

**Zoono Group Limited (ASX: ZNO)
ASX ANNOUNCEMENT**

16 January 2020

Zoono Company Update - Q2 of FY20**Highlights for the Quarter:**

- Zoono Z71 proves effective against African Swine Flu
- First half revenues of NZ\$1.72m (compared to full year FY19 revenues of NZ\$1.78m)
- New distributors appointed
- Material new opportunities in China and Europe.
- Zoono Poultry completes successful trials resulting in a strong pipeline of orders.

Zoono Group Limited (ASX: ZNO) is pleased to provide an overview of its activities for the quarter ended 31 December 2019.

The Company is now confident that it can become part of any country's bio-security protocols, particularly in the agriculture sector where viral diseases like avian influenza and African Swine Fever (AFS) have had such devastating effects in recent years.

During the quarter, Zoono Z71 was found to be extremely effective in counteracting AFS in laboratory tests conducted by a leading animal health research institute based in the Netherlands - Wageningen Bio-Veterinary Research Department of Virology. The research results backed the outcomes of extensive field trials in China where, after 21 days, there had been no AFS virus infections or pig fatalities in Zoono-treated pig pens (compared to very high infection and mortality rates in untreated pens). Zoono Z71 was also found to be very effective in preventing cross-contamination between pig farms.

Initial sales have been made and more are expected to follow targeting AFS prevention in China. Zoono has also had enquiries from other ASEAN and European countries as the AFS virus continues to spread through South-East Asia and moves into Western Europe. Several new customer and distribution agreements are currently under negotiation.

In addition, in China, Zoono has been invited to participate in hospital and government laboratory trials to test the efficacy of its products against Severe Acute Respiratory Syndrome coronavirus (SARS) following several outbreaks of SARS across the county. Again, Zoono is confident that its products will prove effective in combatting SARS and, while it is early days, negotiations are underway with several distributors for childcare and healthcare sectors in China.

In the poultry sector, Zoono Poultry Limited (which is an independently owned and controlled distributor of Zoono products in the global poultry sector) entered a distribution agreement with Apiam Animal Health Limited (ASX: AHX) during the quarter. It also completed several further poultry trials in New Zealand, Australia and Portugal. All trials have resulted in a similar

outcome - a significant improvement in the food conversion ratios where Zoono Z71 is used as the only product in the poultry broiler sheds. Additional sales to new customers of Zoono Poultry are expected in H2 of FY20.

Online Zoono sales continue to grow with a very successful Boxing Day sale promotion in Australia / New Zealand and considerable growth month on month in the UK.

In the US, CVS Pharmacy are now ranging two additional Zoono products, a wound cleanser and a high alcohol hand sanitiser. Initial orders for these products have been placed.

Equally importantly, all state registrations have also been completed for Zoono Z71 and Defend X for sale in the Turtle Wax car wash and care facilities throughout the US. Initial orders are expected in February/March for the initial supply into several car wash locations in California and Michigan. Trialling, logistics and processes are being put into place for a more comprehensive national rollout later in the year.

Financials

Zoono continued to make good progress in Q2. Revenues for the half year were \$1.715m (unaudited) compared to the full year 2019 sales revenues of \$1.777m. Q2 revenues were also ahead of Q1 with additional cash received in January.

Cash (\$2.707m) and cash receivables (\$760k unaudited) will result in the Company's cash resources in January being in excess of \$3m.

This Company Update has been approved for release by the Board of Zoono Group Limited.

For further information, please contact:

Zoono Group Limited

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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

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")

31 December 2019

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	588	1,798
1.2 Payments for		
(a) research and development	(4)	(24)
(b) product manufacturing and operating costs	(247)	(655)
(c) advertising and marketing	(23)	(70)
(d) leased assets	(37)	(69)
(e) staff costs	(250)	(436)
(f) administration and corporate costs	(579)	(895)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(4)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(556)	(357)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
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	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(3)	(14)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(3)	(14)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,298	3,125
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(556)	(357)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3)	(14)
4.5	Effect of movement in exchange rates on cash held	(32)	(47)
4.6	Cash and cash equivalents at end of quarter	2,707	2,707

5. Reconciliation of cash and cash equivalents 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	4	7
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other –		
Overseas Bank Balance	59	179
Overseas Call Deposit	2,644	3,112
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,707	3,298

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

126

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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. Financing facilities available <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. Estimated cash outflows for next quarter	\$NZ'000
9.1 Research and development	15
9.2 Product manufacturing and operating costs	350
9.3 Advertising and marketing	40
9.4 Leased assets	37
9.5 Staff costs	220
9.6 Administration and corporate costs	500
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,162

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	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: 16 January 2020

Print name: Elissa 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.