Zoono Group Limited

Annual Report 2021

ZOONO®

ZOONO GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 73 006 645 754

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021


ZOONO

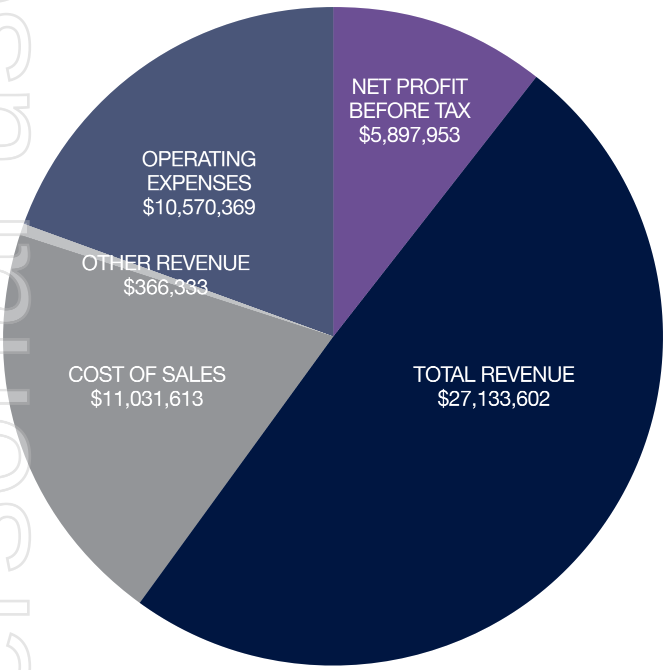

ZOONO


ZOONO
GERM FOGGER
Automotive
MICROBE SHIELD
All-Purpose
ZOONO
hand sanitiser
LAUNDRY GUARD
Fabric Sanitiser
20 wipes

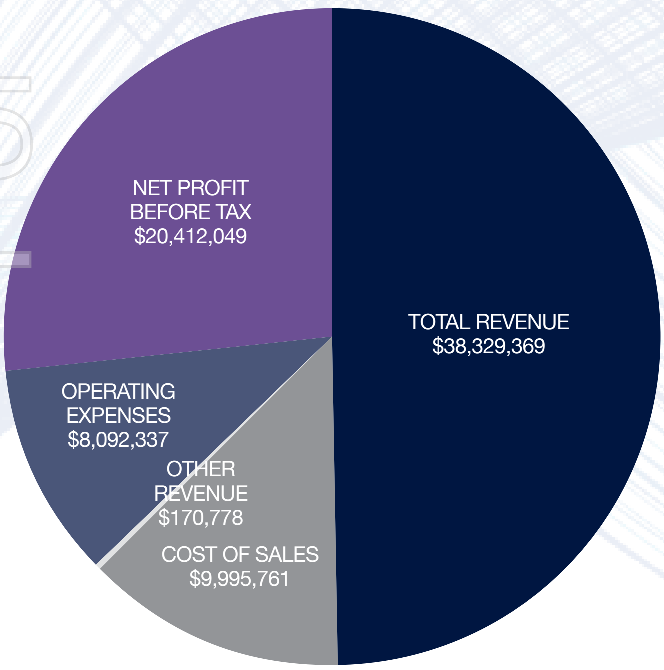
Contents

Financial Data Summary

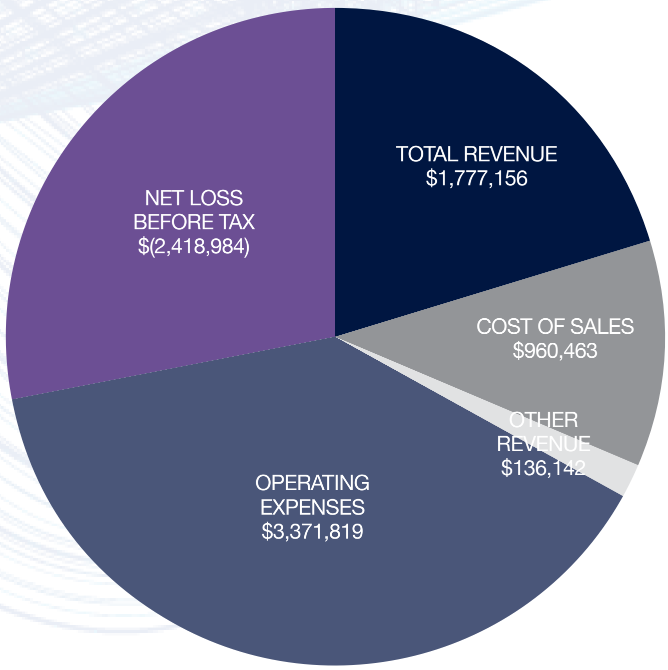
FINANCIAL PERFORMANCE 30 JUNE 2021 NZ$



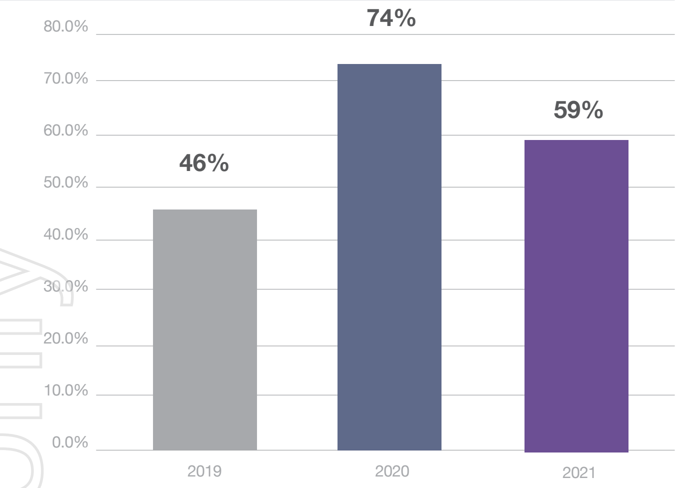
FINANCIAL PERFORMANCE 30 JUNE 2020 NZ$



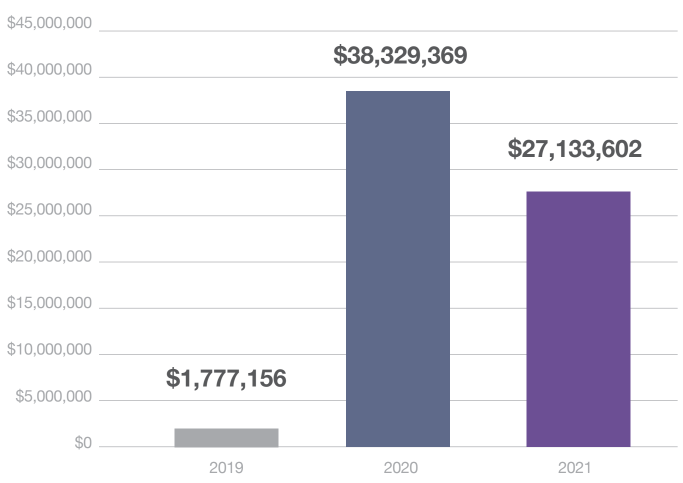
FINANCIAL PERFORMANCE 30 JUNE 2019 NZ$



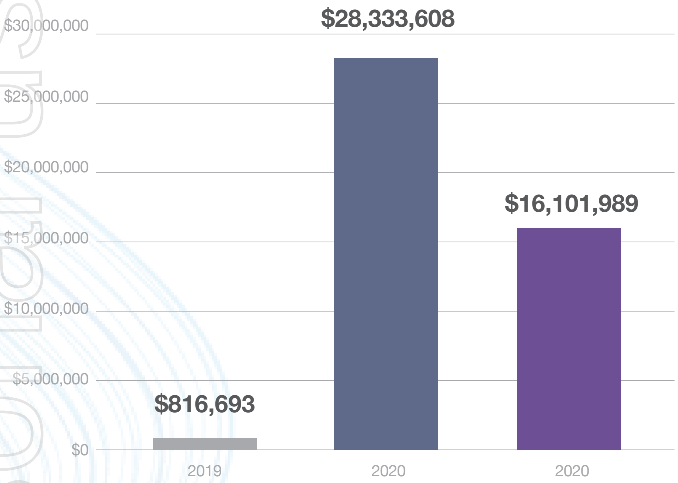
GROSS PROFIT %



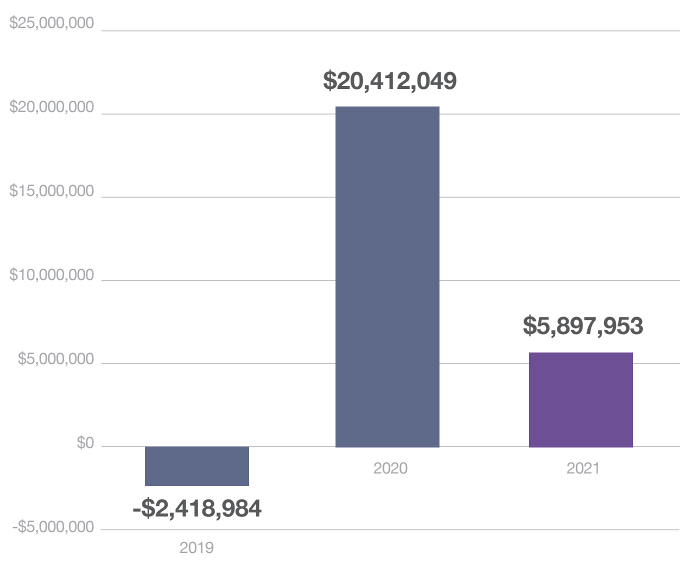
TOTAL REVENUE NZ$



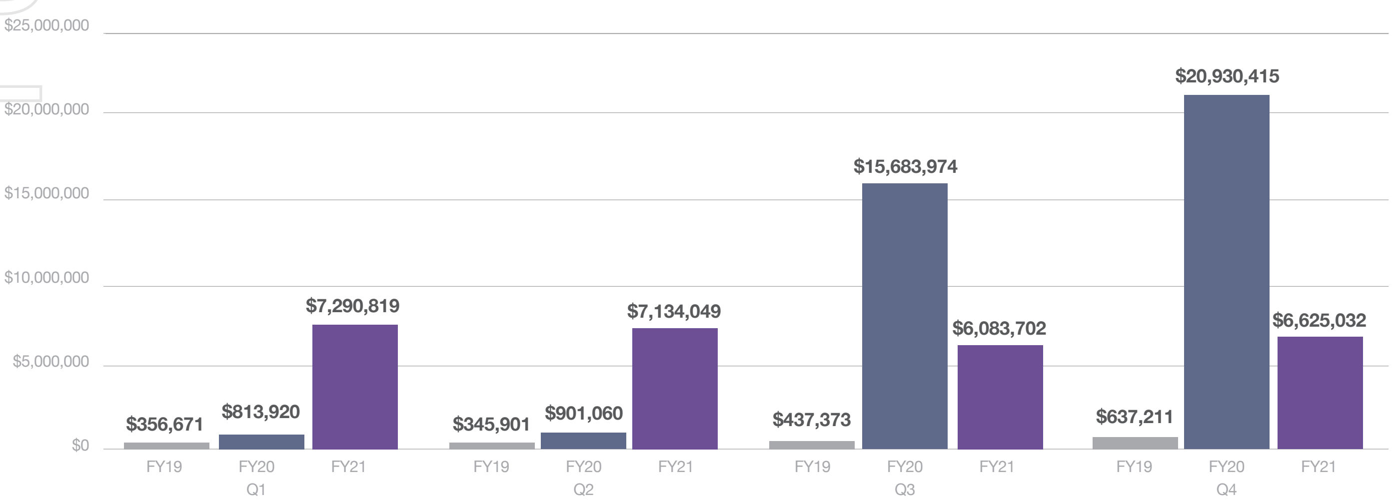
GROSS PROFIT NZ$



PROFIT/(LOSS) BEFORE INCOME TAX NZ$



REVENUE BY QUARTER NZ$



ZOONO HEAD OFFICE NEW ZEALAND

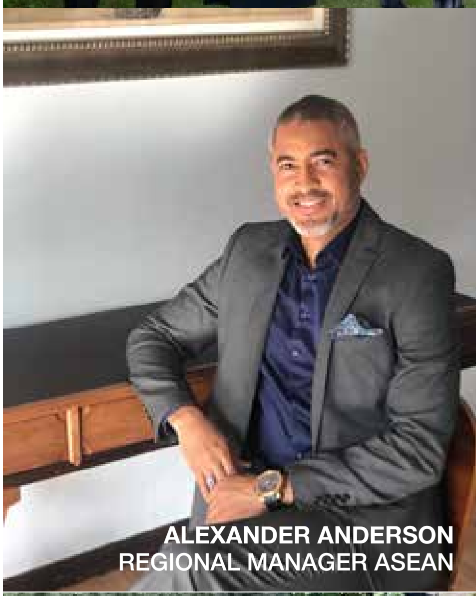
ZOONO NEW ZEALAND FROM LEFT TO RIGHT: OLIVIA HYSLOP, LEW MACKINNON, MICHAEL WU, NADENE ERASMUS, PAUL RAVLICH, CLOIE MINA, SHANNEN COWMEADOW, DWAYNE DEAN, PIP HOBSON, PAUL HYSLOP, PAUL MORRISON, HENRY HYSLOP.

