

13 February 2024

Ms. Yulie Gurdina  
Senior Adviser, Listings Compliance  
ASX Compliance Pty Limited  
20 Bridge Street  
SYDNEY NSW 2000

via email

Dear Yulia

## **Zoono Limited ('ZNO'): Query Letter**

We refer to your letter dated 8 February 2024 and advise as follows:

1. Noting that ZNO had 0.34 quarters of funding remaining as at 31 December 2023, it would appear to ASX that ZNO may have exhausted all available funding as at the date of this letter. Please confirm whether ZNO's directors are of the view that ZNO is currently solvent.

Yes, ZNO is, and will continue to be, solvent. As advised previously, ZNO was in the process of completing a small placement at the time of the release. The capital raising is continuing and, since 1 January 2024, it has raised NZ\$237,500, with further funds expected. In addition, the Company continues to have available to it a further NZ\$500,000 standby facility from an entity associated with Paul Hyslop (a director).

2. Please confirm whether ZNO's representation in response to section 8.6.2 of the Appendix 4C Cash Flow Report remains accurate, in that ZNO intends to raise further capital this quarter (Q3 of FY24).

Yes, the representations in section 8.6.2 continue to be an accurate representation. ZNO still intends to raise further capital this quarter (in addition to the funds already raised subsequent to 1 January 2024). Entities associated with the Company's founder (Paul Hyslop), a ZNO distributor and a major shareholder have expressed a willingness to underwrite the rights issue for up to A\$1.6M (of the total rights issue of A\$2.7M). In addition to the underwriting interest, a large shareholder has advised the Company that it is willing to take up any shortfall in the Offer.

3. Please confirm whether ZNO's representation in response to section 8.6.3 of the Appendix 4C Cash Flow Report is accurate, in that during the current quarter, overhead reductions have been implemented and receipts from customers are meeting expectations. Please provide details to support this view.

Yes, the representations in section 8.6.3 remain accurate. For the 6 months to 31 December 2023, overheads (excluding 'Other revenue') were NZ\$1,985,386. That compares very favourably to the overheads (excluding 'Other revenue') for the six months to 31 December 2022 of NZ\$4,629,404 (i.e. compared to the prior corresponding period, overheads were reduced by NZ\$2,644,018).

Receipts from customers in January 2024 were NZ\$68,287. This was in line with the Company's expectations for January 2024. Further, while the exact timing of contract negotiations cannot be predicted, the progress in discussions with customer to date in 2024 continue to support the Company's expectations of increased sales receipts from customers this quarter.

4. Does ZNO consider that its financial condition is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.

Yes, ZNO refers to its answers to questions 1 to 3 above. In addition, with the sales opportunities presently available to it (with several being the subject of current contract negotiations), the Company expects to return to being cash flow positive in Q4 of FY24 and to be earnings positive in FY25.

5. If the answer to question 4 is “no”, please explain what steps ZNO has taken or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.

Not applicable

6. Please confirm that ZNO is complying with the Listing Rules and, in particular, Listing Rule 3.1.

ZNO is currently, and will continue to be ,in compliance with Listing Rule 3.1.

7. Please confirm that ZNO’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ZNO with delegated authority from the board to respond to ASX on disclosure matters.

The above responses have been authorised and approved by the board.

Yours sincerely



Elissa Hansen  
Company Secretary



8 February 2024

Reference: ODIN88046

Ms Elissa Hansen  
Company Secretary  
Zono Group Limited

By email

Dear Ms Hansen

### **Zono Limited ('ZNO'): Query Letter**

ASX refers to the following:

- A. ZNO's announcement entitled "Quarterly Activities/Appendix 4C Cash Flow Report" lodged on the ASX Market Announcements Platform ('MAP') on 31 January 2024, which stated that ZNO has an estimated 0.34 quarters of funding available. More specifically, the Appendix 4C Cash Flow Report disclosed that:
- (i) ZNO's total available funding at quarter's end was NZ\$176K.
  - (ii) ZNO's net cash outflow for the quarter was NZ\$514K.
  - (iii) ZNO's cash outflow for administration and corporate costs was NZ\$1,464K for the 6 months ending 31 December 2023. That cash outflow is greater than the NZ\$872K in cash receipts from customers for the same period.
  - (iv) ZNO's cash outflows for staff costs was NZ\$742K for the 6 months ending 31 December 2023.
  - (v) ZNO had drawn NZ\$460K in financing from Woodfield Investments Limited, as at 31 December 2023.
- B. ZNO's Appendix 4C Cash Flow Report for the quarter ended 31 December 2023, which stated:
- (i) At section 8.6.1 concerning the current level of net operating cash flows:  
*"No, the Company is working on several deals that it is looking to supply next quarter and the Company has stock inventories of NZ\$11.1M, it expects in most instances to be able to materially reduce its cost of goods sold given we do not have to order and pay for additional stock to generate sales."*
  - (ii) At section 8.6.2 concerning whether further capital will be raised:  
*"Yes, the Company has undertaken four initiatives to ensure it has sufficient cash to fund its operations:*
    - first, it has undertaken a significant restructure of its business which involves a material reduction in the Company's monthly overhead structure;*
    - second, the Company has put into place a short-term loan facility of NZ\$0.5M (which is not totally drawn);*
    - third, the Company has completed a small placement and is able to complete more and*
    - the Company is to undertake a capital raise in Q3 of FY24 to increase its working capital and, as required, raise additional funds to fund several Company initiatives planned for 2024, including the supermarket shelf-life extension project (which is nearing completion), expansion into India and China, and further penetration into the USA market after gaining the List N registration as well as its*

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*contribution to the joint venture established pursuant to the Co-Development and Licence Agreement with Douglas Pharmaceuticals announced to the ASX on 17 October 2022.”*

- (iii) At section 8.6.3 concerning whether the entity can continue its operations and meet its business objectives:

*“Yes, with the Company's reduced overheads and the expected receipts from customers over the next quarter, supplemented by the loan facility available to it, the Company fully expects to be able to continue its operations and to meet its business objectives.”*

- C. Listing Rule 12.2 which states:

*“An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.”*

### **Request for information**

Having regard to the above, ASX asks ZNO to respond separately to each of the following questions and requests for information:

1. Noting that ZNO had 0.34 quarters of funding remaining as at 31 December 2023, it would appear to ASX that ZNO may have exhausted all available funding as at the date of this letter. Please confirm whether ZNO's directors are of the view that ZNO is currently solvent.
2. Please confirm whether ZNO's representation in response to section 8.6.2 of the Appendix 4C Cash Flow Report remains accurate, in that ZNO intends to raise further capital this quarter (Q3 of FY24).
3. Please confirm whether ZNO's representation in response to section 8.6.3 of the Appendix 4C Cash Flow Report is accurate, in that during the current quarter, overhead reductions have been implemented and receipts from customers are meeting expectations. Please provide details to support this view.
4. Does ZNO consider that its financial condition is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.
5. If the answer to question 4 is “no”, please explain what steps ZNO has taken or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.
6. Please confirm that ZNO is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that ZNO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ZNO with delegated authority from the board to respond to ASX on disclosure matters.

### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEDT on Tuesday, 13 February 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ZNO's obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require ZNO to request a trading halt immediately.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

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### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in ZNO's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in ZNO's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to ZNO's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that ZNO's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Release of correspondence between ASX and entity**

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Regards

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ASX Compliance