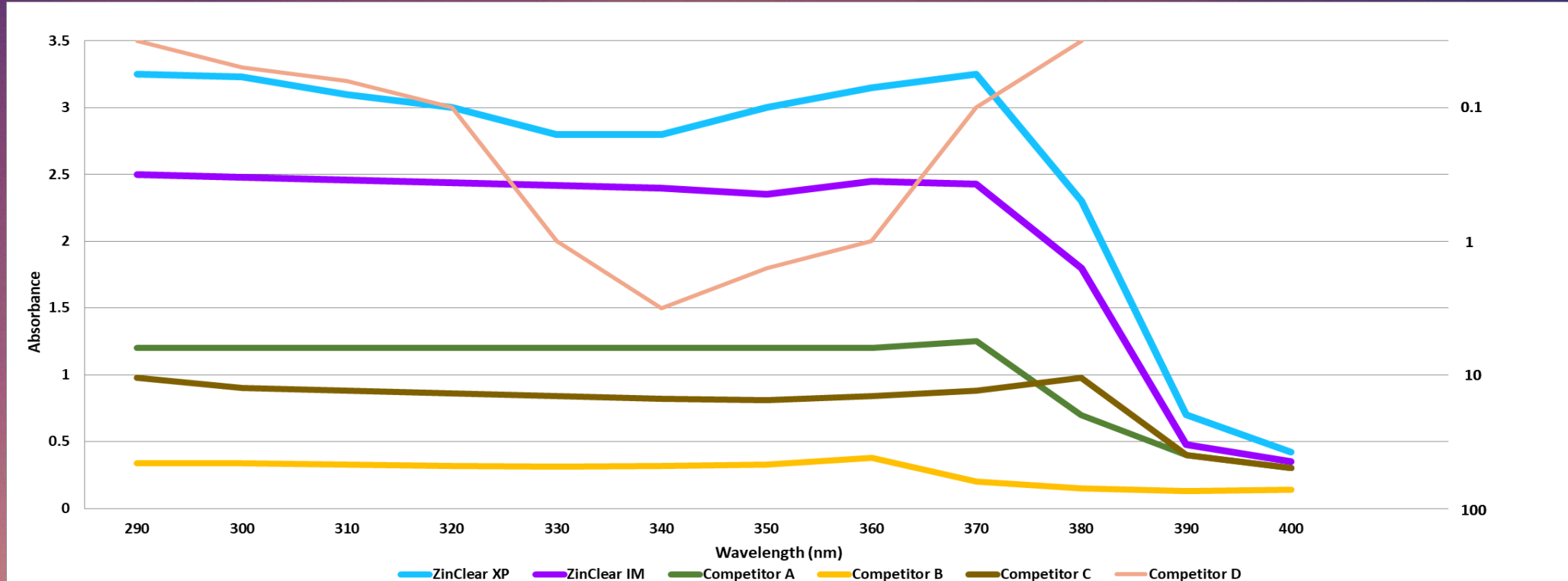




# ANO Investor Presentation Update

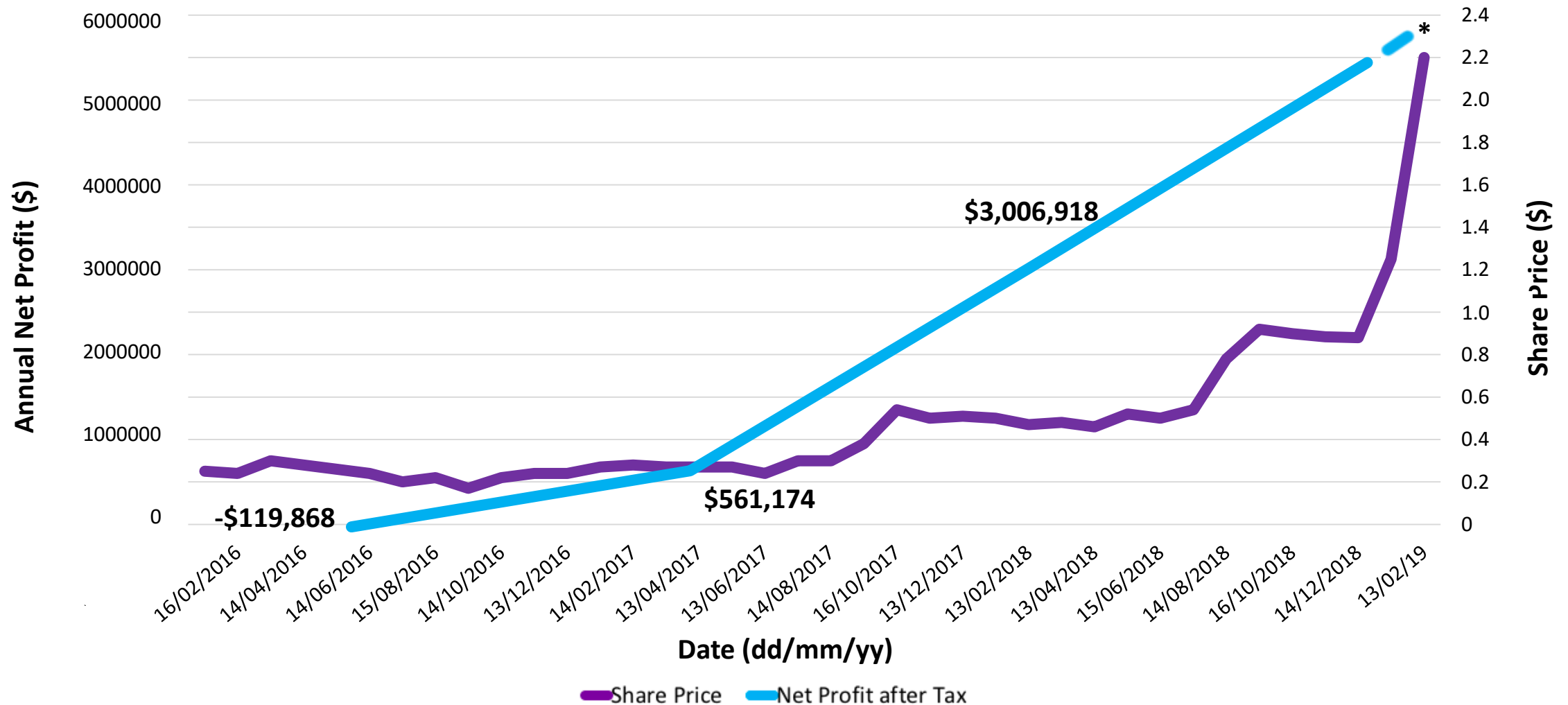
## February 2019

### ANO Powder Performance versus Competitors



Consistent Quality Product and Superior Performance

# ANO Share Price



- Appointment of Geoff Acton Managing Director on 16<sup>th</sup> March 2016.
- \* Including further partial reinstatement of our deferred tax benefit.

# Profit Update / Future Outlook

- Current profit after tax for the first 2 months of the 2<sup>nd</sup> half of FY19 is in excess of \$1 million.
- The estimated income tax benefit of our R&D return is approximately \$220,000 and will contribute to the 2<sup>nd</sup> half FY19 result.

## Does the Share Price Reflect our Performance?

### **CLEARLY, THE KEY IMPORTANT FACTS AROUND OUR SALES ARE:**

- 138% increase in ZinClear Sales since 2016.
- 615% increase in XP Powder Sales since 2016.
- 276% increase in Alusion Sales since 2016.

### **WHY?**

- Continuous quality product improvement.
- Ongoing production capacity increases (see Strategic Initiatives p.4).

# Does the Share Price Reflect our Performance?

## PRODUCT QUALITY

- ANO has implemented a rigorous new testing regime where former European suppliers of our carbonate are currently unable to meet our specification.
- Zinc oxide only represents a very small cost in each 100ml tube of sunscreen compared to the retail price.
