



**ZOONO GROUP LIMITED**

**AND CONTROLLED ENTITIES**

ABN 73 006 645 754

**INTERIM FINANCIAL REPORT and ASX  
APPENDIX 4D**

**for the half-year period ended**

**31 December 2021**

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This interim financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2021 and any public announcements made by Zoono Group Limited during the interim reporting period in accordance with the continuous disclosure requirement of the Corporation Act 2001.

## **ASX APPENDIX 4D - RESULTS FOR ANNOUNCEMENT TO THE MARKET**

**For the half-year ended 31 December 2021**

|                                                   |          |          | 6 months<br>31 Dec 2021<br>NZ\$ | 6 months<br>31 Dec 2020<br>NZ\$ |
|---------------------------------------------------|----------|----------|---------------------------------|---------------------------------|
| Revenue from ordinary activities                  | Decrease | (58%)    | 6,081,433                       | 14,424,868                      |
| (Loss)/profit from ordinary activities after tax  | Decrease | (206%)   | (2,022,884)                     | 1,907,909                       |
| Net (loss)/profit for the period attributable to: |          |          |                                 |                                 |
| Owners of the parent entity                       | Decrease | (205%)   | (1,995,563)                     | 1,905,272                       |
| Non-controlling interest                          | Decrease | (1,136%) | (27,321)                        | 2,637                           |

Please refer to the interim financial statements for the half-year ended 31 December 2021 for further explanations of the figures presented above.

### **Dividends**

No interim dividend will be paid or declared in relation to the half-year ended 31 December 2021.

### **Net Tangible Assets**

|                                                                | 31 Dec 2021<br>NZ\$ | 31 Dec 2020<br>NZ\$ |
|----------------------------------------------------------------|---------------------|---------------------|
| Net tangible asset backing per ordinary share - NZ\$ per share | \$0.08              | \$0.08              |

### **Review of Results**

Refer to Review of Operations and Results included in the Directors' Report.

### **Audit dispute or qualification**

The interim financial statements for the half-year ended 31 December 2021 have been subject to review and are not subject to dispute or qualification.

### **Control gained or lost over entities during the period, for those having material effect**

Zoono South Africa (Pty) Limited was incorporated during the period.

**Investments in associates and joint ventures**

No investments in associate and joint ventures are held by the Group.

**Dividend Reinvestment plan**

Not applicable.

**Foreign entities**

**Details of origin of accounting standards used in compiling the report:**

Not applicable.

**Attachments**

**Details of attachments (if any)**

The Condensed Consolidated Interim Financial Report for the half-year period ended 31 December 2021 is attached.

**Signed**



Paul Hyslop  
Managing Director/CEO

Date: 24 February 2022

## **DIRECTORS' REPORT**

Your directors present their report on Zoono Group Limited ('Company') and its controlled entities (together called the 'Group' or the 'consolidated entity') for the half-year ended 31 December 2021.

All numbers stated in this report are in New Zealand dollars, unless otherwise stated.

### **Directors**

The names of directors in office at any time during or since the end of the half-year are:

|                   |                                    |
|-------------------|------------------------------------|
| Mr. Paul Hyslop   | Managing Director                  |
| Mr. Don Clarke    | Independent Non-Executive Director |
| Ms. Elissa Hansen | Independent Non-Executive Director |

Directors have been in office for the half-year ended 31 December 2021 and subsequently to the date of this report unless otherwise stated.

### **Company Secretary**

Ms. Elissa Hansen.

### **Principal activities**

The principal activities of the consolidated entity during the half-year were the development and sale of a range of antimicrobial products in multiple countries.

### **Operating result**

The Group recorded an after-tax loss of NZ\$2,022,884 (2020: NZ\$1,907,909 profit) for the half-year.

### **Review of operations**

#### **Challenging and volatile market conditions:**

Sales revenues were down materially in the first-half and on the prior corresponding period. This is attributed primarily to the following:

- customers holding inflated inventory levels generated by significant over-ordering in previous periods; and
- expected sales and new market initiatives taking longer than expected to build momentum.

Despite the disappointing result, cashflow is still positive in the first half and the Company remains in a strong financial position.

#### **Growth opportunities**

Driving revenue growth is and will continue to be the key focus across the Company. To that end, the Company notes the following positive developments:

- Zoono Animal Health UK has confirmed rollout of the Company's products to one of the largest chicken producers in the UK. Other major poultry producers are now trialing the products.
- Zoonex Systems, which has partnered with Astrea, a London-based asset manager, is progressing with the roll out of an antimicrobial system which dramatically improves air quality within buildings. The equipment, which is a first in the UK, uses Zoono products within building ventilation systems to reduce micro-organism counts and effectively turn building HVAC systems

into a 'viral defense mechanisms' for the buildings.

