

ZOONO GROUP LIMITED(ASX: ZNO)

ASX ANNOUNCEMENT

27 October 2023

Quarterly Report

- **Cash receipts were NZ\$0.371M for the quarter, down NZ\$0.953M on the prior quarter.**
- **Positive signs emerging from the Company's revised sales strategy.**
- **Targeting cashflow positive in Q2 FY24.**

Zoono Group Limited (**Company**) (ASX: ZNO) today releases its Appendix 4C for the quarter ended 30 September 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.

The Company is continuing to progress the key initiatives previously advised to the market in our Quarterly Report on 31 July 2023. It is still early days in the execution of the Company's strategy. While good progress is being made, the initiatives are taking time to come to fruition and there is significant work still to be done before the Company is again cashflow positive and profitable.

Working capital

The Company's major shareholder is further supporting the Company's future cash requirements and has provided a term loan facility for one year at NZ\$500K.

The terms of the loan are as follows:

- Lender: Woodfield Investments Limited
- Interest rate of 10% per annum, with interest payable monthly in arrears
- Term of 12 months
- Loan secured by General Security Agreement over Zoono Group Ltd (Aust), Zoono Limited, and Zoono Group Ltd (NZ).

With the success of its cost reduction program, in conjunction with the benefit of the above loan, the Company is confident that it has sufficient working capital funding for its expected needs. 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 \$103,000 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\$250K), staff costs (NZ\$188K) and administration and corporate overheads (NZ\$722K). Other material expenditure included advertising and marketing (NZ\$25K).

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

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

This announcement has been authorised and approved for release to ASX by the Board of ZoonoGroup 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 September 2023

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	371	371
1.2 Payments for		
(a) research and development	(6)	(6)
(b) product manufacturing and operating costs	(250)	(250)
(c) advertising and marketing	(25)	(25)
(d) leased assets	-	-
(e) staff costs	(188)	(188)
(f) administration and corporate costs	(722)	(722)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
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	(821)	(821)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(36)	(36)
(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 (3 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	(36)	(36)

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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	182	182
3.6	Repayment of borrowings and leases	-	-
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	182	182

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	826	826
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(821)	(821)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(36)	(36)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	182	182
4.5	Effect of movement in exchange rates on cash held	(65)	(65)
4.6	Cash and cash equivalents at end of period	86	86

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	86	826
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)	86	826

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	103
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.	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	500	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	500	-
7.5	Unused financing facilities available at quarter end		500
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"> • Lender: Woodfield Investments Limited • Interest rate of 10% per annum, with interest payable monthly in arrears • Term of 12 months • Loan secured by General Security Agreement over Zoono Group Ltd (Aust), Zoono Limited, and Zoono Group Ltd (NZ). 		

8.	Estimated cash available for future operating activities	\$NZ'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(821)
8.2	Cash and cash equivalents at quarter end (item 4.6)	86
8.3	Unused finance facilities available at quarter end (item 7.5)	500
8.4	Total available funding (item 8.2 + item 8.3)	586
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.71
	<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?	
	<p>Answer:</p> <p>No, the Company is working on several deals that it is looking to supply next quarter and the Company has stock inventories of NZ\$11.6M, it expects in most instances to be able to materially reduce its cost of goods sold given we do not have to order and pay for additional stock to generate sales.</p>	
	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?	
	<p>Answer:</p> <p>Yes, the Company has undertaken three initiatives to ensure it has sufficient cash to fund its operations:</p> <ul style="list-style-type: none"> • first, it has undertaken a significant restructure of its business which involves a material reduction in the Company's monthly overhead structure; • second, the Company has put into place a short-term loan facility of NZ\$0.5M (which is 	

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

currently undrawn); and

- the Company may undertake a capital raise in Q3 of FY24 to increase its working capital and, as required, raise additional funds to fund its contribution to the joint venture established pursuant to the Co-Development and Licence Agreement with Douglas Pharmaceuticals announced to the ASX on 17 October 2022, and its China activities.

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:

Yes, with the Company's reduced overheads and the expected receipts from customers over the next quarter, supplemented if necessary by the loan facility available to it, the Company fully expects to be able to continue its operations and to meet its business objectives.

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.

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 27 October 2023

The Board of Zono Group Limited

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

Notes

- 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.
- 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.
- 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.
- 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".
- 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.