- The margins achieved by ANO are lower than that of our competitors, combined with the quality of the product, performance of the product, and consistent improvement in delivery times.

## DANGERS IN SUBSTITUTION

- Snowberry Sunscreen NZ
  - This company previously used our zinc oxide and moved to a cheaper option.
  - <https://www.stuff.co.nz/business/98978814/two-sunscreens-pulled-from-sale-testing-standards-ridiculous-consumer-nz>
  - <https://snowberry.co.nz/blog/what-spf20-means>
  - <https://snowberry.co.nz/skin-care/sun-care>

# ANO Strategic Initiatives 2019 / 2020

## 1. POWDER PRODUCTION CAPACITY

- Current production of 15T per week.
- Lift production of 31T from 1 May 2019.
- Lift production to 40T in late 2019.
- **Annual capacity of 2,200T.**
- YTD powder sales are 239% greater than FY18 for the same comparable 7 month period. This percentage could have been higher without the ANO production constraints.
- Currently have 82T of future XP powder sales orders in the system for March – June.
- ANO will lift production to 2,200T per annum compared to one of our competitors spending 8.3 million AUD to generate an additional 800T of production and taking double the time to generate these increases.
- We have **reduced** our price globally at the beginning of January 2019, whereas the competitor has raised prices to cover the cost of their expansion.