- Hospital trial - the Company recently concluded an independent and significant trial in a major hospital in Hungary. The results were very encouraging. Despite bed occupancy rates above 90%, CDI infections fell by 23% in the first month and by 77% in the second month, with none of VRE, MRSA or ESBL detected at the test sites after surface treatment by Zoono. Within the hospital, the reductions led to improvements in antibiotic consumption and mortality rates, reductions in the need to use extra protective clothing and reductions in cleaning costs and nursing time.

While there is much work to be done in this sector, which will take time and resources, the Company is optimistic about the potential for adoption and use of its products within the medical sector.

- Development is also continuing in the packaging industry and in the sanitization of shipping containers. The Company is part of several further trials in these areas, with an expectation of completion of the trials in February 2022. Consistent with these initiatives, a fruit packaging company based in South Africa that ships worldwide has signed an agreement to have all of its packaging treated with Zoono Z-71.
- In Australia and elsewhere, the Company has established a new pricing structure to support its authorised reseller and service provider programs. The Company is seeing positive signs of success from these changes as it again seeks to grow its reach within those markets. In Australia:
  - new B2C digital marketing campaigns have been successful;
  - sales via the Compass Group into Australian Defence Forces have grown and further growth is expected in 2022;
  - interest from Property Management and Facility Management customers is increasing; and
  - several airports and public transport entities continue to use Zoono products within their cleaning schedules and, as public use of this infrastructure returns to more normal levels in 2022, this is set to continue.
- Zoono has signed an initial five year exclusive contract with China Animal Husbandry Group. CAHG is a Chinese State Owned Enterprise specialising in all things regarding animal healthcare in China. Under the Agreement, Zoono and CAHG will work in close collaboration to aggressively expand the use of Zoono in the dairy, poultry and pig markets. CAHG are currently arranging for regulatory approvals, estimated to take 3 to 6 months, with the expected rollout commencing on receipt of these approvals. The approval timeframe for Zoono products for use in the veterinary sector in China has been dramatically reduced by partnering with CAHG as Chinese veterinary approvals usually take up to 2 years.
- Also in China, Zoono China continues to strengthen its relationship with China Southern Airlines and, in what is hoped to be the forerunner of broader industry use, the Company is working with China's largest disinfection robot manufacturer to jointly launch the 'ZOONO automatic disinfection robot'. Robots are currently being trialled at Beijing Daxing International Airport and Guangzhou Baiyun International Airport to sanitise public areas in those airports.

### **Future priorities**

The Company's strategy remains laser focused on creating long-term sustainable growth which produces consistent, maintainable and growing returns to the shareholders. The key initiatives to support these efforts include:

- prioritisation of opportunities offering the greatest potential for long-term value creation (which, by definition, must include better identifying those market sectors and products where the Company believes it has a material commercial advantage);
- determining how the Company can best leverage its opportunities and tailor its messages for the different market segments;
- growing existing key customers and revenue streams in each of the Company's core markets; and
- supporting the commercialisation efforts of our strategic partners (ZOONO Animal Health and ZOONEX).

### **Financial Performance**

In the 6 months to 31 December 2021, the operating revenue of the Group decreased by NZ\$8,343,435 over the prior corresponding period. This was primarily due to decreased orders received from current and new distributors, and contraction around the globe.

Gross profit achieved was NZ\$3,689,989 (60.7% of operating revenue, compared to 59.1% in the previous year). As noted above, while the gross profit improved over the prior corresponding period due to the product mix, operating revenues were lower.

Operating costs have increased by NZ\$393,688 primarily as a result of the legal settlement with Sky Scrapers General Trading LLC, comprising a provision of NZ\$1 million and legal costs incurred of NZ\$700,000 offset by a reduction in employee costs of NZ\$795,976; selling and marketing expenses, reduced by NZ\$315,459; and a reduction in other expenses of NZ\$837,410 as a result of reduced outside storage costs and postage and courier costs resulting from reduced online purchases.

The consolidated net loss after tax for the half-year was NZ\$2,022,884 (compared to a profit of NZ\$1,907,909 in the prior corresponding period).

### **Cash generation and capital management**

Operating cash flow saw an inflow of NZ\$254,686 in the current half-year (compared to an inflow of NZ\$3,583,848 in the prior corresponding period). The decreased cash flow was predominately a result of lower revenues and higher legal costs generated in the half-year resulting in decreased cash collections and higher operating costs respectively.

