

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

**ASX ANNOUNCEMENT - 31 July 2024
Quarterly Report and Company Update**

- **Strong Interest generated in shelf-life extension technology - 5 new trials commencing with supermarket and packaging companies**
- **Changes afoot in China and India distribution arrangements**

Zoono Group Limited (Company) (ASX: ZNO) today releases its Appendix 4C for the quarter ending 30 June 2024. In conjunction with that release, Zoono provides the following quarterly activities report to update shareholders and the market on developments during the quarter and the Company's outlook.

Zoono continues to prioritise the development of commercial opportunities in its chosen niche markets. Importantly, progress is being made on several major sales opportunities.

Shelf-life extension project - UK, Europe and Australia

Zoono has received its first order from its exclusive agent in the food supply chain sector, OSY Group Limited. Its customer (a major UK supermarket chain) is completing its final in-store trial. If the trial is successful, further orders can be expected from Q1 FY25.

Presentations by OSY on the shelf-life technology and its benefits to grocery, packaging and transport companies have been made recently in Australia, Europe and Asia. Strong interest has been expressed by potential customers locally and in UK, Europe, Singapore, China and South Africa. Results to date include five new trials of Zoono products (and OSY's application technologies) with major players in the fresh food sector.

China

During the quarter, Zoono signed an agreement with an agricultural wholesaler based in Shanghai. It has major pork sales facilities, 4,000 fruit and vegetable retail stores and quarantine facilities, with market revenues of NZ\$4.5B. Following successful trials, the two companies have started to jointly promote the application of Zoono's agricultural product market protection shield (forming a regular sterilization and disinfection mechanism to ensure a safe market environment) and agricultural product protection net (used horizontally in different categories and vertically in the harvesting, storage, transportation and sales stages of products) in China.

Zoono has also signed an agreement and completed successful testing with a disposable coffee cup, food tray and tableware company who supply products to 7-11 and other major retailers, who see the benefits of using our shelf-life technology on their products.

Another China based company, SIFIC, which is involved in infection control and training in hospitals around China, has been a significant buyer of hand sanitiser dispensers and wet wipes during the quarter. Its plan is to expand its business to over 1,000 hospitals within the next three years. Zoono also presented to more than 4,000 doctors from all over China at SIFIC's annual conference last week.

In the quarter, Zoono secured the services of Mr. Winstone Chee, Managing Director of Altitude Fresh, as its new China sales agent during the quarter. Winstone runs his own consultancy business in importing and exporting produce into China and the ASEAN areas and has 40 years of experience in the FMCG and food packaging sector. Winstone is based in Shenzhen, China.

Winstone was previously Vice President Fresh Foods at Walmart China and Fresh Food and Operations Director for Cold Storage in Singapore, as well as Group Head of Fresh Procurement for Dairy Farm International. Winstone has also worked for Coles as Merchandise Manager Fruit Category and Produce Category Manager for Woolworths.

Winstone is focusing on the China market, specifically in food shelf-life extension where strong interest is being shown.

India

Zoono has finalized the establishment of its new Indian subsidiary, Zoono Global Pvt Limited, hired staff, set up an office / warehouse and imported stock to fulfil current and expected future orders in that country.

Non-exclusive distribution agreements have also been agreed in several states of India and sales have commenced, primarily in the agriculture sector.

Douglas Pharmaceutical Joint Venture

The Joint Venture between Douglas Pharmaceuticals and Zoono (in relation to a specialty nasal spray and a specialty wound product) has reached its conclusion. While extensive laboratory testing confirmed the test formulation worked very well against the target pathogens (Staphylococcus and Pseudomonas), the practical reality was that the formulation proved to be too effective. In preference to moving to a weaker formulation (which would have compromised efficacy), the partners agreed to bring this phase of the Joint Venture to a close.

Corporate

On 8 May 2024, the Company completed a non-renounceable rights issue that raised A\$2,884,657 before costs. In addition, the Company placed further shares to OSY Group on 17 May 2024 (to raise \$366,506) and to a group of professional and sophisticated investors on 28 May 2024 (to raise a further A\$500,000).

The funds raised have been used to repay related party debt and will be used in the future to deliver the Company's shelf-life extension project, for geographic expansion and for general working capital.

Summary of Q3 Expenditure

Related party payments of \$118,000 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 staff costs (NZ\$128K), product manufacturing (NZ\$123K) and administration and corporate overheads (NZ\$1,405K). Other material expenditure included advertising and marketing (NZ\$13K) and interest and other costs of finance paid (NZ\$24K).

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>

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 ZoonoGroup Limited.

For further information, please contact:

Zoono Group Limited

Paul Hyslop

Group MD

M: +64 21 659 977

E: paul.hyslop@zoono.com

Paul Ravlich

Group CFO

M: +64 21 075 9176

E: paul.ravlich@zoono.com

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 2024

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	252	1,316
1.2 Payments for		
(a) research and development	5	(21)
(b) product manufacturing and operating costs	(123)	(484)
(c) advertising and marketing	(13)	(80)
(d) leased assets	-	-
(e) staff costs	(128)	(590)
(f) administration and corporate costs	(1,405)	(3,267)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	5
1.5 Interest and other costs of finance paid	(24)	(77)
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	(1,433)	(3,198)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(29)	(70)
(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	(29)	(70)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,042	4,617
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	317	1,029
3.6	Repayment of borrowings and leases	(1,049)	(1,178)
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	3,310	4,468

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	25	826
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,433)	(3,198)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(70)

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)	3,310	4,468
4.5	Effect of movement in exchange rates on cash held	88	(65)
4.6	Cash and cash equivalents at end of period	1,961	1,961

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	461	25
5.2	Call deposits	1,500	-
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)	1,961	25

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	118
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	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.</i>		
<i>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)	(1,433)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,961
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,961
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.37
<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 reduced its creditor position during the quarter, which increased expenditure for the June quarter. This is expected to be reduced going forward.</p> <p>Further, Zoono has stock inventories of NZ\$6.4M. It is expected that this inventory will be used to supply several orders that the Company is currently working on, materially reducing the Company's cost of goods sold</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 a significant restructure of its business which involves a material reduction in the Company's monthly overhead structure.</p> <ul style="list-style-type: none"> It can also look at a further capital raise/s to increase working capital and, as required, raise additional funds to fund specific projects.. 	

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

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, 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

- 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: 31 July 2024

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.