

# ZOONO<sup>®</sup>

**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 2020**

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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 2020 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 2020**

			6 months 31 Dec 2020 NZ\$	6 months 31 Dec 2019 NZ\$
Revenue from ordinary activities	Increase	741%	14,424,868	1,714,980
Profit/(loss) from ordinary activities after tax attributable to members	Increase	362%	1,907,909	(727,944)
Net profit/(loss) for the period attributable to members	Increase	362%	1,907,909	(727,944)

Please refer to the interim financial statements for the half-year ended 31 December 2020 for further explanations of the figures presented above.

**Dividends**

A final unfranked ordinary dividend in relation to the year ended 30 June 2020 was paid on 21 September 2020.

No interim dividend will be paid or declared in relation to the half-year ended 31 December 2020.

**Net Tangible Assets**

	31 Dec 2020 NZ\$	31 Dec 2019 NZ\$
Net tangible asset backing per ordinary share - NZ\$ per share	\$0.08	\$0.02

**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 2020 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 Holdings USA LLC and Zoono EU Limited were 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 2020 is attached.

**Signed**



Paul Hyslop  
Managing Director/CEO

Date: 25 February 2021

## 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 2020.

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	Non-Executive Director
Ms. Elissa Hansen	Non-Executive Director

Directors have been in office for the half-year ended 31 December 2020 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\$1,907,909 (2019: NZ\$727,944 loss) for the half-year.

### Review of operations

#### UK & Europe

Due to the ongoing COVID-19 lockdown measures that have been in place in the UK since November 2020, confidence in and around the workplace generally has been low.

As a result, some major supply agreements have been put on hold until people are back at work. This has been compounded by Brexit which has made shipping difficult as Zoono UK is not able to give clear guidance to customers with regards to timeframes for orders to reach them.

Due to these issues, the Company estimates lost sales of approximately NZ\$6-7m in November/December. For example we had a new customer who cancelled an order of 15,000 – 20,000 litres of product a week at NZ\$29 per litre because of the lockdowns.

On a more positive note, the government vaccine rollout has, so far, been a success and the UK are now in the process of producing a 'roadmap out of lockdown' which is due to be announced to the nation on the evening of Monday 22<sup>nd</sup> February. It is expected that the roadmap will outline a proposed schedule to re-open the country starting with schools which may present Zoono UK with some opportunities as it has been working behind the scenes with government contacts on supporting the re-opening by providing sanitation solutions.

With this in mind, Zoono UK has been concentrating on maintaining its existing relationships with distributors in the UK and Europe. By providing them with training and education, the distributors are able to better understand the benefits of Zoono and help build the brand. This has proved very fruitful,

with a steady stream of orders from Bunzl, Killis and Onespray fulfilling orders to Atalian Servest, CBRE, ISS and getting Zoono to First Group both here in the UK and the US.

Future opportunities are looking positive and Zoono UK is currently working on some major initiatives both in the private and Government sectors as well as in public transport across the UK and EU.

Zoono now has registration and is selling into 20 EU countries. Some major countries that will soon be added are Italy and Spain. In addition, the Company shipped its first significant order to Russia.

### **The Americas**

During the half-year, Zoono made significant progress in Americas, with increases in sales, positive regulatory developments, trials and continued market expansion.

USA invoiced sales orders in December were approximately NZ\$2.8m.

With regards to regulatory developments, Zoono products are currently undergoing Environmental Protection Agency (EPA) and Human Coronavirus testing, with results expected by the end of February. The Company has also amended the language in its current EPA registration to include hospitals, schools and athletic facilities as acceptable use locations. This will overcome known barriers to acceptance in these use environments creating significant new business opportunities.

Zoono has completed trials with one of the largest software companies globally and is now going through their procurement procedures with anticipated orders starting in March. Zoono was informed that its product significantly outperformed several other similar products tested over a four-week period. The second phase of a trial conducted by 7-Eleven is now underway with results expected by April. There has also been a steady stream of orders continues from the airline and other transport industries.