Income in advance (primarily from pre-payments received under new Distribution Agreements entered into by the Company) recorded a Nil change during the current half-year. The Company expects each of these new Distribution Agreements will add to future operating revenues as stock is delivered and re-ordered.

Cash receipts of NZ\$7,652,619 for the half year was assisted from the trade receivables balance outstanding at the 2021 year end, that were collected during the half-year period.

The Group ended the half-year with NZ\$5,179,975 in cash reserves. The Group remains in a healthy cash position.

**Employee Options**

On 16 December 2019, Zoono granted senior management and staff 2,000,000 options, vesting on 16 December 2020, exercisable at A\$0.25 and expiring on 16 December 2023.

During the year, 1,075,000 options were exercised. The Group has 300,000 share options on issue at half-year end (2021: 1,375,000).

On 19 November 2021, Zoono granted senior management and staff 1,900,000 options, vesting on 19 November 2022, exercisable at A\$0.65 and expiring on 1 November 2025.

**Auditor's independence declaration**

An independence declaration has been provided by the Group's auditor, Hall Chadwick. A copy of this declaration is attached to, and forms part of, the financial report for the financial half-year ended 31 December 2021.

Signed in accordance with a resolution of the directors.



Paul Hyslop  
Managing Director/CEO

**ZOONO GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN 73 006 645 754**

**AUDITOR'S INDEPENDENCE DECLARATION**  
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF ZOONO GROUP LIMITED**

In accordance with Section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Zoono Group Limited. As the lead audit partner for the review of the financial report of Zoono Group Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

*Hall Chadwick*

HALL CHADWICK (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner  
Dated: 24 February 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

|                                                           | Note | Half-year<br>ended 31<br>December<br>2021<br>NZ\$ | Half-year<br>ended 31<br>December<br>2020<br>NZ\$ |
|-----------------------------------------------------------|------|---------------------------------------------------|---------------------------------------------------|
| Revenue                                                   | 4    | 6,081,433                                         | 14,424,868                                        |
| Cost of sales                                             |      | (2,391,444)                                       | (5,905,634)                                       |
| Gross profit                                              |      | 3,689,989                                         | 8,519,234                                         |
| Other revenue                                             | 4    | 128,372                                           | 193,157                                           |
| Administration expenses                                   |      | (670,489)                                         | (203,854)                                         |
| Depreciation and amortisation expenses                    |      | (158,416)                                         | (145,155)                                         |
| Directors' fees                                           |      | (86,089)                                          | (84,574)                                          |
| Employee costs                                            |      | (1,068,514)                                       | (1,595,064)                                       |
| Finance costs                                             |      | (30,977)                                          | (41,131)                                          |
| Management fees                                           |      | (240,000)                                         | (240,000)                                         |
| Professional and consulting fees                          |      | (2,926,384)                                       | (974,528)                                         |
| Share based payments                                      |      | (29,050)                                          | (299,991)                                         |
| Occupancy expenses                                        |      | (14,215)                                          | (60,137)                                          |
| Selling and distribution expenses                         |      | (331,571)                                         | (876,624)                                         |
| Marketing expenses                                        |      | (542,568)                                         | (312,974)                                         |
| Listing expenses and other compliance costs               |      | (115,040)                                         | (148,182)                                         |
| Other expenses                                            |      | (174,536)                                         | (1,011,947)                                       |
| <b>(Loss)/profit before income tax</b>                    | 5    | <b>(2,569,488)</b>                                | <b>2,718,230</b>                                  |
| Income tax benefit/(expense)                              |      | 546,604                                           | (810,321)                                         |
| <b>(Loss)/profit after income tax</b>                     |      | <b>(2,022,884)</b>                                | <b>1,907,909</b>                                  |
| <b>Other comprehensive income:</b>                        |      |                                                   |                                                   |
| <b>Items that may be reclassified to profit or loss</b>   |      |                                                   |                                                   |
| Exchange differences on translation of foreign operations |      | (131,280)                                         | (282,291)                                         |
| <b>Total other comprehensive income</b>                   |      | <b>(131,280)</b>                                  | <b>(282,291)</b>                                  |
| <b>Total comprehensive income</b>                         |      | <b>(2,154,164)</b>                                | <b>1,625,618</b>                                  |

