

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

28 July 2021

**Zoono Company Update**

**Quarter Highlights:**

- **NZ\$30.5m cash receipts for the full year.**
- **NZ\$7.8m cash equivalent, including NZ\$4.9m cash at bank and NZ\$2.9m net payables and receivables as at 30 June.**
- **Unaudited June quarter sales of approximately NZ\$7.0m.**
- **New sales and distribution arrangements now in place.**
- **New business opportunities.**
- **Further testing undertaken at UNICAMP in Brazil confirms >99.99% effectiveness of Z71 Microbe Shield after 30 days against Coronavirus Surrogate MHV-3 (same genus and family of species SARS-CoV-1, SARS-CoV-2/COVID19 and MERS), Influenza Virus A (H1N1) and Norovirus (MNV).**

Zoono Group Limited (Company) (ASX: ZNO) today releases its Appendix 4C for the quarter ended 30 June 2021. In conjunction with that release, the Company is pleased to update shareholders and the market on material developments in its business.

**NEW DISTRIBUTION AGREEMENTS**

**France**

Zoono has commenced selling to customers in France, with several French multinational customers now on board. Customers include:

- **Atalian France**(a large facility management company);
- **Keolis France** (a leader in public transport - carrying three billion passengers a year and operating in 16 countries);
- **Cleanysafe** (a marketer of new generation cleaning and/or disinfectant products that respect the environment); and
- **Major distributors and other cleaning companies** (Toussaint, Lustral, Capem and Rekeep).

Testing of Zoono products is also underway with other potential customers in France,

including hospital and hotel groups, casinos and child nurseries.

### **China:**

Zoono has signed three (3) new distribution agreements in China, with NZ\$10m in minimum contracted sales targets over the next 18 months. One agreement is in the textile sector, another is in the hospital and medical sector and the third is in the online sales sector. Additional agreements are under negotiation.

Zoono's revised strategy (to build its business in China via its own fully owned subsidiary company and local sales team) is beginning to pay off with China now expected to be a material contributor to Group revenues in FY22 and beyond.

### **India:**

Zoono has recently appointed a new Mumbai based distributor for India. It has placed an initial order for 100,000 litres. Steps have also been taken in this jurisdiction to minimize price gouging which was a major issue with the previous distributor.

### **Russia:**

In Russia, distribution arrangements are now in place and Zoono approved and registered with Rospotrebnadzor (the federal service for surveillance on consumer rights protection and human wellbeing). Sales have been particularly strong in the public sector industries including transport, where Zoono is now being rolled out to treat trains. The Russian distributors have advised they will be placing regular orders in the coming 12 months. The Russian website has also been established.

## **SEGMENT NEWS**

### **Zoono Animal Health (ZAH):**

Over the last 24 months, ZAH has spent considerable time building the foundations for a strong business in the animal health sector, particularly in the pig and poultry sectors. This has involved working with all participants in the industry, from equipment providers to veterinary professionals to individual farmers. ZAH has focused on demonstrating to the industry (particularly the significant influencers) that Zoono products not only reduce the microbial loads in the animal environment but also lead to better animal health and food conversion outcomes (and, thereby, a better financial return to the producers).

ZAH has also been aided by pressure within the global livestock industry to remove formaldehyde-based products from the food chain, particularly in regard to sanitisation,

with bans of such products now in place in some states in the USA and in many parts of Europe. The reality is that health and safety is now a major issue, not only for the animals but also for the producers' employees,

In regard to the pig industry, USA scientific studies utilizing for Z71 Microbe Shield in regard to the particularly virulent swine viruses have seen excellent results and the final studies are due to be finished by the end of August, with publication of the results to follow. As there is no really effective vaccine for these viruses, the opportunity exists for ZAH to build a material market share in this sector.

In the poultry sector, in response to earlier trials, producers in NZ, Australia, Central America, UK, Portugal and Hungary are starting to transition from formaldehyde-based products to ZOONO products. This is expected to increase sales over the next twelve months.

Recently, ZAH has been trialing Zoono products for a large UK based poultry producer that processes in excess of 300 million birds per annum. The data to date shows, as expected, increased bird weights, overall better production performance and improved bird health. With results to date, ZAH anticipates this company will transition to become a client of ZAH within the next 12 months.

ZAH is also at the midpoint of a six month trial with a large poultry producer in Central America. While the first trial cycle was successful, importantly, the second cycle is showing further improvement again.

