

## Zoono Group Limited (ASX: ZNO)

### ASX ANNOUNCEMENT

31 July 2019

## Company Update; Q4 2019

**Global biotech company Zoono Group Limited (ASX:ZNO) ('Zoono' or 'the Company')** advises that, while sales are down for the year, significant progress has been made in building the foundations for longer term sales success and future profitability.

In 2018, the Board made a strategic decision to focus on the development of a core group of B2B potential customers in the key geographic regions (North America, Europe, China and India) with the capacity to drive sales growth for the Company through consistent (and repeated) orders for the Company's products.

The Company also made the decision to defer all further pursuit of retail (B2C) business (other than on-line sales). In large part, the decision to change focus was a recognition of the fact that the Company simply does not have either the funding necessary to build a retail brand or, with its limited human resources, the capacity to build a global retail business.

Consistent with the above approach, the Company opened its European office (located in the UK) in 2018. In FY19, it has reviewed its distribution arrangements in many countries (including China) and, in recent months, it has opened discussions with its US distributor on revised arrangements for the marketing of Zoono products in North America.

With the strategic focus on putting the building blocks into place, sales have suffered in FY19. However, the Company has made good progress in implementing its strategy. Highlights in the last quarter have been:

- The entry by the Company into a global distribution agreement with Microsonic LLC to supply its innovative antimicrobial products to Turtle Wax Inc. for the car wash, automotive and cruise industries.

Zoono is currently in the process of registering the new Turtle Wax EPA label in all 50 US States (40 States completed by 30 June 2019). This is a necessary precursor to sales to Turtle Wax commencing in the US.

- Zoono also entered a sales and distribution with The Z Factor Limited for the supply of its proprietary poultry formulation utilising Zoono Z71 Microbe Shield. The Company is 4 months into the initial testing of the Company's poultry product in Australia, New Zealand and Europe (with one of Europe's largest producers).

- Several new distribution agreements (in Europe, China and ASEAN) are under negotiation at the present time. The Company should be in a position to provide a further update on these regions shortly.
- Zoono also expects its agreement with Midas Pharma GmbH in Europe to start to produce revenues in FY20 and to build year on year.

In the interim, Zoono has been actively managing its overheads. It has been successful in materially reducing overall annual operating costs, which benefit will be fully realised in FY20.

Importantly, the Company is adequately funded to execute its strategic growth plan in FY20 and beyond. At the end of the quarter, the Company had NZ\$3.1m cash at bank, stock of \$503,000 and receivables of \$586,000 (unaudited).

While, superficially, it may appear that implementation of the new strategy has been slow, the reality is that it often requires months of testing and trials (at a cost to the Company) before business customers will contract with the Company. However, despite the time and cost, the Company has embarked on this course as it believes strongly in its strategy and that it will lead to increased sales and associated revenues in the future.

Further, the Company will continue to invest in and test its products against various pathogens and complete trials with other potential customers across various industries, including childcare, facilities management and consumer goods globally. Again, this is being done with the clear expectation of signing further long term distribution agreements which will see the Company become profitable in the near future.

#### **For further information, please contact:**

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#### **About Zoono**

Zoono Group Limited is a global biotech company that develops, manufactures and distributes a suite of scientifically-validated, long-lasting and environmentally-friendly antimicrobial solutions. Zoono's mission is to improve health and well-being through innovative, safe, non-toxic and durable germ protection.

Zoono produces sprays, wipes and foams suited for skin care, surface sanitisers, and mould remediation treatments. The products are based on the 'zoono molecule', a unique antimicrobial molecule that bonds to any surface and kills pathogens including bacteria,

viruses, algae, fungi and mould.

Zoono's products have received numerous regulatory approvals and the company's technology claims are supported by independent testing conducted in laboratories worldwide. Zoono is headquartered in New Zealand and its products are available globally.

To learn more, please visit: [www.zoono.com](http://www.zoono.com)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Zoono Group Limited (ZNO)

**ABN**

73 006 645 754

**Quarter ended ("current quarter")**

30 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$NZ'000</b>	<b>Year to date (12 months) \$NZ'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	244	1,104
1.2 Payments for		
(a) research and development	(7)	(15)
(b) product manufacturing and operating costs	(177)	(752)
(c) advertising and marketing	(13)	(211)
(d) leased assets	(31)	(116)
(e) staff costs	(228)	(1,032)
(f) administration and corporate costs	(432)	(2,025)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	117
1.5 Interest and other costs of finance paid	(3)	(10)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(641)</b>	<b>(2,940)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(35)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$NZ'000</b>	<b>Year to date (12 months) \$NZ'000</b>
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(35)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(4)	(25)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(4)</b>	<b>(27)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,748	6,096
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(641)	(2,940)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(35)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	(27)
4.5	Effect of movement in exchange rates on cash held	22	31
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>3,125</b>	<b>3,125</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$NZ'000	Previous quarter \$NZ'000
5.1 Bank balances	9	2
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other –		
Overseas Bank Balance	120	44
Overseas Call Deposit	2,996	3,702
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,125</b>	<b>3,748</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$NZ'000
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160
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Payment of accrued director fees, consulting and other services provided to the consolidated group at normal commercial rates.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$NZ'000
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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	\$NZ'000
9.1 Research and development	21
9.2 Product manufacturing and operating costs	378
9.3 Advertising and marketing	43
9.4 Leased assets	33
9.5 Staff costs	230
9.6 Administration and corporate costs	414
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>1,119</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

### 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.



Sign here: .....  
(Director/Company secretary)

Date: 31 July 2019

Print name: Elisa Hansen

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.