,162.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to generate sufficient cash inflows from operations, by raising additional capital from equity markets and managing cash flows in line with available funds.

These factors indicate a material uncertainty which may cast doubt as to whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Board believes that there are reasonable grounds to believe that the Company will continue as a going concern and that it is appropriate for it to adopt the going concern basis in the preparation of the financial report after consideration of following factors:

- The Company's business model includes strategies to secure cash flows from commercial sales of the Company's Nullarbor-20™ and other products;
- The Company expects to receive a R&D tax incentive related to its R&D activities for the year ended 30 June 2022 upon lodgement of its claim;
- The Company has the ability to issue additional equity securities under the Corporations Act 2001 to raise further working capital; and
- The Company has the ability to curtail administrative, discretionary research expenses and overhead cash outflows as and when required.

Accordingly, the Board believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classifications of recorded assets or liabilities that might be necessary if the Company does not continue as going concern.

**Nanollose Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2022**

**Note 2. Investment in associate**

Interests in associates are accounted for using the equity method of accounting.

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2022	30 June 2022
		%	%
CelluAir Pty Ltd	Australia	18.95	20

Interests in associates are accounted for using the equity method of accounting. During the period, the Company's interest in CelluAir Pty Ltd fell below 20% and the investment is no longer accounted for using the equity method of accounting.

The Directors have assessed the carry value of the investment in CelluAir Pty Ltd as at 31 December 2022 and have written down the book value of the investment to zero, and accordingly the amount of \$160,199 has been expensed for the period to 31 December 2022.

**Note 3. Operating segments**

*Primary Reporting Format – Business Segments*

The Company has one geographical location which is Australia. The Company's sole operations are research and development, and promotion of the Company's nanocellulose technology from that location.

*Identification of reportable operating segments*

The operating segment identified is based on the internal reports that are reviewed and used by the Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The CODM reviews EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on at least a quarterly basis.

**Note 4. Equity – issued capital**

	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 \$	30 June 2022 \$
Ordinary shares - fully paid	148,886,368	148,886,368	8,975,496	8,975,496

There was no movement in issued capital during the period.

**Note 5. Contingent Assets and Liabilities**

The Company has no contingent assets and liabilities at 31 December 2022 (30 June 2022: Nil).

**Note 6. Events after the Reporting Period**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Nanollose Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2022**

**Note 7. Dividends**

There were no dividends declared or paid during the half-year ended 31 December 2022 (31 December 2021: Nil).

**Note 8 Share Based Payments**

	<b>31 December 2022</b>	<b>31 December 2021</b>
	\$	\$
Expensed:		
Incentive based payments to employees:		
- Unlisted options	34,640	137,600
- Performance rights	3,605	-
- Performance rights lapsed	-	(65,835)
<b>Total share-based payments</b>	<u>38,245</u>	<u>71,765</u>

During the half year, the Company issued the following unlisted options to an employee. The options issued during the period were calculated using the Hoadley's ESO2 valuation model with the following inputs:

<b>No. of options issued</b>	<b>Fair value at grant date</b>	<b>Estimated volatility</b>	<b>Vesting date</b>	<b>Years to Expiry</b>	<b>Exercise price</b>	<b>Share price</b>	<b>Risk free interest rate</b>
1,000,000	\$0.0346	100%	Immediate	2 years	\$0.100	\$0.075	3.19%

During the half year, the following performance rights were issued to an employee:

<b>No. of performance rights</b>	<b>Grant date</b>	<b>Vesting date</b>	<b>Share price</b>
1,000,000	25/11/2022	13/12/2024	\$0.075

**Note 9 Subsequent Events**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Nanollose Limited**  
**Directors' declaration**  
**For the half-year ended 31 December 2022**

In the directors' opinion:

- i) the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standards AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- ii) the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- iii) 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



Winton Wilesee  
Director

24 February 2023  
Perth

**RSM Australia Partners**

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**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the Members of Nanollose Limited

**Report on the Half-Year Financial Report***Conclusion*

We have reviewed the accompanying half-year financial report of Nanollose Limited which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising 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 half-year financial report of Nanollose Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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 our 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 Nanollose Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1, which indicates that the Company incurred a net loss of \$979,875 and had net cash outflows from operating activities of \$807,678 for the half-year ended 31 December 2022. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Nanollose Limited 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. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 31 December 2022 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.

RSM  
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A handwritten signature in black ink that reads "A Whyte".

ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 24 February 2023

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