

Appendix 4E

Preliminary Final Report

1. Company details

Name of entity: Zoono Group Limited
 ABN: 73 006 645 754
 Reporting period: For the year ended 30 June 2022
 Previous period: For the year ended 30 June 2021

2. Results for announcement to the market

30 June 2022

Revenues from ordinary activities	Down	NZ\$18,118,519 (66.8%)	to	NZ\$9,015,083
Loss from ordinary activities after tax attributable to the owners of the Group	Down	NZ\$16,127,154 (340.8%)	to	(NZ\$11,394,684)
Loss for the year attributable to the owners of the Group	Down	NZ\$16,127,154 (340.8%)	to	(NZ\$11,394,684)

Dividend Information

Zoono Group has elected not to pay a dividend with respect to the 2022 year.

Comments

The loss for the Group after providing for income tax amounted to NZ\$12,086,484 (30 June 2021: Profit NZ\$4,633,236).

Refer to 'Financial Performance' in the attached annual report for further commentary on results.

3. Statement of Profit or Loss and Other Comprehensive Income with Notes to the Statement

Refer to page 20 of the 30 June 2022 financial report and accompanying notes for Zoono Group Limited.

4. Statement of Financial Position with Notes to the Statement

Refer to page 21 of the 30 June 2022 financial report and accompanying notes for Zoono Group Limited.

5. Statement of Changes in Equity with Notes to the Statement

Refer to pages 22 - 23 of the 30 June 2022 financial report and accompanying notes for Zoono Group Limited.

6. Statement of Cash Flows with Notes to the Statement

Refer to page 24 of the 30 June 2022 financial report and accompanying notes for Zoono Group Limited

7. Net tangible assets

	30 June 2022	30 June 2021
Net tangible assets per security	NZ\$0.06163	NZ\$0.09365

8. Control gained over entities

Refer to Note 26 of the 30 June 2022 financial report and the accompanying notes for Zoono Group Limited.

9. Loss of Control over entities

Not applicable.

10. Dividend

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

Zoono Group paid a dividend of A\$0.03 per share (unfranked) with respect to the 2020 year on 21 September 2020.

11. Dividend reinvestment plans

Not applicable.

12. Details of associates and joint venture entities

Not applicable.

13. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

14. Status of Audit

Details of audit dispute or qualification (if any):

The 30 June 2022 financial statements and accompanying notes for Zoono Group Limited have been audited and are not subject to any disputes or qualifications. Refer to pages 44 - 48 of the 30 June 2021 financial report for a copy of the auditor's report.

15. Attachments

Details of attachments (if any):

The Annual Report of Zoono Group Limited for the year ended 30 June 2022 is attached.

16. Signed

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

Paul Hyslop
Managing Director

Date: 25 August 2022

Zoono Group Limited

Annual
Report
2022

ZOONO[®]

ZOONO GROUP LIMITED
AND CONTROLLED ENTITIES
ABN 73 006 645 754

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2022



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ZOONO HEAD OFFICE NEW ZEALAND

ZOONO NEW ZEALAND FROM LEFT TO RIGHT:
WAYNE HERRIOTT, LEW MACKINNON, PIP HOBSON,
PAUL RAVLICH, JILL ZHENG, BARRY WOOLCOTT,
ROZANNE NIEMAND, DWAYNE DEAN, NADENE ERASMUS,
PAUL HYSLOP

Our Team



ZOONO UNITED KINGDOM



ZOONO UNITED STATES OF AMERICA

UK TEAM FROM LEFT TO RIGHT:
JAMAL MCCLEARY, ASHLEY MALPASS,
CRAIG DOOTSON, ELOISE DODMAN,
LYNSEY JOHNS, CHRIS BACKHOUSE,
JADE PALLETT, RICHARD BARRETT,
ANDREA HAMRE

USA TEAM FROM LEFT TO RIGHT:
CHEYENNE BENNETT, BARRY
WOOLCOTT, KIM BENNETT,
WAYNE HERRIOTT

GARRY WILSON
ZOONO SOUTH AFRICA



ZOONO UNITED ARAB EMIRATES
DENNIS MONTGOMERY





ZOONO NZ STAFF AT PLAY



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



DOMINIC STOREY
BUSINESS DEVELOPMENT
MANAGER AUSTRALIA



MICHAEL WOO AND LLOYD JONES
ASEAN AND CHINA MANAGERS



PAUL RAVLICH
CHIEF FINANCIAL OFFICER

CEO and MD Review

WE RECOGNISE THAT THESE LAST 12 MONTHS HAVE BEEN A CHALLENGING PERIOD FOR ZOOONO SHAREHOLDERS AND FIRSTLY, WANT TO THANK THOSE THAT CONTINUE TO SUPPORT US.

The recent global operating context has seen multiple unpredictable and demanding macroeconomic headwinds appear such as war, inflation, tightening monetary policy, labour availability and supply chain challenges. Further, end user demand remains remarkably high for some products and segments, while for others, it has dried up.

In 2007, Zoono set out to become an enduring business that enables healthier and safer environments, by challenging the status quo and successfully commercialising an innovative technology around the globe. This remains our ambition. We are not a 'pandemic' business and have never thought of ourselves as such. Economic cycles always create prosperous or challenging conditions, and as a management team, we try not to get too excitable during the upswings or too dejected during tougher periods.

Despite the recent difficulties, we know to focus on what we can control. To that end, we undertook a significant review of our strategy and business operations in the face of slowing demand. Key outcomes included improved clarity and renewed focus on our core markets and segments, refining our route to market, reducing overheads, and strengthening both the communication of

our value proposition and key strategic partnerships.

We remain laser focussed on executing our strategic plan, which is centred around three pillars – our people, our product application, and our partners. We believe these efforts will improve revenue generation, return us to profitability and result in appropriate shareholder returns. We provide further updates on our pillars below.

OUR PEOPLE

We have an enthusiastic, capable, and driven team helping us achieve our global growth aspirations. The Board has recognised that succession is a priority for our business and to that end, have made several key appointments to introduce new skills, capabilities, and additional energy into our business. Our notable new hires within the last 12 months include:

Barry Woolcott, CEO

After starting his career at Deloitte and then spending a decade working with and successfully leading an entrepreneurial group of export-oriented businesses, Barry joined Zoono in Oct. 2021, initially as acting Global GM, and then moving to CEO in April 2022, implementing a succession plan for founder Paul Hyslop. Barry strives to create collaborative, aligned, transparent and safe environments that encourage both individuals and organisations to achieve their potential and remains incredibly motivated by the medium to long term global growth opportunities within Zoono.

Wayne Herriott, Regional Manager Americas & Oceania

Wayne is an experienced and successful B2B sales leader with significant hygiene and chemical experience in large multi-national distribution businesses, having spent over a decade working within Kimberly-Clark and Ecolab. Wayne has a strong business acumen and loves new business acquisition, export market development, CRM integration and sales capability building.

Jill Zheng, China Business Development Manager

Jill is passionate about enabling innovative products and technology penetration within China. She has several years of experience advising clients and venture funds on the China market, playing a leadership role at AIESEC in China, and leading start-ups in China and New Zealand. Jill also holds an MBA from the University of Auckland.

Uli Dias, Global B2B Marketing Manager

Uli leads the development of data-driven, growth generating business insights and the development and implementation of market segmentation growth strategies. Uli has recently been responsible for implementing a groupwide CRM and completing a market segmentation project and has overall responsibility for maximising the effectiveness of B2B digital sales tools.

