

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 2023

For personal use only

CONTENTS

ASX APPENDIX 4D – RESULTS FOR ANNOUNCEMENT TO THE MARKET.....	2
DIRECTORS’ REPORT	4
AUDITOR’S STATEMENT OF INDEPENDENCE	8
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	9
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	11
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12
CONSOLIDATED STATEMENT OF CASH FLOWS	14
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	15
DIRECTORS’ DECLARATION	23
AUDITOR’S REVIEW REPORT	24
CORPORATE DIRECTORY	26

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 2023 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 2023

			6 months 31 Dec 2023 NZ\$	6 months 31 Dec 2022 NZ\$
Revenue from ordinary activities	Decrease	(64.9%)	650,372	1,850,797
(Loss)/profit from ordinary activities after tax	Decrease	(550.9%)	(5,931,694)	1,315,426
Net (Loss)/profit for the period attributable to:				
Owners of the parent entity	Decrease	(533.3%)	(5,931,694)	1,369,050
Non-controlling interest	Increase	100.0%	-	(53,624)

Please refer to the interim financial statements for the half-year ended 31 December 2023 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 2023.

Net Tangible Assets

	31 Dec 2023 NZ\$	31 Dec 2022 NZ\$
Net tangible asset backing per ordinary share - NZ\$ per share	\$0.02	\$0.07

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 2023 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 Global Private 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 2023 is attached.

Signed



Paul Hyslop
Managing Director

Date: 22 February 2024

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 2023.

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 2023 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\$5,931,694 (2023: NZ\$1,315,426 profit) for the half-year, notably impacted by the NZ\$3,669,803 stock obsolescence provision on the value of unlabelled plastic bottles held by the Group.

Review of operations

The Company is continuing to pursue several potentially exciting developments:

- 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.
- Trials have concluded with a major egg producer in China which produces circa 100m eggs per week. The main issue is mould and, 20-days after application, Zoono treated eggs were totally mould free. Zoono sees this as a major opportunity as each egg requires around 2-3ml of product and total egg consumption in China is more than one billion eggs per day. The product we would be replacing is a toxic chlorine-based product. Zoono can supply a new concentrate that delivers a better outcome at the same price. We expect to see orders in March 2024.
- Zoono has started trials in 10 hospitals in China with Sific (a China infection control group). The trial started in January and the first order is expected shortly. Sific will set up a sales channel in China with the hospitals, as they currently train in infection control with government endorsement.

- The Company is currently involved in product trials in poultry farms in India. Initial results show Zoono treated sheds are delivering the same weight chicken in 39 days rather than 42 days and with a circa 50% reduction in the mortality rate. Orders are expected shortly.
- Successful trials treating fungal diseases have been completed on mangoes in India. To date, the trials have been successful with no fungal or bacterial disease identified on any mangoes 30 days after being treated with Zoono Z71. Orders are expected shortly.

Working capital

While the Board expects the Company to have sufficient working capital to fund its future activities, especially given the positive impact 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 CY24.

If that need does arise, the Company has in place a further unsecured loan facility of up to NZ\$0.5M available to it from the Company's Managing Director, Paul Hyslop, in addition to the loan facility of NZ\$0.5M (NZ\$460,000 utilised). The second facility, while available, is undrawn, with the result that, as at 31 December 2023, the Company had undrawn facilities of NZ\$540,000. The unsecured loan facility is available for a term of up to 12 months on the following terms:

- Lender: Woodfield Investments Limited
- Interest rate of 10% per annum, with interest payable in arrears

The Company has also announced that it will undertake a non-renounceable rights issue to raise A\$2.7M (before costs) in Q1 CY24.

Financial Performance

In the 6 months to 31 December 2023, the operating revenue of the Group decreased by NZ\$1,200,425 compared to prior corresponding period. This was primarily due to decreased orders received from current and new distributors, and significant contraction around the globe.

Gross profit achieved was NZ\$164,619 primarily due to the product mix for revenue earned and lower selling prices, especially in online sales.