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

|                                                                                      | Note | Half-year<br>ended 31<br>December<br>2021<br>NZ\$ | Half-year<br>ended 31<br>December<br>2020<br>NZ\$ |
|--------------------------------------------------------------------------------------|------|---------------------------------------------------|---------------------------------------------------|
| <b>(Loss)/profit attributable to:</b>                                                |      |                                                   |                                                   |
| Owners of the parent entity                                                          |      | (1,995,563)                                       | 1,905,272                                         |
| Non-controlling interest                                                             |      | (27,321)                                          | 2,637                                             |
|                                                                                      |      | <b>(2,022,884)</b>                                | <b>1,907,909</b>                                  |
| <b>Total comprehensive income attributable to:</b>                                   |      |                                                   |                                                   |
| Owners of the parent entity                                                          |      | (2,124,416)                                       | 1,622,981                                         |
| Non-controlling interest                                                             |      | (29,748)                                          | 2,637                                             |
|                                                                                      |      | <b>(2,154,164)</b>                                | <b>1,625,618</b>                                  |
| <b>Earnings per share attributable to the ordinary equity holders of the company</b> |      |                                                   |                                                   |
| Basic earnings – cents per share                                                     | 14   | (1.2148)                                          | 1.1660                                            |
| Diluted earnings – cents per share                                                   | 14   | (1.2148)                                          | 1.1520                                            |

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

|                                                    | Note | 31 December<br>2021<br>NZ\$ | 30 June<br>2021<br>NZ\$ |
|----------------------------------------------------|------|-----------------------------|-------------------------|
| <b>CURRENT ASSETS</b>                              |      |                             |                         |
| Cash and cash equivalents                          |      | 5,179,975                   | 4,899,929               |
| Trade and other receivables                        | 6    | 3,673,548                   | 5,295,956               |
| Inventories                                        |      | 12,569,017                  | 12,863,790              |
| Other assets                                       |      | 309,244                     | 195,875                 |
| <b>TOTAL CURRENT ASSETS</b>                        |      | <b>21,731,784</b>           | <b>23,255,550</b>       |
| <b>NON-CURRENT ASSETS</b>                          |      |                             |                         |
| Property, plant and equipment                      | 7    | 699,961                     | 737,064                 |
| Intangible assets                                  | 8    | 5,822,284                   | 5,693,781               |
| Right of use assets                                | 9    | 1,148,605                   | 2,015,266               |
| <b>TOTAL NON-CURRENT ASSETS</b>                    |      | <b>7,670,850</b>            | <b>8,446,111</b>        |
| <b>TOTAL ASSETS</b>                                |      | <b>29,402,634</b>           | <b>31,701,661</b>       |
| <b>CURRENT LIABILITIES</b>                         |      |                             |                         |
| Trade and other payables                           | 10   | 2,984,472                   | 2,213,445               |
| Lease liabilities                                  | 9    | 187,529                     | 342,527                 |
| Current tax liabilities                            |      | 336,479                     | 687,076                 |
| Provisions                                         | 11   | 76,033                      | 92,886                  |
| <b>TOTAL CURRENT LIABILITIES</b>                   |      | <b>3,584,513</b>            | <b>3,335,934</b>        |
| <b>NON-CURRENT LIABILITIES</b>                     |      |                             |                         |
| Lease liabilities                                  | 9    | 1,023,106                   | 1,732,334               |
| Provisions                                         | 11   | 5,694,547                   | 5,559,467               |
| <b>TOTAL NON-CURRENT LIABILITIES</b>               |      | <b>6,717,653</b>            | <b>7,291,801</b>        |
| <b>TOTAL LIABILITIES</b>                           |      | <b>10,302,166</b>           | <b>10,627,735</b>       |
| <b>NET ASSETS</b>                                  |      | <b>19,100,468</b>           | <b>21,073,926</b>       |
| <b>EQUITY</b>                                      |      |                             |                         |
| Issued capital                                     | 12   | 13,124,465                  | 12,841,407              |
| Reserves                                           |      | (134,907)                   | 96,298                  |
| Accumulated profits                                |      | 6,241,693                   | 8,237,256               |
| Equity attributable to owners of the parent entity |      | <b>19,231,251</b>           | <b>21,174,961</b>       |
| Non-controlling interest                           |      | (130,783)                   | (101,035)               |
| <b>TOTAL EQUITY</b>                                |      | <b>19,100,468</b>           | <b>21,073,926</b>       |