Julian Bartholet, UK Business Development Manager

Julian is a dynamic and charismatic leader with a passion for success and



BARRY WOOLCOTT
CEO



PAUL HYSLOP
MANAGING DIRECTOR

a record of winning and implementing profitable growth in both public and private businesses. Julian has experience in consultatively selling both service solutions and technical products in B2B multi-channel sectors to multinational facility management and hygiene businesses.

All our recent hires believe in Zoono's vision, are enthusiastic, growth-oriented and are a long-term investment in building capacity and capabilities.

OUR PRODUCT APPLICATIONS

We remain optimistic about the future of long-lasting antimicrobial coating technology. We believe our technology fundamentally offers a more sustainable and more cost-effective solution than incumbent offerings. We will continue to change habits, perceptions and grow market share across our core geographies (Oceania, Americas, UK, Europe, China) and markets (Facilities Management, Transportation, Education, Hospitality and Healthcare). We continue to be used by major global airlines and global hospitality businesses. Further, we are strongly positioned within the facilities management sector in our core geographies with multiple strategic partnerships assisting with our scaling efforts. Additional segments that are seeing significant positive activity include:

Packaging: We have run successful trials with companies in both the UK and South Africa to extend the shelf life of produce and continue to progress these commercialisation efforts.

Mould Remediation and Protection: We are relaunching our Mould Remediation and Protection products and feedback from customers to date has been incredibly supportive.

Animal Health: Our partners are making considerable progress with market penetration in both the UK and in the USA and expect this to become a consistent revenue stream in the coming months.

OUR PARTNERS

Most of our growth will come via our business-to-business solutions and we are clear that we must be best in class with our efforts to support and maximise the benefits of key partnerships.

With international travel opening up, our senior leadership team is travelling extensively into our key markets to drive initiatives, strengthen relationships and identify growth opportunities. We are doubling down on successful relationships and proactively addressing historical partnerships that are no longer meeting expectations or delivering value.

In the UK and France, we are in the process of appointing two major FM distributor partners as master distributors and with their support expect substantial revenue growth in these markets.

NEXT STEPS

Our business remains well capitalised with a strong balance sheet and well supported by major shareholders. Over the next 12 months, we are focussed on right-sizing our business model to drive sales growth, further strengthening, and

maximising the benefit of established partnerships, improving market penetration in core geographies, and developing and improving revenue streams in new segments.

Thank-you to all Zoono shareholders, staff, and stakeholders. We are working hard to maximise the potential of our products and returns to shareholders and, while we recognise the volatility of our recent journey, we are well positioned to continue to capitalise on opportunities into the future. We look forward to keeping you informed on progress during the coming year.

BARRY WOOLCOTT
CEO

PAUL HYSLOP
MANAGING DIRECTOR

Directors' Report

YOUR DIRECTORS PRESENT THEIR REPORT ON ZOO NO GROUP LIMITED ('COMPANY') AND ITS CONTROLLED ENTITIES (TOGETHER CALLED THE 'GROUP' OR THE 'CONSOLIDATED ENTITY') FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022. 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 loss of NZ\$12,086,484 (2021: NZ\$4,633,236 profit) 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.

However, the general over-supply and over-stocking of products which are now being less used than at the height of the pandemic, has materially reduced customer demand and changed customer sentiment.

UK & Europe

Following a successful French trial with Keolis Group, one of the world's leading public transport operators servicing over three billion passengers annually, Zoono has now been rolled out into 27 districts in France with an expectation of its use in other Keolis operated transportation systems in Europe and globally.

France is continuing to look at opportunities with several major new customers expected to be signed this quarter.

In Germany, new resellers have been appointed.

Zoono continues to expand its use in UK schools. Following an exhibit at the Independent Association of Prep Schools Heads Conference, Zoono received its first order from the UK Independent Schools Examining Board (ISED); it intends to provide 50mL Z71 and GF24

Hand Sanitiser to all attendees to their workshops and training courses over the coming year.

The UK Public Transport continues to use Zoono products and new three-year contracts are currently being discussed.

The Company recently concluded an independent and significant trial in a major hospital in Hungary. The results were very encouraging. Despite bed occupancy rates above 90%, Clostridioides infections fell by 23% in the first month and by 77% in the second month, with none of Vancomycin Resistant Enterococcus, MRSA or Extended Spectrum Beta-Lactamase detected at the test sites after surface treatment by Zoono. Within the hospital, the reductions led to improvements in antibiotic consumption and mortality rates, reductions in the need to use extra protective clothing and reductions in cleaning costs and nursing time.

While there is much work to be done in this sector, which will take time and resources, the Company is optimistic about the potential for adoption and use of its products within the medical sector.

USA and Americas

We have now received notification that we have been approved to be on the Environmental Protection Agency (EPA) List N: Disinfectants for COVID-19.

Middle East and Africa (MENA)

The MENA region has been disappointing this year, but we have new distributors coming on board, and we will work closely with them to ensure an uplift in sales occurs.

Kuwait is performing well, with a further US\$200K order to be placed in September and other countries in the region are being targeted, with assistance from the New Zealand Trade and Enterprise, to locate suitable distribution partners.

Expo 2020 Dubai, postponed due to COVID, commenced on the 1st October 2021 and ran for six months to 31st March 2022. Zoono products have been used to protect various pavilions at this event.

Following the success of a product trial undertaken in conjunction with a leading South African corrugated cardboard packaging manufacturer (to ascertain if Zoono Z71 will prevent black mold from growing on cardboard used in packaging), further packaging manufacturers are now being pursued.

China

Following the incorporation of a wholly owned subsidiary in China, Chinese Government business has opened up to the Company and Zoono is now working with several State Owned Enterprises.

In addition to this, Zoono's Chinese subsidiary has signed many new customers in childcare, airlines, public transport and hotel chains.



Hong Kong and Singapore continue to order on a regular basis, mainly through our reseller partners, Rentokil Initial.

Zoono has also started selling product directly to Cathay Pacific and the HK Jockey Club.

In China, ZOONO China continues to strengthen its relationship with China Southern Airlines and, in what is hoped to be the forerunner of broader industry use, the Company is working with China's largest disinfection robot manufacturer to jointly launch the 'ZOONO automatic disinfection robot'.

Robots are currently being trialed at Beijing Daxing International Airport and Guangzhou Baiyun International Airport to sanitise public areas.

Australia/New Zealand

Sales growth has continued through existing channels and distributors in both countries, with an uptake in interest from ride share and the health sectors. Further outbreaks and lockdowns have also resulted in a renewed focus on preventative measures, with the air and transport sectors (especially for military and FIFO personnel) a current focal point.

Morecroft Contractors Limited, an Auckland based specialist in occupational hygiene and wellbeing services, specifically in education, hospitals, warehouses and offices, became a Zoono preferred service provider during the year. Morecroft has purpose- built equipment designed to deliver Zoono Z-71 as efficiently as possible though both ultra-low volume fogging (for large open spaces) and electrostatic spraying (for spaces with objects/equipment in them).

Zoono has now successfully implemented its Authorised Reseller and Authorised Service Provider programs in Australia and New Zealand. The programs assist resellers to be readily able to supply Zoono products to their customers as demand continues. Zoono's Authorised Service providers service clients such as: Spotless Facilities, IKON Services, Delta FM, Woolworths, Cirka, JetStar and Qantas.

Qantas has increased its orders of individually packaged Zoono wipes. A second production line to package individual wet wipes has now been initiated as travel opens up to international routes.

Zoono has also been working with Woollahra Group in Western Australia. Woollahra Group is a 100% indigenous owned manufacturer and distributor

of cleaning, paper and other products and services into the mining sector. Woollahra Group are purchasing Zoono's Z-71 Microbe Shield in pallets of 5 litre containers on a monthly basis.

