

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 2022

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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 2022 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 2022

			6 months 31 Dec 2022 NZ\$	6 months 31 Dec 2021 NZ\$
Revenue from ordinary activities	Decrease	(69.6%)	1,850,797	6,081,433
Profit/(loss) from ordinary activities after tax	Increase	165.0%	1,315,426	(2,022,884)
Net Profit/(loss) for the period attributable to:				
Owners of the parent entity	Increase	168.6%	1,369,050	(1,995,563)
Non-controlling interest	Increase	(96.3%)	(53,624)	(27,321)

Please refer to the interim financial statements for the half-year ended 31 December 2022 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 2022.

Net Tangible Assets

	31 Dec 2022 NZ\$	31 Dec 2021 NZ\$
Net tangible asset backing per ordinary share - NZ\$ per share	\$0.07	\$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 2022 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 Group Limited now controls 100% of Zoono Holdings USA LLC.

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 2022 is attached.

Signed



Paul Hyslop
Managing Director/CEO

Date: 23 February 2023

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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 2022.

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 2022 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 profit of NZ\$1,315,426 (2021: NZ\$2,022,884 loss) for the half-year.

Review of operations

Continuing challenging and volatile market conditions:

The market conditions have severely impacted all participants in the hygiene sector, and continue to remain challenging.

Given the marked slowdown in our core business, the Company has prioritised the development of the commercial opportunities available in it in other sectors, particularly in animal health and food packaging. As formerly advised, the Company is continuing to pursue several potentially exciting developments:

- Progress towards the commercial launch in Q2 CY23 of the master distribution arrangements with Bunzl in the UK is continuing, with the present focus being on the training of Bunzl staff in the proper use and application of the Company's products.
- In France, similar initiatives are underway with the Company's new master distributor, PLG Group (which is one of France's leading networking groups for professionals actively involved in the healthcare industry).
- Further work has been done in conjunction with Douglas Pharmaceuticals to commercialise the Company's new nasal spray product, with a soft launch of the product now scheduled for the second half of CY23. The investigation of further similar products is also ongoing.
- Trials with one of Europe's largest supermarket chains focused on reducing mould and product

degradation in its fruit and vegetable business are nearing conclusion. Assuming successful conclusion of the trials, the Company expects to conclude a formal agreement for adoption of the Company's technology and products in that business in the near future. Further information will be provided once the trials have ended.

- With the end of the severe lockdowns in China, there has been considerable interest in China in Zoono's products and in recent weeks the Company has met with and started contract discussions with several potentially significant customers. Again, further information will be provided if and when firm orders materialise from those discussions.

Overhead Reduction Initiatives

Given the continuing impacts of the unprecedented and ongoing dip in demand for the Company's products, the Company has reviewed all of its operations and implemented a material cost reduction program. The primary objective is to preserve capital while existing growth opportunities come to fruition.

Further additional cost reduction initiatives were undertaken in Q4 CY22 and are continuing into Q1 CY23. The objective is to reduce overhead costs by circa NZ\$1M in FY23 and in excess of NZ\$2M in FY24 without materially impacting the Company's ability to service key markets or execute on key business development and/or growth initiatives. The cost reduction program is on track to meet its objectives.

Working capital

While the Board expects the Company to have sufficient working capital to fund its future activities, especially given the positive impact to date of the cost reduction program, the Board is aware, depending on sales and cash receipts from customers over the next quarter, that it may need to access additional working capital in Q1 CY23.

If that need does arise, the Company has in place an undrawn loan facility of up to NZ\$1.0M available to it from the Company's Managing Director, Paul Hyslop. The unsecured loan facility is available for a term of up to 12 months.

If funding additional to the above is required (for example, to fund the Company's contribution to the joint venture established pursuant to the Co-Development and Licence Agreement with Douglas Pharmaceuticals announced to the ASX on 17 October 2022), the Company would most likely proceed by way of a capital raising in Q2 CY23.

Variation Agreement with Zoono USA LLC

With the major downturn in the Company's business in the US, the Company has successfully re-negotiated its agreement of June 2020 pursuant to which it bought back the US business from its US distributor, Zoono USA LLC.

