

ZOONO GROUP LIMITED
(ASX: ZNO)

ASX ANNOUNCEMENT - 28 July 2022

Quarterly Report

- **Cash receipts from customers was NZ\$1.6M for the quarter, down by NZ\$2.9M on prior quarter**
- **Negative Net operating cash flow of NZ\$1.3M down NZ\$1.5M on prior quarter**
- **NZ\$3.7M in cash at bank down NZ\$1.7M on prior quarter**

Zoono Group Limited (**Company**) (ASX: ZNO) today releases its Appendix 4C for the quarter ended 30 June 2022. In conjunction with that release, Zoono provides the following quarterly update to shareholders and the market on developments during the quarter and the outlook.

Continuing challenging and volatile market conditions:

Market conditions continue to remain challenging. The Company expects the present market conditions to continue for at least the next quarter while customers, many of whom over-ordered at the height of the COVID pandemic, use their existing stocks of Zoono products and/or adjust to the changing environment and public sentiment regarding the use of anti-microbial products of the type produced by the Company.

Growth opportunities

Despite the challenging conditions, driving revenue growth is (and will continue to be) the key focus across the Company. To that end, while the immediate sales outlook is difficult, the Company is encouraged by a number of its sales initiatives which are on track to make a positive contribution to revenues in FY23. Examples of those sales initiatives are below:

- Zoono is currently conducting trials with one of Europe's largest supermarket chains in an effort to eliminate mould and reduce product degradation. To date, the results have been excellent. Further information will be provided once the trials have concluded.
- Zoono is in discussions with two large cleaning and facilities management companies (one in UK and the other in France) which are evaluating Microbe Shield Z-71 for exclusive use within their customers' premises. Outcomes are expected in the next quarter.
- After successful trials with one of the UK's leading poultry integrators, Zoono has been officially approved for use in over 400 farms. Farm managers are now authorised to transition to Zoono products as the preferred sanitisation product. The animal health team is assisting that process.

- China Huafang Co., Ltd., which exports ~200 million metres of textiles per annum, confirmed in recent tests the effectiveness of Zoono products as a sanitizing agent for textiles and is now looking to use those products more widely in its business.

To support the Company's laser focused strategy on creating long-term sustainable revenues (and, therefore, maintainable and growing returns to shareholders), the Company has over recent months:

- reviewed and refined the market sectors and products where the Company believes it has a material commercial advantage;
- allocated priority to those opportunities offering the greatest potential for long-term value creation; and
- increased its support of the commercialisation efforts of its strategic partners in animal health and facilities management.

Further details of the outlook and the Company's plans for FY23 will be advised to the market with the release of the Company's FY22 financial statements and at the Company's AGM.

Appendix 4C

Related party payments of \$149,000 shown on the following Appendix 4C are payments of fees to directors (including executive directors) for services rendered.

The NZ\$33k (shown at Item 1.6 in the following Appendix 4C) is a net tax refund for income taxes paid last year on early submission of our income tax return.

Summary of Q4 Expenditure

Expenditure incurred during the quarter on business activities was primarily on product manufacturing and operating costs (NZ\$2.19M), staff costs (NZ\$0.72M) and administration and corporate overheads NZ\$0.3M. Other material expenditure included advertising and marketing (NZ\$204k), leased assets (NZ\$97k) and income taxes paid (NZ\$79k).

To keep up to date with what is happening globally on a day-to-day basis, follow Zoono Global on:

LinkedIn at: www.linkedin.com/company/zoono/

Facebook: <https://www.facebook.com/zoonoglobal>

Instagram: <https://www.instagram.com/zoonoglobal/>

Twitter: <https://twitter.com/zoonoGlobal>

Youtube: <https://www.youtube.com/channel/UCva7oGloBRdAaFnwOzAHjLw>

Monthly Newsletters: <https://zoono.com/newsandmedia/>

Zoono will provide further commentary with the release of the full year results next month.

This announcement has been authorised and approved for release to ASX by the Board of 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 Zoono'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 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")

30 June 2022

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,642	13,950
1.2 Payments for		
(a) research and development	11	(85)
(b) product manufacturing and operating costs	(2,190)	(5,721)
(c) advertising and marketing	(204)	(952)
(d) leased assets	(97)	(177)
(e) staff costs	(717)	(2,680)
(f) administration and corporate costs	328	(5,218)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(3)	(30)
1.6 Income taxes paid	(79)	33
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,309)	(880)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(26)
(d) investments	(127)	(127)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (12 months) \$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	(127)	(153)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	238	238
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	119	313
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(91)	(192)
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	266	359

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,359	4,899
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,309)	(880)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(127)	(153)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	266	359
4.5	Effect of movement in exchange rates on cash held	(530)	(566)
4.6	Cash and cash equivalents at end of period	3,659	3,659

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	3,250	3,875
5.2	Call deposits	409	1,484
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)	3,659	5,359

6.	Payments to related parties of the entity and their associates	Current quarter \$NZ'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	149
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
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)	(880)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,659
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,659
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.2
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	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		
8.6.2	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		
8.6.3	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		
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

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: 28 July 2022

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.