Operating costs have decreased by NZ\$1,821,138 (42.5%, excluding the stock obsolescence provision), through reductions in most overheads following the successful completion of the cost reduction initiatives. A stock obsolescence provision of NZ\$3,669,803 was made on the value of unlabelled plastic bottles stock held by the Group.

The consolidated net loss after tax for the half-year was NZ\$5,931,694 (compared to a profit of NZ\$1,315,426 in the prior corresponding period).

Cash generation and capital management

Operating cash flow saw an outflow of NZ\$1,598,811 in the current half-year (compared to an outflow of NZ\$3,081,334 in the prior corresponding period). While an improvement over the prior corresponding period, the decreased cash flow was predominately a result of lower revenues and decreased cash collections, which was significantly offset by lower operating costs as a result of the restructuring of operations.

Income in advance (primarily from pre-payments received under Distribution Agreements entered into by the Company) recorded a reduction of NZ\$637 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\$883,138 for the half-year included amounts from the trade receivables balance outstanding at the 2023 year-end, that were primarily collected during the half-year period.

The Group ended the half-year with NZ\$136,311 in cash reserves and with an unsecured loan facility available of NZ\$40,000.

Employee Options

No employee options were issued during the period.

The Group has 17,348,264 share options on issue at half-year end (2023: 10,400,000).

For personal use only

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 2023.

Signed in accordance with a resolution of the directors.

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

Paul Hyslop
Managing Director

22 February 2024

For personal use only

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 2023, 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)

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

Stewart Thompson

STEWART THOMPSON
Partner
Dated: 22 February 2024

ADELAIDE

Level 9
50 Pirie Street
Adelaide SA 5000
+61 8 7093 8283

BRISBANE

Level 4
240 Queen Street
Brisbane QLD 4000
+61 7 2111 7000

DARWIN

Level 1
48-50 Smith Street
Darwin NT 0800
+61 8 8943 0645

MELBOURNE

Level 14
440 Collins Street
Melbourne VIC 3000
+61 3 9820 6400

PERTH

Level 11
77 St Georges Tce
Perth WA 6000
+61 8 6557 6200

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
+61 2 9263 2600

Liability limited by a scheme approved under Professional Standards Legislation. Hall Chadwick (NSW) Pty Ltd ABN: 32 103 221 352

www.hallchadwick.com.au

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	Half-year ended 31 December 2023 NZ\$	Half-year ended 31 December 2022 NZ\$
Revenue	4	650,372	1,850,797
Cost of sales		(485,753)	(909,229)
Gross profit		164,619	941,568
Other revenue	4	32,867	4,722,838
Administration expenses		(667,715)	(692,858)
Depreciation and amortisation expenses		(117,657)	(140,059)
Directors' fees		(76,132)	(75,839)
Employee costs		(346,648)	(1,050,538)
Finance costs		(34,464)	(31,600)
Management fees		(150,000)	(150,000)
Professional and consulting fees		(467,349)	(1,069,516)
Share based payments		(327,119)	(299,910)
Stock obsolescence provision	7	(3,669,803)	(350,000)
Occupancy expenses		(60,521)	(75,513)
Selling and distribution expenses		(78,821)	(237,150)
Marketing expenses		(49,097)	(252,758)
Listing expenses and other compliance costs		(61,172)	(58,592)
Other expenses		(22,682)	(145,071)
(Loss)/profit before income tax	5	(5,931,694)	1,035,002
Income tax benefit		-	280,424
(Loss)/profit after income tax		(5,931,694)	1,315,426
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(406,656)	(288,712)
Total other comprehensive loss		(406,656)	(288,712)
Total comprehensive (loss)/income		(6,338,350)	1,026,714