Meanwhile, several large education groups across the USA are now using Zoono's products on a regular basis and the Company anticipates this sector to continue growing. Major entertainment and sports venues are also part of a targeted business approach in the USA.

Zoono will be moving into its new US headquarters in April/May, which will give it the ability to warehouse significant amounts of stock so that it can supply and ship quickly. The new state-of-the-art facility is approximately 800sqm including 500sqm of warehousing. Following the move, the Company will be employing additional sales and technical staff.

Expansion into new markets and territories continues across the Americas, with a brief summary provided below:

#### **Canada**

- Zoono as a Service Performance has been slow (a major sales driver for the Canadian operation)
- St Louis and Charlotte transit systems contracts to treat trains, buses and hubs in the final stages

#### **Mexico**

- Initial order placed
- Mexican military and major airlines have also expressed a strong interest

#### **Panama**

- Initial sample order placed, regulatory work to be completed in the next 30 days

### **Puerto Rico**

- Initial discussions underway to establish Zoono distribution operation

### **Jamaica**

- ATL Group - the distribution arm of the Island Routes organization that owns Sandals and Beaches resorts has expressed interest in purchasing Zoono products for their own use and becoming the Caribbean distributor

Post FY21, Zoono's Americas operation has been pursuing a number of new opportunities with major companies in the commercial cleaning, software and hospitality sectors.

### **China/ASEAN**

Zoono has registered a company in Shanghai to capitalise on Government business opportunities as the Chinese government can only purchase from a Chinese registered company. To this end, the Company has also established an office in Shanghai and is working closely with the New Zealand Trade and Enterprise who are providing resources to Zoono.

Zoono's products have now passed all local testing and have regulatory approvals being classified as first-class disinfection products.

In March, the Institute of the Civil Aviation Administration of China in Chengdu will test Z71 to meet the safety standards of China's civil aircraft disinfection products. The Company hopes to achieve sales in April with first the targets being China Eastern Airlines in Shanghai and China Southern Airlines in Guangzhou.

The B2B sector is the main target in China and the Company has already signed several agreements with local companies. Zoono has also been undergoing successful trials at the Beijing Zoo and has signed a comprehensive cooperation agreement. The expectation is that Zoono will be introduced to all Chinese zoos including the China Giant Panda Breeding Centre. On a related note, Zoono's products are now also being used to disinfect animal shelters and veterinary hospitals.

Zoono is currently in negotiations with several new potential distributors in the medical, pharmacy, hygiene and facilities management sectors. In the meantime, online sales continue through the Alibaba platform.

Zoono has a significant new customer in Japan, a large pharmaceutical company that has placed three orders in the last four months.

Following the obtainment of all necessary approvals, sales into Indonesia and the Philippines, have commenced. The Company is also currently exploring expanding into the Thailand and Vietnam markets in the March quarter.

### **Middle East**

The Middle East continues to perform well and, after passing some new regulatory testing, Zoono can now be sold into hospitals and medical centres. The new testing also supports the 24 hour and 30-day claims.

Fine Hygiene Group has been ordering regularly, with recent orders circa NZ\$2.1m, with more large orders imminent, and have been gaining approvals into many other countries, with orders going into

UAE, Jordan, Saudi Arabia, and Europe. Although the focus so far has been on surface and hand products, new products in masks, baby diapers and ultra-wipes are imminent in the B2C markets. Within the next 12-18 months, Fine Hygiene Group expect to be selling in 70 countries through their existing networks.

During H1 FY21, Zoono signed a number of new customers via its new exclusive UAE distributor including Bosch, Xerox, Dubai Metro, and Emirates Group. Trials are also ongoing in a range of sectors including airlines, commercial property, sports facilities, education, government buildings, and hospitality.

The Company submitted a proposal to supply sensitisation products for the entire Dubai Expo 2020, which will be held on a site approximately 600 football pitches in size. While there is still some uncertainty about whether the Expo will be held this year due to the ongoing Covid-19 pandemic, Zoono continues to work with the New Zealand consulate on this opportunity as it would provide massive global exposure for the Company if it is to prove successful.