Our Team

ZOONO UNITED KINGDOM

UK TEAM FROM LEFT TO RIGHT: SARAH MOORE, RICHARD BARRETT, CRAIG DOOTSON, LYNSEY JOHNS, JAMAL McCLEARY, ASHLEY MALPASS, OLIVER RINGSBY BURGESS, JADE PALLETT, MERVYN WATCH, ELOISE DODMAN

ZOONO UNITED ARAB EMIRATES
DENNIS MONTGOMERY



ALEXANDER ANDERSON
REGIONAL MANAGER ASEAN

USA TEAM FROM LEFT TO RIGHT: CHRISTINA SMITH, LLOYD JOHNS, KIM BENNETT

GARRY WILSON
ZOONO SOUTH AFRICA

ZOONO UNITED STATES OF AMERICA

TEAM ZOONO

TEAM ZOONO FROM LEFT TO RIGHT:
PAUL MORRISON, LLOYD JOHNS,
LEW MACKINNON, PAUL HYSLOP,
JAMAL MCCLEARY, PAUL RAVLICH,
MICHAEL WU, DWAYNE DEAN

JAMAL McCLEARY REGIONAL MANAGER UK/EUROPE
PAUL MORRISON REGIONAL MANAGER NZ & AUST

ZOONO NZ STAFF AT PLAY

SHANNEN COWMEADOW CUSTOMER SERVICES OFFICER
NADENE ERASMUS SOCIAL MEDIA & OPERATIONS SUPERVISOR (NZ)
PIP HOBSON MARKETING MANAGER

HENRY HYSLOP

MICHAEL WOO AND LLOYD JONES
ASEAN AND CHINA MANAGERS

PAUL RAVLICH CHIEF FINANCIAL OFFICER
ROZANNE NIEMAND ASSISTANT ACCOUNTANT

CEO's Review

THE 2021 YEAR, PURELY FROM A REVENUE AND PROFIT PERSPECTIVE, WAS NOT AS GOOD AS 2020. In April 2020, the Company appeared on an Australian morning TV show, at the onset of COVID, and received 34,000 orders within the next 24 hours. This avalanche of orders enabled the Company to achieve record revenues for the month of April; close to $12m. This was the main difference in the sales revenues across the two years, and many customers over ordered in 2020.

The Company still delivered revenues of $27m in 2021, and an operating profit of $6m. Compared to pre-COVID sales, the Company has made significant progress and is in good shape. Overall, while volume sales and repeat orders in B2B markets were good, we needed to be more price competitive, which put downward pressure on margins. However our gross profit remained at around 60%.

The Company made the decision to more directly control the development of its business in the second half of FY21 and now has offices and personnel in the UK, France, USA, China and Dubai, with sales agents in South Africa and Malaysia. The net result is the Company has fewer distributors, but far more direct control of its business in the major markets.

This step will enable the Company to deliver its products into markets without the additional cost layer of a distributor margin and with minimal risk of 'price gouging' by distributors (which was impacting sales in certain countries). It should also result in lower pricing of the Company's products in those markets, but with no negative effect on margins delivering medium to long term benefits.

In some countries we continue to have and support local distributors and resellers; mainly countries where legal, cultural and political issues make it difficult to operate there on a direct basis.

The Company has also started down the path of diversification into several new industrial areas in 2021. One example is around cardboard packaging for perishable foods, where extensive testing and trials have shown that the use of Zoono Z-71 extends the shelf life of perishable food (which is invaluable where, in particular, that food is exported to foreign markets).

A second example is the joint venture with a UK company that has developed a proprietary system for converting our liquid products into a gas which is circulated through buildings via the existing air conditioning

PAUL HYSLOP
MANAGING DIRECTOR/CEO

infrastructure. The system has multiple benefits, including air and surface quality. Extensive testing (peer reviewed) has been undertaken to show that the system meets global standards. The new air conditioning product for air and surface sanitisation and protection will be known as 'Zoonex'.

The Company expect the above initiatives to be significant contributors to revenues in the next 18 months.

As COVID remains at the forefront of much global activity, and effectively launched Zoono as a global brand, having products that not only inactivate the virus but deliver long term protection and prevent cross contamination gives the Company a major point of difference. The Company now has many major brands on board globally with our technology; companies like Microsoft, Amazon, Bunzl, Atalian Servest, Rentokil Initial, United Airlines, Qantas, the UK's NHS and London Underground (currently, Zoono products are used on all underground trains in the UK and 80% of those above ground).

The Company is also making progress on several other fronts in the transportation (including buses, airlines and cruise lines), education and the corporate sectors. A high proportion of these sales are coming from the northern hemisphere where more normal business activity is resuming and schools are preparing for a return of students in September 2021.

In the last 12 months, the Company has also sought to improve shareholder and market communication. It has developed a monthly newsletter to keep the market informed of new developments, new customers, test results and staff changes.

We would like to thank all shareholders, staff and stakeholders in our business. We are working hard to maximise the potential of our products and returns to shareholders.

PAUL HYSLOP
MANAGING DIRECTOR/CEO

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 FINANCIAL YEAR ENDED 30 JUNE 2021. ALL NUMBERS STATED IN THIS REPORT ARE IN NEW ZEALAND DOLLARS, UNLESS OTHERWISE STATED OR CONVERTED AT THE EXCHANGE RATES PROVIDED.

DIRECTORS

The names of directors in office at any time during or since the end of the 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 all of the reporting period and 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 year were to develop and sell a range of antimicrobial products in multiple countries.

OPERATING RESULT

The Group recorded an after-tax profit of NZ$4,633,236 (2020: NZ$16,659,442) for the financial year.

REVIEW OF OPERATIONS

While the COVID pandemic continues around the globe, the Group has made good progress during the year in its various markets.

UK & Europe

The current sales momentum continues in the UK as Zoono works closely with its major sector partners within facilities management, transport, agriculture and healthcare sectors and key customers including Bunzl, Rentokil Initial, Atalian Servest, Killis and One Spray.

Zoono now has regulatory approvals for most EU countries, opening sales into new channels including healthcare, childcare, and government. It continues to gain new customers in Germany, Scandinavia, Eastern Europe, Spain and Portugal; a trend that is expected to continue. The sales pipeline remains buoyant with a number of new agreements currently under negotiation.

However, while revenue increased slightly over the FY20 year, there is no doubt the Trading Standards investigation, impacted sales momentum for FY21. We have issued a formal complaint to Trading Standards to ensure a resolution is reached quickly.

Zoono UK has entered into a strategic partnership with a third party to develop a unique delivery system for Zoono Z71 Microbe Shield utilizing the existing air-conditioning infrastructure in large buildings. The proprietary process (owned by the third party) converts Zoono to a gas which is then pumped throughout a building through the air-conditioning ducts. As the gasified Zoono product is heavier than air, it settles on (and treats) the surface which it contacts.

The delivery system, which is fully automated, has the added benefit of treating both the air and surfaces, creates an efficient and cost-effective solution for the safeguarding of employees and customers. The retrofitting of the necessary equipment in existing buildings is also a relatively simple process. Commercial interest in the system has been received from a large portfolio owner who owns about 150 buildings. Estimated volumes for a 5-6 story building are 300 to 500 litres per building per month. First orders have been received.

France

Zoono has commenced selling to customers in France, with several French multinational customers now on board. Customers include:

- Atalian France(a large facility management company);
- Keolis France (a leader in public

- transport - carrying three billion passengers a year and operating in 16 countries);
- Cleanysafe (a marketer of new generation cleaning and/or disinfectant products that respect the environment); and
- Major distributors and other cleaning companies (Toussaint, Lustral, Capem and Rekeep).

Testing of Zoono products is also underway with other potential customers in France, including hospital and hotel groups, casinos and child nurseries.

Russia

In Russia, distribution arrangements with ECO-SALUS LLC are now in place and Zoono is approved and registered with Rospotrebnadzor (the federal service for surveillance on consumer rights protection and human wellbeing). Sales have been particularly strong in the public sector industries including transport, where Zoono is now being rolled out to treat trains.

They have placed an initial order of NZ$529k for the product launch, and have placed a further order of NZ$1.4m to be delivered in the first quarter of FY22.

USA and Americas

The United States Environmental Protection Agency (EPA) continued additional testing of Zoono's Z-71 surface sanitiser during the year for a new, standalone registration in the US that would allow Zoono to make 30-day human COVID claims. Unfortunately, there have been a number of delays due to the extraordinary number of studies being undertaken at laboratories worldwide as a result of the current pandemic.

Regulatory approvals are also being sought in Panama and Jamaica and initial orders have been received from both Mexico and Barbados.

In Canada, Zoono remains in full compliance with regulation under Health Canada. It is currently in the pre-submission phase for a New Drug Submission for the international formulation of Z-71 Microbe Shield. Laboratory testing associated with this application is ongoing and coordinated with the US EPA registration process.

Sales continue in Canada with a number of active customers placing regular orders and a number of new customers in the onboarding phase. Zoono Canada has also undertaken a number of pilots with potential clients who are also expected to place orders.

Several US Airlines are now purchasing Zoono products following the up take by United Airlines, as are Greyhound buses, First Group, and several School Districts. A number of companies are undertaking their own trials, with positive results to date and the new Californian distributor placed orders for NZ$702k in December 2020.

After an extensive market evaluation, Microsoft has invited Zoono to become an approved supplier to their office network. The initial purchase has been received for their Redmond Campus (comprising 125 buildings and 53,500 staff in Washington State, USA), with the US rollout to commence following the return of staff to the Campus later this year.

Subsequent to the Company's buy out of its North American distributor (Zoono Holdings USA Inc.) in November 2020, it has generated NZ$1.8m in sales. Sales have been adversely impacted by restrictions imposed by US EPA on the Company's product claims, also laboratory backlogs have cause delays but with the pending EPA registration of the " Virus Kill and protect" claims, it is expected that North America will be a significant contributor to Group revenues in the future.

Middle East and Africa (MENA)

During the year, the Dubai Central Laboratory Department undertook testing on Zoono's Z-71 Microbe Shield

Surface Sanitiser observing a complete reduction of test bacteria (99.9%) on all provided material surfaces over 30 days from the initial coating of Zoono Z-71 Microbe Shied Surface Sanitizer and Protectant except in rubber and wood surfaces. The rubber and wood surface has some viable growth on the 30th day, with a reduction of 90% of test bacteria. Additional testing undertaken by Intertek Caleb Brett in Dubai found a 100% reduction between the slide control recovery level and Zoono Z-71 recovery level at 24 hours, 7 days and 30 days.