NEW DISTRIBUTORS/ NEW SUPPLY AGREEMENT

- Zoono has recently entered into two new exclusive distribution agreements, one for Brazil and the other for Saudi Arabia/Bahrain. Zoono is seeking to appoint distributors in markets in which it does not have a presence and which cannot be readily serviced from any of the Group's regional offices.
- The exclusive distribution agreement for Brazil is with Star Pharma Distributorade Medicamentos e Correlatos LTDA (Star Pharma). Star Pharma is a pharmaceutical company which specialises in the distribution of perfumes and medicines in Brazil.
- Star Pharma is currently seeking the required registrations (ANVISA and MAPA) for the sale of Zoono's Z-71 Surface product in Brazil. Once these registrations are received, Star Pharma is committed to an initial order of NZ\$3.5M. Further orders totaling NZ\$3.5M are expected to be placed over the next year.
- The particular focus of Star Pharma will be in the animal health and hygiene sectors where it has distribution agreements into all major Farming operations in Brazil.
- The new exclusive distribution agreement for Saudi Arabia and Bahrain is with Lazem International Company (Lazem). Lazem specialises in providing occupational health and safety services to international standards in Saudi Arabia and Bahrain. Lazem have placed and paid for an initial order for NZ\$250K and a further order of NZ\$220K is being delivered in Q1 FY23.



New Business Opportunities

MOULD REMEDIATION - TRANSPORTATION OF FRESH PRODUCE

Development is also continuing in the packaging industry and in the sanitization of shipping containers. The Company is part of several further trials in these areas, with initial trials being completed in February 2022. Consistent with these initiatives, a fruit packaging company based in South Africa that ships worldwide, has signed an agreement to have all of its packaging treated with Zoono Z-71.

BUILDING SANITIZATION (USING EXISTING AIR-CONDITIONING INFRASTRUCTURE)

Zoonex Systems, which has partnered with Astrea, a London-based asset manager, is progressing with the roll out of an antimicrobial system which is designed to dramatically improve air quality within buildings. The equipment, which is a first in the UK, uses Zoono products within building ventilation systems to reduce micro-organism counts and is designed to effectively

turn building HVAC systems into a 'viral defense mechanism for the buildings.

LEGAL CLAIMS

The proceedings initiated by Sky Scrapers General Trading LLC (Sky Scrapers) following the Company's decision in 2020 to terminate its Distribution Agreement for the UAE and Oman has been resolved by mutual agreement of the parties in December 2021.

In practical terms, in return for the payment of US\$700,000 to Sky Scrapers (split 50:50 between cash and shares), which will be partially offset by the return of all stock currently held by Sky Scrapers, the Company has re-acquired complete control of the distribution of its products in the Region.

While the Company does not accept that it had any liability to Sky Scrapers for termination of its Distribution Agreement, and had in fact initiated a sizeable counterclaim, the Company was persuaded to settle the claim to give certainty to its position in the Region and to avoid the significant management time and further legal costs which going to trial would undoubtedly involve.

The Company now has the option to run the region directly or appoint a new

distributor and is already in negotiations with several parties.

NEW CEO

Following an extensive executive search, Mr. Woolcott joined Zoono in September 2021, initially as Global General Manager, with the intention that, at a mutually agreed date, he would assume the role of Chief Executive Officer, which occurred on April 1 2022.

Commenting on the appointment, Managing Director and major shareholder, Mr. Paul Hyslop, said "The Board is delighted to confirm Barry's appointment as CEO."

"Since joining the Company, Barry has been focussed on strategy development and project delivery. He is uniquely positioned to understand the challenges and opportunities that face Zoono. Barry has proven leadership capabilities and I look forward to working with him to grow our Company."

"Our priorities in selecting a new CEO were to identify someone who could lead the Company through a transformational growth phase and guide the Company's targeted global activities. Equally critical was a demonstrated ability to develop the Company's capabilities and culture to

suit the evolving business environment.”

Mr. Woolcott said he was excited to have the opportunity to lead Zoono.

“Zoono is a great company with a fantastic product range and an exciting future. I look forward to working with the management team to transform the way we work as we look to continually improve and evolve.”

Prior to joining Zoono, Mr. Woolcott developed his management capabilities through 7 years at Deloitte and, more recently, 13 years (the last 8 as Group CEO) at Jacobsen Holdings, a privately owned group of New Zealand based companies.

Mr. Woolcott holds a Bachelor of Commerce with Honours from Queens University, Kingston, Ontario and an MBA from Auckland University.

Importantly for Zoono, Mr Hyslop will continue to be actively engaged in the business, both as an executive with an emphasis on major customers and new projects and as an on-going member of the Board.

THE FOCUS

The Company’s strategy remains laser focused on creating long-term sustainable growth which produces consistent, maintainable and growing returns to the shareholders. The key initiatives to support these efforts include:

- prioritisation of opportunities offering the greatest potential for long-term value creation (which, by definition, must include better identifying those market sectors and products where the Company believes it has a material commercial advantage);
- determining how the Company can best leverage its opportunities and tailor its messages for the different market segments;
- growing existing key customers and revenue streams in each of the Company’s core markets; and
- supporting the commercialisation efforts of our strategic partners (ZOONO Animal Health and ZOONEX).

We remain optimistic about the future of long-lasting antimicrobial coating technology. We believe our technology fundamentally offers a more sustainable and more cost-effective solution than incumbent offerings. We will continue to change habits, perceptions and

grow market share across our core geographies (Oceania, Americas, UK, Europe, China) and markets (Facilities Management, Transportation, Education, Hospitality and Healthcare). We continue to be used by major global airlines and global hospitality businesses. Further, we are strongly positioned within the facilities management sector in our core geographies with multiple strategic partnerships assisting with our scaling efforts. Additional segments that are seeing significant positive activity include:

Packaging: We have run successful trials with companies in both the UK and South Africa to extend the shelf life of produce and continue to progress these commercialisation efforts.

Mould Remediation and Protection: We are relaunching our Mould Remediation and Protection products and feedback from customers to date has been incredibly supportive.

Animal Health: Our partners are making considerable progress with market penetration in both the UK and in the USA and expect this to become a consistent revenue stream in the coming months.

Despite the recent difficulties, we know to focus on what we can control. To that end, we undertook a significant review of our strategy and business operations in the face of slowing demand. Key outcomes included improved clarity and renewed focus on our core markets and segments, refining our route to market, reducing overheads, and strengthening both the communication of our value proposition and key strategic partnerships.

Financial Performance

In the 12 months to 30 June 2022, the Group experienced a decrease in revenue of NZ\$18,118,519 (66.8% decrease) to NZ\$9,015,083 compared to previous year, largely caused by COVID, disruptions around the world and an overordering of product in April 2020.

Gross profit achieved was NZ\$5,061,016 (56.1% of revenue) in the current year compared to NZ\$16,101,989 (59.3% 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\$7,561,557 (74.1% increase) compared to FY21 primarily as a result of Impairment of goodwill of NZ\$6,393,862 for the US entity, and NZ\$1.7m of legal and consultancy costs for the Sky Scraper settlement. Without these one-off costs, operating expenses would have decreased by NZ\$532,305 compared to the previous year (5.2% decrease).

The consolidated Group net loss after tax for the year was NZ\$12,086,484 compared to a profit of NZ\$4,633,236 in the previous year. Without the one-off impairment of goodwill costs of NZ\$6,393,862 and the Sky Scraper costs of NZ\$1.7m, the net loss after tax would have been NZ\$3,992,622 for the year.

CAPITAL MANAGEMENT

Operating cash flow was a net cash outflow of NZ \$1,040,431 in the current year, a decrease of NZ\$2,523,852 on the previous year.