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

|                                                       | Issued<br>capital  | Reserves                           |                                   | Accumulated<br>profits | Non-<br>controlling<br>interest | Total             |
|-------------------------------------------------------|--------------------|------------------------------------|-----------------------------------|------------------------|---------------------------------|-------------------|
|                                                       | Ordinary<br>shares | Foreign<br>currency<br>translation | Share based<br>payment<br>reserve |                        |                                 |                   |
|                                                       | NZ\$               | NZ\$                               | NZ\$                              | NZ\$                   | NZ\$                            | NZ\$              |
| <b>Balance at 1 July 2020</b>                         | 12,461,800         | (463,166)                          | 366,026                           | 8,600,186              | -                               | 20,964,846        |
| Profit for the half-year                              | -                  | -                                  | -                                 | 1,905,272              | 2,637                           | 1,907,909         |
| Other comprehensive loss for the half-year            | -                  | (282,291)                          | -                                 | -                      | -                               | (282,291)         |
| Total comprehensive income for the half-year          | -                  | (282,291)                          | -                                 | 1,905,272              | 2,637                           | 1,625,618         |
| Transactions with owners in their capacity as owners: |                    |                                    |                                   |                        |                                 |                   |
| Dividends paid                                        | -                  | -                                  | -                                 | (5,055,219)            | -                               | (5,055,219)       |
| Shares issued on exercise of options                  | 130,849            | -                                  | -                                 | -                      | -                               | 130,849           |
| Transfer from reserve on exercise of options          | 166,504            |                                    | (166,504)                         | -                      | -                               | -                 |
| Share based payments                                  | -                  | -                                  | 299,991                           | -                      | -                               | 299,991           |
| Total transactions with owners                        | 297,353            | -                                  | 133,487                           | (5,055,219)            | -                               | (4,624,379)       |
| <b>Balance at 31 December 2020</b>                    | <b>12,759,153</b>  | <b>(745,457)</b>                   | <b>499,513</b>                    | <b>5,450,239</b>       | <b>2,637</b>                    | <b>17,966,085</b> |

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

|                                                       | Issued<br>capital  | Reserves                           |                                   | Accumulated<br>profits | Non-<br>controlling<br>interest | Total             |
|-------------------------------------------------------|--------------------|------------------------------------|-----------------------------------|------------------------|---------------------------------|-------------------|
|                                                       | Ordinary<br>shares | Foreign<br>currency<br>translation | Share based<br>payment<br>reserve |                        |                                 |                   |
|                                                       | NZ\$               | NZ\$                               | NZ\$                              | NZ\$                   | NZ\$                            | NZ\$              |
| <b>Balance at 1 July 2021</b>                         | 12,841,407         | (356,724)                          | 453,022                           | 8,237,256              | (101,035)                       | 21,073,926        |
| Profit for the half-year                              | -                  | -                                  | -                                 | (1,995,563)            | (27,321)                        | (2,022,884)       |
| Other comprehensive loss for the half-year            | -                  | (128,853)                          | -                                 | -                      | (2,427)                         | (131,280)         |
| Total comprehensive income for the half-year          | -                  | (128,853)                          | -                                 | (1,995,563)            | (29,748)                        | (2,154,164)       |
| Transactions with owners in their capacity as owners: |                    |                                    |                                   |                        |                                 |                   |
| Shares issued on exercise of options                  | 151,656            | -                                  | -                                 | -                      | -                               | 151,656           |
| Transfer from reserve on exercise of options          | 131,402            | -                                  | (131,402)                         | -                      | -                               | -                 |
| Share based payments                                  | -                  | -                                  | 29,050                            | -                      | -                               | 29,050            |
| Total transactions with owners                        | 283,058            | -                                  | (102,352)                         | -                      | -                               | 180,706           |
| <b>Balance at 31 December 2021</b>                    | <b>13,124,465</b>  | <b>(485,577)</b>                   | <b>350,670</b>                    | <b>6,241,693</b>       | <b>(130,783)</b>                | <b>19,100,468</b> |

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

|                                                           | Half- year<br>ended 31<br>December<br>2021<br><br>NZ\$ | Half- year<br>ended 31<br>December<br>2020<br><br>NZ\$ |
|-----------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>              |                                                        |                                                        |
| Receipts from customers                                   | 7,652,619                                              | 20,667,310                                             |
| Payments to suppliers and employees                       | (7,582,062)                                            | (14,711,440)                                           |
| Interest received                                         | 17,979                                                 | 92,665                                                 |
| Finance costs                                             | (29,857)                                               | -                                                      |
| Income tax refund/(paid)                                  | 196,007                                                | (2,464,687)                                            |
| Net cash provided/(used in) operating activities          | <b>254,686</b>                                         | <b>3,583,848</b>                                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>              |                                                        |                                                        |
| Payments for plant and equipment                          | (26,196)                                               | (256,219)                                              |
| Payments for acquisition of business                      | -                                                      | (415,110)                                              |
| Net cash used in investing activities                     | <b>(26,196)</b>                                        | <b>(671,329)</b>                                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>              |                                                        |                                                        |
| Dividends paid                                            | -                                                      | (5,055,219)                                            |
| Proceeds from the exercise of options                     | 151,656                                                | 130,849                                                |
| Repayment of borrowings and lease liabilities             | (100,100)                                              | (160,325)                                              |
| Net cash provided/(used in) financing activities          | <b>51,556</b>                                          | <b>(5,084,695)</b>                                     |
| Net increase/(decrease) in cash and cash equivalents held | <b>280,046</b>                                         | <b>(2,172,176)</b>                                     |
| Effects of foreign exchange on cash balance               | -                                                      | (875,268)                                              |
| Cash and cash equivalents at beginning of the period      | 4,899,929                                              | 10,323,216                                             |
| Cash and cash equivalents at end of the period            | <b>5,179,975</b>                                       | <b>7,275,772</b>                                       |

