



# ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022



### **Zimi Limited**

ABN 25 113 326 524

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North Perth, Western Australia, 6006  
Australia

Website: [www.zimi.life](http://www.zimi.life)  
Email: [support@zimi.life](mailto:support@zimi.life)

### **Shareholder information and enquiries**

All enquiries and correspondence regarding shareholdings should be directed to Zimi Limited's share registry provider:

Automatic Share Registry Services  
Level 5, 191 St Georges Terrace  
Perth, Western Australia, 6000  
Australia

Telephone: +61 2 9698 5414  
Telephone: 1300 288 664 (within Australia)

Website: [www.automicgroup.com.au](http://www.automicgroup.com.au)  
Email: [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)

### **Stock Exchange Listing**

Zimi Limited shares are listed on the Australian Securities Exchange, code ZMM.

# ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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## CHAIR OF THE BOARD AND CHIEF EXECUTIVE OFFICER'S ADDRESS

Dear Shareholders,

On behalf of the Board, it is our pleasure to present Zimi Limited's Annual Report for the financial year ended 30 June 2022 (FY22).



FY22 was yet another transformative and milestone year for Zimi.

During the year, Zimi enhanced and broadened our product offering, but more importantly, we achieved record device pairings for three of the last four months of the financial year. These devices were installed from homes to high-rises and demonstrates a non-linear accelerated market adoption. As of mid-August 2022, there were over 20,100 devices paired on the Zimi Cloud, with the associated adoption rate continuing to accelerate.

The Board are delighted by our team's execution of Zimi's strategy over FY22, with their diligence delivering a number of key milestones, including:

- **A sharp increase in delivered devices:** Despite challenges created by global supply shortages, Zimi successfully delivered 38,000 devices (generating \$3 million in revenue) to distribution partners throughout FY22.
- **The launch of the premium Senoa range:** Senoa, Zimi's premium range of glass touch switches boasting an extensive range of industry-leading features, was launched in FY22. This significant broadening of Zimi's product offering, built on our proven platform, had a rapid-fire development cycle of 10 months.
- **The establishment of the Zimi Foundation:** Zimi headquarters on the Gold Coast was established with an engineering lab, experience centre and lecture theatre. This has created a venue where launch events can take place with our distribution partners, as well as developers, builders, electricians, architects and installers.

We are immensely proud of our part in evolving the operation of the humble light switch, a device that, in its basic form, has been around for some 100 years. Today, our technology connects it and other electrical devices, enhancing both residential and commercial living spaces, making them smarter via the power of our IoT platform. We strongly believe that everything that can be connected, will be. With hardware deployed and a proven IoT platform, Zimi is well positioned to take advantage of the large growing IoT market.

In a concerted effort to better equip the Group to deliver its product development strategy and grow the business, the Board instigated an executive leadership transition and expansion of the Board. In February 2022, Zimi co-founder Jordan Tentori transitioned from the role of Chief Technology Officer to Chief Executive Officer. Jordan has an intimate understanding of the Company's technology, distribution network, operations and growth opportunities. At the same time, the size of the Board expanded, with senior banker and experienced director Simon Beissel appointed as a Non-Executive Director. Simon's appointment demonstrates that the Board is serious about broadening its composition, skillsets and independence.

Looking to the FY23 outlook, the new financial year has started on a positive note. We have already completed the first tranche of a \$1.5 million capital raise to sophisticated and institutional investors. This additional capital will help finance our stated three-phase growth plan, which was outlined in our latest Investor Presentation (see ASX Announcement, dated 27 June 2022). Phase One, which is already underway, includes the production of 70,000+ devices, expands on product ranges for faster deployment and provides a foundation for software revenue models.

We want to thank the Board and our employees for their hard work over FY22. We also acknowledge the role our distribution partners have played in building Zimi's brand recognition and the end-customers who have installed our products. Finally, a big thank you to our shareholders for their ongoing support of Zimi throughout FY22 as the Company ticked off multiple boxes in its growth strategy.

A stylized, handwritten signature in black ink.

Simon Gerard  
Chair of the Board

A stylized, handwritten signature in black ink.

Jordan Tentori  
Chief Executive Officer

# DIRECTORS' REPORT

## INTRODUCTION

Your Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Zimi Limited ("Zimi" or "the Company") and its controlled entities for the Financial Year (FY) ended 30 June 2022.

This Directors' Report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the *Corporations Act 2001*.