This was predominately due to lower cash receipts for the year, lower staff costs of NZ\$692,153 due to a decrease in headcount, offset by an increase in professional fees of NZ\$2,242,193 primarily as a result of the settlement of the Sky Scraper claim.

The Group ended the year with NZ\$3,659,365 in cash reserves compared to NZ\$4,899,929 in the previous year, a decrease of NZ\$1,240,564 primarily due to an increase in professional fees (legal and consultancy fees) of NZ\$1.7 million relating to the Sky Scraper claim.

DIVIDENDS

No dividends 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\$9.0m -66.8% (FY21: NZ\$27.1m)
- EBITDA loss: NZ\$12.3m -294.0% (FY21: NZ\$6.3m profit)

BALANCE SHEET

The Group continues to maintain a strong balance sheet position with net assets of NZ\$10.3m compared to the prior period of NZ\$21.1m.

EMPLOYEE OPTIONS

During the year, employee options of 5,900,000 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

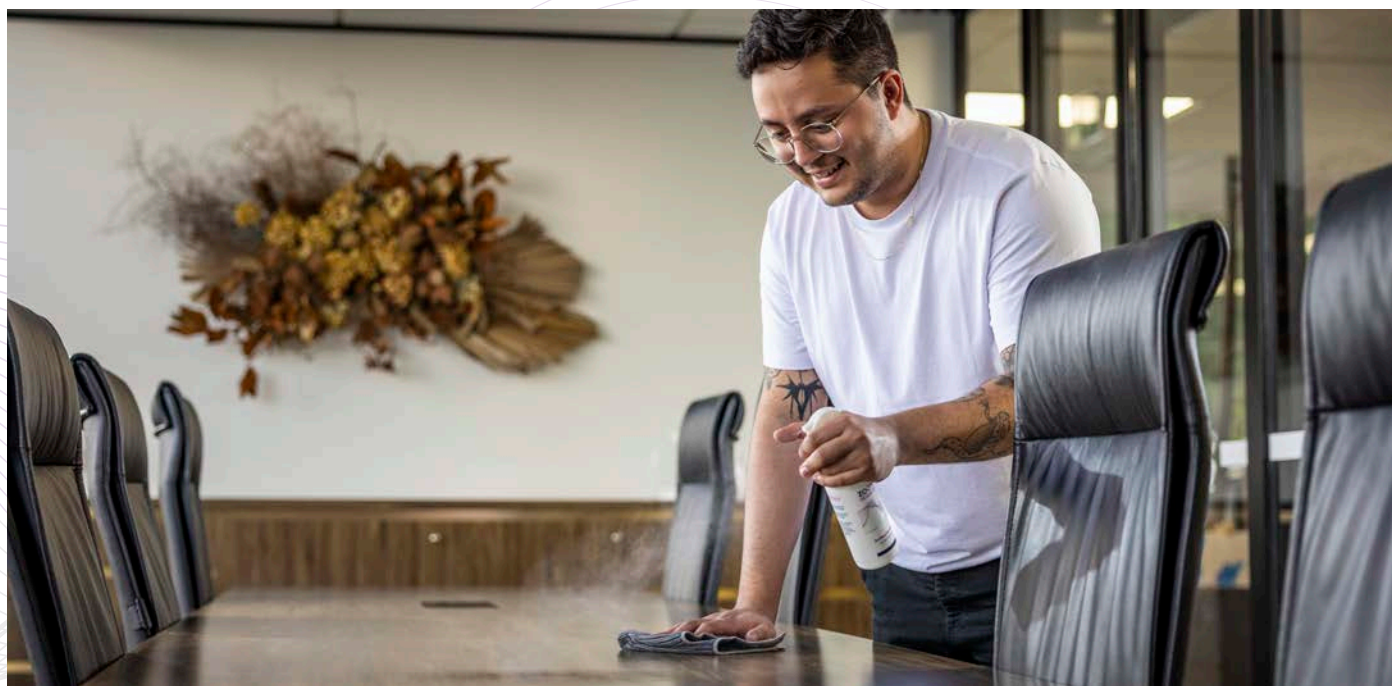
The consolidated entity will continue its strategy to focus on the progressive expansion of the sale and marketing of its product line.

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.



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 20 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 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)

Non-executive Director, Aeeris Limited (appointed May 2022)

MEETINGS OF DIRECTORS

The number of board meetings of Zoono Group Limited directors held during the financial year ended 30 June 2022, 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 and 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\$196,320 have been paid or accrued by the Group.

REGULATION

Zoono and its 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 jurisdiction's 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 was an EPA issue with the USA entity that arose during the 12 months to 30 June 2022, explained explained under Note 14 in the financial statements.

PROCEEDINGS ON BEHALF OF THE GROUP

The claim by Qingdao Zoono Biotech Ltd (QZB) has been dismissed by order of the Court for failure on the part of QZB to comply with Court orders relating to security costs and to otherwise take action to pursue its claim. Please refer to the Annual Report 2021 for further information.

The proceedings initiated by Sky Scrapers General Trading LLC (Sky Scrapers) following the Company's decision in 2020 to terminate its Distribution Agreement for the UAE and Oman has been resolved by mutual agreement of the parties.

In practical terms, in return for the payment of US\$700,000 to Sky Scrapers (split 50:50 between cash and shares), which will be partially offset by the return of all stock currently held by Sky Scrapers, the Company has re-acquired complete control of the distribution of its products in the Region.

While the Company does not accept that it had any liability to Sky Scrapers for termination of its Distribution Agreement, and had in fact initiated a sizeable counterclaim, the Company was persuaded to settle the claim to give certainty to its position in the Region and to avoid the significant management time and further legal costs which going to trial would undoubtedly involve.

The Company now has the option to whether to run the region directly or appoint a new distributor and is already in negotiations with several parties.

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

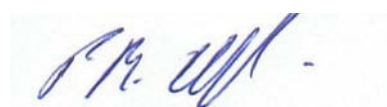
The directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence 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 2022.

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 2022.

Signed in accordance with a resolution of the directors.



PAUL HYSLOP
MANAGING DIRECTOR

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's 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 2021 - 30 JUNE 2022 \$	1 JULY 2020 - 30 JUNE 2021 \$
Base Fee		
Non-executive directors	\$88,584 ¹	\$84,913 ¹

NOTES:

1. The net annual fee paid was AU\$80,000 and has been converted at an average exchange rate of 1.1073 (2021: 1.0614).

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.

Paul Hyslop	-	Managing Director
Barry Woolcott	-	Group Chief Executive Officer
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 2022								
Executive directors								
Paul Hyslop ¹	465,000	-	-	-	-	465,000	-	-
Non-Executive directors								
Don Clarke	88,584	-	-	-	-	88,584	-	-
Elissa Hansen	88,584	-	-	-	-	88,584	-	-
Other key management personnel								
Barry Woolcott	161,853	-	-	-	54,002	215,855	-	25.02%
Lew MacKinnon	166,121	10,000	-	-	11,499	187,620	5.33%	6.13%
Paul Ravlich	246,357	20,000	-	6,102	11,499	283,958	7.04%	4.05%
Total	1,216,499	30,000	-	6,102	77,000	1,329,601	2.26%	5.79%

¹ 1. Managing Director's fee was reduced to a fee of NZ\$300,000 per annum, effective from June 1 2022.