<https://www.businesswire.com/news/home/20181204005362/en/EverZinc-Invests-Zano®>

## 2. END PRODUCT DEVELOPMENT / REVENUE DIVERSIFICATION

- Look to increase the range of end products beyond the current ZinXation sunscreen SPF50.
- ANO will retain the IP, expertise, and knowledge in product mixing and development and will sell the end product range to brand owners and distributors.

# ANO Strategic Initiatives 2019 / 2020

## **3. NEW POWDERS AND DISPERSIONS**

- ANO will develop additional powders and dispersions using alternative natural ingredients in 2019 / 2020.

## **4. SECURE ZINC CARBONATE SUPPLY**

- We are aware of current shortages in capacity of zinc production of competitors in Europe / US.
- We have increased the number of carbonate suppliers from 3 to 5, to ensure a continuous supply and protect ourselves from precursor shortages.
- The total raw material carbonate capacity from our suppliers is in excess of 11,000T per annum.

## **5. GROW DISTRIBUTION NETWORK IN EUROPE**

- Leverage our increased capacity and pricing strategy to grow sales in Europe where we are aware zinc is being developed into products amongst leading European brands.

# Antaria IP yet to be Developed R&D Projects



## 1. BATTERY TECHNOLOGY (delay until FY20)

- Current new draft CEC Battery standard has been released by draft – AS/NZS5139:Safety of Battery Systems
- There is complete uncertainty at present as to whether the new standard replaces the existing standard or both standards will be required as part of compliance for battery systems.

### PILOT SCALE PRODUCTION FACILITY

- The battery development project requires a new pilot scale facility to ramp up production to make significant quantities of material to test the batteries on a large scale. Our current lab based facility is too small to make the quantity of materials required.
- This requires significant investment in equipment and a new facility.

### STATE GOVERNMENT ASSISTANCE / GRANTS

- We have approached the state government to support the program given the promotion of “smart technology”. Unfortunately, at this stage the response has been slow.
- It appears that there is focus on the support and assistance for mining companies (like Adani) in regional QLD. ANO will need to look at locating the pilot scale facility interstate or overseas later this year to continue with this promising technology.



# Antaria IP yet to be Developed R&D Projects



## 2. UV RESISTANT COATINGS

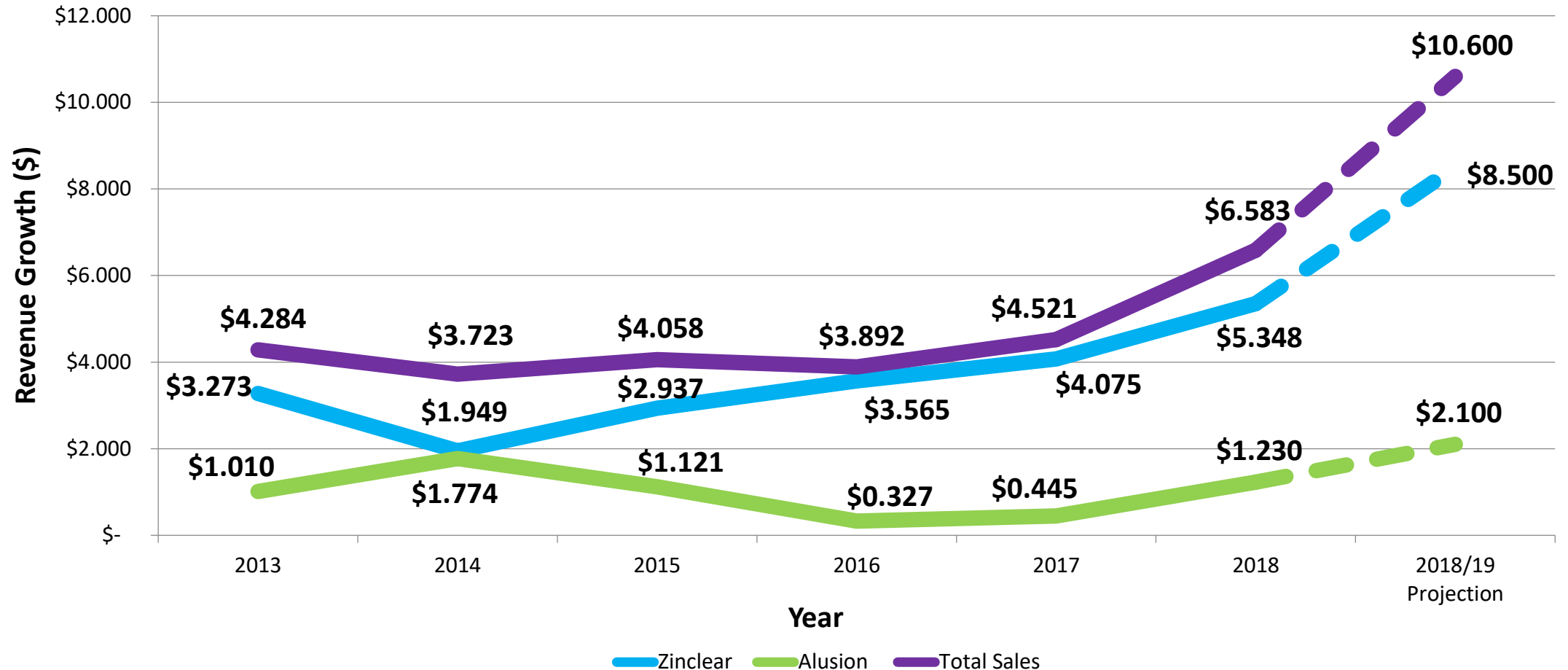
- UV Trials conducted by University of Queensland showed promising UV resistant results using our material in plastic films.
- ANO will investigate the future possible use for this material. E.g. decking oils, automotive glass.