The revised terms are:

- the consideration payable is now US\$910,000 (down from the US\$3.8M);
- the consideration is payable in the form of US\$60,000 over the next two quarters plus a 10% royalty charge (previously 15%) on future sales by the US business (up to a cumulative sales cap of US\$8,500,000); and

- all legacy issues (other than in respect of stock bought back by the Company) which occurred prior to 1 November 2020 shall remain the responsibility of Zoono USA LLC and, if the Company incurs any future liabilities relating to such matters, the Company may deduct any such payments from the purchase amount then owing.

Financial Performance

In the 6 months to 31 December 2022, the operating revenue of the Group decreased by NZ\$4,230,636 over the prior corresponding period. This was primarily due to decreased orders received from current and new distributors, and significant contraction around the globe.

As a result of the re-negotiation of the Zoono USA LLC contract, a reduction in the contingent consideration payable was achieved and the gain of NZ\$4,623,842 was recorded in Other Revenue.

Gross profit achieved was NZ\$941,568 (50.9% of operating revenue, compared to 60.7% in the previous year). As noted above, the gross profit decreased over the prior corresponding period due to the product mix for revenue earned.

Operating costs have decreased by NZ\$1,758,445 (27.5%) primarily as a result of the settlement of the legal claim with Sky Scrapers General Trading LLC, which comprised NZ\$1.7 million in legal and share costs as well as reductions in most of the overheads incurred over the prior corresponding period despite a stock obsolescence provision of NZ\$350,000.

The consolidated net profit after tax for the half-year was NZ\$1,315,426 (compared to a loss of NZ\$2,022,884 in the prior corresponding period).

Cash generation and capital management

Operating cash flow saw an outflow of NZ\$3,081,334 in the current half-year (compared to an inflow of NZ\$254,686 in the prior corresponding period). The decreased cash flow was predominately a result of lower revenues and decreased cash collections which was partially offset by lower operating costs.

Income in advance (primarily from pre-payments received under Distribution Agreements entered into by the Company) recorded a reduction of NZ\$183,815 during the current half-year. The Company expects the remaining balance for these Distribution Agreements will add to future operating revenues as stock is delivered and re-ordered.

Cash receipts of NZ\$1,919,004 for the half-year included amounts from the trade receivables balance outstanding at the 2022 year-end, that were primarily collected during the half-year period.

The Group ended the half-year with NZ\$457,305 in cash reserves and with a loan facility available of NZ\$1M (unutilised at 31 December 2022).

Employee Options

On 30 September 2022, Zoono granted senior management and staff 4,200,000 options, vesting on 30 September 2023, 30 September 2024 and 30 September 2025, exercisable at A\$0.35 and expiring on 30 June 2025 and 30 June 2026.

The Group has 10,400,000 share options on issue at half-year end (2022: 6,200,000).

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 2022.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'P. Hyslop', is written over a light blue rectangular background.

Paul Hyslop
Managing Director/CEO

23 February 2023

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

**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 2022, 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 (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 23 February 2023

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Note	Half-year ended 31 December 2022 NZ\$	Half-year ended 31 December 2021 NZ\$
Revenue	4	1,850,797	6,081,433
Cost of sales		(909,229)	(2,391,444)
Gross profit		941,568	3,689,989
Other revenue	4	4,722,838	128,372
Administration expenses		(692,858)	(670,489)
Depreciation and amortisation expenses		(140,059)	(158,416)
Directors' fees		(75,839)	(86,089)
Employee costs		(1,050,538)	(1,068,514)
Finance costs		(31,600)	(30,977)
Management fees		(150,000)	(240,000)
Professional and consulting fees		(1,069,516)	(2,926,384)
Share based payments		(299,910)	(29,050)
Stock obsolescence provision		(350,000)	-
Occupancy expenses		(75,513)	(14,215)
Selling and distribution expenses		(237,150)	(331,571)
Marketing expenses		(252,758)	(542,568)
Listing expenses and other compliance costs		(58,592)	(115,040)
Other expenses		(145,071)	(174,536)
Profit/(loss) before income tax	5	1,035,002	(2,569,488)
Income tax benefit		280,424	546,604
Profit/(loss) after income tax		1,315,426	(2,022,884)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(288,712)	(131,280)
Total other comprehensive income/(loss)		(288,712)	(131,280)
Total comprehensive income/(loss)		1,026,714	(2,154,164)