Despite the measured approach delaying sales, ZAH is confident that it is on the right path. It expects a steady increase in sales volumes over the next 6 months resulting from the scientific study data now available, the advanced application protocols now in place, increased client awareness and the level of engagement achieved with quality partners globally.

## **USA**

Subsequent to the Company's buy out of its North American distributor (Zoono Holdings USA Inc.) in November 2020, it has generated NZ\$1.8m in sales. Sales have been adversely impacted by restrictions imposed by US EPA on the Company's product claims, also laboratory backlogs have caused delays but with the pending EPA registration of the "Virus Kill and protect" claims, it is expected that North America will be a significant contributor to Group revenues in the future.

## **AUSTRALIA / NZ**

Sales growth has continued through existing channels and distributors in both countries, with an uptake in interest from ride share and the health sectors. Further outbreaks and lockdowns have also resulted in a renewed focus on preventative measures, with the air and transport sectors (especially for military and FIFO personnel) a current focal point.

## **Middle East**

Fine Hygiene Group LLC, which has developed and sells its own label products utilizing Zoono anti-microbial technology, continues to expand its business. It has recently signed a supply agreement with the Kempinski Hotel in Amman, Jordan to protect the hotel, staff and guests and has a number of other agreements currently in negotiation. Should all of these come to fruition, it will meet its sales projection of US\$7 million over the six months to 30 October 2021.

Fine Hygiene Group have also sold their first shipment into a German supermarket chain.

Kuwait is performing well, with a further US\$200K order to be placed in September and other countries in the region are being targeted, with assistance from the New Zealand Trade and Enterprise, to locate suitable distribution partners.

Expo 2020 Dubai, postponed due to COVID, commences on the 1<sup>st</sup> October 2021 and runs for six months to 31<sup>st</sup> March 2022. Zoono products are being used to protect various pavilions at this event.

## **Fiji**

To help combat the Covid-19 outbreak in Fiji Zoono has donated 11,000 litres of Zoono Microbe Shield Surface Sanitiser, and circa 2000 Litres of GermFree24 hand sanitiser and protectant to the military in Fiji. Facilitated by the NZ Defense Force and New Zealand Trade & Enterprise, the donation builds on the close relationship Zoono enjoys with Fiji.

## **NEW BUSINESS OPPORTUNITIES**

### **Mould remediation - transportation of fresh produce**

Trials have recently been conducted in association with a leading corrugated cardboard packaging manufacturer in South Africa to demonstrate the effectiveness of Zoono products in preventing black mould growing on cardboard packaging (a major issue in the transportation of fresh produce) and the produce from ripening prematurely.

The trials involved Zoono being sprayed on the packaging material and within the shipping containers. As part of the trial, before a container of a shipment of citrus fruit left South Africa (bound for Melbourne) Zoono treated the packaging and the container. Despite a two-week delay (with the container stuck in the humidity of Singapore – an environment ideal for black mould growth) the container and contents, when inspected by independent consultants in Melbourne, were 100% clear of mould and produce was perfect.

Following its success, and while trials and collection of robust scientific data continue, commercial arrangements have been completed as the packaging company sees this as a

potential solution to an international problem.

Zoono has also entered into trials with Australasia's largest supplier of containers for storage and portable building use.

### **Building sanitization (using existing air-conditioning infrastructure)**

Zoono UK has entered into a strategic partnership with a third party to develop a unique delivery system for Zoono Z71 Microbe Shield utilizing the existing air-conditioning infrastructure in large buildings. The proprietary process (owned by the third party) converts Zoono to a gas which is then pumped throughout a building through the air-conditioning ducts. As the gasified Zoono product is heavier than air, it settles on (and treats) the surface which it contacts.

The delivery system, which is fully automated, has the added benefit of treating both the air and surfaces, creates an efficient and cost-effective solution for the safeguarding of employees and customers. The retrofitting of the necessary equipment in existing buildings is also a relatively simple process. Commercial interest in the system has been received from a large portfolio owner who owns about 150 buildings. Estimated volumes for a 5-6 story building are 300 to 500 litres per building per month. First orders have been received.

### **Further test results confirm Zoono Z71 effectiveness**

In the process of finalizing its product approvals in Brazil, further testing of Z-71 Microbe Shield was conducted to European Standard EN14476:2019 and ASTM E1053 – 11, by the Virology Laboratory, Institute of Biology, State University Campus UNICAMP, Brazil (one of the most highly regarded institutes in Brazil).