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 2023**

	Note	Half-year ended 31 December 2023 NZ\$	Half-year ended 31 December 2022 NZ\$
(Loss)/profit attributable to:			
Owners of the parent entity		(5,931,694)	1,369,050
Non-controlling interest		-	(53,624)
		(5,931,694)	1,315,426
Total comprehensive (loss)/income attributable to:			
Owners of the parent entity		(6,338,350)	1,055,540
Non-controlling interest		-	(28,826)
		(6,338,350)	1,026,714
Earnings per share attributable to the ordinary equity holders of the company			
Basic earnings – cents per share	16	(3.3142)	0.7899
Diluted earnings – cents per share	16	(3.3142)	0.7434

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	31 December 2023 NZ\$	30 June 2023 NZ\$
CURRENT ASSETS			
Cash and cash equivalents		136,311	826,495
Trade and other receivables	6	230,678	431,688
Inventories	7	7,465,573	11,692,177
Other assets		115,259	155,178
TOTAL CURRENT ASSETS		7,947,821	13,105,538
NON-CURRENT ASSETS			
Property, plant and equipment	8	552,097	591,334
Intangible assets	9	1,638	3,042
Right of use assets	10	792,519	871,887
TOTAL NON-CURRENT ASSETS		1,346,254	1,466,263
TOTAL ASSETS		9,294,075	14,571,801
CURRENT LIABILITIES			
Trade and other payables	11	971,018	1,080,102
Borrowings	12	530,000	-
Lease liabilities	10	158,056	153,586
Current tax liabilities		11,321	11,700
Provisions	13	45,738	45,970
TOTAL CURRENT LIABILITIES		1,716,133	1,291,358
NON-CURRENT LIABILITIES			
Lease liabilities	10	711,939	791,454
Provisions	13	1,345,199	1,439,708
TOTAL NON-CURRENT LIABILITIES		2,057,138	2,231,162
TOTAL LIABILITIES		3,773,271	3,522,520
NET ASSETS		5,520,804	11,049,281
EQUITY			
Issued capital	14	15,326,164	14,933,001
Unissued share capital		89,591	-
Reserves		(52,677)	128,202
Accumulated losses		(9,842,274)	(4,011,922)
TOTAL EQUITY		5,520,804	11,049,281

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		Non-controlling interest	Total
	Ordinary shares	Foreign currency translation	Share based payment reserve	Accumulated losses		
	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 CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Issued capital		Unissued shares		Reserves		Total
	Ordinary shares	Ordinary shares	Foreign currency translation	Share based payment reserve	Accumulated losses		
	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	
Balance at 1 July 2023	14,933,001	-	(684,895)	813,097	(4,011,922)		11,049,281
Loss for the half-year	-	-	-	-	(5,931,694)		(5,931,694)
Other comprehensive loss for the half-year	-	-	(406,656)	-	-		(406,656)
Total comprehensive loss for the half-year	-	-	(406,656)	-	(5,931,694)		(6,338,350)
Transactions with owners in their capacity as owners:							
Share issued	393,163	-	-	-	-		393,163
Receipt of funds	-	89,591	-	-	-		89,591
Transfer to retained earnings	-	-	-	(101,342)	101,342		-
Share based payments	-	-	-	327,119	-		327,119
Total transactions with owners	393,163	89,591	-	225,777	101,342		809,873
Balance at 31 December 2023	15,326,164	89,591	(1,091,551)	1,038,874	(9,842,274)		5,520,804

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Half- year ended 31 December 2023 NZ\$	Half- year ended 31 December 2022 NZ\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	883,138	1,919,004
Payments to suppliers and employees	(2,447,485)	(5,152,078)
Finance costs	(34,464)	(31,600)
Income tax (payment)/refund	-	183,340
Net cash used in operating activities	(1,598,811)	(3,081,334)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment of contingent consideration	(35,830)	-
Net cash used in investing activities	(35,830)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds on issuance of shares	393,163	-
Proceeds on future issuance of shares	89,591	-
Proceeds from borrowings	642,000	-
Repayment of borrowings	(112,000)	-
Payment of leases	(75,045)	(90,952)
Net cash provided by/(used in) financing activities	937,709	(90,952)
Net decrease in cash and cash equivalents held	(696,932)	(3,172,286)
Effects of foreign exchange on cash balance	6,748	(29,774)
Cash and cash equivalents at beginning of the period	826,495	3,659,365
Cash and cash equivalents at end of the period	136,311	457,305

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**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 2023 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 2023.

