

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

29 January 2021

Continued momentum with Q2 invoiced sales of NZ\$14.1M

Q2 Financial Highlights:

- Total invoices sales and orders for the quarter were NZ\$14.1M¹;
- Cash at bank of NZ\$7.3M with an additional positive net receivables/payables (unaudited) balance of NZ\$1.8M, which will bring the bank balance to NZ\$9.1M;
- Inventories of NZ\$14.4M (unaudited) to meet current demand are being maintained. Zoono is holding stock across several global locations to enable timely delivery, including USA, UK, China, Australia and MENA regions;
- Total cash receipts from customers NZ\$20.5M for the six months to date (unaudited).

Zoono Group Limited (Company) (ASX: ZNO) is pleased to provide an overview of operations for Q2 2021.

UK & Europe

The current sales momentum continues in the UK as Zoono works closely with its major sector partners within facilities management, transport, agriculture and healthcare sectors and key customers including Bunzl, Rentokil Initial, Atalian Servest, Killis and One Spray.

Zoono now has regulatory approvals for most EU countries, opening sales into new channels including healthcare, childcare, and government. It continues to gain new customers in Germany, Scandinavia, Eastern Europe, Spain and Portugal; a trend that is expected to continue. The sales pipeline remains buoyant with a number of new agreements currently under negotiation.

USA and Americas

The United States Environmental Protection Agency (EPA) continued additional testing of Zoono's Z-71 surface sanitiser during the quarter for a new, standalone registration in the US that would allow Zoono to make 30-day human COVID claims. Unfortunately, there have been a number of delays due to the extraordinary number of studies being undertaken at laboratories worldwide as a result of the current pandemic.

¹ Zoono refers to "invoiced sales" when an order is received from a customer. A sale is only recorded as revenue once the product is despatched to the customer. Additional revenue from this quarter's sales will be seen later this year once the orders has been despatched.

Regulatory approvals are also being sought in Panama and Jamaica and initial orders have been received from both Mexico and Barbados.

In Canada, Zoono remains in full compliance with regulation under Health Canada. It is currently in the pre-submission phase for a New Drug Submission for the international formulation of Z-71 Microbe Shield. Laboratory testing associated with this application is ongoing and coordinated with the US EPA registration process.

Sales continue in Canada with a number of active customers placing regular orders and a number of new customers in the onboarding phase. Zoono Canada has also undertaken a number of pilots with potential clients who are also expected to place orders.

Several US Airlines are now purchasing Zoono products following the up take by United Airlines, as are Greyhound buses, First Group, and several School Districts. A number of companies are undertaking their own trials, with positive results to date and the new Californian distributor placed orders for NZ\$702k in December.

Middle East and Africa (MENA)

During the quarter, the Dubai Central Laboratory Department undertook testing on Zoono's Z-71 Microbe Shield Surface Sanitiser observing a complete reduction of test bacteria (99.9%) on all provided material surfaces till 30 days from the initial coating of Zoono Z-71 Microbe Shield Surface Sanitizer and Protectant except in Rubber and Wood surface. The rubber and wood surface has some viable growth on the 30th day, with a reduction of 90% of test bacteria.² Additional testing undertaken by Intertek Caleb Brett in Dubai found a 100% reduction between the slide control recovery level and Zoono Z-71 recovery level at 24 hours, 7 days and 30 days.³

Following receipt of the positive test results and the Emirates Authority for Standardisation and Metrology (ESMA) Certificate of Conformity, Zoono entered into a supply agreement during the quarter with Fine Hygienic Paper LLC, a FMCG business based in the UAE, which allows them to develop and sell their own label products utilising Zoono's Antimicrobial Technology into their 70-country network around the globe.⁴ Fine Hygienic have already placed orders for NZ\$1.5m for the Middle East and NZ\$263k for the EU.

Zoono's UAE distributor, International Business Ventures LLC (**IBV**), continues to gain additional customers for Zoono products in the UAE, many following the completion of trials. They are now supplying the Dubai Metro and have further trials underway, including with a 5-star resort hotel, and a taxi trial will commence in February. IBV have also secured healthcare approval for both Zoono Surface Sanitiser and Hand Sanitiser which should open new channels with hospitals.

² See announcement dated 29 October 2020

³ See announcement dated 29 October 2020

⁴ See Company Updated dated 16 December 2020

South Africa continues to perform well. Zoono is now registered with the South African Health Products Regulatory Authority which will open up the hospital and medical sectors in this region.

Further distribution agreements are under negotiation for Sri Lanka and Qatar and initial orders have been placed for the Kuwait market.

Russia

Following receipt of all regulatory approvals for use of its products in Russia, Zoono entered an agreement with ECO-SALUS LLC, a Russian hygiene services company during the quarter.⁵ They have placed an order of NZ\$529k for the initial product launch.

China

During the quarter, China Health Committee advised that Zoono's hand sanitiser and Femme products have been granted registration and sales approval for imported disinfection products in China. In addition to the previously approved surface sanitizer (All Purpose), Zoono now has three products that have been approved for sale by the Chinese government. Among them, the hand and surface products belong to a class of disinfectants that can be used in hospital.