## 3. ZIRCONIA – 3D PRINTING CERAMICS

- We currently have developed a slurry to make 3D ceramics. Currently the 3D printing technology requires a powder form to make ceramics not slurry.
- Early trials of our material show it is too porous to make 3D ceramic objects.
- We will relook at this technology further in 2019 / 2020.



# Total Annual Sales Revenue by Product Category (\$ '000)



- Total sales increase of 84.6% compared to first half FY18.
- Further sales increases expected in FY19 and FY20 from MERCK.
- Increase manufacturing capacity of zinc powder to 2,000 tones per annum from late 2019, well in excess of current order intake.

# Reef Safe Sunscreen

- ANO has submitted a proposal to the Great Barrier Reef Foundation and the Cassowary Coast Council to discourage the use of reef harmful UV absorber chemical based sunscreens.
- Follows the lead of Hawaii who have banned the use of chemical sunscreens on their beaches.

## Hawaii Bans UV Chemical Sunscreens

### ARTICLES

- “State lawmakers passed legislation in May that would ban skin-care companies from selling and distributing sunscreens on the islands that contain two chemicals deemed damaging to coral reefs.”
- Hawaii just banned your favorite sunscreen to protect its coral reefs – Washington Post  
[https://www.washingtonpost.com/news/energy-environment/wp/2018/07/02/hawaii-is-about-to-ban-your-favorite-sunscreen-to-protect-its-coral-reefs/?utm\\_term=.8dc735076d81](https://www.washingtonpost.com/news/energy-environment/wp/2018/07/02/hawaii-is-about-to-ban-your-favorite-sunscreen-to-protect-its-coral-reefs/?utm_term=.8dc735076d81)
- Hawaii bans sunscreens with chemicals that damage coral reefs, but Australia reluctant to follow – ABC News  
<https://www.abc.net.au/news/2018-05-04/hawaii-bans-sunscreen-coral-bleaching/9728322>

# Reef Safe Statement References

Written by Mark Chandler, BA Chemistry

Reviewed by Professor Julian Hewitt

<https://www.ewg.org/sunscreen/report/nanoparticles-in-sunscreen/#.WuOKSMgvyUk>

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<https://books.google.com/books?id=hhcUJRSilwsC&pg=PA98#v=onepage&q&f=false>

<https://jamanetwork.com/journals/jamadermatology/fullarticle/1105240>

<https://www.karger.com/Article/Abstract/85861>

<https://www.cdc.gov/exposurereport/index.html>

# Foundations Laid by Previous Board

- The current Board thanks the hard work and due diligence of Rade Dudurovic, Ron Higham, and Paul Pisasale in 2014 / 2015 who, under Rade's direction, plotted the strategic direction and initiated the start of the renewal process which now underpins the current success of ANO's business operations.

## Contribution by the Main Shareholders of Ethical Zinc

- The Board thanks the contribution of the shareholders of Ethical Zinc for their significant contribution to ANO's business by suggesting new products and providing ideas and articles.



Brian  
Kearney



Christopher  
Silvestro



Giovanni  
Diaz

# Disclaimer

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