With regards to continued expansion in the Middle East/ASEAN region, Zoono expects to commence shipping to Sri Lanka, Qatar, Saudi Arabia, the Maldives and Vietnam in the next three to six months.

### **Africa**

Zoono's African business continues to grow, with new orders and approvals coming through.

A notable development is that the Professional Golfers Association of South Africa now recognises Zoono as the partner for all events in South Africa.

On the regulatory front, the South African Health Products Regulatory Authority (SAHPRA) granted medical approval for Z-71, which opens up the medical sectors for the Company. Meanwhile, the National Regulator for Compulsory Specification and the South African Bureau of Standards have also both approved Z-71.

Trials are ongoing in Africa across a wide range of sectors including agriculture, food processing, hospitality, and sports.

In addition, new distributors in Kenya and Tanzania have container shipments on the water, with negotiations ongoing with other resellers and distributors.

### **Australia and New Zealand**

The Australia and New Zealand markets have seen steady and ongoing demand in both the B2C and B2B sectors and the Company continues to further consolidate ongoing long-term volumes.

With the emergence of additional Covid variants in both countries and lockdowns as a consequence, authorities and businesses are looking at how they will prepare for the future. With this in mind, the Company has appointed Melbourne-based Dominic Storey into the Business Development role for Australia. With a full and comprehensive understanding of Zoono and its technology he is in a unique position to further drive growth in the commercial and business space.

Zoono has continued to see fantastic ongoing results coming from the airport sector and further growth is expected as the possibility of new quarantine hubs are finalized. Avalon Airport is seeing fantastic results with ATP, applying Z-71 every fortnight. There have also been reports that the airport could become a quarantine hub, which would provide a significant opportunity for the Company.



According to Melbourne Olympic & Parks Head of Safety, Z-71 was used throughout the entire Australian Open facility for the duration of the competition. During the tennis tournament, over 1000 swabs were used with Adenosine Triphosphate (ATP) validation.

Further contractual opportunities through our Facilities Management partners have been focused within the schools and education sectors, including early learning along with food processing and manufacturing.

Zoono has also seen recent uptake in the Australian defence sector. Zoono will be presented as part of the solution to the Defense Innovation Forum taking place in Australia at the end of February. This follows the implementation of both Zoono Surface and Hand Sanitiser technology in several Australian Defence Force bases in NSW with five additional Queensland Bases coming online in early March.

Focus on SMEs within New Zealand has seen the addition of Hygiene Direct as a supply partner. With a sales force covering all major areas, further penetration into regional and local businesses and governments is expected.

Further testing is being undertaken to bolster Zoono's current Therapeutic Good Administration label amendment, specifically with regards to longevity against Covid-19.

### **The Focus**

Moving forward the Americas, UK/EU, China/ASEAN, MENA/INDIA are Zoono's main focus, particularly in the B2B markets. This includes Animal Health.

While the home markets, NZ and Australia, are important, the volume the big markets can deliver is our main focus.

Zoono continues to aggressively go after new business globally and remains confident of delivering a year-end result that surpasses last year.

### **Financial Performance**

In the 6 months to 31 December 2020, the Group increased its operating revenue by NZ\$12,709,888 over the prior corresponding period. This was primarily due to increased orders received from current and new distributors, and further expansion around the globe.

Gross Profit achieved was NZ\$8,519,234 (59.1% of operating revenue, compared to 52.1% in the previous year). As noted above, the improved gross profit over the prior corresponding period was due to higher operating revenues and better margins from bulk products sales (compared to the sale of finished product sales which operates on a lower margin).

Operating costs have increased materially by NZ\$4,318,759 as a result of the increased revenues across the Group, with the main increase (NZ\$1,186,244) coming from increased employee costs and other expenses. Selling and marketing expenses increased by NZ\$837,938 in line with the increased revenues.

The consolidated net profit after tax for the half-year was NZ\$1,907,909 (compared to a loss of NZ\$727,944 in the prior corresponding period).

