

ZOONO GROUP LIMITED

(ASX: ZNO)

ASX ANNOUNCEMENT – 31 July 2023

Quarterly Report

- **Cash receipts were NZ\$1.324M for the quarter, up NZ\$417K on the prior quarter.**
- **Positive signs emerging from the Company's revised sales strategy.**
- **Targeting cashflow positive in Q1 FY24.**

Zoono Group Limited (**Company**) (ASX: ZNO) today releases its Appendix 4C for the quarter ended 30 June 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 advised to the market, it is still early days in the execution of the Company's new strategy. Further progress has been made on several major sales opportunities, although there is significant work still to be done before the Company is again cashflow positive and profitable. Examples of the new sales initiatives are below:

Europe

- The trials with the major European supermarket chain focused on increasing the shelf life of fresh food and other products sold in its supermarkets are nearing completion. The results to date continue to be most encouraging and, if the remaining limited number of further trials are successfully concluded, the Company expects product sales to that supermarket customer to commence in Q4 CY23. The Company is also confident of being able to successfully market its products (to extend the shelf life of fresh food and other products) to other supermarket chains and fresh food producers in 2024. Further information will be provided once the trials have ended.
- An independent evaluation has been completed confirming the product being tested meets all requirements for food contact and food safety.
- In store trials are now commencing.

China

- The Company continues to target the Early Childcare education sector in China. Trials have been arranged for 11 centres in Guangzhou through a group operates 4,000 centres in China.
- The China charity project previously mentioned has a target to raise RMB1B. The Company has been advised it is at RMB700M. Orders are expected once it reaches the RMB1B target for supply

to some of the donors.

- Discussions are continuing with several other potential customers in China, including with a large company on a food safety project (similar to the current project being undertaken with the European supermarket chain (as detailed above)).
- The Company has signed an agreement for supply to pig farms and breeding establishments in China. A trial will be commencing shortly. African Swine Fever is again on the rise in China and Zoono products have been tested successfully against this virus.
- Trials are also concluding with a major egg producer in China which produces circa 100m eggs per week. The main issue is mould and, 20-days after application, Zoono treated eggs were totally mould free. One trial is finishing at 28 days and a second trial at 45 days. Zoono sees this as a major opportunity as each egg requires around 2-3ml of product and total egg consumption in China is more than one billion eggs per day. The product we would be replacing is a toxic chlorine-based product. Zoono can supply a new concentrate that delivers a better outcome at the same price.
- In conjunction with a local partner, trials are commencing this week on privacy curtains in hospitals. If successful, the privacy curtains will be sprayed with Zoono products once a month.
- The Company's online retailer in China has been expanding Ali-Baba sales and is now launching a flagship store on JD.com and some other online channels.
- The Company is also in discussions with a major Chinese pharmaceutical company with a market capitalisation of approx. RMB10B. The discussions are around this company launching OEM products under their own brand and also adding Zoono technology to some of their existing products. Samples have been sent and evaluation is underway with further meetings scheduled for August.

India

- The Company is currently involved in product trials in poultry farms in India. Initial results show Zoono treated sheds are delivering the same weight chicken in 39 days rather than 42 days and with a circa 50% reduction in the mortality rate.
- India Rail are also commencing a trial with Zoono products, with the main issue being odour control.
- Successful trials treating fungal diseases have been completed on mangoes in India. To date, the trials have been successful with no fungal or bacterial disease identified on any mangoes 30 days after being treated with Zoono Z71. The Company is now looking to undertake further tests on other fresh produce including apples, bananas, oranges, grapes, and pomegranates.

Other

- The Company received its first order from Wyndham Resorts in July. While the initial order was for US\$30K only, the Company is expecting further orders from Wyndham Resorts as it expands its use of Zoono products across its network of US resorts.

- The Company has received its second order for US\$28K in the US to supply schools (and school bus companies), after delivering its first order a few months ago.
- Further work is being done in conjunction with Douglas Pharmaceuticals to develop and commercialize 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 second product for the sanitization of burns. Further testing and clinical studies will be underway shortly.

Working capital

The recent rights issue raised NZ\$1.2M in new funding for the Company. In addition, if it is required, the Company's major shareholder is willing to further support the Company's future cash requirements on a case-by-case basis.

With the success of its cost reduction program, in conjunction with having the benefit of the above sources of funds, the Company is confident that it has sufficient funding. However, the Board is fully aware that the Company's working capital position remains dependent on the future success of its sales and marketing efforts, and cash receipts from customers, over the next several quarters.

Summary of Q4 Expenditure

Related party payments of \$130,000 shown on the following Appendix 4C were directors' fees (including amounts paid to the executive director) for services rendered.

Expenditure incurred during the quarter on business activities was primarily on product manufacturing and operating costs (NZ\$60K), staff costs (NZ\$0.21M) and administration and corporate overheads (NZ\$1.19M). Other material expenditure included advertising and marketing (NZ\$39K).

For updates on 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>

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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.

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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.

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 2023

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	1,324	4,160
1.2 Payments for		
(a) research and development	(22)	(75)
(b) product manufacturing and operating costs	(60)	(993)
(c) advertising and marketing	(39)	(336)
(d) leased assets	-	-
(e) staff costs	(210)	(1,629)
(f) administration and corporate costs	(1,188)	(4,872)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	(33)
1.6 Income taxes paid	16	206
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(176)	(3,569)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(58)	(58)
(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 (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	(58)	(58)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,187	1,187
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	(79)
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(47)	(47)
3.5	Proceeds from borrowings	200	300
3.6	Repayment of borrowings and leases	(406)	(530)
3.7	Transaction costs related to loans and borrowings	(5)	(5)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	929	826

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	137	3,659
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(176)	(3,569)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(58)	(58)

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)	929	826
4.5	Effect of movement in exchange rates on cash held	(6)	(32)
4.6	Cash and cash equivalents at end of period	826	826

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	826	137
5.2	Call deposits	-	-
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)	826	137

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	130
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>		

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

7. Financing facilities <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>	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)	(176)
8.2 Cash and cash equivalents at quarter end (item 4.6)	826
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	826
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.69
<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

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

which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 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.