These interim financial statements were authorised to be issued on 22nd February 2024.

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 \$1,598,811 during the half-year and had cash balance of \$136,311 as of 31 December 2023, 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.
- Undrawn facility of \$540,000 from the Company's Managing Director at the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

- A capital raise planned in the next few months 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 2023 NZ\$	31 December 2022 NZ\$
Revenue from operating activities		
Operating activities		
- Revenue from sale of goods	650,372	1,850,797
Total revenue from operating activities	650,372	1,850,797
Dividends received	364	303
Interest received	-	3,340
Contingent consideration gain	-	4,623,842
Other Income	75	2,822
Expenses recovery	32,428	92,531
Total other income	32,867	4,722,838

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

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

Depreciation expense	36,885	42,999
Amortisation expense	1,404	2,247
Depreciation charge related to right of use assets	79,368	94,813
Interest expense on lease liabilities	21,775	25,445
Salary costs (including directors' fees and management fees)	899,899	1,576,286
Provision for stock obsolescence	3,669,803	350,000
Net foreign exchange gain	(94,894)	(27,883)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2023

	31 December 2023 NZ\$	30 June 2023 NZ\$
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	213,255	400,674
Provision for impairment	(239,243)	(138,891)
Net GST/VAT/Sales Tax receivable	241,226	118,358
Other receivables	15,440	51,547
	230,678	431,688
7. INVENTORIES		
Finished goods at cost	11,422,311	12,042,177
Provision for stock obsolescence	(3,956,738)	(350,000)
	7,465,573	11,692,177
A provision was made of NZ\$3,669,803 for the plastic bottles held in the Group.		
8. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	740,018	740,587
Accumulated depreciation	(225,970)	(198,046)
	514,048	542,541
Furniture and fittings:		
At cost	82,947	84,489
Accumulated depreciation	(54,077)	(52,045)
	28,870	32,444
Computer software and equipment:		
At cost	78,165	81,399
Accumulated depreciation	(68,986)	(65,050)
	9,179	16,349
Total property, plant and equipment	552,097	591,334

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2023

	31 December 2023 NZ\$	30 June 2023 NZ\$
9. INTANGIBLE ASSETS		
Website development – at cost	78,450	78,450
Accumulated amortisation	(76,812)	(75,408)
Total Intangibles Assets	<u>1,638</u>	<u>3,042</u>
10. LEASES		
a. Right of use assets		
Buildings	792,519	871,887
	<u>792,519</u>	<u>871,887</u>
b. Lease liabilities		
Current	158,056	153,586
Non-current	711,939	791,454
	<u>869,995</u>	<u>945,040</u>
11. TRADE AND OTHER PAYABLES		
Trade payables	527,973	527,638
Other payables and accruals	178,830	287,612
Income in advance	264,215	264,852
	<u>971,018</u>	<u>1,080,102</u>
12. BORROWINGS		
Borrowings	<u>530,000</u>	<u>-</u>

An unsecured loan to support the Company was advanced by Woodfield Investments Limited (a related party to Paul Hyslop) over 12 months at an interest rate of 10% per annum with interest payable in arrears.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2023

	31 December 2023 NZ\$	30 June 2023 NZ\$
13. PROVISIONS		
CURRENT		
Employee benefits	45,738	45,970
NON-CURRENT		
Contingent consideration payable	1,345,199	1,439,708

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
- 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.

14. ISSUED CAPITAL

	31 December 2023 No. Shares	30 June 2023 No. Shares	31 December 2023 NZ\$	30 June 2023 NZ\$
(a) Issued shares:				
Beginning of the period	189,927,675	166,411,705	14,933,001	13,723,690
Issued during the period:				
Shares issued net of issue costs	12,132,887	23,515,970	393,163	1,209,311
	202,060,562	189,927,675	15,326,164	14,933,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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.