## BOARD OF DIRECTORS

The Directors of Zimi Limited during the year and up to the date of this report were:

| Name                | Position                                                                                                                                                 |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Simon Gerard        | Chair of the Board and Non-Executive Director                                                                                                            |
| Jordan Tentori      | Executive Director and Chief Executive Officer (CEO) from 7 February 2022<br>Executive Director and Chief Technology Officer (CTO) until 7 February 2022 |
| Peter Rossdeutscher | Non-Executive Director                                                                                                                                   |
| Simon Beissel       | Non-Executive Director from 7 February 2022                                                                                                              |
| Brett Savill        | Non-Executive Director from 7 February 2022 to 30 June 2022<br>Executive Director and CEO until 7 February 2022                                          |

## PRINCIPAL ACTIVITIES

Zimi is an innovative Australian technology company that creates 'the Zimi experience' by connecting everyday electrical products to the Internet and each other to create smarter living and working spaces.

The principal activities of the Group during the period were research and development within the Internet of Things (IoT) market, the assessment of new investment opportunities, product commercialisation and sale of electrical devices including switches, power points, fan and garage door controllers.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the period not otherwise disclosed in this Annual Report.

## REVIEW AND RESULTS OF OPERATIONS

### KEY ACHIEVEMENTS

Much has been achieved since the acquisition of Zimi Innovations Pty Ltd (formerly GSM Innovations Pty Ltd) just over 18 months ago, delivering massive transformations across all aspects of the Zimi business. The product portfolio has been significantly expanded and a strong network of distribution partners has been created. These developments have Zimi uniquely positioned to leverage off the fast-growing market for connected devices.

The Group accomplished a number of very important milestones during FY22, including:

- The successful delivery of 38,000 Powermesh devices to distribution partners over the course of the year.
- Strong growth in the number of devices paired on Zimi Cloud, with over 20,100 devices paired as at mid-August 2022, and the pace of adoption continuing to accelerate.
- The launch of the Senoa range, Zimi's smartest ever switch offering. This premium range of glass touch switches was launched after a quite rapid development cycle of just 10 months.
- A further broadening of Zimi's channel to market, with well-known distributor, Polyaire, a leading wholesaler and manufacturer of quality equipment for heating, ventilation and air conditioner systems in Australia. Zimi ended the year with five key distribution partners which are Australia's most trusted and respected brands, comprising of GSM Electrical, Beacon Lighting, Steel-Line Garage Doors, Polyaire and Harvey Norman Commercial Division.
- Expanded compatibility into leading smart home automation providers such as Control4 and RTI.
- Investment in Zimi's headquarters on the Gold Coast, which now houses an engineering lab, experience centre and lecture theatre.
- Further research and development investment, which both progressed the creation of new product offerings and laid the groundwork for Zimi's planned penetration of global markets.
- The launch of a successful share placement, which has improved the Group's cash balance and provided the funding needed to realise Zimi's growth runway.

### FINANCIAL RESULTS

Zimi experienced significant revenue growth over FY22, with the full-year revenue figure the strongest in the Group's history. During the year, the Group delivered 38,000 devices and recognised revenue of \$3,051,534. The hardware deployment is clear evidence of Zimi's ability to penetrate its addressable Australian-based market, an impressive feat in the context of the global chip shortage and supply chain disruptions seen over the course of FY22.

Cost of sales was impacted by the ongoing COVID-19 pandemic and its adverse impact on the Group's electronic components supply chain. The Group achieved a gross profit margin of 3% and whilst the electronic component supply remains challenged, the Directors remain confident that once the market returns, the Group will be well positioned for gross profit growth.

Administrative and corporate costs were less than the prior comparative period and the Group remains diligent on cost control and focused on the delivery of operating efficiencies.

Employee benefits largely represents amounts incurred for the engineering staff and executive management. Employee benefits in the prior comparative period was significantly less due to JobKeeper payments received and reduced salaries for employees due to COVID-19 impacts.

Depreciation and amortisation of \$2,776,490 in FY22 largely relates to the amortisation of identifiable intangibles recognised on the acquisition of Zimi Innovations Pty Ltd, namely capitalised development costs and sales channels.

The Group reports an operating loss before interest, tax, depreciation and amortisation (**EBITDA**) of \$2,114,401 (2021: \$2,303,409). EBITDA is a non-IFRS financial measure used by management and the Directors to assess the financial performance of the Group. The Directors believe that this non-IFRS measure assists in providing additional meaningful information for stakeholders and provide them with the ability to compare against prior periods in a consistent manner. EBITDA is unaudited but is extracted from the audited financial statements.