Following receipt of the positive test results and the Emirates Authority for Standardisation and Metrology (ESMA) Certificate of Conformity, Zoono entered into a supply agreement during the quarter with Fine Hygienic Paper LLC, a FMCG business based in the UAE, which allows them to develop and sell their own label products utilising Zoono's Antimicrobial Technology into their 70-country network around the globe. Fine Hygienic have already placed orders for NZ$1.5m for the Middle East and NZ$263k for the EU.

Zoono's UAE distributer, International Business Ventures LLC (IBV), continues to gain additional customers for Zoono products in the UAE, many following the completion of trials. They are now supplying the Dubai Metro and have further trials underway, including with a 5- star resort hotel, and a taxi trial that commenced in February 2021. IBV have also secured healthcare approval for both Zoono Surface Sanitiser and Hand Sanitiser which should open new channels with hospitals.

Expo 2020 Dubai, which was postponed due to COVID, commences on the 1st October 2021 and runs for six months to 31st March 2022. Zoono products are being used to protect various pavilions at this event.

South Africa continues to perform well. Zoono is now registered with the South African Health Products Regulatory Authority which will open up the hospital and medical sectors in this region.

Further distribution agreements are under negotiation for Sri Lanka and Qatar and initial orders have been placed for the Kuwait market.

China

In China, Zoono has reshaped its business, via a presence in the market, to be based in Shanghai and managed locally by Zoono's Chinese Regional Manager, Michael Wu. Zoono intends to take direct control of its China business and build a business development team specifically for that business. The focus will be relationships with channel partners rather than utilising distributors, with consequent expected benefits in the form of reduced costs and better margins.

During the year, China Health Committee advised that Zoono's hand sanitiser and Femme products have been granted registration and sales approval for imported disinfection products in China. In addition to the previously approved surface sanitizer (All Purpose), Zoono now has three products that have been approved for sale by the Chinese government. Among them, the hand and surface products belong to a class of disinfectants that can be used in hospitals.

Zoono's Z-71 was tested for air disinfection by the Guangdong Detection Centre of Microbiology (Report No: 2020FM08211R04) with very satisfactory results. These results support the promotion of Zoono's application in improving the indoor air quality for central air conditioning and office buildings.

The Civil Aviation Administration of China is currently in the process of arranging approval procedures for use of Zoono Z-71 on Chinese aircrafts. There are currently 3,200 aircraft registered for flight in China.

Zoono was selected as the only disinfection and antibacterial product on the procurement platform designated by the Chinese Government where state-owned enterprises purchase their office supplies and employee welfare products. Currently, the platform recommends Zoono hand sanitizer 50ml as the main product to be responding to the current epidemic.

The Hong Kong market is maintaining steady growth from key clients including Cathay Pacific airline, hospitals and property management companies that have always had stable monthly orders.

Zoono has signed three (3) new distribution agreements in China, with NZ$10m in minimum contracted sales targets over the next 18 months. One agreement is in the textile sector, another is in the hospital and medical sector and the third is in the online sales sector. Additional agreements are under negotiation.

IDSMED, Zoono's channel partner for selected ASEAN countries, is making very good progress and ordering regularly.

Zoono has signed a direct deal with Ali Baba in China and will shortly be opening an international online store on Ali Baba, to be followed later this year by a TMall flagship store. Zoono has also made inroads into the hospital and school markets in China.

Zoono's revised strategy (to build its business in China via its own fully owned subsidiary company and local sales team) is beginning to pay off with China now expected to be a material contributor to Group revenues in FY22 and beyond.

Indonesia

Zoono's hand sanitiser, GF24, and surface sanitiser, Z-71, are both now registered in Indonesia, opening up sales in this country. Under the regional trade agreement, potential exports to other ASEAN countries are also possible relying on these registrations.

Philippines

Following the registration and approval of Zoono's surface sanitiser, Z-71, in the Philippines, Zoono's local distributor, IDSMED Philippines, have commenced sales to local clients. They expect to ramp up in 2022.

Australia/New Zealand

Zoono continues to receive regular orders from Australia and New Zealand from all current sectors in B2B and B2C. While B2C is important, particularly for brand awareness, the B2B sector remains the primary focus and Zoono has gained a number of new customers, in particular from the transport industry (trains, metro and airports).

One of the large facilities groups Zoono works with has secured a supply agreement for the Australian Defence Force with supply now rolled out to 11 bases and a further five bases in train before it is rolled out to other defence buildings, including administration.

While sales are down in Australia and New Zealand in both B2B and B2C markets, some highlights for the year include:

- Finalising the servicing of Australian B2C markets from Melbourne via a third- party packing and logistics company (3PL), with resultant improved delivery times and customer service.
- Zoono individual wipes have become part of the Qantas "Fly Well" programme (with the individually wrapped wipes likely to be provided to passengers on other global airlines in the near future).

- Sales continue (via Zoono's channel partner, WINC) into the childcare / education sectors, with more sectors, including aged care and public transport, also being targeted.

India

Zoono has recently appointed a new Mumbai based distributor for India. It has placed an initial order for 100,000 litres. Steps have also been taken in this jurisdiction to minimize price gouging which was a major issue with the previous distributor.

Fiji

To help combat the Covid-19 outbreak in Fiji, Zoono has donated 11,000 litres of Zoono Microbe Shield Surface Sanitiser, and circa 2,000 Litres of GermFree24 hand sanitiser and protectant to the military in Fiji. Facilitated by the NZ Defense Force and New Zealand Trade & Enterprise, the donation builds on the close relationship Zoono enjoys with Fiji.

NEW PRODUCT

During the quarter, Zoono launched its triple layer, re-usable face mask in Australia and New Zealand. Over 2,000 masks have been sold for over NZ$29k in online consumer sales alone, with very positive feedback.

MICROBE SHIELD SUCCESSFULLY TESTS AGAINST HUMAN CORONAVIRUS 229E

While Zoono's Microbe Shield surface sanitiser and GermFree24 hand sanitiser products have previously been successfully tested against the nominated COVID surrogate feline coronavirus, Zoono is pleased to advise that its flagship product, Zoono Microbe Shield, has now been successfully tested against the Human Coronavirus 229E and now meets the US EPA Standard ASTM E1053.

Testing was completed by New Jersey based Nelson Laboratories – an independent Laboratory operating under US FDA (GMP) regulations.

In the process of finalizing its product approvals in Brazil, further testing of Z-71 Microbe Shield was conducted to European Standard EN14476:2019 and ASTM E1053 – 11, by the Virology Laboratory, Institute of Biology, State University Campus UNICAMP, Brazil (one of the most highly regarded institutes in Brazil).

The viruses tested were Coronavirus strain MHV-3, Genus Betacoronavirus (same genus and family of species SARS-CoV-1, SARS-CoV-2/COVID19 and MERS), Influenza Virus A (H1N1) and Norovirus (MNV).

To be classified as a 'virucidal', efficacy of > 99.99% (4 Log) is required. Tests included 30-day testing against Coronavirus MHV-3, with different strains and derivatives. **Z-71 Microbe Shield proved 99.99% efficacy against Coronavirus MHV-3 after 30 days.**

While these results will now allow Zoono to make Coronavirus Surrogate MHV-3 (same genus and family of species SARS-CoV-1, SARS-CoV-2/COVID19 and MERS), Influenza Virus A (H1N1) and Norovirus (MNV) claims in Brazil, more importantly, they once again confirmed the effectiveness of Zoono ZX71 Microbe Shield across a 30-day period.

NEW DISTRIBUTORS / NEW SUPPLY AGREEMENT

Subsequent to gaining regulatory approvals, Zoono has appointed new distribution partners in Norway, Luxembourg, Greece and Poland. Initial orders are pending in each country.

BOEING PARTNERS WITH ZOONO TO DISTRIBUTE MICROBE SHIELD TO AIRLINES GLOBALLY

Aircraft manufacturer Boeing has partnered with Zoono to offer Zoono products to airlines globally. Microbe Shield meets Boeing Specification Standard BSS7434 for use in aircraft interiors and is now available from the official Boeing on-line store.

PRODUCTION & IP PROTECTION UPDATE

Zoono has now brought the production of its plastic bottles 'inhouse'. This will reduce its dependence on global suppliers and remove one of the production bottlenecks experienced during 2020. Zoono expects to commence the production of one million bottles in the near future.

In order to further protect Zoono's unique technology, Zoono has recently lodged further global patent applications in relation to specialised applications.

To keep up to date with what is happening globally on a day-to-day basis, follow Zoono Global on Linkedin at **https://www.linkedin.com/company/zoono/.**

New Business Opportunities

MOULD REMEDIATION - TRANSPORTATION OF FRESH PRODUCE

Trials have recently been conducted in association with a leading corrugated cardboard packaging manufacturer in South Africa to demonstrate the effectiveness of Zoono products in preventing black mould growing on cardboard packaging (a major issue in the transportation of fresh produce) and the produce from ripening prematurely.

The trials involved Zoono Microbe Shield being sprayed on the packaging material and within the shipping containers. As part of the trial, before a container of a shipment of citrus fruit left South Africa (bound for Melbourne), Zoono treated the packaging and the container. Despite a two-week delay (with the container stuck in the humidity of Singapore –

an environment ideal for black mould growth), the container and contents, when inspected by independent consultants in Melbourne, were 100% clear of mould and the produce was perfect.

Following its success, and while trials and collection of robust scientific data continue, commercial arrangements have been completed as the packaging company sees this as a potential solution to an international problem.

Zoono has also entered into trials with Australasia's largest supplier of containers for storage and portable building use.

BUILDING SANITIZATION (USING EXISTING AIR-CONDITIONING INFRASTRUCTURE)

Zoono UK has entered into a strategic partnership with a third party to develop a unique delivery system for Zoono Z71 Microbe Shield utilizing the existing air-conditioning infrastructure in large buildings. The proprietary process (owned by the third party) converts Zoono to a gas which is then pumped throughout a building through the air-conditioning ducts. As the gasified Zoono product is heavier than air, it settles on (and treats) the surface which it contacts and keeps the air conditioning system lean as well, which is another added benefit.

The delivery system, which is fully automated, has the added benefit of treating both the air and surfaces, creates an efficient and cost-effective solution for the safeguarding of employees and customers. The retrofitting of the necessary equipment in existing buildings is also a relatively simple process. Commercial interest in the system has been received from a large portfolio owner who owns about 150 buildings. Estimated volumes for a 5-6 story building are 300 to 500 litres per building per month. First orders have been received.

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 businesses globally and remains confident of delivering a year-end revenue result that surpasses FY21.

Financial Performance

In the 12 months to 30 June 2021, the Group experienced a decrease in revenue of NZ$11,195,767 (29.2% decrease) to NZ$27,133,602 compared to FY20 year, largely caused by COVID disruptions around the world and an overordering of product in April 2020.

Gross profit achieved was NZ$16,101,989 (59.3% of revenue) in the current year compared to NZ$28,333,608 (73.9% of revenue) in the previous year.

The decrease in Gross Profit was directly due to decreased revenues, and more volume sales at lower gross margins compared to the previous year.

Operating costs increased by NZ$2,476,030 (30.6% increase) compared to FY20 primarily as a result of the increase in staffing levels for the UK and US operations, regulatory testing in the US, and an increase in the marketing spend.

The consolidated Group net profit after tax for the year was NZ$4,633,236 compared to a profit of NZ$16,659,442 in the previous year.

CASH GENERATION AND CAPITAL MANAGEMENT

Operating cash flow was achieved with a net cash inflow of NZ$1,483,421 in the current year, a decrease of NZ$6,607,775 in the previous year. This was predominately due to higher staff costs of NZ$782,871 due to an increase in headcount in the UK and US operations, an increase in marketing spend of NZ$392,125 and payment for income tax of NZ$4,330,248.