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

Operating cash flow saw an inflow of NZ\$3,583,848 in the current half-year (compared to an outflow of NZ\$392,862 in the prior corresponding period). Again, the improved cash flow was predominately a result of higher revenues generated in the half-year and better cash collections.

Income in advance (primarily from pre-payments received under new Distribution Agreements entered into by the Company) increased from NZ\$1,319,723 to NZ\$2,083,203 during the current half-year. The Company expects each of these new Distribution Agreements will add significantly to future operating revenues as stock is delivered and re-ordered.

Our cash receipts of NZ\$20,667,310 for the half year was assisted from the trade receivables balance outstanding at year end, which were collected during the half-year period.

The Group ended the half-year with NZ\$7,275,772 in cash reserves. The Group remains in a healthy cash position, particularly with the increased demand for its products experienced in the current half year. The Company paid a dividend of NZ\$5,055,219 and tax of NZ\$2,464,687.

### **Dividends**

The company announced its maiden dividend of NZ\$3.2 cents per share on 20 August 2020 relating to the full year-ended 30 June 2020, being NZ\$5,055,219.

### **Employee Options**

2,000,000 options previously issued were exercised during the period. There were no options issued during the half-year ended 31 December 2020.

### **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 2020.

Signed in accordance with a resolution of the directors.



Paul Hyslop  
Managing Director/CEO

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

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

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

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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 2020, 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: 25 February 2021

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	Half-year ended 31 December 2020 NZ\$	Half-year ended 31 December 2019 NZ\$
Revenue	4	14,424,868	1,714,980
Cost of sales		(5,905,634)	(821,537)
Gross profit		8,519,234	893,443
Other income	4	193,157	54,015
Administration expenses		(203,854)	(19,300)
Depreciation and amortisation expenses		(145,155)	(75,726)
Directors' fee		(84,574)	(63,544)
Employee costs		(1,595,064)	(408,820)
Finance costs		(41,131)	(17,581)
Management fee		(240,000)	(188,969)
Professional and consulting fees		(974,528)	(261,435)
Share based payments		(299,991)	(68,530)
Occupancy expenses		(60,137)	(21,079)
Selling and distribution expenses		(876,624)	(235,197)
Marketing expenses		(312,974)	(116,463)
Listing expenses and other compliance costs		(148,182)	(59,744)
Other expenses		(1,011,947)	(139,014)
<b>Profit/(loss) before income tax</b>	5	<b>2,718,230</b>	<b>(727,944)</b>
Income tax expense		(810,321)	-
<b>Profit/(loss) after income tax</b>		<b>1,907,909</b>	<b>(727,944)</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		(282,291)	4,792
<b>Total other comprehensive income</b>		<b>(282,291)</b>	<b>4,792</b>
<b>Total comprehensive income attributable to members</b>		<b>1,625,618</b>	<b>(723,152)</b>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
 AND OTHER COMPREHENSIVE INCOME  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	Half-year ended 31 December 2020 NZ\$	Half-year ended 31 December 2019 NZ\$
<b>Profit/(loss) attributable to:</b>			
Owners of the parent entity		1,905,272	(727,944)
Non-controlling interest		2,637	-
		1,907,909	(727,944)
<b>Total comprehensive income attributable to:</b>			
Owners of the parent entity		1,622,981	(723,152)
Non-controlling interest		2,637	-
		1,625,618	(723,152)
<b>Earnings per share attributable to the ordinary equity holders of the company</b>			
Basic earnings – cents per share	16	1.1660	(0.4463)
Diluted earnings – cents per share	16	1.1520	(0.4463)