	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%

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
 Fee: \$300,000
 Term: Two years
 Review: Annually

BARRY WOOLCOTT

CHIEF EXECUTIVE OFFICER

Employment Conditions

Commencement Date: 1 April 2022
 Fee: \$360,000
 Term: One year
 Review: Annually

LEW MACKINNON

CHIEF OPERATIONS OFFICER

Base Remuneration: \$120,000
 Other Benefits: Car allowance

Employment Conditions

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

Share options of 175,000 were issued on 19 November 2021, exercisable at A\$0.65 and expiring 1 November 2025.

PAUL RAVLICH

CHIEF FINANCIAL OFFICER

Base Remuneration: \$240,000
 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 175,000 were issued on 19 November 2021, exercisable at A\$0.65 and expiring 1 November 2025.

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

The resolution to adopt Zoono Group Limited's Remuneration Report for the financial year ended 30 June 2021 was passed by way of a poll with a 98.22% '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



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

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

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Zoono Group Limited. As the lead audit partner for the audit of the financial report of Zoono Group Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

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

DREW TOWNSEND
Partner
Dated: 25 August 2022

Consolidated Statement of Profit and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	NOTES	2022 NZ\$	2021 NZ\$
Revenue	5	9,015,083	27,133,602
Cost of sales		(3,954,067)	(11,031,613)
Gross profit		5,061,016	16,101,989
Other revenue	5	294,551	366,333
Administration expenses		(1,822,080)	(1,059,598)
Depreciation and amortisation expenses		(310,027)	(359,829)
Directors' fees		(174,989)	(169,825)
Employee costs		(2,269,818)	(2,961,971)
Finance costs		(74,532)	(75,221)
Management fees		(465,000)	(480,000)
Professional fees		(4,116,065)	(1,873,872)
Share based payments		(241,545)	(299,991)
Selling and distribution expenses		(757,590)	(1,399,278)
Marketing expenses		(947,167)	(660,097)
Listing expenses and other acquisition costs		(91,837)	(94,503)
Compliance costs		(34,620)	(104,601)
Impairment of goodwill		(6,393,862)	-
Other expenses		(361,012)	(1,031,583)
Loss before income tax		(12,704,577)	5,897,953
Income tax benefit	7	618,093	(1,264,717)
Loss after income tax	6	(12,086,484)	4,633,236
Other comprehensive income/(loss):			
Exchange differences on translation of foreign operations		285,130	104,641
Total other comprehensive income/(loss)		285,130	104,641
Total comprehensive income/(loss)		(11,801,354)	4,737,877
Profit/(Loss) attributable to:			
Owners of the parent entity		(11,394,684)	4,732,470
Non-controlling interest		(691,800)	(99,234)
		(12,086,484)	4,633,236
Total comprehensive income/(loss) attributable to:			
Owners of the parent entity		(11,095,466)	4,838,912
Non-controlling interest		(705,888)	(101,035)
		(11,801,354)	4,737,877
Earnings per share attributable to the ordinary equity holders of the company			
Basic earnings per share (cents)	23	(6.82)	2.89
Diluted earnings per share (cents)	23	(6.82)	2.87

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	NOTES	2022 NZ\$	2021 NZ\$
CURRENT ASSETS			
Cash and cash equivalents	22(a)	3,659,365	4,899,929
Trade and other receivables	8	998,197	5,295,956
Inventories	9	12,870,420	12,863,790
Other assets	13	329,370	195,875
TOTAL CURRENT ASSETS		17,857,352	23,255,550
NON-CURRENT ASSETS			
Plant and equipment	10	666,762	737,064
Intangible assets	11	5,618	5,693,781
Right of use assets	12	1,046,069	2,015,266
TOTAL NON-CURRENT ASSETS		1,718,449	8,446,111
TOTAL ASSETS		19,575,801	31,701,661
CURRENT LIABILITIES			
Trade and other payables	14	1,907,810	2,213,445
Lease liabilities	12	164,747	342,527
Current tax liabilities		106,506	687,076
Provisions	15	58,008	92,886
TOTAL CURRENT LIABILITIES		2,237,071	3,335,934
NON-CURRENT LIABILITIES			
Lease liabilities	12	946,496	1,732,334
Provisions	15	6,130,559	5,559,467
TOTAL NON-CURRENT LIABILITIES		7,077,055	7,291,801
TOTAL LIABILITIES		9,314,126	10,627,735
NET ASSETS		10,261,675	21,073,926
EQUITY			
Issued capital	16	13,723,690	12,841,407
Reserves		502,336	96,298
Accumulated profits		(3,157,428)	8,237,256
Equity attributable to owners of the parent entity		11,068,598	21,174,961
Non-controlling interest		(806,923)	(101,035)
TOTAL EQUITY		10,261,675	21,073,926

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		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
Transactions 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 Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		ISSUED CAPITAL		RESERVES	ACCUMULATED LOSS	NON- CONTROLLING INTEREST	TOTAL
	NOTE	ORDINARY SHARES NZ\$		FOREIGN CURRENCY TRANSLATION NZ\$	SHARE BASED PAYMENT RESERVE NZ\$		NZ\$
Balance at 1 July 2021		12,841,407		(356,724)	453,022	8,237,256	(101,035) 21,073,926
Profit/(loss) for the year		-		-	-	(11,394,684)	(691,800) (12,086,484)
Other comprehensive income for the year		-		299,218	-	-	(14,088) 285,130
Total comprehensive income for the year		-		299,218	-	(11,394,684)	(705,888) (11,801,354)

Transactions with owners in their capacity as owners:

Shares issued	16	747,558		-	-	-	- 747,558
Transfer from reserve on exercise of options	16	134,725		-	(134,725)	-	- -
Share based payments	17	-		-	241,545	-	- 241,545
Total transaction with owners		882,283		-	106,820	-	- 989,103
Balance at 30 June 2022		13,723,690		(57,506)	559,842	(3,157,428)	(806,923) 10,261,675

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	NOTES	2022 NZ\$	2021 NZ\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		14,226,466	30,675,724
Payments to suppliers and employees		(15,298,542)	(24,889,872)
Interest received		-	103,038
Finance cost		(1,793)	(75,221)
Income taxes paid		33,438	(4,330,248)
Net cash (used in)/provided by operating activities	22(b)	(1,040,431)	1,483,421
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for plant and equipment and intangible assets		(24,034)	(585,947)
Payments for acquisition of business	15	(95,295)	(765,405)
Net cash used in investing activities		(119,329)	(1,351,352)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from the exercise of options		211,258	166,612
Repayment of borrowings and lease liabilities		(272,232)	(258,531)
Dividends paid		-	(5,095,400)
Net cash used in financing activities		(60,974)	(5,187,319)
Net decrease in cash held		(1,220,734)	(5,055,250)
Effects of foreign exchange on cash balances		(19,830)	(368,037)
Cash and cash equivalents at beginning of year		4,899,929	10,323,216
Cash and cash equivalents at end of year	22(a)	3,659,365	4,899,929

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 2022 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 2022 were approved and authorised for issue by the board of Directors on 25 August 2022.

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.

Going concern

Notwithstanding the group incurred a loss after tax of \$12,086,484 and net cash outflows from operating activities

of \$1,040,431 for the year ended 30 June. The financial report has been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In making this assessment, the directors have considered:

- The group held cash and cash equivalents of \$3,659,365 as at 30 June 2022;
- The plans and forecasts reviewed by the directors for the next twelve months anticipate the business will continue to produce improved results;
- Effective working capital management including the ability to control and scale back any expenditures and commitments to conserve cash resources if required.

The directors therefore are of the opinion that the group will be able to pay its debts as and when they become due and payable, and no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

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

AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021

The Group has applied AASB 2021-3: Amendments to Australian Accounting Standards – COVID-19-Related Rent

Concessions beyond 30 June 2021 this reporting period.

