

Zoono Group Limited

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ASX RELEASE

Zoono focused on key new sales channels

Highlights

- **Transitioning business to higher-margin direct sales to end users**
- **In negotiations with several large multinational corporations**
- **Launching UK and Europe online sales platform**

Global biotech company Zoono Group Limited (ASX: ZNO) ('Zoono' or 'the Company') is pleased to provide an overview of its activities for the quarter ended September 30 2018 (Q1FY19).

Evolution of Zoono business model

The major focus of the Company in the current financial year is the evolution of its business model to include direct sales to end user customers. Through sales channel, which is in addition to the Company's network of distributors in key countries and/or regions, the Company is targeting increased and repeat sales at better margins from longer term direct contracts with its larger and multinational customers. Several new contracts are currently under negotiation.

The Company is also finalising the launch of its online sales platform in the UK and European markets (using a strong affiliate program). Zoono expects this initiative to drive online sales over a period of time and will engage affiliates to promote the products accordingly.

Significant investment in expansion and seasonally quiet quarter softens results

Zoono recorded unaudited revenue and other income for the quarter of NZ\$359,720. While revenue for the quarter was lower than expected, due mainly to the Company's focus on its business model and the European launch, the Company anticipates these initiatives will be very positive for the Company in the longer term and that revenues will increase in subsequent quarters.

The net cash used (outflow) in operating activities was NZ\$1,096,000 in the September quarter, which was higher than the previous quarter, primarily as a result of establishing the UK operation.

Customer receipts for the September quarter were NZ\$126,000. The difference between unaudited revenue and other income (NZ\$359,720) and receipts (NZ\$126,000) in the Appendix 4C is primarily due to the take-up of income in advance which has now been reduced from NZ\$448,000 at the beginning of the year to NZ\$207,000 (unaudited) as at September 30 2018 as further deferred shipments are billed.

Product manufacturing and operating costs for the quarter were down primarily as a result of lower revenues in the quarter.

While administration and corporate costs were higher for the quarter, primarily as a result of the costs to establish the UK operation, Zoono is well-funded to execute its strategic growth plan in FY19 and beyond.

At the end of the quarter, the Company had NZ\$5m cash at bank plus NZ\$779,000 in stock, with NZ\$250,000 of stock held in the UK warehouse.

Managing Director and CEO Paul Hyslop: “We are very pleased with the progress we made in the September quarter. Zoono is currently making significant investments in the expansion and transitioning of its business model to facilitate higher sales margins and future growth. The negotiations with large multinational corporations are progressing nicely and we look forward to further updating the market on developments in this area.”

Ends

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About Zoono:

Zoono is a global biotech company that develops, manufactures and distributes a suite of scientifically-validated, long-lasting and environmentally-friendly antimicrobial solutions.

Zoono produces products for skin care, surface sanitisers, and treatments for acne and mould remediation. 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 the company’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