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2020**

	Note	31 December 2020 NZ\$	30 June 2020 NZ\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,275,772	10,323,216
Trade and other receivables	7	3,850,949	9,229,419
Inventories		14,285,258	13,202,029
Other assets		119,501	176,027
<b>TOTAL CURRENT ASSETS</b>		<b>25,531,480</b>	<b>32,930,691</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	454,650	229,355
Intangible assets	9	5,524,373	37,226
Right of use assets	10	2,182,949	1,500,255
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,161,972</b>	<b>1,766,836</b>
<b>TOTAL ASSETS</b>		<b>33,693,452</b>	<b>34,697,527</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	5,588,852	8,419,895
Lease liabilities	10	342,272	201,157
Current tax liabilities		2,098,241	3,752,607
Provisions	12	67,552	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,096,917</b>	<b>12,373,659</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	10	1,883,943	1,359,022
Provisions	12	5,746,507	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,630,450</b>	<b>1,359,022</b>
<b>TOTAL LIABILITIES</b>		<b>15,727,367</b>	<b>13,732,681</b>
<b>NET ASSETS</b>		<b>17,966,085</b>	<b>20,964,846</b>
<b>EQUITY</b>			
Issued capital	13	12,759,153	12,461,800
Reserves		(245,944)	(97,140)
Accumulated profits		5,450,239	8,600,186
Equity attributable to owners of the parent entity		17,963,448	20,964,846
Non-controlling interest		2,637	-
<b>TOTAL EQUITY</b>		<b>17,966,085</b>	<b>20,964,846</b>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Note	Issued capital	Reserves		Accumulated losses	Total
		Ordinary shares	Foreign currency translation	Share based payment reserve		
		NZ\$	NZ\$	NZ\$	NZ\$	NZ\$
<b>Balance at 1 July 2019</b>		11,821,140	75,080	-	(8,043,633)	3,852,587
Cumulated adjustments upon adoption of new accounting standard – AASB 16		-	-	-	(15,623)	(15,623)
<b>Balance at 1 July 2019 (restated)</b>		11,821,140	75,080	-	(8,059,256)	3,836,964
						68,529
Loss for the half-year	5	-	-	-	(727,944)	(727,944)
Other comprehensive income for the half-year		13	66,646	-	(46,244)	20,415
Total comprehensive income for the half-year		13	66,646	-	(774,188)	(639,000)
Transactions with owners in their capacity as owners:						
Share based payments		-	-	68,529	-	68,529
Total transactions with owners		-	-	68,529	-	68,529
<b>Balance at 31 December 2019</b>		11,821,153	141,726	68,529	(8,833,444)	3,197,964

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	Issued capital	Reserves		Accumulated profits	Non-controlling interest	Total
		Ordinary shares	Foreign currency translation	Share based payment reserve			
		NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$
<b>Balance at 1 July 2020</b>		12,461,800	(463,166)	366,026	8,600,186	-	20,964,846
Profit for the half-year	5	-	-	-	1,905,272	2,637	1,907,909
Other comprehensive loss for the half-year		-	(282,291)	-	-	-	(282,291)
<b>Total comprehensive income for the half-year</b>		-	(282,291)	-	1,905,272	2,637	1,625,618
Transactions with owners in their capacity as owners:							
Dividends paid	6	-	-	-	(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
<b>Total transactions with owners</b>		297,353	-	133,487	(5,055,219)	-	(4,624,379)
<b>Balance at 31 December 2020</b>		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 CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	Half- year ended 31 December 2020 NZ\$	Half- year ended 31 December 2019 NZ\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		20,667,310	1,864,162
Payments to suppliers and employees		(14,711,440)	(2,272,460)
Interest received		92,665	33,017
Finance costs		-	(17,581)
Income tax paid		(2,464,687)	-
Net cash provided/(used in) operating activities		3,583,848	(392,862)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Payments for property, plant and equipment		(256,219)	(2,123)
Payments for acquisition of business	14	(415,110)	-
Net cash (used in) investing activities		(671,329)	(2,123)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividends paid		(5,055,219)	
Proceeds from the exercise of options		130,849	13
Repayment of borrowings and lease liabilities		(160,325)	(43,965)
Net cash (used in) financing activities		(5,084,695)	(43,952)
Net (decrease) in cash and cash equivalents held		(2,172,176)	(438,937)
Effects of foreign exchange on cash balance		(875,268)	20,642
Cash and cash equivalents at beginning of the period		10,323,216	3,125,087
Cash and cash equivalents at end of the period		7,275,772	2,706,792

The accompanying notes form part of these financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### 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 2020 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 2020.