The accompanying notes form part of these financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

### 1. NATURE OF OPERATIONS

Zoono Group Limited and Subsidiaries (the Group) principal activities included the research, development and sale of a range of antimicrobial products in multiple countries.

### 2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

These general purpose interim financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Zoono Group Limited (the Company) is the Ultimate Parent Company. Zoono Group Limited is a Public Company incorporated in Australia and domiciled in New Zealand. The Company's registered address is Level 12, 225 George Street Sydney NSW 2000 Australia.

This interim financial report is intended to provide users with an update on the latest half-year financial statements of Zoono Group Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021.

These interim financial statements were authorised to be issued on 24th February 2022.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

#### b. Functional and Presentation Currencies

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated interim financial statements are presented in New Zealand dollars, which is the parent entity's functional currency.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2021**

**4. REVENUE AND OTHER INCOME**

|                                          | <b>31 December<br/>2021<br/>NZ\$</b> | <b>31 December<br/>2020<br/>NZ\$</b> |
|------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Revenue from operating activities</b> |                                      |                                      |
| Operating activities                     |                                      |                                      |
| - Revenue from sale of goods             | 6,081,433                            | 14,424,868                           |
| Total revenue from operating activities  | 6,081,433                            | 14,424,868                           |
| Dividends received                       | 303                                  | 280                                  |
| Interest received                        | 92                                   | 11,297                               |
| New Zealand Trade & Enterprise           | -                                    | 14,707                               |
| Expenses recovery                        | 127,977                              | 166,873                              |
| <b>Total other income</b>                | <b>128,372</b>                       | <b>193,157</b>                       |

**5. (LOSS)/PROFIT FOR THE HALF-YEAR**

(Loss)/Profit before income tax has been determined after:

|                                                              |           |           |
|--------------------------------------------------------------|-----------|-----------|
| Depreciation expense                                         | 46,433    | 30,924    |
| Amortisation expense                                         | 9,447     | 11,695    |
| Depreciation charge related to right of use assets           | 102,536   | 102,536   |
| Interest expense on lease liabilities                        | 29,857    | 34,084    |
| Variable lease payment expense                               | -         | 6,683     |
| Salary costs (including directors' fees and management fees) | 1,423,653 | 2,219,629 |
| Net foreign exchange losses                                  | 27,892    | 597,635   |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2021**

|                                                       | <b>31 December<br/>2021<br/>NZ\$</b> | <b>30 June<br/>2021<br/>NZ\$</b> |
|-------------------------------------------------------|--------------------------------------|----------------------------------|
| <b>6. TRADE AND OTHER RECEIVABLES</b>                 |                                      |                                  |
| Trade receivables                                     | 3,749,797                            | 5,733,906                        |
| Provision for impairment                              | (212,792)                            | (672,625)                        |
| Net GST/VAT receivable                                | 115,539                              | 214,245                          |
| Other receivables                                     | 21,004                               | 20,430                           |
|                                                       | 3,673,548                            | 5,295,956                        |
| <b>7. PROPERTY, PLANT AND EQUIPMENT</b>               |                                      |                                  |
| Plant and equipment:                                  |                                      |                                  |
| At cost                                               | 737,296                              | 730,646                          |
| Accumulated depreciation                              | (106,522)                            | (72,212)                         |
|                                                       | 630,774                              | 658,434                          |
| Furniture and fittings:                               |                                      |                                  |
| At cost                                               | 82,171                               | 82,230                           |
| Accumulated depreciation                              | (38,943)                             | (34,500)                         |
|                                                       | 43,228                               | 47,730                           |
| Computer software and equipment:                      |                                      |                                  |
| At cost                                               | 66,917                               | 65,294                           |
| Accumulated depreciation                              | (40,958)                             | (34,394)                         |
|                                                       | 25,959                               | 30,900                           |
| Total property, plant and equipment                   | 699,961                              | 737,064                          |
| <b>8. INTANGIBLE ASSETS</b>                           |                                      |                                  |
| Trademarks, patents and website development – at cost | 78,498                               | 228,670                          |
| Accumulated amortisation                              | (71,708)                             | (212,433)                        |
|                                                       | 6,790                                | 16,237                           |
| Goodwill – at cost                                    | 5,815,494                            | 5,677,544                        |
|                                                       | 5,822,284                            | 5,693,781                        |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2021**