A payment of NZ$765,405 was made for stock and provision payments for the acquisition of the US operation.

The Group ended the year with NZ$4,899,929 in cash reserves compared to NZ$10,323,216 in the previous year, a decrease of NZ$5,423,287 due to a dividend payment of NZ$5,095,400 and payment for income taxes of NZ$4,330,248.

DIVIDENDS

Dividends of NZ$5,095,400 were paid during the financial year.

FINANCIAL REVIEW

Zoono Group Limited continues to make strategic, operational and financial progress during the year, despite a difficult international climate.

On a consolidated basis, the Group delivered:

- Revenue: NZ$27.1m -29.2% (FY20: NZ$38.3m)
- EBITDA: NZ$6.3m -69.6% (FY20: NZ$20.7m)

BALANCE SHEET

The Group continues to maintain a strong balance sheet position with net assets of NZ$21.1m compared to the prior period of NZ$21.0m.

EMPLOYEE OPTIONS

During the year, no employee options were issued to non-director employees.

Option holders do not have any rights to participate in any issue of shares or other interests of the Company or any other entity.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No other matters or circumstances have arisen since the end of the financial 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.

LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

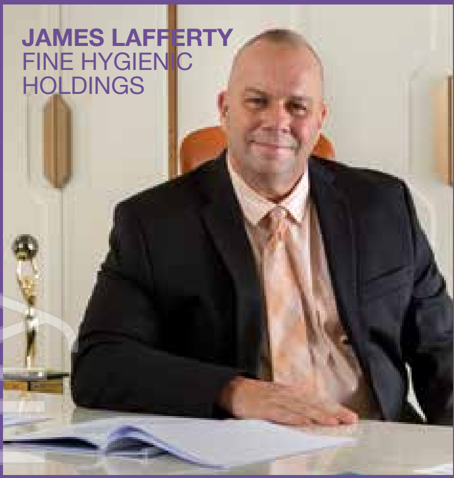
The consolidated entity will continue its strategy to focus on the progressive expansion of the sale and marketing of its product line.

ENVIRONMENTAL REGULATIONS

The Group's operations are minimally affected by environmental regulations.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncement as the Group assessed that the new and amended pronouncements have no material impact on the Group.


JAMES LAFFERTY
FINE HYGIENIC HOLDINGS

Customer Highlight

Following the success of our Fine Guard Masks line, we strongly endorsed extended life disinfection as a powerful idea for the global consumer. Why disinfect conventionally which lasts merely minutes, when you can rest assured of longer-lasting germ protection? So, as a company that embraces open source technology, we embarked on a global search for best available technologies and partners. Zoono was the clear choice for FHH. Great technology, coupled with an amazing team, and a pedigree of customer satisfaction and independent third-party testing. The Zoono partnership is a pillar of FHH's future growth and IPO plans.

We see the current Covid-19 pandemic as a crucible moment in the world of disinfection. The world will shift away from "instant, short-term disinfection" provided by simple technologies like alcohol-based products, to enjoy the peace of mind that comes from long-lasting disinfection technologies like Zoono. And we envision Zoono at the forefront of this technological shift.

One of the most impressive things about Zoono is the literal plethora of independent third-party studies on the efficacy of the technology. As we began our global expansion, we encountered many governmental authorities who were intrigued by the possibilities and yet wanted to do their own independent verification. In every instance, the efficacy of Zoono products was validated and we had yet another convinced audience!

In FHH, we currently sell actively in over 80 countries worldwide. We see our Fine Guard Line, leveraging Zoono technology, as the backbone of extending this reach to a target 100 countries by end-2022.

We have sold some of the world's most prestigious customers. On the at-home side, we are listing into the world's leading retailers such as Carrefour in multiple countries with excellent results. Institutionally, we have sold such high-profile customers as Dubai Coca-Cola Arena, Hotel properties ranging from Marriott to Kempinski, and leading restaurants and businesses in major global business hubs from Dubai to Dusseldorf.

Information on Directors

MR. PAUL HYSLOP
MANAGING DIRECTOR

Paul founded Zoono Group in 2007 to address the need for a highly effective, alternative method of combating bacteria and microbes and quickly realised the business opportunity surrounding this technology. Prior to establishing Zoono, Paul was involved in several successful entrepreneurial ventures ranging from the establishment of a successful private car sales business in Auckland in 1990, to real estate development and business brokerage. He also set up a franchise business in the USA 2002 – 2005.

Extremely adept at dealing with businesses and consumers alike, he co-established the Business Brokerage Division at Bayley's Real Estate – one of the largest real estate and business brokerages in New Zealand, where he was twice awarded the "Salesman of the Year" award.

Paul's experience in business development dates back to the 1970s, when he started a personal-care services business after high school, grew it into eight locations and later sold it to his employees. He has also been a commercial flying instructor and Airline pilot, having flown commuter planes for Eagle Air, owned by Air New Zealand.

SPECIAL RESPONSIBILITIES:
Managing Director

INTERESTS IN SHARES AND OPTIONS:
59,558,000 Ordinary shares

DIRECTORSHIPS OF OTHER LISTED COMPANIES IN THE PAST THREE YEARS:
None.

MR. DON CLARKE
LLB (Hons)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Don was a Partner of Minter Ellison's Melbourne Corporate Group, from 1988-2015. He currently acts as a consultant to them. Don has advised leading corporate clients on broad corporation law issues focused on equity capital markets, private equity, mergers and acquisitions and corporate restructures.

He is able to draw on his first-hand experience as a corporate lawyer and a Director, of Directors' duties and responsibilities and best practice corporate governance, when advising on the legal and practical issues faced at head office and board level.

SPECIAL RESPONSIBILITIES:

Chairman of the Audit and Risk Committee

INTERESTS IN SHARES AND OPTIONS:
270,000 Ordinary shares

DIRECTORSHIPS OF OTHER LISTED COMPANIES IN THE PAST THREE YEARS:
Non-Executive Director, Webjet Limited (appointed January 2008)

Non-Executive Director, Contango Income Generator Limited (appointed August 2014, resigned 26 October 2020)

MS. ELISSA HANSEN
B.Comm, Grad Dip Applied Corporate Governance, GAICD and FGIA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Elissa has over 23 years of experience advising boards and management on corporate governance, compliance, investor relations and other corporate related issues. She is a Chartered Secretary who brings best practice governance advice, ensuring compliance with the Listing Rules, Corporations Act 18 and other relevant legislation.

SPECIAL RESPONSIBILITIES:
Company Secretary; member of the Audit and Risk Committee

INTERESTS IN SHARES AND OPTIONS:
276,000 Ordinary shares

DIRECTORSHIPS OF OTHER LISTED COMPANIES IN THE PAST THREE YEARS:
Non-Executive Director, QMines Limited (appointed August 2020)

MEETINGS OF DIRECTORS

The number of board meetings of Zoono Group Limited directors held during the financial year ended 30 June 2021, and the number of meetings attended by each director were:

	DIRECTORS MEETINGS		AUDIT & RISK COMMITTEE MEETINGS	
	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND
Paul Hyslop	4	4	-	-
Don Clarke	4	4	2	2
Elissa Hansen	4	4	2	2

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

The Group has entered into an agreement to indemnify directors and officers during the financial year and has taken out an insurance policy to insure each of the directors and officers or former directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Group, other than conduct involving a willful breach of duty in relation to the Group. Indemnity has not been provided for auditors. Insurance premiums of NZ$243,856 have been paid or accrued by the Group.

REGULATION

Zoono and it proposed products are subject to various laws and regulations including but not limited to accounting standards, tax laws, environmental laws, product content requirement, labelling/packaging, regulations and customs regulations.

Changes in these laws and regulations (including interpretation and enforcement) could adversely affect the Group financial performance. Laws and regulations are specific to each geographic location. In this regard, there is a risk that a certain product may not be able to be supplied in another jurisdiction because it fails to meet that jurisdictions regulatory requirements (e.g. product registration requirements).

Failure of the Group to remain up to date with these various regulatory requirements could adversely affect the Group financial performance.

There were no regulatory issues that arose during the 12 months to 30 June 2021.

PROCEEDINGS ON BEHALF OF THE GROUP

Qingdao Zoono Biotech Ltd (QZB) was formerly Zoono's distributor in China. In this dispute, QZB claims that Zoono Limited breached its contract with QZB, and that Mr Paul Hyslop deceived QZB during negotiations. QZB seeks damages totaling USD$390,000, interest on that sum and costs. Zoono Limited and Zoono Group Limited have both brought a counterclaim against QZB and its director Lingchen Qi – Zoono Limited's counterclaim is against QZB for breaches of contract, against Mr Qi for misrepresentation and breach of contract and Zoono Group Limited's counterclaim is against Mr Qi for breach of contract, misrepresentation and inducing breach of contract.

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

This proceeding is currently stayed, as QZB has failed to pay the first instalment of security for costs and we have not heard from them for fifteen months. This proceeding will remain stayed until QZB makes this payment, however we consider there is a low risk that QZB will make this payment. On that basis, we do not expect to incur further fees until instructed by Zoono.

Sky Scrapers General Trading LLC (Sky Scrapers) was formerly Zoono's exclusive distributor in UAE, Oman and Lebanon. In this dispute, Sky Scrapers claims that Zoono breached its contract with Sky Scrapers and seeks either specific performance of the contract or damages of at least USD$3,500,000. Zoono Limited has brought a counterclaim against Sky Scrapers also for breach of contract, and has also sought rectification of the contract. While Sky Scrapers has brought a claim against Zoono Group Limited, Zoono Group Limited is not a party to the contract, nor is there any apparent claim against Zoono Group Limited in Sky Scrapers' statement of claim. The Company has taken further independent senior legal advice and the opinion is we have limited exposure under these claims.

The parties have currently completed discovery and have started inspection. The next steps will be to prepare evidence. A hearing has been set down for one week from 23 May 2022.

CORPORATE GOVERNANCE

The directors are responsible for the corporate governance practices of the Group.

The main corporate governance practices that were in operation during the financial year are set out in the Corporate Governance section of the Company's website at http://zoono.com/corporate-governance/.

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the full board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no non-audit services rendered during the year ended 30 June 2021.

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 year ended 30 June 2021.

Signed in accordance with a resolution of the directors.

PAUL HYSLOP
MANAGING DIRECTOR/CEO

Remuneration Report (Audited)

THE REMUNERATION REPORT IS SET OUT UNDER THE FOLLOWING MAIN HEADINGS:

1. **PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION**
2. **DETAILS OF REMUNERATION**
3. **SERVICES AGREEMENTS**
4. **SHARE-BASED COMPENSATION**

THE INFORMATION PROVIDED UNDER HEADINGS 1 TO 4 INCLUDES REMUNERATION DISCLOSURES THAT ARE REQUIRED UNDER ACCOUNTING STANDARD AASB 124 RELATED PARTY DISCLOSURES. THESE DISCLOSURES HAVE BEEN TRANSFERRED FROM THE FINANCIAL REPORT AND HAVE BEEN AUDITED.

1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The performance of the consolidated group depends upon the quality and commitment of the directors and executives. The philosophy of the directors in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate demanding performance hurdles for variable executive remuneration.

Given the small size of the Group's board, and the current development stage of the Company, a separate Remuneration Committee has not been established to review and make recommendations to the full Board on the Group's remuneration policies, procedures and practices. As the Company develops, the Group may establish a Remuneration Committee to undertake this role.

The full Board oversees the Group remuneration policies, procedures and practices and defines the individual packages offered to executive directors and key management personal.

The board may consider engaging an independent remuneration consultant, to advise the board on appropriate levels of remuneration relative to its industry peer group.

In accordance with Corporate Governance best practice (Recommendation 8.2), the structure of non- executive director and executive remuneration is separate and distinct as follows.