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 2022**

	Note	Half-year ended 31 December 2022 NZ\$	Half-year ended 31 December 2021 NZ\$
Profit/(loss) attributable to:			
Owners of the parent entity		1,369,050	(1,995,563)
Non-controlling interest		(53,624)	(27,321)
		1,315,426	(2,022,884)
Total comprehensive income attributable to:			
Owners of the parent entity		1,055,540	(2,124,416)
Non-controlling interest		(28,826)	(29,748)
		1,026,714	(2,154,164)
Earnings per share attributable to the ordinary equity holders of the company			
Basic earnings – cents per share	14	0.7899	(1.2148)
Diluted earnings – cents per share	14	0.7434	(1.2148)

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 NZ\$	30 June 2022 NZ\$
CURRENT ASSETS			
Cash and cash equivalents		457,305	3,659,365
Trade and other receivables	6	774,918	998,197
Inventories		12,111,746	12,870,420
Other assets		317,124	329,370
TOTAL CURRENT ASSETS		13,661,093	17,857,352
NON-CURRENT ASSETS			
Property, plant and equipment	7	622,552	666,762
Intangible assets	8	3,371	5,618
Right of use assets	9	951,256	1,046,069
TOTAL NON-CURRENT ASSETS		1,577,179	1,718,449
TOTAL ASSETS		15,238,272	19,575,801
CURRENT LIABILITIES			
Trade and other payables	10	1,132,339	1,907,810
Lease liabilities	9	150,155	164,747
Current tax liabilities		9,512	106,506
Provisions	11	51,368	58,008
TOTAL CURRENT LIABILITIES		1,343,374	2,237,071
NON-CURRENT LIABILITIES			
Lease liabilities	9	870,135	946,496
Provisions	11	1,436,464	6,130,559
TOTAL NON-CURRENT LIABILITIES		2,306,599	7,077,055
TOTAL LIABILITIES		3,649,973	9,314,126
NET ASSETS		11,588,299	10,261,675
EQUITY			
Issued capital	12	13,797,975	13,723,690
Reserves		152,235	502,336
Accumulated profits		(2,361,911)	(3,157,428)
Equity attributable to owners of the parent entity		11,588,299	11,068,598
Non-controlling interest		-	(806,923)
TOTAL EQUITY		11,588,299	10,261,675

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	12,841,407	(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 CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	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 2022	13,723,690	(57,506)	559,842	(3,157,428)	(806,923)	10,261,675
Profit for the half-year	-	-	-	1,369,050	(53,624)	1,315,426
Other comprehensive loss for the half-year	-	(313,510)	-	-	24,798	(288,712)
Total comprehensive income for the half-year	-	(313,510)	-	1,369,050	(28,826)	1,026,714
Transactions with owners in their capacity as owners:						
Acquisition of non-controlling interest	-	(15,838)	-	(819,911)	835,749	-
Transfer to retained earnings	-	-	(246,378)	246,378	-	-
Share based payments	74,285	-	225,625	-	-	299,910
Total transactions with owners	74,285	(15,838)	(20,753)	(573,533)	835,749	299,910
Balance at 31 December 2022	13,797,975	(386,854)	539,089	(2,361,911)	-	11,588,299