These interim financial statements were authorised to be issued on 25th February 2021.

### 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 2020**

**4. REVENUE AND OTHER INCOME**

	Half-Year	
	2020	2019
	NZ\$	NZ\$
<b>Revenue from operating activities</b>		
Operating activities		
- Revenue from sale of goods	14,424,868	1,714,980
Total revenue from operating activities	14,424,868	1,714,980
Dividends received	280	375
Interest received	11,297	21,186
New Zealand Trade & Enterprise	14,707	10,206
Expenses recovery	166,873	22,248
<b>Total other income</b>	193,157	54,015

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

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

Depreciation expense	30,924	59,537
Amortisation expense	11,695	16,189
Depreciation charge related to right of use assets	102,536	56,079
Interest expense on lease liabilities	34,084	10,673
Variable lease payment expense	6,683	21,079
Salary costs (including directors' fees and management fees)	2,219,629	661,333
Net foreign exchange losses	597,635	41,934

**6. DIVIDENDS**

Distributions paid/provided for:

Final unfranked ordinary dividend declared and paid on 21  
September 2020 of 3.2 cents per share

5,055,219	-
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2020**

	<b>31 December 2020 NZ\$</b>	<b>30 June 2020 NZ\$</b>
<b>7. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	3,924,639	8,874,855
Provision for impairment	(126,374)	(17,989)
Net GST/VAT receivable	-	276,461
Other receivables	52,684	96,092
	3,850,949	9,229,419
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
Plant and equipment:		
At cost	422,576	189,781
Accumulated depreciation	(36,176)	(19,495)
	386,400	170,286
Furniture and fittings:		
At cost	79,235	70,666
Accumulated depreciation	(28,654)	(24,086)
	50,581	46,580
Computer software and equipment:		
At cost	46,394	36,056
Accumulated depreciation	(28,725)	(23,567)
	17,669	12,489
Total property, plant and equipment	454,650	229,355
<b>9. INTANGIBLE ASSETS</b>		
Trademarks, patents and website development – at cost	226,450	226,270
Accumulated amortisation	(199,539)	(189,044)
	26,911	37,226
Goodwill – at cost (Note 14)	5,497,462	-
	5,524,373	37,226

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2020**

**10. LEASES**

	<b>31 December 2020 NZ\$</b>	<b>30 June 2020 NZ\$</b>
<b>a. Right of use assets</b>		
Buildings	2,145,513	1,456,213
Equipment and motor vehicles	37,436	44,042
	2,182,949	1,500,255
<b>b. Lease liabilities</b>		
Current	342,272	201,157
Non-current	1,883,943	1,359,022
	2,226,215	1,560,179

**11. TRADE AND OTHER PAYABLES**

Trade creditors	2,049,706	5,430,248
Other payables and accruals	1,455,943	1,669,924
Income in advance	2,083,203	1,319,723
	5,588,852	8,419,895

**12. PROVISIONS**

CURRENT

Employee benefits	67,552	-
	67,552	-

NON-CURRENT

Contingent consideration payable (Note 14)	5,746,507	-
	5,746,507	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2020**

**13. ISSUED CAPITAL**

	<b>31 December 2020 No. Shares</b>	<b>30 June 2020 No. Shares</b>	<b>31 December 2020 NZ\$</b>	<b>30 June 2020 NZ\$</b>
<b>(a) Issued shares:</b>				
Beginning of the period	163,612,707	163,312,707	12,461,800	11,821,140
Issued during the period:				
Share issued as share-based payment/options	-	300,000	-	640,660
Exercise of options	2,000,000	-	297,353	-
	165,612,707	163,612,707	12,759,153	12,461,800

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.

**14. ACQUISITION OF BUSINESS**

In July 2020 pursuant to Memorandum of Understanding and Operating Agreement, the group completed an acquisition of its US distributor's operations (Zoono USA LLC).