The amendment amends AASB 16 to extend by one year, the application of the practical expedient added to AASB 16 by AASB 2020-4: Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications.

AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

The Group has applied AASB 2020-8 which amends various standards to help listed entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity:

- will not have to derecognise or adjust the carrying amount of financial statements for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

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.

The group has made a full impairment for US goodwill on the basis of the disruption to the business with the EPA settlement and the directors are of the view that the full amount of goodwill was no longer warranted.

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 2022.

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 DEPRECIATION FIXED ASSET	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

(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

Financial assets and financial liabilities are recognised when the Group becomes 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 (FVTPL), 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	
	2022 NZ\$	2021 NZ\$
Revenue from operating activities		
Operating activities		
- Revenue from sale of goods	9,015,083	27,133,602
Total revenue from operating activities	9,015,083	27,133,602
Other income		
- Dividends received	303	280
- New Zealand Trade & Enterprise	-	73,498
- Interest received	4,905	17,980
- Expenses recovery	289,343	274,575
Total other income	294,551	366,333

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	
	2022 NZ\$	2021 NZ\$
Profit before income tax has been determined after:		
Depreciation	299,408	336,440
Amortisation	10,619	23,389
Expected credit loss allowance	688,382	654,636
Salary costs (including directors' fees and management fees)	2,909,807	3,611,796
Interest on borrowings	74,532	75,221
Net foreign exchange (gains)/ losses	(100,537)	352,398

AASB 16 related amounts recognised in the statement of profit or loss

Depreciation charge related to right of use assets	205,072	258,202
Interest expense on lease liabilities	72,739	70,560
Variable lease payment expense	-	29,122

7. INCOME TAX

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

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
Prime facie tax payable on profit/(loss) before income tax at 28% (2021: 28%)	(3,557,281)	1,651,427
Add: tax effect of:		
- Other assessable and non-allowable items	23,976	(217,631)
- Goodwill impairment non-allowable	1,790,281	-
- Net of current year tax losses not recognised and deductible items	1,049,339	20,105
- Deferred tax losses not recognised in accounts	524,264	17,317
- Utilisation of carry-forward losses	-	(691,568)
- Effect of foreign exchange rates and different tax rates	(448,672)	485,067
Income tax expense/(benefit)	(618,093)	1,264,717

ct 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\$1,355,212 to 30 June 2022.

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	
	2022 NZ\$	2021 NZ\$
Trade receivables	1,289,967	5,733,906
Provision for expected credit loss	(642,029)	(672,625)
	647,938	5,061,281
Net GST/VAT receivable	267,105	214,245
Other receivables	83,154	20,430
	998,197	5,295,956

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 2022 and 30 June 2021.

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\$
2022					
Expected Loss Rate	0.2%	0.18%	0.3%	99.3%	
Trade and term receivables	210,810	326,368	107,593	645,196	1,289,967
Provision	(421)	(594)	(322)	(640,692)	(642,029)
Total	210,389	325,774	107,271	4,504	647,938
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

9. INVENTORIES

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
Finished goods at cost	12,870,420	12,863,790
	12,870,420	12,863,790

10. PLANT AND EQUIPMENT

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
Plant and equipment:		
Plant and equipment at cost	739,552	730,646
Accumulated depreciation	(140,912)	(72,212)
	598,640	658,434
Furniture and equipment:		
Furniture and equipment at cost	81,508	82,230
Accumulated depreciation	(43,074)	(34,500)
	38,434	47,730
Computer equipment:		
Computer equipment at cost	80,422	65,294
Accumulated depreciation	(50,734)	(34,394)
	29,688	30,900
Total Plant and Equipment	666,762	737,064

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 2021	658,434	47,730	30,900	737,064
Additions	8,906	-	15,128	24,034
Disposals – written down value	-	(722)	-	(722)
Depreciation expense	(68,700)	(8,574)	(16,340)	(93,614)
Carrying amount at 30 June 2022	598,640	38,434	29,688	666,762

	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

11. INTANGIBLE ASSETS

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
Trademarks and patents:		
Trademarks and patents at cost	150,220	150,220
Accumulated amortisation	(150,220)	(142,972)
	-	7,248
Website Development:		
Website development at cost	78,450	78,450
Accumulated amortisation	(72,832)	(69,461)
	5,618	8,989
Goodwill (net of impairment)	-	5,677,544
Total Intangible Assets	5,618	5,693,781

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	WEBSITE DEVELOPMENT	GOODWILL	TOTAL
	NZ\$	NZ\$	NZ\$	NZ\$
Balance as at 1 July 2020	7,248	8,989	5,677,544	5,693,781
Amortisation expense	(7,248)	(3,371)	-	(10,619)
Foreign exchange	-	-	716,318	716,318
Impairment expense	-	-	(6,393,862)	(6,393,862)
Carrying amount at 30 June 2022	-	5,618	-	5,618

12. LEASES

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
a. Right of use assets		
Buildings	1,046,069	2,015,266
	1,046,069	2,015,266
b. Lease liabilities		
Current	164,747	342,527
Non-current	946,496	1,732,334
	1,111,243	2,074,861

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	EQUIPMENT AND MOTOR VEHICLES	TOTAL
	NZ\$	NZ\$	NZ\$
Balance at 1 July 2021	2,015,266	-	2,015,266
Additions/(Disposals)	(764,125)	-	(764,125)
Depreciation expense	(205,072)	-	(205,072)
Carrying amount at 30 June 2022	1,046,069	-	1,046,069

	BUILDINGS	EQUIPMENT AND MOTOR VEHICLES	TOTAL
	NZ\$	NZ\$	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

13. OTHER ASSETS

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
Prepayments	329,370	195,875
	329,370	195,875

14. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
Trade creditors	914,044	1,217,887
Sundry creditors and accruals	234,742	259,090
Other payables	380,535	445,226
Income in advance	378,489	291,242
	<u>1,907,810</u>	<u>2,213,445</u>

The Group has reached a settlement for a fine by the EPA in America for US\$120,000 for breaches by Zoono Holdings USA LLC, which has been provided for in the financial statements. The fine arose from actions instigated by its former distributor, Zoono USA LLC for misleading product claims, which inadvertently carried over when the business was acquired in July 2020.

15. PROVISIONS

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
Current		
Employee benefits	58,008	92,886
	<u>58,008</u>	<u>92,886</u>
Non-current		
Contingent consideration	6,130,559	5,559,467
	<u>6,130,559</u>	<u>5,559,467</u>

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 15% royalty charge is payable quarterly on revenue earned. The directors have assessed the achievement of the sales target may occur and therefore presented the consideration payable as a non-current liability.

A payment of NZ\$95,295 has been made to Zoono USA LLC this financial year.

16. ISSUED CAPITAL

	2022 NO. SHARES	2021 NO. SHARES	2022 NZ\$	2021 NZ\$
(a) Issued shares:	164,237,707	163,612,707	12,841,407	12,461,800
Beginning of the year				
Issued during the year:				
Shares issued	1,098,998	-	536,300	-
Exercise of options	1,075,000	625,000	345,983	379,607
End of the year	<u>166,411,705</u>	<u>164,237,707</u>	<u>13,723,690</u>	<u>12,841,407</u>

Holders of ordinary shares are entitled to participate in dividends when declared and are entitled to one vote per share, either in person or by proxy, at shareholder meetings. In the event of 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 requirements.

The Group's capital includes ordinary share capital share options and reserves.

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	
	2022 NZ\$	2021 NZ\$
(a) Foreign currency translation reserve		
Balance at beginning of year	(356,724)	(463,166)
Exchange differences on translation of foreign operations	299,218	106,442
Balance at end of year	(57,506)	(356,724)

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**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 2021, 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\$0.65. 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 19 November 2021, Zoono granted senior management and staff 1,900,000 options, vesting on 1 November 2022, exercisable at A\$0.65 and expiring on 1 November 2025.