**9. LEASES**

|                               | <b>31 December<br/>2021<br/>NZ\$</b> | <b>30 June<br/>2021<br/>NZ\$</b> |
|-------------------------------|--------------------------------------|----------------------------------|
| <b>a. Right of use assets</b> |                                      |                                  |
| Buildings                     | 1,148,605                            | 2,015,266                        |
|                               | <u>1,148,605</u>                     | <u>2,015,266</u>                 |
| <b>b. Lease liabilities</b>   |                                      |                                  |
| Current                       | 187,529                              | 342,527                          |
| Non-current                   | 1,023,106                            | 1,732,334                        |
|                               | <u>1,210,635</u>                     | <u>2,074,861</u>                 |

**10. TRADE AND OTHER PAYABLES**

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Trade creditors             | 1,234,143        | 1,217,887        |
| Other payables and accruals | 1,620,702        | 704,316          |
| Income in advance           | 129,627          | 291,242          |
|                             | <u>2,984,472</u> | <u>2,213,445</u> |

**11. PROVISIONS**

**CURRENT**

|                   |               |               |
|-------------------|---------------|---------------|
| Employee benefits | <u>76,033</u> | <u>92,886</u> |
|-------------------|---------------|---------------|

**NON-CURRENT**

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Contingent consideration payable | <u>5,694,547</u> | <u>5,559,467</u> |
|----------------------------------|------------------|------------------|

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2021**

**12. ISSUED CAPITAL**

|                           | <b>31 December<br/>2021<br/>No. Shares</b> | <b>30 June<br/>2021<br/>No. Shares</b> | <b>31 December<br/>2021<br/>NZ\$</b> | <b>30 June<br/>2021<br/>NZ\$</b> |
|---------------------------|--------------------------------------------|----------------------------------------|--------------------------------------|----------------------------------|
| <b>(a) Issued shares:</b> |                                            |                                        |                                      |                                  |
| Beginning of the period   | 164,237,707                                | 163,612,707                            | 12,841,407                           | 12,461,800                       |
| Issued during the period: |                                            |                                        |                                      |                                  |
| Exercise of options       | 1,075,000                                  | 625,000                                | 283,058                              | 379,607                          |
|                           | <u>165,312,707</u>                         | <u>164,237,707</u>                     | <u>13,124,465</u>                    | <u>12,841,407</u>                |

Holders of ordinary shares are entitled to participate in dividends when declared and are entitled to one vote per share, either in person or by proxy, at shareholder meetings. In the event of a winding up of the Company, ordinary shareholders are ranked after all other creditors and are entitled to any remaining proceeds of liquidation in proportion to the number of and amounts paid on the shares held.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

### **13. CONTINGENT LIABILITIES**

The directors are aware of two claims against the Company as at the date these financial statements are made up as follows:

- The claim by Qingdao Zoono Biotech Ltd (QZB) has been dismissed by order of the Court for failure on the part of QZB to comply with Court orders relating to security costs and to otherwise take action to pursue its claim. Please refer to the Annual Report 2021 for further information.
- The proceedings initiated by Sky Scrapers General Trading LLC (Sky Scrapers) following the Company's decision in 2020 to terminate its Distribution Agreement for the UAE and Oman has been resolved by mutual agreement of the parties. In practical terms, in return for the payment of US\$700,000 to Sky Scrapers (split 50:50 between cash and shares), which payment will be partially offset by the return of all stock currently held by Sky Scrapers, the Company has re-acquired complete control of the distribution of its products in the Region. While the Company does not accept that it had any liability to Sky Scrapers for termination of its Distribution Agreement, and had in fact initiated a sizeable counterclaim, the Company was persuaded to settle the claim to give certainty to its position in the Region and to avoid the significant management time and further legal costs which going to trial would undoubtedly involve. The Company now has the option to whether run the region directly or appoint a new distributor and is already in negotiations with several parties. Zoono Group Limited has made a provision of NZ\$1M in the half-year accounts for the settlement.