15. 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. Furthermore, the claim has been withdrawn by the plaintiff in New Zealand (under the agreement the matter is supposed to be dealt with in a New Zealand Court).
- The NZ Commerce Commission has instituted proceedings against the Company regarding its marketing claims relating to the longevity/efficacy of its products. As the Company and its clients have conducted over 200 independent laboratory tests globally confirming the efficacy and longevity of its products, it is confident of defending its position in court and will strenuously defend the proceedings.

	31 December 2023	31 December 2022
16. EARNINGS PER SHARE		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share (EPS):		
Basic (loss)/earnings cents per share	(3.3142)	0.7899
Diluted (loss)/earnings cents per share	(3.3142)	0.7434
Weighted average number of ordinary shares outstanding during the year used to calculated basic EPS	191,246,467	166,541,139
Weighted average number of ordinary shares outstanding during the year used to calculated diluted EPS	208,594,731	176,941,139
(Loss)/Profit used to calculated basic EPS and diluted EPS	(6,338,350)	1,315,426

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 2023**

17. 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.

	31 December 2023	31 December 2022
Geographical revenue	NZ\$	NZ\$
Global revenues	650,372	1,850,797
Total group revenue	<u>650,372</u>	<u>1,850,797</u>

i) Revenue by geographical region

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

	31 December 2023	31 December 2022
	NZ\$	NZ\$
Australasia, Asia, US, South Africa	598,710	1,539,281
UK and Europe	51,662	311,516
Total revenue	<u>650,372</u>	<u>1,850,797</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2023**

ii) Assets by geographical region

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

	31 December	30 June
	2023	2023
	NZ\$	NZ\$
Australasia, Asia, US, South Africa	8,503,973	9,378,269
UK and Europe	9,401,190	10,141,486
Inter-segment elimination	(8,611,088)	(4,947,954)
Total assets	<u>9,294,075</u>	<u>14,571,801</u>

18. 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.

19. 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 2023 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 2023 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
22 February 2024

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 (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 the group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the group financial position as at 31 December 2023 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 the group 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 \$1,598,811 during the half-year ended 31 December 2023 and, as of that date, the group had cash balance of \$136,311. 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 the company 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.

ADELAIDE

Level 9
50 Pirie Street
Adelaide SA 5000
+61 8 7093 8283

BRISBANE

Level 4
240 Queen Street
Brisbane QLD 4000
+61 7 2111 7000

DARWIN

Level 1
48-50 Smith Street
Darwin NT 0800
+61 8 8943 0645

MELBOURNE

Level 14
440 Collins Street
Melbourne VIC 3000
+61 3 9820 6400

PERTH

Level 11
77 St Georges Tce
Perth WA 6000
+61 8 6557 6200

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
+61 2 9263 2600

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

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

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 2023 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*.

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)

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

Stewart Thompson

STEWART THOMPSON
Partner
Dated: 22 February 2024

ADELAIDE
Suite 201 Level 2
147 Pirie Street
Adelaide SA 5000
T: +61 8 8545 8422

BRISBANE
Level 4
240 Queen Street
Brisbane QLD 4000
T: +61 7 2111 7000

DARWIN
Paspalis Business Centre
Level 1 Suite 11
48-50 Smith Street
Darwin NT 0800
T: +61 8 8943 0645

MELBOURNE
Level 14
440 Collins Street
Melbourne VIC 3000
T: +61 3 9820 6400

PERTH
Allendale Square
Level 11
77 St Georges Terrace
Perth WA 6000
T: +61 8 8943 0645

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
T: +61 2 9263 2600

 **PrimeGlobal**
An Association of
Independent Accounting Firms
Liability limited by a scheme approved under
Professional Standards Legislation
Hall Chadwick (NSW) Pty Ltd
ABN: 32 103 221 332

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