On April 1 2022, Zoono granted the CEO 4,000,000 options which will vest in two tranche of 2,000,000 options each in June 2024 and June 2025 respectively.

During the year, 1,075,000 options were exercised. The Group has 6,200,000 share options on issue at year end (2021: 1,375,000).

18. REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$

Amounts received or due and receivable by the auditors for:

- the review and the audit of the financial reports for the consolidated group

88,851	73,000
88,851	73,000

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 not aware of any claims against the Company as at the date to which these financial statements are signed.

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	
	2022 NZ\$	2021 NZ\$
Short-term employee benefits	1,246,499	996,241
Other benefits	6,102	16,431
Share based payments	77,000	127,496
	<u>1,329,601</u>	<u>1,140,168</u>

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 of Zoono Group and provides consulting services to the Group. Charges for services provided during the year amounted to NZ\$465,000 (2021: NZ\$480,000).

Morgan Recruitment Limited provided recruitment services to the Company and was paid nil (2021: NZ\$9,900) 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\$3,105 (2021: NZ\$6,900) 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 nil (2021: NZ\$1,244) for their services. The partner of Mr Paul Ravlich owns The Adams Agency Limited.

22. STATEMENT OF CASH FLOWS

(a) Reconciliation of cash:

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
Cash at bank	3,249,760	4,543,511
Cash on short term deposit	409,605	356,418
	<u>3,659,365</u>	<u>4,899,929</u>

The effective interest rate on short-term bank deposits was 0.17% per annum (2021: 0.45% per annum) and these deposits have an average maturity of 30 days.

(b) Reconciliation statement:

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

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
Profit after income tax	(12,086,484)	4,633,236
Non-cash items:		
Amortisation	10,619	23,389
Depreciation	299,408	336,440
Provision for expected loss on trade receivables	-	654,636
Foreign exchange differences	(243,324)	470,278
Goodwill impairment	6,393,862	-
Issue of shares to Sky Scrapers (Note 16)	536,300	-
Share based payments	241,545	299,991
Changes in assets and liabilities:		
Trade and other receivables	4,297,759	3,278,827
Inventories	(6,630)	985,567
Prepayments	(133,495)	(19,848)
Current tax liabilities	(580,570)	(3,065,531)
Trade and other payables	(305,635)	(6,206,450)
Provisions	536,214	92,886
Net cash used in operating activities	(1,040,431)	1,483,421

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	(6.82) cents	2.89 cents
Diluted earnings per share	(6.82) cents	2.87 cents
Weighted average number of ordinary shares outstanding during the year used to calculate basic EPS	165,286,480	163,673,499
Weighted average number of ordinary shares outstanding during the year used to calculate diluted EPS	165,286,480	165,048,499
(Loss)/Profit used to calculate basic and diluted EPS	(11,394,684)	4,732,470

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 identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Chief Operating Decision Makers in order to allocate resources to the segment and to assess its performance.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of distributors/customers. Segment assets and liabilities are located in New Zealand and are allocated to individual geographical segments by locations of distributors/customers on a reasonable basis. The Group's segment revenue is assigned to geographical locations as follows;

Global revenues	Product
	Hand sanitiser, textile applicator, mould remediation, surface sanitiser

Geographical information

The Group's revenue from external distributors/customers by geographical location.

	CONSOLIDATED	
	2022	2021
	NZ\$	NZ\$
Geographical Revenue		
Global revenues	9,015,083	27,133,602
Total Group Revenue	9,015,083	27,133,602

i) Revenue by geographical region

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

	CONSOLIDATED	
	2022	2021
	NZ\$	NZ\$
Australasia, Asia, US, India	4,910,322	15,277,650
UK and Europe	4,104,761	11,855,952
Total Revenue	9,015,083	27,133,602

ii) Assets by geographical region

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

	CONSOLIDATED	
	2022	2021
	NZ\$	NZ\$
Australasia, Asia, US, India	9,157,151	19,665,753
UK and Europe	10,418,650	12,035,908
Total Group Assets	19,575,801	31,701,661

25. FRANKING CREDITS

	CONSOLIDATED	
	2022 NZ\$	2021 NZ\$
Dividend paid/provided for:		
Final unfranked ordinary dividend declared and paid on 21 September 2021 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 2022	Percentage Owned 2021
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%	100%
Zoono (Shanghai) Biotech Co. Limited	China	100%	100%
Zoono Holdings USA LLC	USA	90%	90%
Zoono South Africa (Pty) Ltd	South Africa	100%	-

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, \$Rand, 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.

2022	INTEREST RATE	FIXED INTEREST MATURING IN			NON-INTEREST BEARING		TOTAL \$
		1 YEAR OR LESS \$	OVER 1 TO 5 YEARS \$	OVER 5 YEARS \$	OVER 5 YEARS \$	OVER 1 TO 5 YEARS \$	
Financial assets							
Cash	0.17%	409,605	-	-	3,249,760	-	3,659,365
Financial liabilities							
Lease liabilities	4.5%	(164,747)	(849,216)	(97,280)	-	-	(1,111,243)
Net exposure to cash-flow interest rate risk	4.33%	244,858	(849,216)	(97,280)	3,249,760	-	2,548,122
Weighted average interest rate	0.17%	-	-	-	-	-	0.17%

2021	INTEREST RATE	FIXED INTEREST MATURING IN			NON-INTEREST BEARING		TOTAL \$
		1 YEAR OR LESS \$	OVER 1 TO 5 YEARS \$	OVER 5 YEARS \$	OVER 5 YEARS \$	OVER 1 TO 5 YEARS \$	
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%

(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	
	2022 NZ\$	2021 NZ\$
Statement of Financial Position		
ASSETS		
Current assets	901,430	572,359
Non-current assets	26,488,892	25,514,850
TOTAL ASSETS	27,390,322	26,087,209
LIABILITIES		
Current liabilities	301,512	210,533
TOTAL LIABILITIES	301,512	210,533
EQUITY		
Issued capital	13,723,690	12,841,407
Reserves	559,842	453,022
Accumulated losses	12,805,278	12,582,247
TOTAL EQUITY	27,088,810	25,876,676
Statement of Profit or Loss and Other Comprehensive Income		
Total profit for the year	(223,031)	1,350,908
Total comprehensive income for the year	(223,031)	1,350,908

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 2022 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 2022 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
25 August 2022

Auditor's Independent Report



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

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

Opinion

We have audited the financial report of Zoono Group Limited (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 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 2022 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. 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 2022. 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 ADDRESSED THE KEY AUDIT MATTER
Revenue recognition <i>Refer to Note 4(r) "Revenue" and Note 5 "Revenue and other income"</i>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Obtaining an understanding of the key controls in the revenue recognition cycle.• Obtaining a sample of contracts and traced the terms and conditions to ensure that revenue was recognised in accordance with AASB 15 <i>Revenue from Contracts with Customers</i>.• Verifying a sample of income in advance transactions to supporting documentation to ensure the revenue was earned and recognised in the correct accounting period.• Verifying a sample of transactions on either side of the accounting period end to ensure they were recorded in the correct period.
Inventories valuation and existence <i>Refer to Note 4(g) "Inventories" and Note 9 "Inventories"</i>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Obtaining an understanding of the key controls in the inventory cycle.• Verifying a sample of transactions of inventory items and performing cost test by investigating supplier purchase invoices.• Verifying a sample of transactions of inventory items and performing net realisable value test by investigating sales invoices, price lists and contracts after period end and compared with cost.• Performing cut-off procedures by agreeing cut-off information recorded during physical count to the accounting records and selecting a sample of purchases and sales from either side of the period end and ensured they are recorded in the correct period.• Reviewing the aged inventory list, discussing material slow moving items with the management and ensuring items are written down where appropriate.