The total consideration transferred for this acquisition was US\$4,453,000. US\$453,000 is payable in cash and US\$4,000,000 is payable in the form of cash and equity as a 15% royalty charge upon achievement of a cumulative sales target amounting to no more than US\$26,670,000 by the US business. There were no identifiable assets and liabilities other than inventories amounting to US\$453,000 (this has been paid to Zoono USA LLC) and distribution rights reacquired from Zoono USA LLC. In addition, as part of the acquisition, US distributor's personnel were transferred to Zoono Holdings USA LLC. Accordingly, the balance of the consideration payable represents goodwill. The initial accounting for the acquisition of US distributor's operations has only been provisionally determined at reporting date as permitted under AASB 3.

The directors have assessed the achievement of the sales target is likely to occur after 12 to 24 months and presented the consideration payable as a non-current liability.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**15. CONTINGENT LIABILITIES**

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

- Qingdao Zoono Biotech Company Limited instigated legal proceedings against Zoono on 20 May 2019 citing breach of contract under a distribution agreement entered into on 29 May 2013. Zoono lodged a counter claim which stated Qingdao breached the distribution agreement by not meeting the minimum annual volumes under the agreement and making disparaging comments about Zoono and its products.

The Company's insurers have accepted the claim and our liability is limited to a deductible of NZ\$50,000 which has already been expensed in the financial statements.

The Company took the plaintiff to Court and were awarded costs and the plaintiff was ordered to pay and has failed to do so. The Company has not heard anything since on the matter.

- Sky Scrapers General Trading LLC instigated legal proceedings against Zoono on 23 September 2020 citing breach of contract under the distribution agreement dated 5 November 2018 and sought to bring an injunction against Zoono. The Court did not find in favour of Sky Scrapers for the injunction and Zoono was awarded costs.

A Court case has been set down for 2022. The Director's believe the costs for this case will not be material and furthermore the Company has a significant counter-claim against Sky Scrapers.

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>16. EARNINGS PER SHARE</b>		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share (EPS):		
Basic earnings cents per share	1.1660	(0.4463)
Diluted earnings cents per share	1.1520	(0.4463)
Weighted average number of ordinary shares outstanding during the year used to calculated basic EPS	163,631,833	163,099,772
Weighted average number of ordinary shares outstanding during the year used to calculated diluted EPS	165,612,707	163,099,772
Profit/(Loss) used to calculated basic EPS and diluted EPS	1,907,909	(727,944)

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 2020**

**17. 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.

	<b>2020</b>	<b>2019</b>
	<b>NZ\$</b>	<b>NZ\$</b>
<b>Geographical revenue</b>		
Global revenues	14,424,868	1,714,980
Total group revenue	14,424,868	1,714,980

**i) Revenue by geographical region**

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

	<b>2020</b>	<b>2019</b>
	<b>NZ\$</b>	<b>NZ\$</b>
Australasia, Asia, US	6,807,909	1,714,980
UK and Europe	7,616,959	-
Total revenue	14,424,868	1,714,980

**ii) Assets by geographical region**

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

	<b>2020</b>	<b>2019</b>
	<b>NZ\$</b>	<b>NZ\$</b>
Australasia, Asia, US	22,879,200	23,999,527
UK and Europe	10,814,252	10,698,000
Total assets	33,693,452	34,697,527



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 31 DECEMBER 2020**

**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 2020 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 2020 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  
25 February 2021

ZOONO GROUP LIMITED AND CONTROLLED ENTITIES  
ABN 73 006 645 754

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

SYDNEY

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

Ph: (612) 9263 2600  
Fx: (612) 9263 2800

**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 2020, 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 2020 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 2020 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: 25 February 2021

## CORPORATE DIRECTORY

### Directors

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

### Company Secretary

Elissa Hansen

### Management

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

### Registered Office

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

### Principal Place of Business

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

### Share Registry

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

### Auditors

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

### ASX Code

ZNO