

**Zoono Group Limited (ASX: ZNO)
ASX ANNOUNCEMENT**

16 July 2020

Q4 Sales Revenues of NZ\$20.9M

Q4 Financial Highlights:

- Zoono Group Limited (Company) (ASX: ZNO) is pleased to advise that revenues (unaudited) for the quarter ended 30 June 2020 were NZ\$20.9M (an increase of NZ\$5.2 compared to the March FY20 quarter).
- Positive operational cash flow for the quarter of NZ\$5.3M from customer receipts of NZ\$19.8M;
- Cash at bank increased to NZ\$10.3M from NZ\$5.7M in Q3, with a positive net receivables/payables (unaudited) balance of NZ\$2.8M;
- Online sales (unaudited) for the quarter were NZ\$3.3M;
- Improving gross margins.
- Inventories of NZ\$13.2M (unaudited) substantially increased stock levels to meet current demand. Stock is held strategically globally to enable timely deliveries.
- UK/EU sales have climbed to NZ\$7.8M for the quarter, with significant new business in the pipeline.

With the global impact of COVID-19, the major issues facing the Company this year have been coping with the level of enquiry for the Company's products from across the globe and, with the influx of orders, in scaling production to meet the demand for the Company's products.

Australia & New Zealand

Strong sales continue in Australia and New Zealand in both B2B and B2C markets.

Highlights for the quarter include:

- Finalising the servicing of Australian B2C markets from Melbourne via a third-party packing and logistics company (3PL), with resultant improved delivery times and customer service.
- Zoono individual wipes have become part of the Qantas "Fly Well" programme (with the individually wrapped wipes likely to be provided to passengers on other global airlines in the near future).

- Significant sales (via Zoono's channel partner, WINC) into the childcare / education sectors, with more sectors, including aged care and public transport, also being targeted.
- Signing of distribution agreement with Johns Lyng Group (ASX: JLG).
- Zoono Channel partner, Clear Facilities, reports strong growth in the food manufacturing/processing and corporate sectors.

UK & Europe

Positive momentum continues (NZ\$7.8M in revenues for the quarter), with the UK team working closely with major global channel partners across the facilities management, transport, and healthcare sectors. Further successes are expected in the near future.

Strong sales to Rentokil Initial who are rolling out the products globally to their existing client base in the hygiene industry.

As a result of the increased activity, the UK operation has moved to larger premises to support the bulk activities for the UK and Europe. The existing premises are now used for third party packaging and logistics for orders placed.

Asia & China

IdsMED, Zoono's channel partner for selected ASEAN countries, is making very good progress and ordering regularly.

In China, Zoono has reshaped its business. Via a presence in the market, to be based in Shanghai and managed locally by Zoono's Chinese Regional Manager, Michael Wu, Zoono intends to take direct control of its China business and build a business development team specifically for that business. The focus will be relationships with channel partners rather than utilising distributors, with consequent expected benefits in the form of reduced costs and better margins.

Zoono has already signed a direct deal with Ali Baba in China and will shortly be opening an international online store on Ali Baba to be followed later this year by a TMall flagship store. Zoono has also made inroads into the hospital and school market in China.

It has also picked up significant business in Hong Kong, including Hong Kong airport, through a channel partners.

US / Canada

Zoono has bought out its US distributor and is now selling directly in the USA through a newly established, wholly owned subsidiary, Zoono Holdings USA LLC. Growing Zoono's North American business over the next 2 to 3 years is the primary goal, with increased resources being allocated to support this strategic initiative from H1 of FY21 onwards.

Replicating the success of the UK operation in the North American market (and Mexico) is the initial aim. Expansion into South America is on the agenda when resources and business permit. Several new distribution agreements have already been signed with US based partners.

The New Jersey based staff have all been retained in their current positions and new staff will be employed to support the growing business.

India & MENA

The Company has appointed its former Middle East agent, Dennis Montgomery, as its Regional Manager with responsibility for the Middle East, Africa, Turkey, India, Pakistan and Bangladesh. He will be based in the UAE. Zoono intends to build a business development team around Dennis to grow its business in the region. Several new distribution agreements have already been signed.

Animal health

Significant business is also underway in the veterinary and animal health sector, through Zoono's channel partners, Zoono Animal Health and Apiam (ASX: AHX), particularly in New Zealand, Australia, USA, UK, Ireland, Portugal, Hungary and Germany. Pig and poultry are forming the core of this business, where Zoono products have already been shown to be very effective against several viral and bacterial groups affecting this sector, including African swine fever.

This announcement has been authorised and approved for release to ASX by the Board of Zoono Group Limited.

For further information, please contact:

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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 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 2020

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (12months) \$NZ'000
1. Cash flows from operating activities			
1.1 Receipts from customers		19,812	31,570
1.2 Payments for			
(a) research and development		(7)	(72)
(b) product manufacturing and operating costs		(10,549)	(17,126)
(c) advertising and marketing		(80)	(236)
(d) leased assets		(91)	(154)
(e) staff costs		(145)	(810)
(f) administration and corporate costs		(3,687)	(5,179)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		6	7
1.5 Interest and other costs of finance paid		(4)	(25)
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		5,255	7,975
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(37)	(88)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (12months) \$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	(37)	(88)

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	-	-
3.6	Repayment of borrowings	1	(42)
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	1	(42)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,659	3,125
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5,255	7,975
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(37)	(88)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (12months) \$NZ'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1	(42)
4.5	Effect of movement in exchange rates on cash held	(555)	(647)
4.6	Cash and cash equivalents at end of period	10,323	10,323

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	3,788	3,165
5.2	Call deposits	6,535	2,494
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)	10,323	5,659

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$NZ'000**

130

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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

Directors of the entity.

7. Financing facilities

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

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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)

5,255

8.2 Cash and cash equivalents at quarter end (Item 4.6)

10,323

8.3 Unused finance facilities available at quarter end (Item 7.5)

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8.4 Total available funding (Item 8.2 + Item 8.3)

10,323

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

N/A as cash from operating activities in item 8.1 is positive

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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

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

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

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: 16 July 2020

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 – eg 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.