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 ADDRESSED THE KEY AUDIT MATTER

Going concern

Refer to Note 2 "General information and statement of compliance"

We identified going concern as a key audit matter because the group incurred an operating loss, had operating cash outflows and relied on existing cash reserves to cover necessary expenditure and future activities.

The directors have satisfied themselves that the going concern basis of preparation of the financial report is appropriate and set out their assumptions for this conclusion in Note 2 to the financial report.

Our procedures included, amongst others:

- Assessing the correct classification and disclosure of current assets and current liabilities.
- Reviewing management's cash flow forecasts for the expected results for a period of twelve months from the date of signing the financial statements, including assessing the accuracy and the assumptions used in the forecasts.
- Reviewing the committed and discretionary expenditures in the cash flow forecasts.
- Performing sensitivity analysis around the cash flow forecasts and assessing the sensitivity and likelihood of changes in these assumptions and the likely impact on cash reserves.
- Reviewing internal and external information made available subsequent to balance date such as ASX announcements, meeting minutes, interim financial performance and position and other relevant documentation to assess the group's ability to continue as a going concern.
- Assessing the adequacy of the group's disclosures in relation to the going concern as a basis of preparation of the financial report.

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 2022, 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.

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

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 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.

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

- 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.

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.

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Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 18 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of 30 June 2022 for the year ended 30 June 2022 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 (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND

Partner

Dated: 25 August 2022

Additional Information for Publicly Listed Companies

The following information is current as at 2 August 2022

DISTRIBUTION OF SHAREHOLDERS FULLY PAID ORDINARY SHARES HOLDINGS RANGES	HOLDER	NUMBER	
		NUMBERS	%
1-1,000	1,762	883,907	0.530
1,001-5,000	1,685	4,553,601	2.740
5,001-10,000	612	4,743,016	2.850
10,001-100,000	931	27,972,403	16.810
100,001- AND OVER	115	128,258,778	77.070
TOTALS	5,105	166,411,705	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	35.790%
2	CITICORP NOMINEES PTY LIMITED	9,194,108	5.525%
3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	8,507,926	5.113%
4	UBS NOMINEES PTY LTD	5,737,221	3.448%
5	CS FOURTH NOMINEES PTY LIMITED	4,688,314	2.817%
6	MR EELCO WIERSMA	3,401,428	2.044%
7	NATIONALNOMINEES LIMITED	3,331,924	2.002%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,837,069	1.705%
9	WESTOR ASSET MANAGEMENT PTY LTD <VALUE PARTNERSHIP A/C>	2,544,373	1.529%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) – A/C 2	1,188,327	0.714%
11	BISSAPP SOFTWARE PTY LTD <SUPERFUND>	1,118,200	0.672%
12	LEWIS ANDREW CRAIG MACKINNON	1,000,000	0.601%
13	FUTIN PTY LTD	881,901	0.530%
14	BNP PARIBAS NOMS PTY LTD <DRP>	831,525	0.500%
15	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	760,045	0.457%
16	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	660,777	0.397%
17	BISSAPP SOFTWARE PTY LTD <BISAPP SOFTWARE SF A/C>	630,860	0.379%
18	MR DAVID MAHER & MRS CLAUDIA MAHER <D & C MAHER S/F A/C>	627,605	0.377%
19	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	624,503	0.375%
20	WARBONT NOMINEES PTY LTD <ACCUMULATION ENTREPOT A/C>	600,000	0.361%
TOTALS		108,724,106	65.334%

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	35.79%
Regal Funds Management Pty Ltd	19,120,728	11.49%

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 3,020 shareholders holding less than a marketable parcel of shares based on the closing price of AUD 0.14 on 2 August 2022 representing a total of 3,020 shares.

Restricted Securities

The Company does not have any restricted securities on issue.

Options

The Company has four classes of unlisted employee options on issue:

Class	Number	Holders
Options exercisable at \$0.25 and expiring 16 December 2023	300,000	2
Options exercisable at \$0.65 and expiring 16 December 2025	1,900,000	13
Options exercisable at \$0.35 and expiring 16 December 2025	2,000,000	1
Options exercisable at \$0.35 and expiring 16 December 2026	2,000,000	1

On-market buy-back

The Company is not undertaking an on-market buy-back.

Corporate Directory

Directors

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

Company Secretary

Elissa Hansen

Management

Barry Woolcott, Chief Executive Office
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
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





ZOONO®

Next level protection.

Scientifically proven.
Zoono's innovative germ popping technology is proven effective against a wide range of bacteria. Zoono has been verified by over 150 independent laboratory tests.

Long-lasting.
Zoono kills 99.9% of bacteria on the skin for up to 24 hours.

Pleasant to use.
Our water-based, alcohol free products and has been dermatologically tested.

LAB VERIFIED

www.zoono.com

ZOONO®

Zoono® Z-71 Microbe Shield Sanitiser - for ongoing touchpoint protection in between cleaning

Scientifically proven.
Zoono's innovative germ popping technology is proven effective against a wide range of bacteria. Zoono® has been verified by over 150 independent laboratory tests.

Long-lasting.
Zoono's protective shield kills 99.9% of bacteria on surfaces for up to 30 days.

LAB VERIFIED

Surface Sanitiser
Kills 99.9% of bacteria
250ml

Pleasant to use.
Our water-based, alcohol free products can be used by all.

Contact us to find out how we can help your business

ZOONO®

NEXT LEVEL GERM PROTECTION

ZOONO Hand Sanitiser forms a long-lasting antibacterial shield that bonds to the surface and kills 99.9% of bacteria.

LONG-LASTING
Up to 24 hours on skin

SCIENTIFICALLY PROVEN
Backed by over 150 lab results from around the world

ALCOHOL FREE
Water-based formula that's pleasant to use

ZOONO®

Next-Level Cleaning and Protection

The New Standard

ZOONO's three-step system delivers next-level protection

Why settle for just a clean and disinfect when you can get long-lasting antibacterial protection? We've raised the bar with a ZOONO 'complete' programme that includes surface protection for up to 30 days between cleaning cycles.

ZOONO®

OUR TECHNOLOGY

ZOONO®'s ground-breaking hand, and surface sanitisers keep working long after they are applied.

Doesn't Wash or Wipe Off
ZOONO® provides an extra layer of protection even after regular hand washing and routine cleaning.

Independently Tested
ZOONO® has had to pass several efficacy tests to be approved by some of the world's most trusted organisations. Companies that put their people and customers first are rushing to incorporate ZOONO® into their strict hygiene protocols.

Technology Revolutions
ZOONO®'s unique technology is only available from ZOONO® directly or a Zoono® Authorised Partner.

BACKED BY RESEARCH

ZOONO® conforms to regulations from around the world and has passed many antimicrobial efficacy tests.

ICROCHEM
LABORATORY

dermatest®
Medical Research Company

Biotech Laboratories Pty Ltd

SURFACE				SKIN			
	60 minutes	24 hours	30 days		10 minutes	60 minutes	24 hours
Pathogen A	99.9%	100%	100%	Pathogen A	99.9%	99.9%	99.9%
Pathogen B	100%	100%	100%	Pathogen B	99.4%	99.4%	100%
Pathogen C	99.9%	99.9%	99.9%	Pathogen C	99.9%	99.9%	99.9%
					-	99.57%	99.15%

ZOONO[®]