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Half- year ended 31 December 2022 NZ\$	Half- year ended 31 December 2021 NZ\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,919,004	7,652,619
Payments to suppliers and employees	(5,152,078)	(7,582,062)
Interest received	-	17,979
Finance costs	(31,600)	(29,857)
Income tax refund	183,340	196,007
Net cash used/provided in operating activities	(3,081,334)	254,686
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for plant and equipment	-	(26,196)
Net cash used in investing activities	-	(26,196)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the exercise of options	-	151,656
Repayment of borrowings and lease liabilities	(90,952)	(100,100)
Net cash used/provided in financing activities	(90,952)	51,556
Net (decrease)/increase in cash and cash equivalents held	(3,172,286)	280,046
Effects of foreign exchange on cash balance	(29,774)	-
Cash and cash equivalents at beginning of the period	3,659,365	4,899,929
Cash and cash equivalents at end of the period	457,305	5,179,975

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**1. NATURE OF OPERATIONS**

Zono 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 2022 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.

Zono Group Limited (the Company) is the Ultimate Parent Company. Zono 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 Zono 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 2022.

These interim financial statements were authorised to be issued on 23rd February 2023.

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.

c. Going concern

Notwithstanding the group incurred an operating cash outflow of \$3,081,334 during the half-year and had cash balance of \$457,305 as of 31 December 2022, the financial report has been prepared on the going concern basis which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In making this assessment, the directors have considered:

- The plans and forecasts reviewed by the directors for the next twelve months anticipate the business will continue to improve the operating cash flows through cost control measures and sale or realisation of the inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

- A capital raise planned in March 2023 and is likely to be by way of a pro-rata non-renounceable rights issue or other private placement of its shares.

The directors therefore are of the opinion that the group will be able to pay its debts as and when they become due and payable, and no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

4. REVENUE AND OTHER INCOME

	31 December 2022 NZ\$	31 December 2021 NZ\$
Revenue from operating activities		
Operating activities		
- Revenue from sale of goods	1,850,797	6,081,433
Total revenue from operating activities	<u>1,850,797</u>	<u>6,081,433</u>
Dividends received	303	303
Interest received	3,340	92
Contingent consideration gain	4,623,842	-
Other Income	2,822	-
Expenses recovery	92,531	127,977
Total other income	<u>4,722,838</u>	<u>128,372</u>

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

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

Depreciation expense	42,999	46,433
Amortisation expense	2,247	9,447
Depreciation charge related to right of use assets	94,813	102,536
Interest expense on lease liabilities	25,445	29,857
Salary costs (including directors' fees and management fees)	1,576,286	1,423,653
Provision for stock obsolescence	350,000	-
Net foreign exchange (gain)/losses	(27,883)	27,892

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2022**

	31 December 2022 NZ\$	30 June 2022 NZ\$
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	1,155,330	1,289,967
Provision for impairment	(649,578)	(642,029)
Net GST/VAT/Sales Tax receivable	236,094	267,105
Other receivables	33,072	83,154
	<u>774,918</u>	<u>998,197</u>
7. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	739,185	739,552
Accumulated depreciation	(171,735)	(140,912)
	<u>567,450</u>	<u>598,640</u>
Furniture and fittings:		
At cost	80,377	81,508
Accumulated depreciation	(46,292)	(43,074)
	<u>34,085</u>	<u>38,434</u>
Computer software and equipment:		
At cost	78,334	80,422
Accumulated depreciation	(57,317)	(50,734)
	<u>21,017</u>	<u>29,688</u>
Total property, plant and equipment	<u>622,552</u>	<u>666,762</u>
8. INTANGIBLE ASSETS		
Trademarks, patents and website development – at cost	78,450	228,670
Accumulated amortisation	(75,079)	(223,052)
Total Intangibles Assets	<u>3,371</u>	<u>5,618</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2022

9. LEASES

	31 December 2022 NZ\$	30 June 2022 NZ\$
a. Right of use assets		
Buildings	951,256	1,046,069
	<u>951,256</u>	<u>1,046,069</u>
b. Lease liabilities		
Current	150,155	164,747
Non-current	870,135	946,496
	<u>1,020,290</u>	<u>1,111,243</u>

10. TRADE AND OTHER PAYABLES

Trade creditors	426,234	914,044
Other payables and accruals	511,431	615,277
Income in advance	194,674	378,489
	<u>1,132,339</u>	<u>1,907,810</u>

11. PROVISIONS

CURRENT

Employee benefits	<u>51,368</u>	<u>58,008</u>
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NON-CURRENT

Contingent consideration payable	<u>1,436,464</u>	<u>6,130,559</u>
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With the major downturn in the Company's business in the US, the Company has successfully re-negotiated its agreement of June 2020 pursuant to which it bought back the US business from its US distributor, Zoono USA LLC.

