

ZOONO[®]

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.

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ASX APPENDIX 4D - RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2021

			6 months 31 Dec 2021 NZ\$	6 months 31 Dec 2020 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 NZ\$	31 Dec 2020 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.

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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

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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

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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

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

	Note	Half-year ended 31 December 2021 NZ\$	Half-year ended 31 December 2020 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)
(Loss)/profit before income tax	5	(2,569,488)	2,718,230
Income tax benefit/(expense)		546,604	(810,321)
(Loss)/profit after income tax		(2,022,884)	1,907,909
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(131,280)	(282,291)
Total other comprehensive income		(131,280)	(282,291)
Total comprehensive income		(2,154,164)	1,625,618

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31 December 2021 NZ\$	30 June 2021 NZ\$
CURRENT ASSETS			
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
TOTAL CURRENT ASSETS		21,731,784	23,255,550
NON-CURRENT ASSETS			
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
TOTAL NON-CURRENT ASSETS		7,670,850	8,446,111
TOTAL ASSETS		29,402,634	31,701,661
CURRENT LIABILITIES			
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
TOTAL CURRENT LIABILITIES		3,584,513	3,335,934
NON-CURRENT LIABILITIES			
Lease liabilities	9	1,023,106	1,732,334
Provisions	11	5,694,547	5,559,467
TOTAL NON-CURRENT LIABILITIES		6,717,653	7,291,801
TOTAL LIABILITIES		10,302,166	10,627,735
NET ASSETS		19,100,468	21,073,926
EQUITY			
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		19,231,251	21,174,961
Non-controlling interest		(130,783)	(101,035)
TOTAL EQUITY		19,100,468	21,073,926

The accompanying notes form part of these financial statements

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

	Issued capital	Reserves		Accumulated profits	Non-controlling interest	Total
	Ordinary shares	Foreign currency translation	Share based payment reserve			
	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$
Balance at 1 July 2020	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)
Balance at 31 December 2020	12,759,153	(745,457)	499,513	5,450,239	2,637	17,966,085

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued capital	Reserves		Accumulated profits	Non-controlling interest	Total
	Ordinary shares	Foreign currency translation	Share based payment reserve			
	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$
Balance at 1 July 2021	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
Balance at 31 December 2021	13,124,465	(485,577)	350,670	6,241,693	(130,783)	19,100,468

The accompanying notes form part of these financial statements

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

	Half- year ended 31 December 2021 NZ\$	Half- year ended 31 December 2020 NZ\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
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	254,686	3,583,848
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for plant and equipment	(26,196)	(256,219)
Payments for acquisition of business	-	(415,110)
Net cash used in investing activities	(26,196)	(671,329)
CASH FLOWS FROM FINANCING ACTIVITIES:		
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	51,556	(5,084,695)
Net increase/(decrease) in cash and cash equivalents held	280,046	(2,172,176)
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	5,179,975	7,275,772

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

	31 December 2021 NZ\$	31 December 2020 NZ\$
Revenue from operating activities		
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
Total other income	128,372	193,157

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

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

	31 December 2021 NZ\$	30 June 2021 NZ\$
6. TRADE AND OTHER RECEIVABLES		
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
7. PROPERTY, PLANT AND EQUIPMENT		
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
8. INTANGIBLE ASSETS		
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

	31 December 2021 NZ\$	30 June 2021 NZ\$
a. Right of use assets		
Buildings	1,148,605	2,015,266
	<u>1,148,605</u>	<u>2,015,266</u>
b. Lease liabilities		
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>
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NON-CURRENT

Contingent consideration payable	<u>5,694,547</u>	<u>5,559,467</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR
 ENDED 31 DECEMBER 2021

12. ISSUED CAPITAL

	31 December 2021 No. Shares	30 June 2021 No. Shares	31 December 2021 NZ\$	30 June 2021 NZ\$
(a) Issued shares:				
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
	165,312,707	164,237,707	13,124,465	12,841,407

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.

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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.

	31 December 2021	31 December 2020
14. EARNINGS PER SHARE		
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 2021 NZ\$	31 December 2020 NZ\$
Geographical revenue		
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 2021 NZ\$	31 December 2020 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.

	31 December	30 June
	2021	2021
	NZ\$	NZ\$
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

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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.

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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

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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

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