The viruses tested were Coronavirus strain MHV-3, Genus Betacoronavirus (same genus and family of species SARS-CoV-1, SARS-CoV-2/COVID19 and MERS), Influenza Virus A (H1N1) and Norovirus (MNV).

To be classified as a 'virucidal', efficacy of > 99.99% (4 Log) is required. Tests included 30-day testing against Coronavirus MHV-3, with different strains and derivatives. **Z-71 Microbe Shield proved 99.99% efficacy against Coronavirus MHV-3 after 30 days.**

The results are shown below:

PRODUCT	Time / Duration	Results in Percentage and Activity (Table 1) * Coronavirus MHV	
ZOONO Z71 Microbe Shield	Immediate	99.99%	≥ Log 4 (Virucidal)
	1 Minute	99.99%	≥ Log 4 (Virucidal)
	15 Minutes	99.99%	≥ Log 4 (Virucidal)
LONGEVITY			
ZOONO Z71 Microbe Shield	5 Days	99.99%	≥ Log 4 (Virucidal)
	10 Days	99.99%	≥ Log 4 (Virucidal)
	20 Days	99.99%	≥ Log 4 (Virucidal)
	30 Days	99.99%	≥ Log 4 (Virucidal)

While these results will now allow Zoono to make Coronavirus Surrogate MHV-3 (same genus and family of species SARS-CoV-1, SARS-CoV-2/COVID19 and MERS), Influenza Virus A (H1N1) and Norovirus (MNV) claims in Brazil, more importantly, they once again confirm the effectiveness of Zoono ZX71 Microbe Shield across a 30-day period.

#### **Appendix 4C**

Related party payments shown on the following Appendix 4C are payments to directors for fees and services.

The NZ\$705k (shown at Item 2.1(b) in the following Appendix 4C) is payment to acquire businesses related to the US acquisition (Zoono Holdings USA LLC) and involves ongoing payments to reduce the consideration owing.

The NZ\$1.601M (shown in Item 2.1(f) in the following Appendix 4C) in other non-current assets is a reclassification to acquire businesses (NZ\$705k mentioned above) with the balance being product manufacturing and operating costs (included in NZ\$3.147M at 1.2(b)).

#### **Summary of Q4 Expenditure**

Expenditure incurred during the quarter on business activities was primarily on product manufacturing and operating costs (NZ\$3.2M), staff costs (NZ\$0.9M) and administration and

corporate overheads (NZ\$0.3M). Other expenditure included advertising and marketing (NZ\$166k), payments for income tax (NZ\$1.5M), research and development (NZ\$133k) and other selling costs (NZ\$200K).

To keep up to date with what is happening globally on a day-to-day basis, follow Zoono Global on LinkedIn at [www.linkedin.com/company/zoono/](http://www.linkedin.com/company/zoono/).

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**

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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](http://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 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$NZ'000</b>	<b>Year to date (12months) \$NZ'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,077	30,450
1.2 Payments for		
(a) research and development	(133)	(363)
(b) product manufacturing and operating costs	(3,147)	(14,229)
(c) advertising and marketing	(166)	(618)
(d) leased assets	26	(181)
(e) staff costs	(612)	(2,975)
(f) administration and corporate costs	(497)	(6,178)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	103
1.5 Interest and other costs of finance paid	(36)	(64)
1.6 Income taxes paid	(1,509)	(4,341)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,987)</b>	<b>1,604</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(705)	(789)
(c) property, plant and equipment	(5)	(538)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	1601	(64)



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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>891</b>	<b>(1,391)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	132	302
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(92)	(252)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	70	(5,096)
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>110</b>	<b>(5,046)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	6,841	10,323
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,987)	1,604
4.3	Net cash from / (used in) investing activities (item 2.6 above)	891	(1,391)

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)	110	(5,046)
4.5	Effect of movement in exchange rates on cash held	45	(590)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,900</b>	<b>4,900</b>

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	4,544	6,315
5.2	Call deposits	356	526
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,900</b>	<b>6,841</b>

**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**

163

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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)	(2,987)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,900
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	4,900
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	1.64

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:

No. The current quarter was impacted by a one-off tax payment of NZ\$1.5m.

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:

No the company is profitable and has generated net operating cash flows of NZ\$1.6m for the FY21 full year and is also generating positive operating cash flows for the September 2021 quarter year to date.

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 the company is profitable and has large revenue streams on the horizon.

## 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: 28 July 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.