A. Non-executive Directors' Remuneration Fixed Remuneration:

The Board seeks to set non-executive directors' remuneration at a level that provides the Group with the ability to attract and retain directors of a high calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from shareholders and takes into account the fees paid to non-executive directors of comparable companies, when undertaking the annual review process.

Directors' remuneration is inclusive of committee fees. The following net annual fees paid to non- executive directors are

FIXED FEES (NZ$)	1 JULY 2020 - 30 JUNE 2021 $	1 JULY 2019 - 30 JUNE 2020 $
Chairman's Fee	$84,913[1]	-
Base Fee		
Non-executive directors	$84,913[2]	$65,231[2]

NOTES:

1. The net annual fee paid to the Chairman was AU$80,000 and has been converted at an average exchange rate of 1.0614 (2020: Nil).
2. The net annual fee was AU$80,000 (2020: AU$61,667) to each director and has been converted at an average exchange rate of 1.0614 (2020: 1.0578).

B. Company Executive and Executive Director Remuneration:
Remuneration for executives and executive directors consists of fixed remuneration, short-term incentive payments and options issued.

Fixed Remuneration:
Fixed remuneration is reviewed annually by the directors. The process consists of a review of relevant comparative remuneration in the employment market and within the Group. The Group may engage an independent remuneration consultant, to advise the board on appropriate levels of remuneration for the Group's Executive Directors relative to its industry peer group.

2. DETAILS OF REMUNERATION

Details of the remuneration of the Key Management Personnel (as defined in AASB 124 Related Party Disclosures) are set out in Table 1 which follows.

The Key Management Personnel of Zoono Group Limited, including the directors and the following consolidated group executives, have authority and responsibility for planning, directing and controlling the activities of the consolidated group.

Lew MacKinnon - Group Chief Operating Officer
Paul Ravlich - Group Chief Financial Officer

These executives together with the directors comprise the named relevant consolidated group executives who make or participate in making decisions that affect the whole, or a substantial part, of the business or who have the capacity to affect significantly the Group's financial standing.

TABLE 1: DETAILS OF REMUNERATION – DIRECTORS AND KEY MANAGEMENT PERSONNEL.

	SHORT-TERM BENEFITS		OTHER BENEFITS		SHARE BASED PAYMENTS	**TOTAL**	PERCENTAGE PERFORMANCE BASED BONUS PAYMENTS	PERCENTAGE SHARE-BASED PAYMENTS
	Cash Salary & Fees $NZD	STI Payments $NZD	Termination Benefits $NZD	Prescribed Benefits $NZD	Shares $NZD	$NZD		
Year ended 30 June 2021								
Executive directors								
Paul Hyslop	480,000	-	-	-	-	480,000	-	-
Non-Executive directors								
Don Clarke	84,913	-	-	-	-	84,913	-	-
Elissa Hansen	84,913	-	-	-	-	84,913	-	-
Other key management personnel								
Lew MacKinnon	124,615	-	-	10,329	74,998	209,942	-	35.72%
Paul Ravlich	221,800	-	-	6,102	52,498	280,400	-	18.72%
Total	**996,241**	**-**	**-**	**16,431**	**127,496**	**1,140,168**	-	11.18%

	SHORT-TERM BENEFITS		OTHER BENEFITS		SHARE BASED PAYMENTS	**TOTAL**	PERCENTAGE PERFORMANCE BASED BONUS PAYMENTS	PERCENTAGE SHARE-BASED PAYMENTS
	Cash Salary & Fees $NZD	STI Payments $NZD	Termination Benefits $NZD	Prescribed Benefits $NZD	Shares $NZD	$NZD		
Year ended 30 June 2020								
Executive directors								
Paul Hyslop	377,938	50,000	-	-	-	427,938	11.68%	-
Non-Executive directors								
Don Clarke	65,231	-	-	-	-	65,231	-	-
Elissa Hansen	65,231	-	-	-	-	65,231	-	-
Other key management personnel								
Lew MacKinnon	124,415	7,000	-	-	-	224,921	3.11%	40.68%
Paul Ravlich	201,800	-	-	6,102	-	271,956	-	23.55%
Total	**836,615**	**57,000**	**-**	**6,102**	**-**	**1,055,277**	**5.40%**	**14.74%**

3. SERVICE AGREEMENTS

INDEPENDENT REVIEW

To ensure the Group complied with industry best practice in relation to the remuneration of its executive directors, the non-executive directors of the Group will consider engaging the services of a remuneration consultant to conduct an independent assessment of the remuneration packages negotiated with its executive director.

The following is a summary of the current major provisions of the agreements relating to remuneration of Executive Directors in NZ Dollars:

PAUL HYSLOP
MANAGING DIRECTOR
Paul Hyslop is the Managing Director of the Group and is considered a key member of the Group's management team. Paul is founder of Zoono.

Employment Conditions

Commencement Date:	26 April 2017
Term:	Two years
Review:	Annually

LEW MACKINNON
CHIEF OPERATIONS OFFICER

Base Remuneration:	$120,000
Other Benefits:	Use of a company vehicle.

Employment Conditions

Commencement Date:	1 June 2017
Term:	One year
Review:	Annually

Share options of 500,000 were issued on 16 December 2019, vesting on 16 December 2020, exercisable at A$0.25 and expiring 16 December 2023.

PAUL RAVLICH
CHIEF FINANCIAL OFFICER

Base Remuneration:	$220,000
Other Benefits:	Entitlement to a cash payment of up to $40,000 contingent on the Group achieving budgeted results in the year.

Employment Conditions

Commencement Date:	1 May 2017
Term:	One year
Review:	Annually

Share options of 350,000 were issued on 16 December 2019, vesting on 16 December 2020, exercisable at A$0.25 and expiring 16 December 2023.

4. VOTING AND COMMENTS MADE AT THE COMPANY LAST ANNUAL GENERAL MEETING

The resolution to adopt Zoono Group Limited's Remuneration Report for the financial year ended 30 June 2020 was passed by way of a poll with a 99% 'yes' vote. The Company received no specific feedback on Remuneration Report either at the Annual General Meeting or at other times.

Auditor's Independence Declaration

HALL CHADWICK (NSW)

ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

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 audit of the financial report of Zoono Group Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

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

DREW TOWNSEND
Partner
Dated: 26 August 2021

A Member of PrimeGlobal
An Association of Independent Accounting Firms
PrimeGlobal

Consolidated Statement of Profit and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTES	2021 NZ$	2020 NZ$
Revenue	5	27,133,602	38,329,369
Cost of sales		(11,031,613)	(9,995,761)
Gross profit		16,101,989	28,333,608
Other revenue	5	366,333	170,778
Administration expenses		(1,059,598)	(101,738)
Depreciation and amortisation expenses		(359,829)	(197,437)
Directors' fees		(169,825)	(129,859)
Employee costs		(2,961,971)	(2,179,100)
Finance costs		(75,221)	(52,559)
Management fees		(480,000)	(430,006)
Professional fees		(1,873,872)	(1,098,020)
Share based payments		(299,991)	(366,026)
Selling and distribution expenses		(1,399,278)	(1,748,361)
Marketing expenses		(660,097)	(267,972)
Listing expenses and other acquisition costs		(94,503)	(206,528)
Compliance costs		(104,601)	-
Other expenses		(1,031,583)	(1,314,731)
Profit before income tax		5,897,953	20,412,049
Income tax expense	7	(1,264,717)	(3,752,607)
Profit after income tax	6	**4,633,236**	**16,659,442**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		104,641	(538,246)
Total other comprehensive income		**104,641**	**(538,246)**
Total comprehensive income		**4,737,877**	**16,121,196**
Profit attributable to:			
Owners of the parent entity		4,732,470	16,659,442
Non-controlling interest		(99,234)	-
		4,633,236	**16,659,442**
Total comprehensive income attributable to:			
Owners of the parent entity		4,838,912	16,121,196
Non-controlling interest		(101,035)	-
		4,737,877	**16,121,196**
Earnings per share attributable to the ordinary equity holders of the company			
Basic earnings per share (cents)	23	2.89	10.20
Diluted earnings per share (cents)	23	2.87	10.13

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTES	2021 NZ$	2020 NZ$
CURRENT ASSETS			
Cash and cash equivalents	22(a)	4,899,929	10,323,216
Trade and other receivables	8	5,295,956	9,229,419
Inventories	9	12,863,790	13,202,029
Other assets	13	195,875	176,027
TOTAL CURRENT ASSETS		23,255,550	32,930,691
NON-CURRENT ASSETS			
Plant and equipment	10	737,064	229,355
Intangible assets	11	5,693,781	37,226
Right of use assets	12	2,015,266	1,500,255
TOTAL NON-CURRENT ASSETS		8,446,111	1,766,836
TOTAL ASSETS		31,701,661	34,697,527
CURRENT LIABILITIES			
Trade and other payables	14	2,213,445	8,419,895
Lease liabilities	12	342,527	201,157
Current tax liabilities		687,076	3,752,607
Provisions	15	92,886	-
TOTAL CURRENT LIABILITIES		3,335,934	12,373,659
NON-CURRENT LIABILITIES			
Lease liabilities	12	1,732,334	1,359,022
Provisions	15	5,559,467	-
TOTAL NON-CURRENT LIABILITIES		7,291,801	1,359,022
TOTAL LIABILITIES		10,627,735	13,732,681
NET ASSETS		21,073,926	20,964,846
EQUITY			
Issued capital	16	12,841,407	12,461,800
Reserves	17	96,298	(97,140)
Accumulated profits		8,237,256	8,600,186
Equity attributable to owners of the parent entity		21,174,961	20,964,846
Non-controlling interest		(101,035)	-
TOTAL EQUITY		21,073,926	20,964,846

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		ISSUED CAPITAL	RESERVES		ACCUMULATED PROFITS	TOTAL
	NOTE	ORDINARY SHARES NZ$	FOREIGN CURRENCY TRANSLATION NZ$	SHARE BASED PAYMENT RESERVE NZ$	NZ$	NZ$
Balance at 1 July 2019		11,821,140	75,080	-	(8,043,633)	3,852,587
Cumulative adjustments upon adoption of new accounting standard – AASB 16		-	-	-	(15,623)	(15,623)
Balance at 1 July 2019 (restated)		11,821,140	75,080	-	(8,059,256)	3,836,964
Profit for the year		-	-	-	16,659,442	16,659,442
Other comprehensive income for the year		-	(538,246)	-	-	(538,246)
Total comprehensive income for the year		-	(538,246)	-	16,659,442	16,121,196
Transactions with owners in their capacity as owners:						
Shares issued during the year, net of issue costs	16	640,660	-	-	-	640,660
Share based payments	17	-	-	366,026	-	366,026
Total transactions with owners		640,660	-	366,026	-	1,006,686
Balance at 30 June 2020		12,461,800	(463,166)	366,026	8,600,186	20,964,846

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		ISSUED CAPITAL	RESERVES		ACCUMULATED PROFITS	NON-CONTROLLING INTEREST	TOTAL
	NOTE	ORDINARY SHARES NZ$	FOREIGN CURRENCY TRANSLATION NZ$	SHARE BASED PAYMENT RESERVE NZ$	NZ$	NZ$	NZ$
Balance at 1 July 2020		12,461,800	(463,166)	366,026	8,600,186	-	20,964,846
Profit/(loss) for the year		-	-	-	4,732,470	(99,234)	4,633,236
Other comprehensive income for the year		-	106,442	-	-	(1,801)	104,641
Total comprehensive income for the year		-	106,442	-	4,732,470	(101,035)	4,737,877
Transaction with owners in their capacity as owners:							
Dividends paid	25	-	-	-	(5,095,400)	-	(5,095,400)
Shares issued on exercise of options	16	166,612	-	-	-	-	166,612
Transfer from reserve on exercise of options	16	212,995	-	(212,995)	-	-	-
Share based payments	17	-	-	299,991	-	-	299,991
Total transaction with owners		379,607	-	86,996	(5,095,400)	-	(4,628,797)
Balance at 30 June 2021		12,841,407	(356,724)	453,022	8,237,256	(101,035)	21,073,926

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTES	2021 NZ$	2020 NZ$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		30,675,724	30,998,938
Payments to suppliers and employees		(24,889,872)	(22,946,152)
Interest received		103,038	90,969
Finance cost		(75,221)	(52,559)
Income taxes paid		(4,330,248)	-
Net cash provided by operating activities	22(b)	1,483,421	8,091,196
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for plant and equipment and intangible assets		(585,947)	(137,398)
Payments for acquisition of business	15	(765,405)	-
Net cash used in investing activities		(1,351,352)	(137,398)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from the exercise of options		166,612	-
Repayment of borrowings and lease liabilities		(258,531)	(195,975)
Dividends paid		(5,095,400)	-
Net cash used in financing activities		(5,187,319)	(195,975)
Net increase/(decrease) in cash held		(5,055,250)	7,757,823
Effects of foreign exchange on cash balances		(368,037)	(559,935)
Cash and cash equivalents at beginning of year		10,323,216	3,125,328
Cash and cash equivalents at end of year	22(a)	4,899,929	10,323,216

The accompanying notes form part of these financial statements

Notes to the Financial Statements

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

The consolidated financial statements are a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Compliance with Australia Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). For the purposes of preparing the Consolidated Financial Statement, the Company is a for-profit entity.

