

ASX RELEASE**31 July 2020****ASX: NVU**

Quarterly Activities Report and Appendix 4C For the Quarter Ended 30 June 2020

Highlights:

Antiviral protectors:

- Nanoveu completes transformational quarter with development, launch and first commercial distribution agreement of antiviral product
- Inaugural sales orders achieved in Australia, Singapore, the United Kingdom and the United States, subsequent to period end
- Exclusive distributor appointed in Singapore
- Subsequent to period end, exclusive distributor appointed in Malaysia and Thailand
- Sales and marketing consultant appointed for Canada, the UK and the US
- Antiviral protector registered with the TGA as a Class I medical device
- Independent testing completed in the United States against coronaviruses by Bioscience Laboratories:
 - 99.99% of the OC43 coronavirus strain eradicated in 30 minutes
- Independent testing completed in Singapore by the National University of Singapore's Department of Microbiology & Immunology against a coronavirus strain emerging from mice, which is a surrogate for human coronaviruses
 - In 10 minutes 90% of the coronavirus was eradicated

Customskins laminating machines:

- Agreement signed with major Thai telecommunications network provider's subsidiary to deploy Customskins laminating machines
 - 2 machines expected to be deployed in early Q3 2020

Nanoveu Limited ("Nanoveu") has released its quarterly cash flow report following a transformational June quarter which saw the development, launch and maiden distribution agreement executed for its antiviral product.

Commenting on the recent achievements, Nanoveu Executive Chairman and CEO Alfred Chong said:

"We are very pleased with the market's acceptance of our go-to-market strategy with our antiviral products and are delighted by our initial commercial successes around the world."

“Management have worked diligently to overcome a number of technical assessments, as well as regulatory and marketing hurdles to launch the product.

“All of these boxes have been ticked within the quarter and Nanoveu has since met its sales guidance of first revenues by early Q3 2020 by shipping its product to key international customers.

“Nanoveu will now look to expand its sales activities through further distribution agreements and sales activities. Nanoveu anticipates accelerating demand with the timely launch of the Nanoshield product as global cases of COVID-19 continue to climb.

“The antiviral product has been demonstrated to be effective against coronaviruses and it is hoped that the product is able to better protect its customers.”

Antiviral protectors:

Sales and distribution:

Subsequent to period-end, an inaugural production run of antiviral products was completed, and products were despatched to customers in:

- Australia;
- Singapore;
- The United Kingdom, and;
- The United States of America.

The initial despatch of antiviral products sees Nanoveu meet its guidance of first revenues in early Q3 2020.

An exclusive distributor was appointed in Singapore and subsequent to period end an exclusive distributor was appointed for Malaysian and Thailand.

Further, to assist with sales and marketing, Digital 360 Consulting (D360), a leading agency specialising in product launches for disruptive technologies, has been appointed for retail and go-to-market services in the USA, Canada and the UK.

D360's remuneration includes 3,250,000 performance options which have an exercise price of \$0.20, expiry date of 31 December 2023 and are exercisable upon revenue targets being achieved.

Regulatory matters:

Nanoveu's antiviral protection technology has been successfully approved by the Australian Therapeutics Goods Administration (TGA).

The Nanoveu technology has received Class I Medical Device status, which is reserved for low-risk and non-invasive medical equipment, such as surgical retractors or tongue depressors.

With the successful submission, the technology is now listed on the Australian Register of Therapeutic Goods (ARTG), which permits commercial sale within Australia.

With the successful submission to the TGA, Nanoveu commenced its regulatory efforts towards the United States. Nanoveu has appointed specialised consultants to assist with the process.

Independent testing of antiviral technology:

The Nanoveu technology was assessed against the human transmitted coronavirus strain OC43 by Bioscience Laboratories, at its testing facility in Montana, USA.

Testing involved placing a solution containing OC43 strain coronaviruses on a thin film containing Nanoveu's antiviral technology.

In 30 minutes, the number of viable or infectious coronavirus particles was reduced by 99.99%¹.

In line with Nanoveu's testing of the MHV-A59 strain, which demonstrated 90%² elimination of the virus in just 10 minutes, this recent research on the OC43 strain has targeted a betacoronavirus.

Betacoronaviruses are single-stranded RNA viruses emerging from animals and are typically associated with respiratory ailments. For example, SARS, MERS, and COVID-19 are all forms of betacoronavirus.

