

ASX RELEASE**28 January 2021****ASX: NVU**

Quarterly Activities Report and Appendix 4C For the Quarter Ended 31 December 2020

Highlights:

- **Exclusive distribution agreement with Touch Guard for Australia and New Zealand market to accelerates sales**
- **While no sales are guaranteed, Touch Guard is incentivised with a purchase order target of USD \$1 million across the 12-month period required to maintain exclusivity**
- **EyeFyx vision correction prototype completed for 14-inch laptop screen**
- **Prototype successfully manipulating images at 60 frames per second with minimal screen resolution loss**
- **EyeFyx patents lodged with the Intellectual Property Office of Singapore**
- **Placement completed for \$660,000 (before costs) at an issue price of 5 cents per share**
- **Capital management firms balance sheet to progress further distribution agreements and continue EyeFyx development**

Nanoveu Limited ("Nanoveu" or the "Company") has released its quarterly cash flow report for the December quarter in which the Company executed a distribution agreement for its antiviral product and made significant strides in the development of its EyeFyx product through the completion of a successful prototype.

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

"Nanoveu has continued to make important strides over the quarter and the exclusive distribution agreement with Touch Guard into Australia and New Zealand is clear evidence that the Company continues to expand its global presence.

"Touch Guard is an important partner for Nanoveu which boasts impressive reach into a wide range of markets. We continue to scour the globe to identify and partner with distributors that not only possess deep industry connections but are also strong believers in the advanced technology which underpins our Nanoshield antiviral product.

"I am equally pleased with the progress made with our EyeFyx prototype which is capable of adjusting screen output on a 14-inch laptop screen for those who suffer from farsightedness. This is technology which has never been developed at such a large scale and I am excited about its future application."

Distribution Agreement:

During the quarter, Nanoveu signed a 12-month exclusive distribution agreement for Australia and New Zealand with Touch Guard for Nanoveu's products, including Nanoshield antiviral products.

The agreement with Touch Guard – a wholly-owned subsidiary of Melbourne-based private investment company Jaszac Investments – incentivises sales with a USD \$1 million (approx. A\$1.4m) purchase order target for the distributor to maintain exclusivity.

Nanoveu has granted Touch Guard the discretion to extend the exclusivity period through two further term options, each for a period of 36 months, as long as Touch Guard achieve minimum purchases of USD1 million during the first 12 months.

Nanoveu wishes to clarify that the Agreement relates to a purchase order target and clarify that the USD \$1 million target does not guarantee confirmed product sales.

Through Jaszac, Touch Guard holds a strong distribution presence across Australia. Jaszac is a private investment company based in Melbourne which operates a diverse portfolio in international and Australian markets, holding interests ranging from consumer goods & distribution businesses to an A-League soccer club, as well as a number of hospitality and property ventures.

Jaszac has established Touch Guard to better connect Australian businesses seeking viral protection with providers of novel antivirus solutions.

The agreement will see Touch Guard distribute a wide range of Nanoveu's Nanoshield antiviral products, ranging from B2B commercial rolls to retail phone cases and screen covers (excluding distribution via Nanoveu's Customskins vending machines), as well as door handle covers, medical PPE face shields and other applications of Nanoshield.

Under the terms of the agreement, Nanoveu will supply product to Touch Guard on consignment. Nanoveu will be responsible for the shipment and supply of product to Touch Guard facilities and will offer Touch Guard a royalty free, irrevocable licence to utilise Nanoveu branding to market the product.

EyeFyx Prototype:

Nanoveu has been able to successfully launch a working prototype of its EyeFyx vision correction technology for a 14-inch laptop screen. The technology is capable of manipulating the output from digital displays for people suffering presbyopia (farsightedness).

The EyeFyx prototype, which consists of both a physical cover applied to a 14-inch laptop display as well as a software application to adjust output for different prescriptions, is capable of transforming the screen in real-time up to a refresh-rate of approx. 60 frames per second with only minor loss of screen resolution.

The prototype screen cover consists of a thin PET film which acts as a large-scale optical lens, made possible with Nanoveu's domain knowledge of nanoimprinting lithography (NIL) technology, which creates a number of precision structures capable of shaping light.

The EyeFyx lens – developed using Nanoveu's nanoparticle processing technology – works in partnership with software to ensure the light passing through the lens is manipulated to a precise degree. The emitted light is fashioned in a way which corrects the images for those suffering presbyopia, eliminating the need for glasses.

The software driver developed by Nanoveu manipulates the screen output and is capable of adjusting the display so that the EyeFyx technology can cater for users over the complete range of severity of presbyopia.

