

Zoono Group Limited (ASX: ZNO)
ASX ANNOUNCEMENT

Zoono Company Update - Q1 of FY20

Highlights for the Quarter:

- Cash receipts for the quarter were NZ\$1.2m
- Operating cash positive for the quarter - NZ\$199,000
- New Distributors appointed
- First sales made into agri-business (pig and poultry).

Zoono Group Limited (ASX: ZNO) is pleased to provide an overview of its activities for the quarter ended 30 September 2019.

It has been a productive quarter with several highlights:

- Zoono has signed new distributor and supply agreements in multiple countries - Denmark, Sweden, Bosnia and Herzegovina, Germany, UK, South Africa, New Zealand, Australia, and USA. All new distributors meet Zoono's uplifted financial capability and channel access requirements. The agreements also include annual minimum volume conditions. Each of the new distributors has placed an initial order for Zoono products.
- With increased enquiry and product demand originating from the UK and Europe, the Company's strategy of opening an office in the UK to provide better access to and to properly service the European region is starting to provide a return. Over 30 potential distributors and customers (representing 10 countries) attended the first Zoono product conference recently held in the UK and, with new distributors and customers lodging product orders, the Company is confident that the UK operation will be cash flow positive for H1 of FY20.
- Zoono Poultry (previously known as The Z Factor) made its initial product sale into the Poultry and Pig industry in the quarter. Following more successful trials, significant progress is expected in both sales and market development in the next 3-6 months in NZ, Australia, Asian and EU markets. For example, with African Swine Flu seriously impacting production in the pork and dairy markets in China, trials of Zoono products are currently underway with the several large companies in these verticals.
- As announced recently, a new China online distributor was appointed during the quarter. Further distribution agreements in different verticals are currently under negotiation. A permanent agent is now based in China to grow sales in this huge market.
- Online sales continue to grow. Importantly, Zoono products can now be found on Amazon UK and www.zoono.co.uk with online expansion into Europe underway.
- In the US, Zoono has completed 49 out of 50 EPA State registrations for Turtle Wax and, once the final state is registered, orders are expected to commence. Zoono USA

has also made progress in Texas schools and the airports in Dallas where the product is applied regularly.

Zoono's strategy is to focus on channels and markets with the best potential to drive regular repeat orders. While it is early days in its implementation, this strategy has resulted in initial sales in the agriculture, hospitality, retail and online and facilities management/cleaning sectors.

The aged care, childcare and medical sectors are also a major focus for Zoono, with the Company expecting to make solid progress in these verticals over FY20. It is now being regularly approached by high calibre companies wanting Zoono products and technology. For example, the relationship with Midas in Germany is beginning to yield results in the pharma sector. In the US, Zoono USA is making progress in securing the sale of its products into the Visiting Nurses Association. CVS Pharmacy has also agreed to sell two new products in its retail outlets.

Financials

Cash receipts from customers for the September 2019 quarter were NZ\$1.21M, a substantial increase over the previous quarter.

Total revenue for the September quarter was NZ\$835,000 (unaudited), an increase of 25% compared to June quarter.

Cash on hand as of 30 September 2019 was NZ\$3.298m, an increase of NZ\$173K over the June 2019 quarter. With those cash resources and stock levels (unaudited) of NZ\$527,000, Zoono is well-funded to execute its strategic growth plan in FY20 and beyond.

For further information, please contact:

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 mould 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 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

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Zoono Group Limited (ZNO)

ABN

73 006 645 754

Quarter ended ("current quarter")

30 September 2019

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	1,210	1,210
1.2 Payments for		
(a) research and development	(20)	(20)
(b) product manufacturing and operating costs	(408)	(408)
(c) advertising and marketing	(47)	(47)
(d) leased assets	(32)	(32)
(e) staff costs	(186)	(186)
(f) administration and corporate costs	(316)	(316)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(3)
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	199	199
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(11)	(11)
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	(11)	(11)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,125	3,125
4.2	Net cash from / (used in) operating activities (item 1.9 above)	199	199
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(11)
4.5	Effect of movement in exchange rates on cash held	(15)	(1)
4.6	Cash and cash equivalents at end of quarter	3,298	3,298

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	7	9
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other –		
	Overseas Bank Balance	179	120
	Overseas Call Deposit	3,112	2,996
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,298	3,125

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$NZ'000

126

-

Payment of accrued director fees, consulting and other services provided to the consolidated group at normal commercial rates.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter
\$NZ'000

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$NZ'000
9.1 Research and development	21
9.2 Product manufacturing and operating costs	420
9.3 Advertising and marketing	43
9.4 Leased assets	32
9.5 Staff costs	200
9.6 Administration and corporate costs	340
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,056

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.



Sign here:
(Director/Company secretary)

Date: 14 October 2019

Print name: Elissa Hansen

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.