Nanoveu now possesses multiple independent research results demonstrating the effectiveness of its antiviral technology against pathogenic betacoronaviruses affecting animals, as well as humans.

Other antiviral activities

Following the end of the period, Nanoveu is pleased to report that its technology has been shortlisted by the Singapore Tourism Board (STB) as part of an open call for innovative solutions to assist the nation's tourism industry.

Close to 200 submissions were received by the STB and Nanoveu is pleased to be notified that its technology is one of the 23 shortlisted candidates.

As a result, Nanoveu will be able to directly pitch its technology to over 500 of the country's top tourism and hospitality businesses, including major hotel chains, via an online conference.

Additionally, Nanoveu will be eligible to participate in a digital marketplace operated by the STB, which will facilitate commercial sales orders.

Customskins laminating machines:

An agreement was signed with a subsidiary of Advanced Info Service (AIS) to deploy Customskins laminating machines, which are capable of precisely applying phone screen protectors to various mobile devices, in Thailand.

AIS is one of Thailand's largest publicly listed telecommunications companies and a major telecommunications network provider in Thailand.

Nanoveu will initially supply two Customskins laminating machines to be deployed in high traffic retail sites operated by AIS for an initial 60-day period with the intention to extend to full commercial deployment. Revenue generated by the Customskins machines will be shared between Nanoveu and AIS, with the initial two machines being trialled to assess customer demand.

¹ See announcement of 25 May 2020 for details

² See announcement of 5 May 2020 for details

Customskins machines are designed to make it significantly faster and easier for smartphone users to install a screen protector on their mobile devices.

The machines can equip smartphones with a screen protector – typically made of tempered glass – in just over a minute and with an alignment accuracy of 150 microns.

The high level of accuracy offers a strong business advantage to existing sellers of mobile phone accessories, eliminating the challenging and often frustrating process of manual application of screen protectors.

Additionally, when dust or excess air bubbles become trapped between the phone display and the protective layer during installation, staff tend to discard the entire screen protector and start from scratch using a fresh one.

Nanoveu's Customskins machines are well placed to solve these problems.

Eyefyx:

EyeFyx product development continued.

Anti-reflective:

Nanoveu is developing thin film, anti-reflective products which adhere to a digital screen/display. These products will address the issue of reflection and sunlight impairing images from a digital display improving the viewing experience for a user.

Development was placed on hold during the quarter while resources were focused on advancing Nanoveu's antiviral protectors.

EyeFly3D:

The development of a software develop kit for the EyeFly3D business was completed and 221,000 Performance Rights, being 50% of the Tranche E Performance Rights, vested with 221,000 ordinary shares issued subsequent to period end.

The software development kit, EyePlay3D, is a 3D game development ecosystem centred on a powerful Software Development Kit (SDK) for developers to create immersive 3D applications for multiple platforms and development engines. The resulting content does not require the user to wear 3D glasses to experience stereoscopic 3D with the impression, depth and distance. Apps developed can also enable sharing of user-generated 3D content through interfaces like Whatsapp, WeChat, etc.

Corporate:

COVID-19:

Beginning in February 2020, governments worldwide issued increasingly stringent orders to contain the spread of COVID-19, including shelter-in-place orders and travel bans. In response to this Nanoveu ceased travel for all employees. Nanoveu however continued to operate at full capacity including enacting necessary precautions for essential staff attending offices in accordance with local restrictions.

Expenditure:

An Appendix 4C detailing expenditure for the quarter is appended. Payments to related parties totalling \$116k were paid during the quarter for directors' fees, executive remuneration, and pension / superannuation benefits.

During the quarter, expenditure was incurred on the commercialisation of the antiviral products in advance of first sales orders being filled subsequent to period end.

Research and development expenditure was predominantly on the EyeFyx project being conducted in conjunction with the National Technology University of Singapore (NTU).

