

ZOONO®



ZOONO GROUP LIMITED (ASX:ZNO)

Annual General Meeting

SYDNEY
Friday, 25th NOVEMBER 2022

AGENDA

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CHAIRMAN'S OPENING COMMENTS

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EXECUTIVE PRESENTATION

WHO WE ARE

Board members



Don Clarke
NON-EXECUTIVE DIRECTOR



Elissa Hansen
NON-EXECUTIVE DIRECTOR/COMPANY
SECRETARY



Paul Hyslop
GROUP MANAGING DIRECTOR

ZOONO GROUP LIMITED

Executive Presentations -

Paul Hyslop – Strategy and Outlook



Paul Ravlich – Financial Results



Full Year FY22 Performance Snapshot

REVENUE

\$9.0M

-66.8%
vs FY21

GROSS PROFIT

\$5.1M

-68.5%
vs FY21

EBIT

(\$12.6)M

-313.6%
vs FY21

EBITDA

(\$12.3)M

-295.2%
vs FY21



Key Overview

- Customer demand across the industry has fallen off the proverbial cliff due to a significant decrease in hand sanitization and antimicrobial fogging impacting the majority of companies servicing this market, as well as new entrants saturating the market with sanitizing products.
- Net Loss after tax of NZ\$12.1M compounded with abnormal one-off items of NZ\$8.1M (US Goodwill impairment of NZ\$6.4M and Sky Scrapers legal claim of NZ\$1.7M), which would have resulted in a normalized loss of NZ\$4.0M without these one-off items.
- Balance sheet has no external bank debt.
- Net operating cash outflows of NZ\$1M impacted by the Sky Scrapers legal claim



Full year FY22 profit and loss summary

Revenue

- Down 66.7% in face of COVID-19 impacts and reduced trading in most geographies around the globe

Gross margin

- Margin percentage remains strong, but negatively impacted by higher freight charges

Operating costs

- Higher overheads due to one-off US entity Goodwill impairment of NZ\$6.4M and Sky Scraper legal settlement costs of NZ\$1.7M (without these costs operating expenses would have been NZ\$9.3M, less than 2021 figures)
- Employee costs down NZ\$692k
- US Regulatory EPA settlement costs accrued of NZ\$200k
- Increase in marketing costs of NZ\$287k due to additional marketing programs for China & UK

Balance Sheet & Cash Flow

Working capital management and Cash Flow

- Efficient management of receivables
- Strong cashflow management with NZ\$14.2M of cash receipts
- Operating cash outflows of NZ\$1M impacted by the Sky Scraper legal settlement
- No bank debt
- Margins remain strong but negatively impacted by higher freight charges

Balance Sheet - Intangibles

- Impairment of Goodwill for the US operation of NZ\$6.4M

Financial Management and Cost Control since June 30 2022

- Embarked on a restructuring that should deliver operational savings of approximately NZ\$1M in FY23 and NZ\$2M in FY24
- No salary and fee increases in FY23, despite an extremely tight labour market



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Strategy, operations & outlook

The Challenges

ECONOMIC

Many chemical, product and service companies that 'boomed' during the pandemic have all experienced unprecedented demand drop off.

COMPETITIVE

New entrants as a result of the pandemic have increased the competitive landscape in our traditional hand and surface disinfectant segments putting pressure on process and margins.

SUPPLY CHAIN

Disinfectant supply chains remain clogged with excess stock ordered during the pandemic, impacting both sell through and pricing.

VALUE PROPOSITION

The value proposition of keeping someone 'safe' works well when they are in danger but is less compelling when there is no immediate threat.



The Solution

NEW MARKET SEGMENTS

Zoono has pivoted towards developing and commercialising solutions in new market segments (Food Packaging and OTC Products).

COST REDUCTION INITIATIVES

Cost reduction initiatives are continuing to be implemented with the objective, over the short term, to drive overhead cost savings of circa NZ\$1M for FY23 and in excess of NZ\$2M in FY24.

It is not expected that these cost reduction actions will impact the Company's ability to service key markets or execute on key business development and/or growth initiatives.

STRENGTHEN STRATEGIC PARTNERSHIPS

As part of the revised strategy, Zoono has continued to enter into relationships with organisations in critical markets and segments. These partners will drive the day-to-day sales activities, lead generation, customer interaction and fulfilment. Zoono will continue to support with marketing, training and technical support. This structure allows Zoono greater access to markets at a lower overhead cost.