Zoono's Z-71 was tested for air disinfection by the Guangdong Detection Centre of Microbiology (Report No: 2020FM08211R04) with very satisfactory results. These results support the promotion of Zoono's application in improving the indoor air quality for central air conditioning and office buildings.

The Civil Aviation Administration of China is currently in the process of arranging approval procedures for use of Zoono Z-71 on Chinese aircrafts. There are currently 3,200 aircraft registered for flight in China.

Zoono was selected as the only disinfection and antibacterial product on the procurement platform designated by the Chinese Government where state-owned enterprises purchase their office supplies and employee welfare product. Currently, the platform recommends Zoono hand sanitizer 50ml as the main product to be responding to the current epidemic.

The Hong Kong market is maintaining steady growth from key clients including Cathay Pacific airline, hospitals and property management companies that have always had stable monthly orders.

⁵ See Company Updated dated 16 December 2020

Indonesia

Zoono's hand sanitiser, GF24, and surface sanitiser, Z-71, are both now registered in Indonesia, opening up sales in this region. Under the regional trade agreement, potential exports to other ASEAN countries are also possible relying on these registrations.

Philippines

Following the registration and approval of Zoono's surface sanitiser, Z-71, in the Philippines, Zoono's local distributor, IDSMED Philippines, have commenced sales to local clients. They expect to ramp up in 2021.

Australia/New Zealand

Zoono continues to receive regular orders from Australia and New Zealand from all current sectors, B2B and B2C. While B2C is important, particularly for brand awareness, the B2B sector remains the primary focus and Zoono has gained a number of new customers, in particular from the transport industry (trains, metro, airports).

One of the large facilities groups Zoono works with has secured a supply agreement for the Australian Defence Force with supply now rolled out to 11 bases and a further five bases in train before it is rolled out to other defence buildings, including administration.

Australian distributor, WINC, are starting the year with a focus on the early childhood education sector and JLG/Restorx are seeing an uptake with a 'Return to Business' focus as restrictions ease in Australia.

New Product

During the quarter, Zoono launched its triple layer, re-usable face mask in Australia and New Zealand. Over 2,000 masks have been sold for over NZ\$29k in online consumer sales alone, with very positive feedback.

Animal Health

Significant business continues to be pursued in the veterinary and animal health sector through Zoono's channel partners Zoono Animal Health 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 including African swine fever.

As previously disclosed, trials and testing against pig viruses and diseases continue at Iowa state university via Zoono Animal Health and APIAM. If successful, this will open up a vast market and huge sales opportunities in the USA. Results are expected in late February.

Sales in the animal breeding sector in China continue to increase. Zoono is currently being utilised by the Beijing Zoo for disinfection of large animal houses and our agents are now working with The Panda Breeding Centre in Chengdu with further zoos enquiring about use of Zoono products.

The Focus

Moving forward the Americas, UK/EU, China/ASEAN, MENA/INDIA are Zoono's main focus, particularly in the B2B markets. This includes Animal Health.

While the home markets, NZ and Australia, are important, the volume the big markets can deliver is our main focus.

Zoono continues to aggressively go after new business globally and remains confident of delivering a year-end revenue result that surpasses FY20.

Appendix 4C

The Appendix 4C Quarterly Cash Flow Report follows. Related party payments shown on the attached Appendix 4C are payments to directors for fees and services.

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

For further information, please contact:

Zoono Group Limited

Paul Hyslop
Group Managing Director/CEO
M: +64 21 659977
E: paul.hyslop@zoono.com.

Paul Ravlich
Group CFO
M: +64 21 0759176
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 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.

For personal use only

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")

31 December 2020

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (6months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,533	20,543
1.2 Payments for		
(a) research and development	(108)	(176)
(b) product manufacturing and operating costs	(1,365)	(8,458)
(c) advertising and marketing	(150)	(302)
(d) leased assets	(122)	(240)
(e) staff costs	(728)	(1,560)
(f) administration and corporate costs	(1,579)	(3,195)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	93
1.5 Interest and other costs of finance paid	(3)	(7)
1.6 Income taxes paid	-	(2,430)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,479	4,268
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	(5,614)
(c) property, plant and equipment	(1)	(303)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(1,182)	(1,435)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (6months) \$NZ'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	5,867
	(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	(1,183)	(1,485)

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	133	133
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(3)	(14)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	78	(5,055)
3.9	Other (provide details if material)	(21)	(21)
3.10	Net cash from / (used in) financing activities	187	(4,957)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,496	10,323
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,479	4,268
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,183)	(1,485)

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (6months) \$NZ'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	187	(4,957)
4.5	Effect of movement in exchange rates on cash held	(705)	(875)
4.6	Cash and cash equivalents at end of period	7,274	7,274

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	4,675	4,897
5.2	Call deposits	2,599	2,599
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)	7,274	7,496

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**

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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**

-

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)

4,268

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

7,274

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

-

8.4 Total available funding (Item 8.2 + Item 8.3)

7,274

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: 29 January 2021

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.