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 registered address is Level 12, 225 George Street Sydney NSW 2000 Australia.

The Consolidated financial statements of the Group as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the 'Group' or 'Consolidated entity'). The consolidated financial statements for the year ended 30 June 2021 were approved and authorised for issue by the board of Directors on 26 August 2021.

Except for cash flow information, the consolidated financial statements have been prepared on an accrual basis and are based on historical costs modified, where applicable, by the measurements at fair value of selected non-current assets, financial assets and financial liabilities.

Statement of Cash Flows

The statement of cash flows comprises the cash balance of Zoono Limited, Zoono Group Limited and Zoono Holdings Limited at the beginning of the financial year, and the cash transactions of the consolidated Group for the 12-month period.

3. CHANGES IN ACCOUNTING POLICIES

(a) New Standards adopted by the Group

Initial adoption of AASB 2020-04: COVID-19-Related Rent Concessions

AASB 2002-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of AASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: Business Combinations, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New Accounting Standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements as the Group assessed that the new and amended pronouncements have no material impact on the Group.

4. SUMMARY OF ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) General

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Reporting basis and conventions

These financial statements have been prepared on an accruals basis under the historical cost convention, as modified by the financial assets and liabilities at fair value.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Group. Actual results may differ from these estimates.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and, where required, uses an interest rate to discount them.

Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices.

Business combinations

Management uses valuation techniques in determining the fair value of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that effect future profitability.

(b) Basis of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of Zoono Group Limited and all subsidiaries as of 30 June 2021.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(c) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date of fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(d) Foreign Currency Transactions and Balances Functional and presentation currency

The functional currency of each of the Group entities is measured using the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in New Zealand dollars, which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year- end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency is translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the year.
- Retained earnings/Accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than the Australian dollar are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short- term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Income tax

The charge for current income tax expense is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged to the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and freight. Costs are assigned on a first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

(h) Property, plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. All fixed assets are depreciated over their estimated useful lives to the Group.

The depreciation rates used for each class of depreciable assets are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Plant and equipment	10 – 33%
Motor vehicles	30%
Furniture and equipment	13 – 33%
Computer equipment	48 – 67%

Depreciation

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss within other income or expenses.

(i) Intangible Assets

Patents, trademarks and website development are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents, trademarks and website development are amortised over their useful lives of up to 10 years. Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

(j) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount.

Any impairment loss of a re-valued asset is treated as a revaluation decrease. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(k) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non- recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share- based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets.

Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(l) Accounts payable

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Due to their short-term nature they are measured at amortised cost and not discounted. These amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group become a party to the contractual provisions of the financial instrument.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risk and rewards are transferred. A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs.

Financial assets are classified into one of the following categories:

- Amortised cost
- Fair value through profit or loss (FCTPL), or
- Fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- The entity's business model for managing the financial asset, and
- The contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within administration expenses.

In the periods presented the Group does not have any financial assets categorised as FVTPL and FVOCI.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meet the following condition (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and contract liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gain or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(o) Receivables

Trade receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment.

(p) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

(q) Share-based payments

The cost to the Company of share options granted to directors and executive officers is included at fair value as part of the directors' and executive officers' aggregate remuneration in the financial year the options are granted.

The fair value of the share option are calculated using the Black Scholes option pricing model, which takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value determined at the grant date of the equity settled share-based payment is expensed on a straight-line basis over the vesting period.

(r) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised when the removal from the warehouse occurs as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement by the Group in those goods.

All revenue is stated net of the amount of goods and services tax.

Other income

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Realised gains and losses on sale are recognised as income or expense respectively in the statement of profit or loss and other comprehensive income and are calculated as the difference between consideration on sale and the original cost.

(s) Goods and services tax (GST)

The Statement of Profit or Loss and Other Comprehensive Income has been prepared so that all components are stated exclusive of GST, except where the amount of GST incurred is not recoverable from the tax office. All items in the Statement of Financial Position are stated exclusive of GST, with the exception of receivables and payables, which include GST.

(t) Earnings per share

i) Basic earnings per share:

Basic earnings per share is determined by dividing the operating profit/(loss) after income tax excluding any cost of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in determining earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(u) Segment reporting

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. The Group do not allocate revenues, assets or liabilities to individual segments.

(v) Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(w) Comparative information

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented for the financial year.

5. REVENUE AND OTHER INCOME

	CONSOLIDATED 2021 NZ$	2020 NZ$
Revenue from operating activities		
Operating activities		
- Revenue from sale of goods	27,133,602	38,329,369
Total revenue from operating activities	27,133,602	38,329,369
Other income		
- Dividends received	280	375
- New Zealand Trade & Enterprise	73,498	16,801
- Interest received	17,980	50,036
- Expenses recovery	274,575	103,566
Total other income	366,333	170,778

Revenue from Contracts

Revenue is recognised at a point in time when the service has been fulfilled and the group has the right to invoice.

6. PROFIT FOR THE YEAR

	CONSOLIDATED 2021 NZ$	2020 NZ$
Profit before income tax has been determined after:		
Depreciation	336,440	165,059
Amortisation	23,389	32,378
Expected credit loss allowance	654,636	16,747
Salary costs (including directors' fees and management fees)	3,611,796	2,738,965
Interest on borrowings	75,221	52,559
Net foreign exchange losses	352,398	188,548
AASB 16 related amounts recognised in the statement of profit or loss		
Depreciation charge related to right of use assets	258,202	148,500
Interest expense on lease liabilities	70,560	10,673
Variable lease payment expense	29,122	21,079

7. INCOME TAX

The prima facie tax payable on profit/(loss) is reconciled to the income tax expense as follows:

	CONSOLIDATED 2021 NZ$	2020 NZ$
Prime facie tax payable on profit before income tax at 28% (2020: 28%)	1,651,427	5,715,374
Add: tax effect of:		
- Other assessable and non-allowable items	(217,631)	(60,307)
- Net of current year tax losses not recognised and deductible items	20,105	-
- Deferred tax losses not recognised in accounts	17,317	-
- Utilisation of carry-forward losses	(691,568)	(1,449,723
- Effect of foreign exchange rates and different tax rates	485,067	(452,737)
Income tax expense	1,264,717	3,752,607

Subject to the provisions of the Income Tax Assessment Act, if the Group derives assessable income it will be able to utilise carry-forward losses. The Group has losses available to be carried forward of NZ$1,542,541 to 30 June 2021.

The net deferred tax asset will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction of the loss.

Consequently, there is a balance of deferred tax asset that has not been recognised.

8. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Trade receivables	5,733,906	8,874,855
Provision for expected credit loss	(672,625)	(17,989)
	5,061,281	8,856,866
Net GST/VAT receivable	214,245	276,461
Other receivables	20,430	96,092
	5,295,956	9,229,419

The Group applies the AASB 9 simplified approach to measuring expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables.

The following table details the loss allowance as at 30 June 2021 and 30 June 2020.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

	PAST DUE BUT NOT IMPAIRED (DAYS OVERDUE)				TOTAL
	< 30 NZ$	31–60 NZ$	61–90 NZ$	> 90 NZ$	NZ$
2021					
Expected Loss Rate	0.42%	1.29%	0.9%	65.1%	
Trade and term receivables	3,824,222	866,246	53,048	990,390	5,733,906
Provision	(16,012)	(11,152)	(480)	(644,981)	(672,625)
Total	3,808,210	855,094	52,568	345,409	5,061,281
2020					
Expected Loss Rate	0.1%	0.2%	0.3%	0.77%	
Trade and term receivables	3,498,186	2,919,806	2,194,557	262,306	8,874,855
Provision	(3,495)	(5,828)	(6,564)	(2,102)	(17,989)
Total	3,494,691	2,913,978	2,187,993	260,204	8,856,866

9. INVENTORIES

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Finished goods at cost	12,863,790	13,202,029
	12,863,790	13,202,029

10. PLANT AND EQUIPMENT

	CONSOLIDATED 2021 NZ$	2020 NZ$
Plant and equipment:		
Plant and equipment at cost	730,646	189,781
Accumulated depreciation	(72,212)	(19,495)
	658,434	170,286
Furniture and equipment:		
Furniture and equipment at cost	82,230	70,666
Accumulated depreciation	(34,500)	(24,086)
	47,730	46,580
Computer equipment:		
Computer equipment at cost	65,294	36,056
Accumulated depreciation	(34,394)	(23,567)
	30,900	12,489
Total Plant and Equipment	737,064	229,355

a. Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	PLANT AND EQUIPMENT NZ$	FURNITURE AND EQUIPMENT NZ$	COMPUTER EQUIPMENT NZ$	TOTAL NZ$
Balance as at 1 July 2020	170,286	46,580	12,489	229,355
Additions	548,066	11,564	26,317	585,947
Disposals – written down value	(7,102)	-	-	(7,102)
Depreciation expense	(52,816)	(10,414)	(7,906)	(71,136)
Carrying amount at 30 June 2021	658,434	47,730	30,900	737,064

	PLANT AND EQUIPMENT NZ$	FURNITURE AND EQUIPMENT NZ$	COMPUTER EQUIPMENT NZ$	TOTAL NZ$
Balance as at 1 July 2019	15,364	32,320	2,751	50,435
Additions	170,286	23,035	14,097	207,418
Depreciation expense	(15,364)	(8,775)	(4,359)	(28,498)
Carrying amount at 30 June 2020	170,286	46,580	12,489	229,355

11. INTANGIBLE ASSETS

	CONSOLIDATED 2021 NZ$	2020 NZ$
Trademarks and patents:		
Trademarks and patents at cost	150,220	147,820
Accumulated amortisation	(142,972)	(128,572)
	7,248	19,248
Website Development:		
Website development at cost	78,450	78,450
Accumulated amortisation	(69,461)	(60,472)
	8,989	17,978
Goodwill – at cost (Note 26)	5,677,544	-
Total Intangible Assets	5,693,781	37,226

b. Movements in carrying amounts

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year:

	TRADEMARKS AND PATENTS NZ$	WEBSITE DEVELOPMENT NZ$	GOODWILL NZ$	TOTAL NZ$
Balance as at 1 July 2020	19,248	17,978	-	37,226
Additions	2,400	-	-	2,400
Acquisition through business combination	-	-	5,677,544	5,677,544
Amortisation expense	(14,400)	(8,989)	-	(23,389)
Carrying amount at 30 June 2021	7,248	8,989	5,677,544	5,693,781