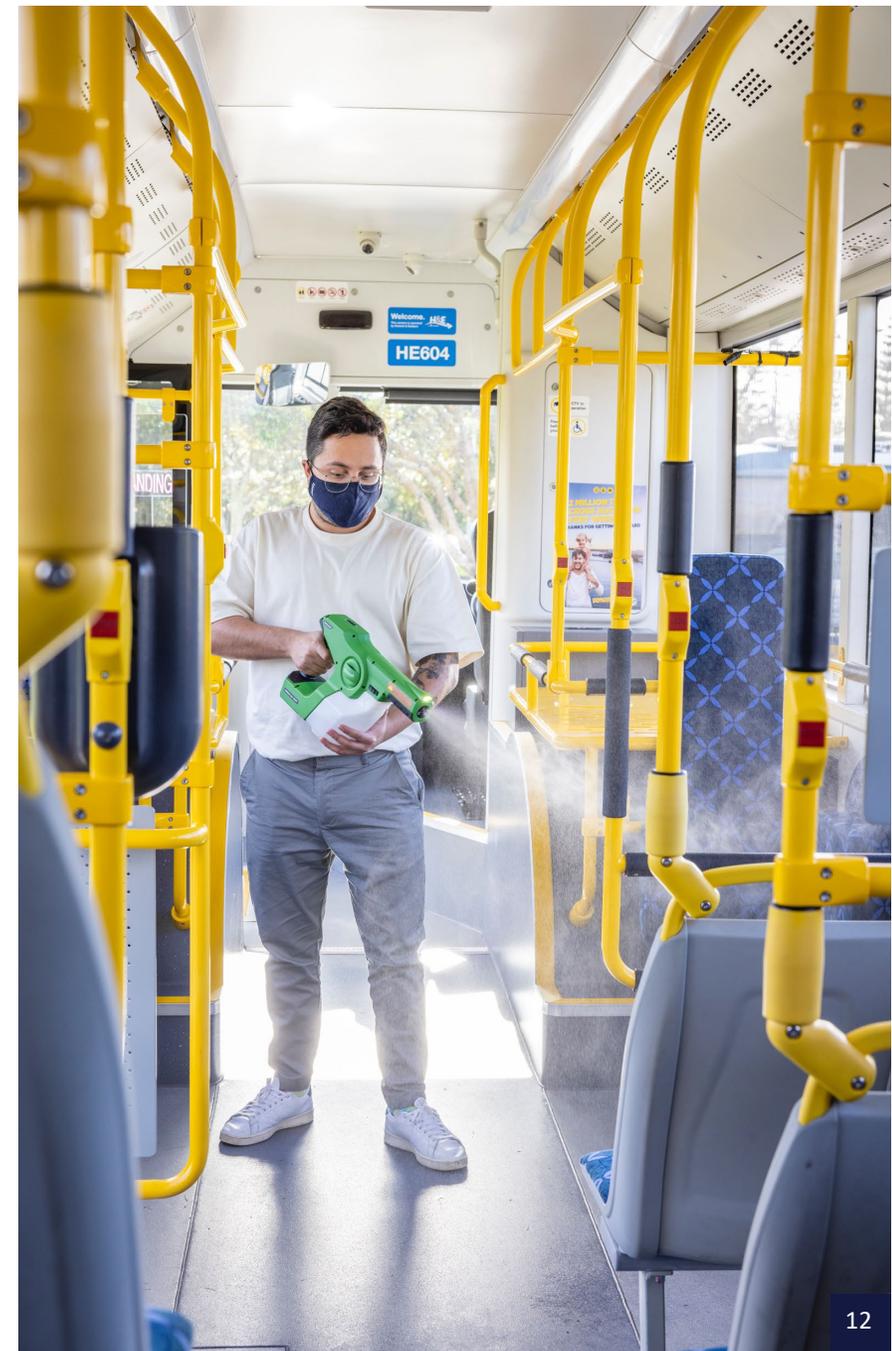


Key Initiatives

We have focused on the following key initiatives:

- Moving away from B2C consumer products, increasing our focus on food packaging and expanding into OTC health products where Zoono has identified a strategic niche for its products.
- Continuing to develop and implement a more focused partner distribution strategy, appointing key partners in large markets and strengthening these critical relationships.
- Continuing to build penetration into the Chinese market.

The Board and Management are clear that we need to focus on and drive revenue growth as the number one priority while carefully managing cash and our overhead structure as we return to profitability.





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Segment Initiatives

Facilities Management

<p>Rationale</p>	<p>Our core segment saw unprecedented demand during the pandemic. Our technology naturally lends itself to this segment, and we are addressing ways for companies to increase their focus on creating healthier and safer work and home environments.</p>
<p>Value proposition</p>	<p>Creating healthier and safer environments – using long-lasting antimicrobials in conjunction with a regular hygiene program can reduce labour costs.</p>
<p>Key activities completed</p>	<ul style="list-style-type: none"> • Established partnerships with significant players in this market. • Attended key trade shows (ISSA Chicago, Interclean Amsterdam) and continuing to build our distribution network.
<p>Next steps</p>	<p>Continued focus on strengthening relationships and supporting existing partners with their customer network to improve market penetration. Continue to educate our customers as to why Zoono offers superior outcomes to traditional hygiene methods.</p>