The Group reports a net loss after tax of \$4,931,102 for the financial year ended 30 June 2022 (2021: \$2,893,201).

In addition to the significant hardware deployment achieved during the period, the Group continued to prioritise research and development activities, including new product commercialisation and entrance into new markets.

## CAPITAL MANAGEMENT

The Group has maintained a sustainable balance sheet, and cashflow liquidity has been effectively managed across the business. By the end of FY22, Zimi had consolidated net assets of \$6,951,890 (2021: \$8,253,742), including cash and cash equivalents of \$1,664,307 (2021: \$1,220,098). The Group's current ratio has improved from 1.1 times at 30 June 2021 to 2.3 times at 30 June 2022.

Net cash outflows used in operating activities for the financial year was \$2,811,810, including the receipt of \$697,626 in relation to the research and development tax incentive.

## CORPORATE UPDATE

### (A) Capital raising

During the financial year, Zimi successfully completed a \$3,850,000 capital raising through an equity placement to new and existing sophisticated and institutional shareholders. This capital raising introduced a number of investors to the share register who are aligned to Zimi's growth strategy and capable of continuing to support the business into the future.

Subsequent to the end of FY22, Zimi announced a further capital raising for \$1,535,000. Refer to 'Events Occurring After the Reporting Period' over the page for more details on this raising.

### (B) Consolidation of securities

On 2 June 2022, all securities were consolidated at a ratio of 15:1. The share consolidation was proposed in order to reduce the number of shares on issue and provide the best path forward for continued growth from a capital structure perspective.

### (C) Unmarketable parcels

On 11 April 2022, Zimi announced that it had established an Unmarketable Parcel Sale Facility (**Facility**) for shareholders who held less than \$500 worth of shares. The Company offered the Facility to enable shareholders who held an unmarketable parcel to sell their shares without having to act through a broker or pay brokerage or handling fees. The sale of unmarketable parcels through the Facility was completed on 27 May 2022 and benefited the Company, as it significantly reduced the administrative costs associated with maintaining a large number of small shareholdings on the Company's share register.

## DIVIDENDS

No dividends have been paid or declared since the start of the financial period and the Directors do not recommend the payment of a dividend in respect of the financial year.

## OUTLOOK

The Directors remain optimistic about the existing market opportunity and the additional growth upside created by the ongoing implementation of Zimi's three-phase strategic plan. Zimi has already deployed a family of Powermesh 'Smarter Switches' as well as a premium range of glass touch switches under the Senoa brand. Going forward, the Company will be further expanding its product range over the course of the coming twelve months. Importantly, from a market broadening perspective, some of these new offerings will be into adjacent markets.

While Zimi successfully delivered 38,000 devices to its distribution partners in FY22, this represents only a fraction of the existing addressable market for the Company's product range. Zimi's ongoing ability to leverage off this addressable market, which itself continues to grow, will require a practical and competitively priced product range that is constantly growing and delivered to end-consumers through a well-established distribution channel. Zimi has put in place the appropriate resources to deliver on these requirements. From a human capital angle, Zimi has assembled a strong team to develop the business with extensive electrical industry experience and a shared vision to pursue the growth opportunities now presenting.

## EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 5 August 2022, the Company announced plans to undertake a capital raising through the lead manager, PAC Partners, to new and existing sophisticated and institutional shareholders. The placement would raise \$1,535,000 through the issuance of 19,187,500 shares at \$0.08 per share. Additionally, for every one (1) share, there would be one (1) attaching option, each with a 3 year expiry and \$0.12 exercise price.

A Shareholder meeting will be held to approve the second tranche of the placement which includes Director participation, and the issuance of the attaching options. The first tranche was completed by 17 August 2022, raising \$1,035,000 (before costs).

Other than the above, no other matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

## DIRECTORS AND OFFICERS

### CURRENT DIRECTORS



**Simon Gerard**  
Non-Executive Chair of the Board  
Since 11 December 2020

#### Background and experience

Simon is the Managing Director of the Gerard Private Group, owner of TRADER, Australia's fastest growing brand of electrical wiring accessories and MISTRAL, one of Australia's most recognisable retail brands. He is a fourth generation of the well-respected Gerard family, founders of CLIPSAL, and a former CEO of the Gerard Lighting Group. Simon has extensive global controls experience.