12. LEASES

	CONSOLIDATED	
	2020 NZ$	2019 NZ$
a. Right of use assets		
Buildings	2,015,266	1,456,213
Equipment and motor vehicles	-	44,042
	2,015,266	1,500,255
b. Lease liabilities		
Current	342,527	201,156
Non-current	1,732,334	1,359,022
	2,074,861	1,560,178

c. Movements in carrying amounts

Movement in the carrying amounts for each class of right of use assets between the beginning and the end of the current financial period:

	BUILDINGS NZ$	EQUIPMENT AND MOTOR VEHICLES NZ$	TOTAL NZ$
Balance at 1 July 2020	1,456,213	44,042	1,500,255
Additions	773,213	-	773,213
Depreciation expense	(214,160)	(44,042)	(258,202)
Carrying amount at 30 June 2021	2,015,266	-	2,015,266

	BUILDINGS NZ$	EQUIPMENT AND MOTOR VEHICLES NZ$	TOTAL NZ$
Balance at 1 July 2019	527,272	65,678	592,950
Additions	1,055,805	-	1,055,805
Depreciation expense	(126,864)	(21,636)	(148,500)
Carrying amount at 30 June 2020	1,456,213	44,042	1,500,255

13. OTHER ASSETS

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Prepayments	195,875	176,027
	195,875	176,027

14. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2021 NZ$	2020 NZ$
Trade creditors	1,217,887	5,430,248
Sundry creditors and accruals	259,090	819,741
Other payables	445,226	850,183
Income in advance	291,242	1,319,723
	2,213,445	8,419,895

15. PROVISIONS

	CONSOLIDATED 2021 NZ$	2020 NZ$
Current		
Employee benefits	92,886	-
	92,886	-
Non-current		
Contingent consideration	5,559,467	-
	5,559,467	-

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Provision for contingent consideration

This was in respect of anticipated consideration payable to Zoono USA LLC following the acquisition of its business operations in July 2020. The consideration is payable in 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. The directors have assessed the achievement of the sales target is likely to occur after 12 to 24 months and therefore presented the consideration payable as a non-current liability.

16. ISSUED CAPITAL

	2021 NO. SHARES	2020 NO. SHARES	2021 NZ$	2020 NZ$
(a) Issued shares:	163,612,707	163,312,707	12,461,800	11,821,140
Beginning of the year				
Issued during the year:				
Shares issued as share-based payment	-	300,000	-	640,660
Exercise of options	625,000	-	379,607	-
End of the year	164,237,707	163,612,707	12,841,407	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 winding up of the Company, ordinary shareholders are ranked after all other creditors and are entitled to any 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.

(b) Uncalled capital:

No calls are outstanding at year end. All issued shares are fully paid.

(c) Capital management:
Management controls the capital of the Group in order to maintain a reasonable debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group currently has no debt funding available or external capital requirement. The Group's capital includes ordinary share capital share options and reserves. The financial liabilities are supported by financial assets.

Management effectively manages the Group capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of share issues. The Group strategy remains unchanged from prior year.

17. RESERVES

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
(a) Foreign currency translation reserve		
Balance at beginning of year	(463,166)	75,080
Exchange differences on translation of foreign operations	106,442	(538,346)
Balance at end of year	(356,724)	(463,166)

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated as a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(b) Equity settled share-based payment
In the prior year, the Group issued 200,000 fully paid ordinary shares in the Company at a deemed price of A$1.77 per share for a total consideration of NZ$378,628 to the UK/EU Regional Manager as part of his remuneration package and also issued 100,000 fully paid ordinary shares in the Company at a deemed price of A$2.45 per share for a total consideration of NZ$262,032 to the UAE Regional Manager as part of his remuneration package.

Employee share option scheme
Zoono's Employee Securities Plan was adopted by the Company on 7 November 2019 as a long-term incentive scheme to recognise talent, retain and motivate employees to strive for Group performance. All employees are entitled to participate in the Share Securities Plan. In 2019, employees and consultants who have been with the Group for more than one year were invited to receive options which vest in 1 year, provided the recipient is still employed by the Company. The options were issued for no consideration with an exercise price of A$0.25. They carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board, based on retention, performance measures including growth in shareholder return, return on equity, cash earnings and Group earnings per share growth.

Option granted to employees of the Company
On 16 December 2019, Zoono granted senior management and staff 2,000,000 options, vesting on 16 December 2020, exercisable at A$0.25 and expiring on 16 December 2023.

During the year, 625,000 options were exercised. The Group has 1,375,000 share options on issue at year end (2020: 2,000,000).

18. REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Amounts received or due and receivable by the auditors for:		
- the review and the audit of the financial reports for the consolidated group	73,000	55,000
	73,000	55,000

19. ECONOMIC DEPENDENCY

Zoono and its products are subject to various laws and regulations including but not limited to accounting standards, tax laws, environmental laws, product content requirement, labelling/packaging, regulations and customs regulations. Changes in these laws and regulations (including interpretation and enforcement) could adversely affect the Group's financial performance. Laws and regulations are specific to each geographic location. In this regard, there is a risk that a certain product may not be able to be supplied in another jurisdiction because it fails to meet that jurisdictions regulatory requirements (e.g. product registration requirements). Failure of the Group to remain up to date with these various regulatory requirements, could adversely affect the Group financial performance.

20. CONTINGENT LIABILITIES

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

- Qingdao Zoono Biotech Ltd (QZB) was formerly Zoono's distributor in China. In this dispute, QZB claims that Zoono Limited breached its contract with QZB, and that Mr Paul Hyslop deceived QZB during negotiations. QZB seeks damages totaling USD$390,000, interest on that sum and costs. Zoono Limited and Zoono Group Limited have both brought a counterclaim against QZB and its director Lingchen Qi – Zoono Limited's counterclaim is against QZB for breaches of contract, against Mr Qi for misrepresentation and breach of contract and Zoono Group Limited's counterclaim is against Mr Qi for breach of contract, misrepresentation and inducing breach of contract.

  The Group's insurer 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.

  This proceeding is currently stayed, as QZB has failed to pay the first instalment of security for costs and we have not heard from them for fifteen months. This proceeding will remain stayed until QZB makes this payment, however we consider there is a low risk that QZB will make this payment.

- Sky Scrapers General Trading LLC (Sky Scrapers) was formerly Zoono's exclusive distributor in UAE, Oman and Lebanon. In this dispute, Sky Scrapers claims that Zoono breached its contract with Sky Scrapers and seeks either specific performance of the contract or damages of at least USD$3,500,000. Zoono Limited has brought a counterclaim against Sky Scrapers also for breach of contract, and has also sought rectification of the contract. While Sky Scrapers has brought a claim against Zoono Group Limited, Zoono Group Limited is not a party to the contract, nor is there any apparent claim against Zoono Group Limited in Sky Scrapers' statement of claim. The Company has taken further independent senior legal advice and the opinion is we have limited exposure under these claims.

  The parties have currently completed discovery and have started inspection. The next steps will be to prepare evidence. A hearing has been set down for one week from 23 May 2022.

21. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated. Complete details of the remuneration of directors and key management personnel are set out in the Remuneration Report which forms part of the accompanying Directors' Report.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Short–term employee benefits	996,241	893,615
Other Benefits	16,431	6,102
Share based payments	127,496	155,560
	1,140,168	1,055,277

Details of shares and options held by key management personnel are included in the Remuneration Report set out in the accompanying directors' report.

Key management personnel related entity transactions

Mr Paul Hyslop is the Managing Director/CEO of Zoono Group and provides consulting services to the Group. Charges for services provided during the year amounted to NZ$480,000 (2020: NZ$427,938).

Morgan Recruitment Limited provided recruitment services to the Company and was paid NZ$9,900 (2020: NZ$52,970) for their services. The wife of Mr Paul Hyslop owns Morgan Recruitment Limited.

Kota Management Limited provided legal services to the Company and was paid NZ$6,900 (2020: NZ$ Nil) for their services. The daughter of Mr Hyslop owns Kota Management Limited.

The Adams Agency Limited as an agent to the Company provided sales income to the Company and was paid NZ$1,244 (2020: NZ$38,452) for their services. The partner of Mr Paul Ravlich owns The Adams Agency Limited.

22. STATEMENT OF CASH FLOWS

(a) Reconciliation of cash:

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Cash at bank	4,543,511	3,788,242
Cash on short term deposit	356,418	6,534,974
	4,899,929	10,323,216

The effective interest rate on short-term bank deposits was 0.45% per annum (2020: 0.8% per annum) and these deposits have an average maturity of 120 days.

(b) Reconciliation statement:

A reconciliation of “net cash used in operating activities” to “operating cash flows” is as follows:

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Profit after income tax	4,633,236	16,659,442
Non-cash items:		
Amortisation	23,389	32,378
Depreciation	336,440	169,892
Share based payments	299.991	1,006,699
Provision for expected loss on trade receivables	654,636	17,989
Foreign exchange differences	470,278	3,687
Changes in assets and liabilities:		
Trade and other receivables	3,278,827	(8,409,120)
Inventories	985,567	(12,698,904)
Prepayments	(19,848)	(111,777)
Current tax liabilities	(3,065,531)	3,752,607
Trade and other payables	(6,206,450)	7,668,303
Provisions	92,886	-
Net cash used in operating activities	1,483,421	8,091,196

The Company does not have any formal loan facilities in place at the date of these financial statements.

23. 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 per share	2.89 cents	10.20 cents
Diluted earnings per share	2.87 cents	10.13 cents
Weighted average number of ordinary shares outstanding during the year used to calculate basic EPS	163,673,499	163,344,947
Weighted average number of ordinary shares outstanding during the year used to calculate diluted EPS	165,048,499	164,421,450
Profit used to calculate basic and diluted EPS	4,732,470	16,659,422

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.

24. 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 and properly disclosed according to segment asset requirements 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.

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Geographical Revenue		
Global revenues	27,133,602	38,329,369
Total Group Revenue	27,133,602	38,329,369

i) Revenue by geographical region

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

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Australasia, Asia, US, India	15,277,650	26,963,478
UK and Europe	11,855,952	11,365,891
Total Revenue	27,133,602	38,329,369

ii) Assets by geographical region

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

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Australasia, Asia, US, India	19,665,753	24,000,939
UK and Europe	12,035,908	10,696,588
Total Group Assets	31,701,661	34,697,527

25. FRANKING CREDITS

	CONSOLIDATED	
	2021 NZ$	2020 NZ$
Dividend paid/provided for:		
Final unfranked ordinary dividend declared and paid on 21 September 2022 of 3.2 cents per share	5,095,400	-
The amount of the franking credits available for subsequent reporting periods	88,384	88,384

26. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2021	Percentage Owned 2020
Subsidiaries of Zoono Group Limited			
Zoono Group Limited (NZ)	New Zealand	100%	100%
Zoono Limited	New Zealand	100%	100%
Zoono Holdings Limited (UK)	United Kingdom	100%	100%
Zoono EU Limited *	United Kingdom	100%	-
Zoono (Shanghai) Biotech Co. Limited *	China	100%	-
Zoono Holdings USA LLC *	USA	90%	-

** incorporated during the year*

(a) 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.

27. FINANCIAL RISK MANAGEMENT

Financial risk management policies
The Group's financial instruments consist mainly of current accounts with banks, accounts receivable and payable.

i. Treasury risk management
Management considers on a regular basis the financial risk exposure and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to meet the Group's financial targets, whilst minimising potential adverse effects on financial performance.

Management operates under policies approved by the board of directors which approves and reviews risk management policies on a regular basis. These include future cash flow requirements.

ii. Financial risk exposures and management
The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

(a) Foreign currency risk exposure
Most of the Group's transactions are carried out in US Dollars ($USD), New Zealand Dollars ($NZD), Australian Dollars ($AUD) and British Pound (GBP). Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US Dollars ($USD), Australian Dollars ($AUD) and British Pound (GBP). The Group also holds a bank account in $USD, $AUD and GBP and RMB.