SEGMENT INITIATIVES

Food Packaging

Rationale	This is a huge market and our biggest competition here is 'nothing'. Zoono will increase the shelf life of produce and assist in reducing wastage in the world of 1.4 billion* tons of food every year. The global flexible produce food packaging market is currently US\$16.6B and is expected to grow to US\$20.6B by 2025 at a CAGR of 5.5%.
Value proposition	Using our product increases shelf life and reduces food waste. The economic benefits of these outcomes outweigh the cost of application.
Key activities completed	<ul style="list-style-type: none">• Completed further market research on the opportunities within this segment.• Ongoing trials in the UK with a major food retailer, heads of agreement signed.• Ongoing trials in South Africa with a major food producer.
Next steps	Continue to work through to commercialisation and then launch in our key markets and target large wholesalers and retailers.

Source*: [Food and Agriculture Organisation of the United Nations: Food Packaging Market Size, Share & Growth Report 2030](#)

SEGMENT INITIATIVES

OTC Products

Rationale	Our technology has not previously been used in OTC applications and initial tests have been incredibly compelling, that we are looking at other products we can commercialise and obtain more effective market reach.
Value proposition	Different for each product.
Key activities completed	<ul style="list-style-type: none">• Completed initial testing, have core team resources in place.• Signed a co-development agreement with Douglas Pharmaceuticals.
Next steps	<ul style="list-style-type: none">• Continue commercialisation efforts.• Presently have patents pending in key markets.• Engage Global pharma company to exclusively license the product worldwide.• Exclusivity payment and royalty income streams and Zoono selling OTC products through the JV.

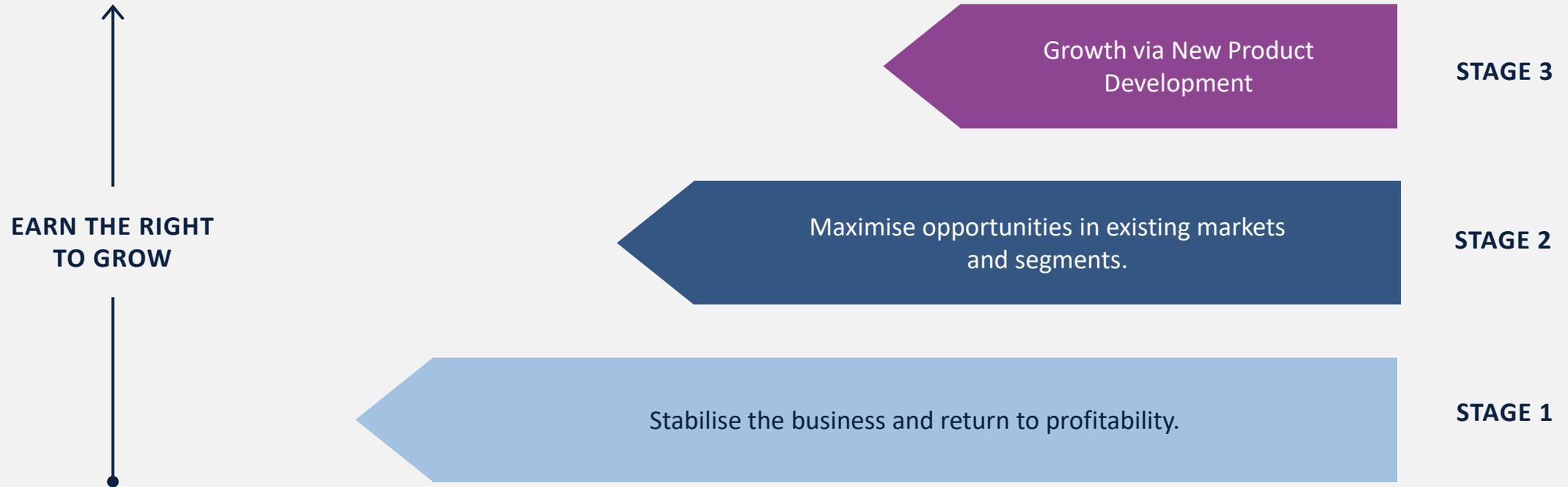
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Outlook

OUTLOOK

Outlook over the next 3 years



OUTLOOK

Outlook over the next 3 years

YEAR 1

Solidify and stabilise

- Right size the business to better align the size/revenues of the business
- Shift to a partner centric global distribution strategy
- Put more resources into key non-pandemic related segments (Food Packaging)
- Continue to build penetration into the Chinese market
- Seek licensing opportunities.

YEAR 2

Build Momentum

- Doubling down on successful growth initiatives
- Increase share of wallet with key customers
- Increased investment in R&D.

YEAR 3

Rapid Expansion

- Maximising successful growth initiatives
- Introducing new products into existing markets (via existing distribution channels)
- Exploring JV activities with strategic partners, distributors and entities closely related to our core business.

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Questions?

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