

**ZOONO GROUP LIMITED  
(ASX: ZNO)**

**ASX ANNOUNCEMENT - 26 April 2023**

**Quarterly Report**

- **The Company's overhead costs have now reduced significantly.**
- **Positive signs emerging from the Company's revised sales strategy.**
- **Targeting cashflow positive in Q4.**

Zoono Group Limited (**Company**) (ASX: ZNO) today releases its Appendix 4C for the quarter ended 31 March 2023. In conjunction with that release, Zoono provides the following quarterly update to shareholders and the market on developments during the quarter and the outlook.

As previously highlighted:

- market conditions remain challenging and are likely to continue to be; and
- to address the difficult market, the Company is prioritizing the development of the commercial opportunities available in niche markets (further detail is below).

To step away from its existing markets and sales channels was a difficult decision for the Company. However, with the familiar markets for anti-microbial products continuing to be materially and adversely impacted by over-supply problems and dwindling public sentiment, the Company simply had no choice. To survive, the Company has of necessity altered its focus to the pursuit of niche sectors which it believes suit the characteristics of its products and where significant sales opportunities exist. Those sectors include food packaging (shelf life extension), the childcare market in China, specific unmet health / medical needs, animal health and the treatment of textiles.

On an optimistic note, the Company's change in direction is starting to bear fruit. It is still early days in the execution of its new strategy, with much still to be done before the Company is again cashflow positive and profitable. However, there are 'green shoots' emerging, with examples below of some of the major sales opportunities now becoming available to the Company:

**Europe**

- Progress towards the commercial launch in Q2 CY23 of the master distribution arrangements in the UK (Bunzl) and France (PLG Group) is continuing, with training of staff completed in both countries in the proper use and application of the Company's products.

- Trials with one of Europe's largest supermarket chains focused on increasing the shelf life of fresh food and other products sold in its supermarkets are continuing. Results to date are very positive. If the remaining trials are successfully concluded, the Company expects to conclude a formal agreement for adoption of the Company's technology and products within that business later this year. Further information will be provided once the trials have ended.

### **China**

- The Company is currently dealing with a large privately owned early childcare education group which is investigating the use of our products, in conjunction with specialised software programs, to reduce virus and bacteria levels, permit remote monitoring of those levels and, thereby, minimising absenteeism. The ultimate aim is to replace the currently used chlorine-based products (which are potentially toxic for children and work for a short time only) with Zoono. If successful, the intent is to broaden the use of Zoono products (and the associated software applications) into in other industries and the government sector in China.
- A large, national charity group is investigating the supply of Zoono product packs to all large businesses and companies which make tax deductible donations to the charity.
- The Company is seeking to expand its business with China based on-line retailers (one such new customer purchased \$640k in finished goods in March 2023).
- Discussions have commenced with a large company on a food safety project (the project is similar in nature to the current project being undertaken with the large European supermarket chain (as detailed above)).

### **India**

- The Company is undertaking a trial of its products in trains run by Indian Railways. The trial is similar to those successfully undertaken with the London Underground.
- Poultry trials at four different farms across India have also commenced.

### **Other**

- In the US, the fact that the Company's products are water based enabled it to win a tender to supply schools (and school bus companies). The tender specifically required the delivery of non-alcohol based sanitisers. The first order (for US\$73K) was shipped earlier this month.
- Further work is being done in conjunction with Douglas Pharmaceuticals to develop and commercialise new products for two very specific medical needs - a simple to use and effective nasal spray primarily to alleviate the symptoms of rhinosinusitis and a product for burns. Further testing and clinical studies will be underway shortly.
- Online sales are growing, with typical monthly sales averaging \$50,000.

**Working capital**

Further cost reduction initiatives were undertaken in Q2 FY23 and are continued into Q3 and Q4. The objective was to reduce overhead costs by circa NZ\$2.5M in FY23 compared to FY22 and in excess of NZ\$4M in FY24, compared to FY22, without materially impacting the Company's ability to service key markets or execute on key business development and/or growth initiatives.

Despite the success of the cost reduction program, the Board is fully aware that the Company's working capital position remains very dependent on the future success of its sales and marketing efforts, and cash receipts from customers, over the next quarter.

While the Board expects the Company to have sufficient working capital to fund its future activities, especially given the positive contribution to date of its cost reduction program, the success of its current strategy cannot be guaranteed. As such, the Company needs to be able to access additional working capital in Q3 FY23 (if its circumstances require it).

In the short term, the Company has in place a loan facility of up to NZ\$1.0M from the Managing Director, Paul Hyslop. Of the facility amount, only NZ\$100K has been drawn down by the Company to date.

**Summary of Q3 Expenditure**

Related party payments of \$110,000 shown on the following Appendix 4C were directors' fees (including executive directors) for services rendered.

Expenditure incurred during the quarter on business activities was primarily on product manufacturing and operating costs (NZ\$33k), staff costs (NZ\$0.37M) and administration and corporate overheads (NZ\$0.8M). Other material expenditure included advertising and marketing (NZ\$26k).

For updates on what is happening globally on a day-to-day basis, follow Zoono Global on:

LinkedIn at: [www.linkedin.com/company/zoono/](http://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>

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

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 mold 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 mold.

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](http://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")**

31 March 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$NZ'000</b>	<b>Year to date (9 months) \$NZ'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	907	2,836
1.2 Payments for		
(a) research and development	(5)	(53)
(b) product manufacturing and operating costs	(33)	(933)
(c) advertising and marketing	(26)	(297)
(d) leased assets	-	-
(e) staff costs	(373)	(1,419)
(f) administration and corporate costs	(786)	(3,684)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(33)
1.6 Income taxes paid	5	190
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>(312)</b>	<b>(3,393)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(79)	(79)
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	100	100
3.6	Repayment of borrowings and leases	(33)	(124)
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>(12)</b>	<b>(103)</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 period	457	3,659
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(312)	(3,393)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$NZ'000</b>	<b>Year to date (9 months) \$NZ'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(12)	(103)
4.5	Effect of movement in exchange rates on cash held	4	(26)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>137</b>	<b>137</b>

<b>5.</b>	<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	<b>Current quarter \$NZ'000</b>	<b>Previous quarter \$NZ'000</b>
5.1	Bank balances	137	434
5.2	Call deposits	-	23
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>137</b>	<b>457</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$NZ'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	110
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

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

7.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$NZ'000</b>	<b>Amount drawn at quarter end \$NZ'000</b>
7.1	Loan facilities	1,000	100
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	1,000	100
7.5	<b>Unused financing facilities available at quarter end</b>		900
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.		
	<ul style="list-style-type: none"> <li>• Lender: Paul Hyslop and Margaret Morgan and NPT Meg Trust</li> <li>• Interest rate of 10% per annum, with interest payable monthly in arrears</li> <li>• Term of 6 months, with the right to extend for a further 6 months</li> <li>• Ability to convert to equity at \$0.15 per share, subject to shareholder approval</li> </ul>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$NZ'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(312)
8.2	Cash and cash equivalents at quarter end (item 4.6)	137
8.3	Unused finance facilities available at quarter end (item 7.5)	900
8.4	Total available funding (item 8.2 + item 8.3)	1,037
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.32
	<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:	
	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:	
	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:	
	<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>	



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

**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: 26 April 2023

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 – e.g. 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.