(b) Interest rate risk exposure

The Group is exposed to interest rate risk through cash and deposits held. The Group continually monitors interest rates and financial markets for the Group's cash on deposit and regularly reviews future cash flow requirements. The following table summarises the interest rate risk for the Group, together with the effective weighted average interest rate for each class of financial assets and liabilities.

		FIXED INTEREST MATURING IN			NON-INTEREST BEARING		
2021	INTEREST RATE	1 YEAR OR LESS $	OVER 1 TO 5 YEARS $	OVER 5 YEARS $	OVER 5 YEARS $	OVER 1 TO 5 YEARS $	TOTAL $
Financial assets							
Cash	0.45%	356,418	-	-	4,543,511	-	4,899,929
Financial liabilities							
Lease liabilities	4.5%	(342,527)	(1,450,202)	(282,132)	-	-	(2,074,861)
Net exposure to cash-flow interest rate risk	4.05%	13,891	(1,450,202)	(282,132)	4,543,511	-	2,825,068
Weighted average interest rate	0.45%	-	-	-	-	-	0.45%

		FIXED INTEREST MATURING IN			NON-INTEREST BEARING		
2020	INTEREST RATE	1 YEAR OR LESS $	OVER 1 TO 5 YEARS $	OVER 5 YEARS $	OVER 5 YEARS $	OVER 1 TO 5 YEARS $	TOTAL $
Financial assets							
Cash	0.8%	6,534,974	-	-	3,788,242	-	10,323,216
Financial liabilities							
Lease liabilities	4.5%	201,157	898,855	460,167	-	-	1,560,179
Net exposure to cash-flow interest rate risk	3.7%	6,333,817	(898,855)	(460,167)	3,788,242	-	8,763,037
Weighted average interest rate	1.29%	-	-	-	-	-	1.29%

(c) Credit risk exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, net of any provision for impaired receivables, as disclosed in the statement of financial position and notes to the financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Receivables due from major debtors are not normally secured by collateral, however the credit worthiness of debtors is monitored.

(d) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows to ensure that adequate funding is maintained. The Group's financial liabilities consist of trade and other payables in the normal course of business and as such are normally due for payment within 30 days of receipt of a valid tax invoice. The Group does not have any liquidity risk associated with any borrowing.

(e) Interest rate risk

Interest rate risk on cash and short-term deposits is not considered to be a material risk due to the short-term nature of these financial instruments.

28. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	PARENT ENTITY	
	2021 NZ$	2020 NZ$
Statement of Financial Position		
ASSETS		
Current assets	572,359	220,442
Non-current assets	25,514,850	29,316,565
TOTAL ASSETS	26,087,209	29,537,007
LIABILITIES		
Current liabilities	210,533	137,345
TOTAL LIABILITIES	210,533	137,345
EQUITY		
Issued capital	12,841,407	12,461,800
Reserves	453,022	366,026
Accumulated losses	12,582,247	16,571,836
TOTAL EQUITY	25,876,676	29,399,662
Statement of Profit or Loss and Other Comprehensive Income		
Total profit for the year	1,350,908	776,511
Total comprehensive income for the year	1,350,908	776,511

29. EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the financial 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.

30. COMPANY DETAILS

The registered office of the parent Company is:
Level 12, 225 George Street Sydney NSW 2000 Australia.

The principal place of business of the Group is:
Unit 3 24 Bishop Dunn Place Flatbush,
Auckland 2013 New Zealand.

Directors' Declaration

The directors of Zoono Group Limited declare that:

The consolidated financial statements and associated notes for the financial year ended 30 June 2021 are in accordance with the Corporations Act 2001 and:

a. comply with Accounting Standards and the Corporations Regulations 2001 and International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 2; and

b. give a true and fair view of the financial position of the Company as at 30 June 2021 and the performance of the Group for the financial year then ended.

2. The directors have received the declarations required by section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer.

3. In the opinion of the directors 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.

MR. PAUL HYSLOP
MANAGING DIRECTOR/CEO
26 August 2021

Auditor’s Independent Report

HALL CHADWICK (NSW)

ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR’S 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

Opinion

We have audited the accompanying financial report of Zoono Group Limited (the company) and controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and the directors’ declaration.

In our opinion the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the group’s financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the 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 the company, would be in the same terms if given to the directors as at the time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2021. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Auditor's Independent Report

HALL CHADWICK (NSW)

ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSSED THE KEY AUDIT MATTER
Revenue recognition *Refer to Note 4(r) "Revenue" and Note 5 "Revenue and other income"*	
Under the group's business model consideration is sometimes received before the sale of goods occurs and is recognised as deferred income. Revenue is subsequently recognised when the goods are delivered. We focused on this matter as a key audit matter as there is a risk that revenue may be recognised prior to the sale of goods.	Our procedures included, amongst others: • Obtained an understanding of the key controls in the revenue recognition cycle. • Obtained a sample of contracts and traced the terms and conditions to ensure that revenue was recognised in accordance with AASB 15 *Revenue from Contracts with Customers*. • Verified a sample of income in advance transactions to supporting documentation to ensure the revenue was earned and recognised in the correct accounting period. • Verified a sample of transactions on either side of the accounting period end to ensure they were recorded in the correct period.
Carrying value of goodwill *Refer to Note 4(j) "Impairment of assets", Note 11 "Intangible assets" and Note 26(a) "Acquisition of business"*	
In July 2020 pursuant to Memorandum of Understanding and Operating Agreement, the group had completed an acquisition of Zoono USA LLC resulting in goodwill of $5,677,544 being recognised at the acquisition date. The carrying amount of goodwill represents a substantial portion (20%) of the group's total assets as at 30 June 2021 which is subject to an impairment assessment in accordance with AASB 136 *Impairment of Assets*. The group's impairment assessment of the goodwill is considered a key audit matter as the valuation is judgemental and based on a number of assumptions, specifically cash flow projections, discount rates and terminal growth rates which are affected by future events and economic conditions.	Our procedures included, amongst others: • Reviewed management's assessment on determination of goodwill acquired in accordance with AASB 3 *Business Combinations*. • Assessed management's determination of the group's cash-generating units ("CGUs"). • Considered management's determination of fair value less cost of disposal based on recent acquisition completed with a third party in accordance with AASB 13 *Fair Value Measurement*. • Involved Hall Chadwick's valuation experts to evaluate the methodologies used by the group and to review the mathematical accuracy of the cash flow forecasts.

Auditor's Independent Report

HALL CHADWICK (NSW)

ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES

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

	• Evaluated management's key assumptions used in the cash flow forecasts to determine the recoverability of goodwill and agreed relevant data to supporting documents. • Performed sensitivity analysis around the key assumptions of growth rates and discount rate used in the cash flow forecasts and assessed the sensitivity and likelihood of a change of these assumptions that either individually or collectively would result in the non-current assets to be impaired or otherwise. • Assessed the adequacy of the group's disclosures in relation to the carrying value of goodwill.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Independent Report

HALL CHADWICK (NSW)

ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's Independent Report

HALL CHADWICK (NSW)

ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 20 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of 30 June 2021 for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick

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

DREW TOWNSEND
Partner
Dated: 26 August 2021

Additional Information for Publicly Listed Companies

The following information is current as at 10 August 2021.

DISTRIBUTION OF SHAREHOLDERS FULLY PAID ORDINARY SHARES HOLDINGS RANGES	NUMBER		
	HOLDER	NUMBERS	%
1-1,000	2,079	1,079,156	0.650
1,001-5,000	2,098	5,604,136	3.400
5,001-10,000	739	5,808,795	3.520
10,001-100,000	964	28,064,812	17.010
100,001- AND OVER	98	124,430,808	75.420
TOTALS	**5,978**	**164,987,707**	**100.000**

20 LARGEST SHAREHOLDERS

No.	Name	Number of Ordinary Shares Held	% of Issued Capital
1	PAUL RUSSELL HYSLOP & MARGARET JANE MORGAN & NPT MEG TRUSTEE LIMITED <MEG A/C>	59,558,000	36.098%
2	CITICORP NOMINEES PTY LIMITED	13,720,634	8.316%
3	MR EELCO WIERSMA & MRS BARBARA DIANE WIERSMA	5,660,466	3.431%
4	UBS NOMINEES PTY LTD	4,877,426	2.956%
5	NATIONAL NOMINEES LIMITED	4,327,150	2.623%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,831,448	1.716%
7	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	2,263,235	1.372%
8	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,744,281	1.057%
9	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,500,000	0.909%
10	WARBONT NOMINEES PTY LTD <ACCUMULATION ENTREPOT A/C>	1,442,216	0.874%
11	MR EELCO WIERSMA	1,269,112	0.769%
12	BNP PARIBAS NOMS PTY LTD <DRP>	1,090,771	0.661%
13	LEWIS ANDREW CRAIG MACKINNON	1,000,000	0.606%
14	MR MALCOLM MILNE SMITH	960,000	0.582%
15	WESTOR ASSET MANAGEMENT PTY LTD <VALUE PARTNERSHIP A/C>	927,995	0.562%
16	MR GLEN PAUL VANDENHOEK	866,901	0.525
17	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	830,784	0.504%
18	MS CHRISTINE MARY HOSKINS	763,249	0.463%
19	BISSAPP SOFTWARE PTY LTD <BISAPP SOFTWARE SF A/C>	630,860	0.382%
20	MR DAVID MAHER & MRS CLAUDIA MAHER <D & C MAHER S/F A/C>	627,605	0.380%
	TOTALS	**106,892,133**	**64.788%**

SUBSTANTIAL HOLDERS

The following shareholders are substantial holders:

Holder Name	Number of shares	Voting Power
Paul Russell Hyslop & Margaret Jane Morgan & NPT Meg Trustees Limited	59,558,000	36.10%
Regal Funds Management Pty Ltd	16,677,687	10.15%
Bank of America Corporation	9,614,106	5.85%

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. There are no other classes of equity securities.

Unmarketable Holders

There are 1,556 shareholders holding less than a marketable parcel of shares based on the closing price of AUD 0.64 on 9 August 2021 representing a total of 578,112 shares.

Restricted Securities

The Company does not have any restricted securities on issue.

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

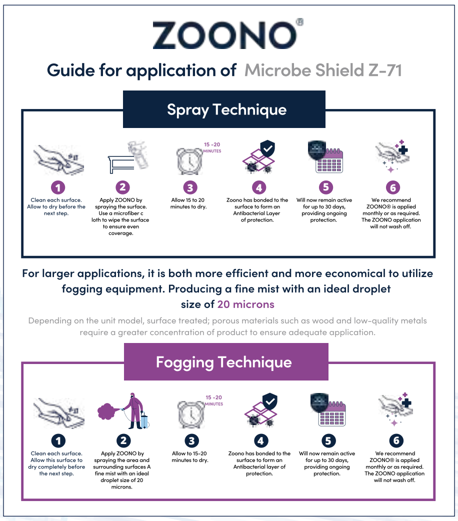
Registered Office
Level 12
225 George Street
Sydney, NSW, 2000
Ph: +61 2 8042 8481

Principal Place of Business
Unit 3 24 Bishop Dunn Place
Flatbush
Auckland 2013
New Zealand
Ph: +64 21 659 977
E: info@zoono.com

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

ASX Code
ZNO

Share Registry
Boardroom Pty Limited Level 12
225 George Street
Sydney, NSW, 2000
Telephone +61 2 9290 9600



THE COMPLETE ZOONO® PROGRAMME

1 **DAY-TO-DAY**
ZOONO® Hand Sanitiser

2 **WEEKLY**
ZOONO® Surface Sanitiser
ARTG LISTED

3 **MISTING**
ZOONO® Professional Sanitising Mist Treatment

Order online or contact us to speak to a ZOONO® representative.

www.zoono.com

ZOONO®