**Jordan Tentori**  
Executive Director and Chief Executive Officer  
Since 7 February 2022

Executive Director and Chief Technology Officer  
11 December 2020 to 7 February 2022

#### Background and experience

Jordan is the co-founder and CEO of Zimi. He previously was the EGM of Diginet, deploying innovative technology throughout the Gerard Lighting Group of companies. For the past 20 years, Jordan has successfully worked nationally and internationally within the electrical and lighting industry to evolve technologies into commercial realities.



**Peter Rossdeutscher**  
Non-Executive Director  
Since 11 December 2020

Non-Executive Chair of the Board  
9 October 2018 to 10 December 2020

#### Background and experience

Peter is a director with extensive leadership and strategic advisory experience. A Fellow of the Australian Institute of Company Directors since 2008, Peter has been a Non-Executive and Chair of various boards. He is a regular key speaker on innovation, digital transformation and the core drivers to grow and protect stakeholder value.



**Simon Beissel**  
Non-Executive Director  
Since 7 February 2022

#### Background and experience

Simon has board experience with a number of industrial and financial services companies including ATF Services Pty Ltd, Lighting Investments Australia Holdings Pty Ltd, Investec Credit Funds Management Pty Ltd and SMEBL. He is an experienced senior banker who was previously Head of Corporate Lending at Investec Australia. Prior to that, Simon held senior roles at St. George Bank.

## FORMER DIRECTORS

**Brett Savill** resigned from the role of Non-Executive Director and as a result his directorship ceased on 30 June 2022. Brett served as a Non-Executive Director from 25 May 2018 to 1 October 2018, and from 7 February 2022 to 30 June 2022. Brett served as an Executive Director and the Chief Executive Officer during the period 1 October 2018 to 7 February 2022.

## COMPANY SECRETARIES

**Catherine Grant-Edwards and Melissa Chapman**  
Since 4 May 2021

Catherine Grant-Edwards (BCom, Chartered Accountant (CA)) and Ms Melissa Chapman (BCom, Certified Practising Accountant (CPA), AGIA/ACIS, GAICD) were appointed as Joint Company Secretaries on 4 May 2021. Catherine and Melissa are directors of Bellatrix Corporate Pty Ltd, a company that provides company secretarial and accounting services to a number of publicly listed companies. Between them, Catherine and Melissa have over 30 years' experience in the provision of accounting, finance and company secretarial services to publicly listed and private companies in Australia and the United Kingdom, and in the field of public practice within external audit.

## DIRECTORS' INTERESTS

Directors' interest in ordinary shares and convertible securities of Zimi Limited as at the date of this report are set out in the table below. The number of securities has been presented after the 15:1 consolidation that occurred on 2 June 2022.

| Name                | Number of securities |           |                    |                  |
|---------------------|----------------------|-----------|--------------------|------------------|
|                     | Ordinary shares      | Options   | Performance shares | Total securities |
| Simon Gerard        | 25,695,843           | 1,222,223 | -                  | 26,918,066       |
| Jordan Tentori      | 1,496,944            | 666,667   | -                  | 2,163,611        |
| Peter Rossdeutscher | 244,445              | 55,556    | 80,001             | 380,002          |
| Simon Beissel       | 213,334              | -         | -                  | 213,334          |

Brett Savill resigned from the role of Non-Executive Director effective 30 June 2022.

## MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2022, and the number of meetings attended by each Director are set out below.

| Name                | Number of         |                   |
|---------------------|-------------------|-------------------|
|                     | Eligible meetings | Attended meetings |
| Simon Gerard        | 12                | 12                |
| Jordan Tentori      | 12                | 12                |
| Peter Rossdeutscher | 12                | 9                 |
| Simon Beissel       | 5                 | 5                 |
| Brett Savill        | 12                | 12                |

## COMMITTEES

The functions that would be performed by a committee are currently performed by the full Board. Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these responsibilities to a subcommittee.

## OTHER ITEMS

### CORPORATE GOVERNANCE STATEMENT

The Board believes that genuine commitment to good corporate governance is essential to the performance and sustainability of the Company's business. The Board has given due consideration to the ASX 'Corporate Governance Principles and Recommendations', which offer a framework for good corporate governance.

The Board has approved the Corporate Governance Statement for the year ended 30 June 2022 which can be viewed on the Company's website at <https://zimi.life/investor>.

### ENVIRONMENTAL REGULATION

Management continues to work with local regulatory authorities to achieve, where practical, best practice environmental management so as to minimise risk to the environment, reduce waste and ensure compliance with regulatory requirements. The Group had no adverse environmental issues during the year.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### INSURANCE OF OFFICERS AND INDEMNITIES

#### (A) Insurance of officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors, the Company Secretaries, and all Executive Officers of the Company and of any related body corporate against a liability incurred by a Director, Company Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*.

