Letter to Shareholders – 8 April 2026

Dear Shareholders,

Since commencing as Managing Director, I have undertaken an extensive appraisal of Nanollose's position. This delineated challenges, assisted refining our strategy, and solidified my confidence in our opportunity.

Our current position

A review of our financial standing, technology, and commercial position revealed several opportunities, and challenges.

There are several globally significant opportunities we could address if we had the resources. Credible pathways exist in textiles, agricultural inputs, and leather alternatives with each offering considerable opportunities.

Nanollose is making real progress with a small but talented team, however we cannot currently pursue all opportunities simultaneously. Accordingly, and importantly, we have narrowed our attention, not because other opportunities lack merit, but because we are focussed on delivering a flagship commercial success rather than pursuing multiple projects. Strategically, this will allow the Company to deliver real traction, instead of remaining 'in development' indefinitely.

Nanollose opportunity and priority

The global textile industry consumes over 300m trees every year to produce man-made cellulosic fibre. This is a major issue in isolation, and it is further compounded as deforestation degrades soil, destroys biodiversity, can lower the water table, and production relies on chemical-intensive processes, and consumes further large volumes of water.

At every level of the value chain, from fibre producers to fabric makers to global brands and consumers, there is growing, urgent and largely unmet demand for diversified, sustainable feedstock sources.

Strong government pressure is accelerating this shift. The European Union's Deforestation Regulation is compelling major producers to find non-forestry feedstocks. The annual global regenerated fibre market is estimated to be between US$30bn[i] and US$53bn[ii], and the regenerated cellulose fibre submarket ~US$20bn[iii], and growing. Further, a multi-million tonne cellulose supply gap is emerging.

The industry needs solutions and ideally ones that can be adopted without discarding existing mega-infrastructure. This is precisely what our Nullarbor™ fibre offers: a tree-free, plastic-free, biodegradable man-made cellulosic fibre, produced by a significantly shorter, cleaner process than conventional methods. Our fibre is stronger than conventional lyocell, uses a fraction of the land, and is immune to forestry regulation. This does not mark an incremental improvement. It is a paradigm shift that we have the power to commercialise and control, providing a better product for consumers and the planet.

The challenge, and our near-term focus, is to reduce production costs. Work to advance scaled, cheaper production is underway and we will be able to provide further information regarding this shortly.

The strategic approach

Nullarbor™ is *complementary* to the existing cellulosic fibre industry. It can serve as an incremental feedstock, allowing producers to blend our material into existing operations and improve their sustainability profile without discarding their infrastructure. Not only does this lower our barrier to entry, but it also has the potential to make us integral across supply chains with multinational partners.

Hence, our immediate goal is not to be become a mass-market commodity manufacturer, but instead to prove the scalability and value of our technology, creating an asset that is attractive to larger partner companies, and off takers, that can advance a global rollout. This considerably reduces the capital required from us for a full-scale industrialisation.

Under this strategy, near-term value creation does not come from Nanollose selling fibre, it comes from systematically de-risking our technology at progressively larger scales, securing the right partnerships, and building a pathway that generates licensing revenue or positions us for a strategic transaction with a larger, established industry participant.

Technical momentum: A pragmatic approach

To appreciate our path forward, it helps to understand that our production process has fundamental advantages, using some similar equipment to the conventional process, but overall being significantly shorter (fewer stages and faster), simpler (fewer inputs), and cleaner.

Industrial equipment is approximately 1,000 times larger than our current requirements. This brings classic scale up challenges but also provides us with confidence regarding economies of scale. The equipment and the plants exist; we just need to grow into them. An additional benefit is how clear it will become to potential purchasers or partners, that they could easily to adopt our technology into their operations, and the relative economics.

Thus, our current challenge is not whether our process can be executed at industrial scale, it is identifying the most efficient way to do it at our current scale and advancing this as quickly as possible. On this front, I am pleased to report genuine progress is being made in streamlining our process.

In recent months, we have improved our process to require fewer stages and inputs, resulting in a significantly faster production that yields a more uniform, higher-quality product. Under conservative assumptions, our improved process is at least 60% more efficient than the method utilised for the recent fourth pilot spin. This marks a significant shift in our development trajectory and our process economics.

Despite this shift, there are still issues with which we must contend. At present, the primary engineering focus is drying / dewatering our material while retaining its solubility. Perfecting this single step cost-effectively at scale is a surprisingly complex task. If we were a multinational corporation, we might spend several years and significant capital optimising it. Nanollose does not have, and does not require, that luxury.