With the completion of this key prototyping stage as well as completion of EyeFyx software development, next steps include migrating the software into a system level as well as refine the Multi Lens Array into a stacked lens array. Production is targeted for the second half of 2021.

Prototype Patent:

Nanoveu has applied for patents relating to the EyeFyx technology, which have been lodged with the Intellectual Property Office of Singapore. The patent application covers both the software and physical hardware, protecting the intellectual property associated with:

- Real-time image generation;
- One lens fits all display screens; and
- Compact Gabor super lens optics for screen depth reduction

A review of existing international patents has been carried out and ten patents in this area have been found. However, none of these filings were deemed to be of a similar nature to EyeFyx, affirming the market-leading potential of the product.

The completed prototype is significantly more advanced from previous versions, both in terms of scale and technological capability, reflecting significant advancements made since the commencement of prototyping.

Corporate:

During the period, the Company completed a placement agreement raising a total of \$660,000 (before costs) through the issue of 13,200,000 fully paid ordinary shares at a price of 5 cents per share. The Company also issued 3,300,000 unlisted options with an exercise price of \$0.10 on or before 22 December 2022.

The raising was completed under the Company's placement capacity under Listing Rule 7.1A.

Expenditure:

An Appendix 4C detailing expenditure for the quarter is appended. Payments to related parties totalling \$134k were paid during the quarter for directors' fees, executive remuneration, and pension / superannuation benefits.

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

Other expenditure was predominantly incurred commercialising the Company's anti-viral products.

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

(*'000,000s*)

Use of Proceeds under Prospectus	Funds allocated under Prospectus dated 31/08/18	Funds expended between admission on 30/11/18 and 31/12/20
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	1,276
production moulds	150	58
purchase of inventory	455	-
sales and marketing	420	-
General and administrative expenses	1,000	1,204
Working capital	1,603	1,479
Total	7,044	6,512
Receipts from interest, customers and grants		(428)
Funds received in advance of the issue of shares		(600)
Funds received from placement of shares, net		(620)
Net funds expended between admission and 30 September 2020		4,864

Cash at date of admission	6,013
Net funds expended between admission and 30 September 2020	(4,864)
Cash at 30 September 2020	1,149

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.

- 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")

31 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		180	350
1.2 Payments for			
(a) research and development		(5)	(315)
(b) product manufacturing and operating costs		(275)	(574)
(c) advertising and marketing		(23)	(107)
(d) leased assets		-	-
(e) staff costs		(320)	(1,185)
(f) administration and corporate costs		(198)	(519)
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		24	104
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(417)	(2,245)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(10)	(21)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(10)	(21)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	660	660
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	(40)	(40)
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) – funds received in advance of the issue of shares as part of a facility of up to \$2.4m	-	600
3.10	Net cash from / (used in) financing activities	620	1,220

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	956	2,196
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(417)	(2,245)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(21)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	620	1,220
4.5	Effect of movement in exchange rates on cash held	-	(1)
4.6	Cash and cash equivalents at end of period	1,149	1,149

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	181	590
5.2	Call deposits	968	366
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)	1,149	956

**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**

134

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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
-	-
-	-
2,400	600
2,400	600

7.5 **Unused financing facilities available at quarter end**

1,800

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.

The Company has received \$600,000 for subscription for shares with the value of \$658,500 to be issued by 3 February 2022.

A further \$600,000 subscription for shares with the value of \$658,500 was approved by shareholders on 28 October 2020.

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 was approved by shareholders on 28 October 2020.

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. Nanoveu has not agreed to issue any shares under this additional subscription and both parties may elect to mutually enter into this additional subscription at a future date. There is no obligation on Nanoveu to further enter into this additional subscription.

Each of these investments will be made by way of the Investor prepaying for Placement Shares. The Placement Shares in relation to all or part of each of the above investments will be issued upon the Investor's written request, within 18 months of the final subscription. The number of Placement Shares to be issued is to be determined by applying to the subscription amount prepaid by the Investor, with the Purchase Price equal to 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) during the 20 consecutive actual trading days immediately prior to the relevant Settlement Notice Date. Each issue of Placement Shares must be for no less than \$150,000 of the Placement Shares. The selection of the 5 days within the 20 trading days is at the discretion of the Investor.

8. Estimated cash available for future operating activities

\$A'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(417)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,149
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,800
8.4	Total available funding (Item 8.2 + Item 8.3)	2,532
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6.1

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

- 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: n/a

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: n/a.

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: n/a

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.

28 January 2021

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.