Expenditure from 30 November 2018, the date of admission to the Official List of the Australian Securities Exchange Limited ("ASX"), to 31 March 2020 is consistent with the use of funds detailed in its prospectus of 31 August 2018 and is detailed below:

| ('000s) | | |
|--|---|---|
| Use of Proceeds under Prospectus | Funds allocated under Prospectus dated 31/08/18 | Funds expended between ASX admission on 30/11/18 and 30/06/20 |
| Expenses of the Offer | 769 | 761 |
| Interest on Convertible Notes | 57 | 76 |
| EyeFly3D™: | | - |
| production moulds | 150 | 116 |
| purchase of inventory | 500 | 578 |
| sales and marketing | 840 | 1,011 |
| EyeFyx: | | - |
| product development | 1,100 | 1,190 |
| production moulds | 150 | 58 |
| purchase of inventory | 455 | - |
| sales and marketing | 420 | - |
| General and administrative expenses | 1,000 | 956 |
| Working capital | 1,603 | 503 |
| Total | 7,044 | 5,249 |
| Receipts from interest, customers and grants | | (238) |
| Net funds expended between admission and 30 June 2020 | | 5,011 |
| Cash at date of admission | | 6,013 |
| Net funds expended between admission and 30 June 2020 | | (5,011) |
| Cash at 30 June 2020 | | 1,002 |

The date of the prospectus and the date of admission to the Official List of the ASX differ by 3 months. Accordingly, the cash position at the date of ASX admission differs to the cash position in the prospectus.

Annual General Meeting:

In light of the global outbreak of the Coronavirus (COVID-19) and the guidance and restrictions on travel and public gatherings Nanoveu deferred its annual general meeting in line with guidance

issued by the Australian Securities and Investment Commission (ASIC) on 20 March 2020. The annual general meeting was held on 29 July 2020, at which all resolutions were passed by poll.

Outlook:

In the coming quarters, Nanoveu intends to continue progressing commercialisation of its antiviral products while developing the EyeFyx project, as well as its Customskins laminating machines, which represent an additional channel to distribute its mobile phone screen protector products.

- Ends -

This announcement has been authorised for release by Nanoveu's Executive Chairman and CEO.

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About Nanoveu:

Nanoveu's EyeFly3D™ product converts 2D digital displays into 3D without the need for 3D glasses. EyeFly3D™ has won numerous industry awards and is currently available for Apple iPhones and Google Pixel 3 phones.

Nanoveu is expanding its product range with the development of three complementary technologies:

- EyeFyx, to enable people with age-related farsightedness (presbyopia, one of the most common types of vision loss, affecting nearly one-quarter of the world's population and anyone living beyond middle age) to read smartphones and tablets without wearing reading glasses;
- Anti-reflective protectors, reducing screen reflection for smart phones and tablets; and
- Antiviral protectors, protecting digital screen users from viruses and bacteria.

Further, Nanoveu offers laminating machines for precise and bacterial free installation of its products on smart phones.

Appendix 4C

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

Name of entity

Nanoveu Limited

ABN

97 624 421 085

Quarter ended ("current quarter")

30 June 2020

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | 2 | 20 |
| 1.2 | Payments for | | |
| | (a) research and development | (65) | (276) |
| | (b) product manufacturing and operating costs | (250) | (261) |
| | (c) advertising and marketing | (26) | (41) |
| | (d) leased assets | - | - |
| | (e) staff costs | (276) | (544) |
| | (f) administration and corporate costs | (64) | (169) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | 1 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | 68 | 77 |
| 1.8 | Other (provide details if material) | - | - |
| 1.9 | Net cash from / (used in) operating activities | (611) | (1,193) |
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| | | | |
|-------------|---|----------|----------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | - |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,614 | 2,196 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (611) | (1,193) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,003 | 1,003 |

| 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 | 86 | 234 |
| 5.2 | Call deposits | 916 | 1,341 |
| 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) | 1,003 | 1,575 |

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

116

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|-------------------------------------|
| - | - |
| - | - |
| - | - |
| - | - |

7.5 Unused financing facilities available at quarter end

| |
|---|
| - |
|---|

- 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.

n/a

8. Estimated cash available for future operating activities

\$A'000

| | | |
|-----|---|-------|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9) | (611) |
| 8.2 | Cash and cash equivalents at quarter end (Item 4.6) | 1,003 |
| 8.3 | Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 | Total available funding (Item 8.2 + Item 8.3) | 1,003 |
| 8.5 | Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 1.6 |

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: No.

Sales of the Company's antiviral products commenced in July 2020 and are expected to generate a margin over the cost of producing the products resulting in a reduction in net operating cash outflows.

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: Yes.

The Company is in discussion with a number of potential investors.

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.

Sales of the Company's antiviral products commenced in July 2020 and are expected to generate a margin over the cost of producing the products resulting in a reduction in net operating cash outflows.

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.

31 July 2020

Date:

Executive Chairman and CEO

Authorised by:
(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.