The revised terms are:

- the consideration payable is now US\$910,000 (down from the US\$3.8M (NZ\$5.7M))
- the consideration is payable in the form of US\$60,000 over the next two quarters plus a 10% royalty charge (previously 15%) on future sales by the US business (up to a cumulative sales cap of US\$8,500,000) and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

- all legacy issues (other than in respect of stock bought back by the Company) which occurred prior to 1 November 2020 shall remain the responsibility of Zoono USA LLC and, if the Company incurs any future liabilities relating to such matters, the Company may deduct any such payments from the purchase amount then owing.

12. ISSUED CAPITAL

	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	No. Shares	No. Shares	NZ\$	NZ\$
(a) Issued shares:				
Beginning of the period	166,411,705	164,237,707	13,723,690	12,841,407
Issued during the period:				
Shares issued	513,517	1,098,998	74,285	536,300
Exercise of options	-	1,075,000	-	345,983
	<u>166,925,222</u>	<u>166,411,705</u>	<u>13,797,975</u>	<u>13,723,690</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 2022

13. CONTINGENT LIABILITIES

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

- A dispute has arisen between Zoono and a European Zoono distributor where the distributor is claiming 350,000 Euros for products that were supplied by Zoono were defective and in breach of the warranties provided by Zoono. Zoono believes this is not the case and there is no merit to the claim and have responding accordingly.

	31 December 2022	31 December 2021
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	0.7899	(1.2148)
Diluted earnings cents per share	0.7434	(1.2148)
Weighted average number of ordinary shares outstanding during the year used to calculated basic EPS	166,541,139	164,265,063
Weighted average number of ordinary shares outstanding during the year used to calculated diluted EPS	176,941,139	165,378,246
Profit/(Loss) used to calculated basic EPS and diluted EPS	1,315,426	(2,022,884)

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.

15. SEGMENT INFORMATION

Operating segments are 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2022**

	31 December 2022 NZ\$	31 December 2021 NZ\$
Geographical revenue		
Global revenues	1,850,797	6,081,433
Total group revenue	<u>1,850,797</u>	<u>6,081,433</u>

i) Revenue by geographical region

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

	31 December 2022 NZ\$	31 December 2021 NZ\$
Australasia, Asia, US, South Africa	1,539,281	3,352,944
UK and Europe	311,516	2,728,489
Total revenue	<u>1,850,797</u>	<u>6,081,433</u>

ii) Assets by geographical region

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

	31 December 2022 NZ\$	30 June 2022 NZ\$
Australasia, Asia, US, South Africa	5,561,805	9,157,151
UK and Europe	9,676,467	10,418,650
Total assets	<u>15,238,272</u>	<u>19,575,801</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2022**

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 2022 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 2022 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
23 February 2023

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

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

Conclusion

We have reviewed the half-year financial report of Zoono Group Limited, which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and 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 accompanying half-year financial report of Zoono Group Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Zoono Group Limited financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for 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 for the Review of the Financial Report* section of our report. We are independent of Zoono Group Limited in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial report, which indicates that the group incurred an operating cash outflow of \$3,081,334 during the half-year ended 31 December 2022 and, as of that date, the group had cash balance of \$457,305. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the 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.

Auditor's Responsibility for the Review of the Financial Report

ASRE 2410 requires us to conclude whether 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 the group's financial position as at 31 December 2022 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*.

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ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES

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

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: 23 February 2023

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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
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Ph: +61 2 8042 8481

Principal Place of Business

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Auckland 2013
New Zealand
Ph: +64 21 659 977
E: info@zoono.com

Share Registry

Boardroom Pty Limited
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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