

Zoono Group Limited (ASX: ZNO) ASX ANNOUNCEMENT

29 April 2021

Company Update

Quarter Highlights:

- **Zoono Microbe Shield tests successfully in the USA against Human Coronavirus 229E**
- **New Distributors appointed / New Supply Agreements**
- **Zoono presents its technology to the French SENAT in Paris**
- **Microsoft partners with Zoono for its buildings and facilities**
- **Fine Hygienic Paper LLC on track to meet US\$7M sales over next 6 months**
- **China market opening up**
- **Outlook for Quarter 4 and FY21**

Zoono Group Limited (Company) (ASX: ZNO) today releases its Appendix 4C for the quarter ended 31 March 2021. In conjunction with that release, the Company is pleased to update the market on developments in its business which occurred in that quarter and on the outlook for the business for the remainder of FY21.

Microbe Shield successfully tests against Human Coronavirus 229E

While Zoono products have previously being successfully tested against the COVID surrogate, feline coronavirus, its flagship product, Zoono Microbe Shield, has now been successfully tested against Human Coronavirus 229E in the USA (to meet US EPA Standard ASTM E1053).

New Distributors / New Supply Agreement

Subsequent to gaining regulatory approvals, Zoono appointed new distribution partners in Norway, Luxembourg, Greece and Poland. Initial orders are pending in each country. In addition, initial orders of Zoono products for sale in Russia have now been shipped.

After a wide-ranging evaluation, Microsoft invited Zoono to become an approved supplier to its extensive office network, with the initial roll-out to start at Microsoft's Redmond Campus (covering 125 buildings and 53,500 staff in Washington State, USA) and to later extend to other US sites when staff return to the office in May.

Aircraft manufacturer Boeing partnered with Zoono to offer Zoono products to airlines globally. Microbe Shield meets Boeing Specification Standard BSS7434 for use in aircraft interiors.

In Europe, in March 2021, with Zoono products already in use on the Paris Metro (underground rail system), Zoono EU had the opportunity to present its technology and products to the President du Sénat Français (the upper house of the French Parliament). There is real interest in the deployment of Zoono brands throughout public buildings and spaces in France.

In conjunction, the French office of Bureau Veritas (a world leader in testing, inspection and certification) completed a peer review of Zoono's product claims and its portfolio of test results from around the globe.

Zoono believes France will become a significant market for the Company and will provide a further gateway into the EU. Zoono is warehousing significant product in France to enable speedy delivery across Europe (and to avoid any border issues with the UK).

In the MENA region, as previously advised, sales to the UAE based Fine Hygiene Group LLC (FHH) are growing. Subject to receipt of the requisite regulatory approvals, FHH is on track to meet its sales forecasts of US\$7 Million over the next 6 months.

Zoono has now established a fully owned Shanghai based subsidiary and has commenced direct selling in China, rather than through country distributors. This is already paying dividends as customers want to deal with Zoono directly. It also enables better pricing and control of where the product ends up. Orders for April so far exceed NZD\$500k. Zoono expects China to be a large contributor to global revenues within the next 12 months.

Outlook for Q4 and FY21 generally

Sales for Q3 FY21 were NZ\$6.4 Million (unaudited), which takes sales revenues for the financial year to date to NZ\$20.8 Million (unaudited). Relevantly, of the invoiced sales on hand at 31 December 2020 of NZ\$7 Million¹, despite global freight and logistic challenges, Zoono shipped NZ\$6.4 Million (unaudited) of product to those customers in Q3 FY21. Invoiced sales on hand at 31 March 2021 were NZ\$6.1 Million.

As previously commented, numerous factors have adversely impacted sales in FY21, including the continued lockdowns in the UK and across Europe; the lengthy delays in EPA registrations in the US, the regulatory limitations imposed on the Company's product claims in UK and US and the front loading of orders by many customers in Q4 of FY20 (i.e. at the outset of the pandemic). All of these factors have adversely impacted sales momentum resulting in FY21 revenues expected to be less than FY20 and in the range of \$26 – 31 Million.

Despite sales revenues being down on expectations, the Company has much to be positive about moving forward. In the current year, the Company has been able to strengthen the quality of its customer base. Companies of the ilk of Microsoft and Boeing are now using

and/or recommending Zoono products. Zoono is also increasingly gaining opportunities to bring other large global corporates on board as customers, despite the challenging global markets. In addition, and also very positively, the Company is beginning to derive benefit from a material increase in repeat customer orders, especially in the US, UK and the MENA regions. Much of Zoono's business is repeat business with customers increasing orders month on month.

The Company is also expecting to benefit in FY22 and beyond from the work done in the current year to expand its product range and production capacity. With its increased and more versatile product suite, it is better placed now than ever before to take advantage of existing and future opportunities. Examples of openings created by product innovation and production capacity are the Fine Hygienic Group (with sales projections of NZ\$9.8 Million forecast over the next 6 months) and Qantas (which has orders of NZ\$0.6 Million awaiting dispatch).

Zoono also believes that, once vaccinations are rolled out across the globe and workforces globally return to their offices, there will be a greater need for Zoono's products.

As such, while the Zoono Board is disappointed sales revenues in FY21 will not be higher, FY21 remains a year in which material progress has been made. The Board believes the steps taken to expand the Company's product suite and customer base give cause for confidence moving forward.

Appendix 4C

Related party payments shown on the following Appendix 4C are payments to directors for fees and services.

To keep up to date with what is happening globally on a day-to-day basis, follow Zoono Global on LinkedIn at <https://www.linkedin.com/company/zoono/>.

This announcement has been authorised and approved for release to ASX by the Board of Zoono Group Limited.

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

¹ Zoono refers to "invoiced sales" when an order is received from a customer. A sale is only recorded as revenue once the product is dispatched to the customer.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Zoono Group Limited (ZNO)

ABN

73 006 645 754

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (9months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,831	27,373
1.2 Payments for		
(a) research and development	(54)	(230)
(b) product manufacturing and operating costs	(2,624)	(11,082)
(c) advertising and marketing	(150)	(452)
(d) leased assets	33	(207)
(e) staff costs	(803)	(2,363)
(f) administration and corporate costs	(2,486)	(5,681)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	93
1.5 Interest and other costs of finance paid	(22)	(28)
1.6 Income taxes paid	(402)	(2,832)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	323	4,591
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(84)	(84)
(c) property, plant and equipment	(230)	(533)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(483)	(1,665)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (9months) \$NZ'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(797)	(2,282)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	37	170
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(146)	(160)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(111)	(5,166)
3.9	Other (provide details if material)	21	-
3.10	Net cash from / (used in) financing activities	(199)	(5,156)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,274	10,323
4.2	Net cash from / (used in) operating activities (item 1.9 above)	323	4,591
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(797)	(2,282)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (9months) \$NZ'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(199)	(5,156)
4.5	Effect of movement in exchange rates on cash held	240	(635)
4.6	Cash and cash equivalents at end of period	6,841	6,841

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	6,315	4,675
5.2	Call deposits	526	2,599
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,841	7,274

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$NZ'000
163
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Directors of the entity.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$NZ'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	323
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,841
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	6,841
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A as cash from operating activities in item 8.1 is positive

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:
N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:
N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:
N/A

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.

Date: 29 April 2021

The Board of Zoono Group Limited

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.