Our strategy is pragmatic. We are adopting a modular approach, aiming to implement a functional drying solution rapidly, simply to keep moving, even if this is inefficient compared

to industrial standards. We can do this because our laboratory breakthroughs mean that even using less efficient drying methods, our overall process is still at least 60% more efficient than our historic baseline. This should allow us to generate momentum and material sooner, knowing we can substitute in better drying modules as we develop them and as manufacturing scales.

The Company has commenced international equipment evaluation trials, with some initial results expected very soon. We are also experimenting further with the treatment processes, targeting the removal of an entire stage of our already relatively streamlined process, and its associated cost and environmental impact.

This is not speculative science; these are engineering and optimisation opportunities which are actively being addressed using available off the shelf equipment.

Outlook

We are focused on achieving and reporting developments that demonstrates tangible progress along a credible pathway to value creation. Specific objectives include:

- **Process validation and efficiency gains:** In the lab, using conservative assumptions, our improved production process delivers at least a 60% improvement in efficiency over the previous method, while producing a superior product. Scale equipment trials for some aspects of the improved process have commenced, and some should conclude this month. We intend to update the market regarding process improvements, and our initial drying solution, this quarter. Success will unlock the ability to construct rapidly our first dedicated production line.
- **Dedicated production facility:** Our single most important goal is establishing a dedicated microbial cellulose pulp production line capable of producing enough pulp for multiple tonnes of Nullarbor fibre per month. This volume threshold underpins formal collaboration agreements, delivers opportunities for continuous improvement, and positions us credibly for negotiations that can unlock shareholder value. We are pursuing a capital-light, partner-backed manufacturing model, in which we hope industry partners shoulder most of the capital burden.
- **Industry engagement:** We intend to share material from our latest pilot run with high-profile global brands for their evaluation. We expect to be able to provide additional details over the coming months. This will show the industry is actively assessing Nullarbor™, although transitioning these evaluations into formal collaboration agreements will require the volume certainty of a dedicated facility.
- **Process economics:** We know that our process is fundamentally simpler and cleaner than the alternatives, providing confidence in what the economics can become at industrial scale. Rather than producing a definitive feasibility study that would create the illusion of certainty where we don't yet have it, we're choosing fast execution over theory, because we believe this is the best way to unlock next steps, and value.
- **Capital and funding:** The Company has unlisted options on issue with an exercise price that increases after 30 April 2026. We encourage option holders to take advantage of this pricing window prior to the increase, allowing them to maximise the value of their position while directly funding our next phase of growth. Full exercise of these options could raise up to $2m, which, combined with the partnership structures

we are pursuing for facility development, would provide us with the financial flexibility for our near-term development program.

A vision worth building

We believe our shareholders are best served by transparency. The opportunity ahead is real, though it is not without challenges. Moving forward, the Company has established a strategic path on what is required and how this has the potential to deliver considerable shareholder value.

Global demand for man-made cellulosic fibre is only growing. Regulation is forcing the industry to find deforestation-free feedstock solutions. Our technology works, and there is a pathway to proving it at scale using commercially available equipment. We want to build the asset that the industry needs.

Building something transformative takes patience and discipline, while remaining ambitious. We intend to pursue this generational opportunity aggressively to unlock value for shareholders, and we thank you for your continued support.

Yours sincerely,

Andrew Moullin
Chief Executive Officer & Managing Director
Nanollose Limited (ASX: NC6)

[i] ReAnIn (2025) *Regenerated Fiber Market: By Type, Application and Geography, 2021–2031*. [Online]. Available at: https://www.reanin.com/reports/regenerated-fiber-market (Accessed: 1 April 2026).
[ii] Global Industry Analysts, Inc. (2025) *Regenerated Fibers: Global Strategic Business Report*. SKU: GJOB20507678. [Online]. Available at: https://www.marketresearch.com/Global-Industry-Analysts-v1039/Regenerated-Fibers-42672549/ (Accessed: 1 April 2026)
[iii] Fundamental Business Insights (2025) *Regenerated Cellulose Market Size & Share Forecasts 2026-2035*. [Online] Available at: https://www.fundamentalbusinessinsights.com/industry-report/regenerated-cellulose-market-7139 [Accessed: 1 April 2026]