|                                                                                                                          | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|--------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>14. EARNINGS PER SHARE</b>                                                                                            |                             |                             |
| The following reflects the income and share data used in the calculations of basic and diluted earnings per share (EPS): |                             |                             |
| Basic earnings cents per share                                                                                           | (1.2148)                    | 1.1660                      |
| Diluted earnings cents per share                                                                                         | (1.2148)                    | 1.1520                      |
| Weighted average number of ordinary shares outstanding during the year used to calculated basic EPS                      | 164,265,063                 | 163,631,833                 |
| Weighted average number of ordinary shares outstanding during the year used to calculated diluted EPS                    | 165,378,246                 | 165,612,707                 |
| (Loss)/Profit used to calculated basic EPS and diluted EPS                                                               | (2,022,884)                 | 1,907,909                   |

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

### 15. SEGMENT INFORMATION

Operating segments are not identified on the basis of internal reports about the components of the group that are regularly reviewed by the Chief Operating Decision Makers in order to allocate resources to the segment and to assess its performance.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of distributors/customers. Segment assets and liabilities are located in New Zealand and are allocated to individual geographical segments by locations of distributors/customers on a reasonable basis. The group's segment revenue is assigned to geographical locations as follows:

#### Product

**Global revenues**              Hand sanitiser, textile applicator, mould remediation, surface sanitiser

#### Geographical information

The Group's revenue from external distributors/customers by geographical location.

|                             | 31 December<br>2021<br>NZ\$ | 31 December<br>2020<br>NZ\$ |
|-----------------------------|-----------------------------|-----------------------------|
| <b>Geographical revenue</b> |                             |                             |
| Global revenues             | 6,081,433                   | 14,424,868                  |
| Total group revenue         | 6,081,433                   | 14,424,868                  |

#### i) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer.

|                       | 31 December<br>2021<br>NZ\$ | 31 December<br>2020<br>NZ\$ |
|-----------------------|-----------------------------|-----------------------------|
| Australasia, Asia, US | 3,352,944                   | 6,807,909                   |
| UK and Europe         | 2,728,489                   | 7,616,959                   |
| Total revenue         | 6,081,433                   | 14,424,868                  |

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2021**

**ii) Assets by geographical region**

The location of segment assets by geographical location of the assets is disclosed below.

|                       | <b>31 December</b> | <b>30 June</b>    |
|-----------------------|--------------------|-------------------|
|                       | <b>2021</b>        | <b>2021</b>       |
|                       | <b>NZ\$</b>        | <b>NZ\$</b>       |
| Australasia, Asia, US | 17,304,770         | 19,665,753        |
| UK and Europe         | 12,097,864         | 12,035,908        |
| Total assets          | <u>29,402,634</u>  | <u>31,701,661</u> |

**16. EVENTS SUBSEQUENT TO REPORTING DATE**

No other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

**17. COMPANY DETAILS**

The registered office of the Company is:

Level 12, 225 George Street  
Sydney NSW 2000  
Australia.

The principal place of business of the Company is:

Unit 3,  
24 Bishop Dunn Place  
Botany South  
Auckland 2013  
New Zealand

## DIRECTORS' DECLARATION

The directors of Zoono Group Limited declare that:

1. The consolidated financial statements and associated notes for the financial half-year ended 31 December 2021 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) giving a true and fair view of the group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Paul Hyslop  
Managing Director/CEO  
24 February 2022

**ZOONO GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN 73 006 645 754**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
ZOONO GROUP LIMITED**

**Report on the Half-year Financial Report**

*Conclusion*

We have reviewed the accompanying half-year financial report of Zoono Group Limited, which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Zoono Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Zoono Group Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis of Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of Zoono Group Limited in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Zoono Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Zoono Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**ZOONO GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN 73 006 645 754**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF**  
**ZOONO GROUP LIMITED**

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Zoono Group Limited's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Zoono Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HALL CHADWICK (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**

Partner

Dated: 24 February 2022

## CORPORATE DIRECTORY

### Directors

Paul Hyslop, Managing Director  
Don Clarke, Non-Executive Director  
Elissa Hansen, Non-Executive Director

### Company Secretary

Elissa Hansen

### Management

Paul Ravlich, Chief Financial Officer  
Lew MacKinnon, Chief Operating Officer

### Registered Office

Level 12  
225 George Street  
Sydney, NSW, 2000  
Ph: +61 2 8042 8481

### Principal Place of Business

Unit 3  
24 Bishop Dunn Place  
Botany South  
Auckland 2013  
New Zealand  
Ph: +64 21 659 977  
E: [info@zoono.com](mailto:info@zoono.com)

### Share Registry

Boardroom Pty Limited  
Level 12  
225 George Street  
Sydney, NSW, 2000  
Telephone +61 2 9290 9600  
Facsimile +61 2 9279 0664

### Auditors

Hall Chadwick  
Level 40, 2 Park Street  
Sydney, NSW, 2000

### ASX Code

ZNO