Details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability, costs and charges is not disclosed as such disclosure is prohibited under the terms of the contract.

#### (B) Indemnity of auditors

The Company has not during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the Auditor of the Company or of any related body corporate against a liability incurred by the Auditor.

### NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor (HLB Mann Judd) for audit and non-audit services provided during the year are set out in note F3 to the Consolidated Financial Statements. The Board of Directors has considered the position and is satisfied that the provision of other assurance services provided by the auditor, as set out in note F3, did not compromise the auditor independence requirements of the *Corporations Act 2001*.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25.

### ROUNDING OF AMOUNTS

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest dollar.

# REMUNERATION REPORT

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## REMUNERATION

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## INTRODUCTION AND REMUNERATION GOVERNANCE

This Remuneration Report provides shareholders with an understanding of our remuneration strategy and outcomes for our Key Management Personnel (KMP) for the year ended 30 June 2022.

This report is presented in accordance with the requirements of the *Corporations Act 2001* and its regulations. Information has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### KEY MANAGEMENT PERSONNEL

The KMP of the Group comprise all Directors (Executive and Non-Executive) and other members of Zimi's Executive Management who have authority and responsibility for planning, directing and controlling the activities of the Group, as follows:

| Name                | Position                                                 | Dates                                                         |
|---------------------|----------------------------------------------------------|---------------------------------------------------------------|
| Simon Gerard        | Chair of the Board and Non-Executive Director            | Full financial year                                           |
| Jordan Tentori      | Executive Director and CEO<br>Executive Director and CTO | From 7 February 2022<br>Until 7 February 2022                 |
| Peter Rossdeutscher | Non-Executive Director                                   | Full financial year                                           |
| Simon Beissel       | Non-Executive Director                                   | From 7 February 2022                                          |
| Brett Savill        | Non-Executive Director<br>Executive Director and CEO     | From 7 February 2022 to 30 June 2022<br>Until 7 February 2022 |
| Stephanie Voulcaris | Chief Financial Officer (CFO)                            | From 4 October 2021                                           |

### REMUNERATION STRATEGY AND OBJECTIVES

The Group acknowledges the correlation between highly engaged employees, a positive governance culture, and the growth and development of the business, all of which are aimed at increasing shareholder value. The key to the Group's success lies in retaining and attracting high performing people, and a primary focus is to build the leadership capability by identifying and retaining key talent.

The Group's remuneration objectives includes:

- Set fair and market competitive remuneration packages to attract, motivate and retain talent;
- An appropriate balance of fixed and variable components which is simple and transparent; and
- Establish appropriate performance hurdles for variable remuneration which is aligned to shareholder value.

In accordance with best practice corporate governance, the structure of Executive Management, and Non-Executive Director remuneration is separate and distinct. Executive remuneration generally consists of fixed and variable remuneration. Except for Director performance shares issued in 2018, Non-Executive Director remuneration does not include variable remuneration and is based on fixed fees reflective of the size of the Group, responsibilities of the position and within the aggregate Directors' fee pool limit.

### REMUNERATION GOVERNANCE

#### (A) Board and management responsibilities

Given the size of the Group, the Board has an active role in reviewing new appointments and overseeing the remuneration objectives in relation to the attraction, development and retention of key employees.

The roles of the CEO and CFO include providing recommendations on remuneration design and outcomes to the Board, and to implement the remuneration strategies (e.g., execute employment agreements).

## REMUNERATION GOVERNANCE (continued)

### (B) Securities trading policy

The Group has adopted a Securities Trading Policy that applies to all employees of the Group including contractors, Directors and their associated persons. The policy ensures compliance with insider trading laws, to protect the reputation of the Group and maintain confidence in trading in Zimi Limited securities. The policy also prohibits specific types of transactions being made which are not in accordance with market expectations or may otherwise give rise to reputational risk.

### (C) Board discretion

A new Employee Securities Incentive Plan (**2021 Plan**) was approved by shareholders at the Annual General Meeting on 30 November 2021. The 2021 Plan is designed to assist in the reward, retention and motivation of eligible participants and align the reward to shareholder value creation. Awards under the 2021 Plan are issued to eligible participants by way of a security, which includes a Share, an Option or a Performance Right.

The 2021 Plan is administered by the Board and the Board retains discretion to adjust remuneration outcomes upwards or downwards to ensure incentives are not provided where it would be inappropriate or would provide unintended outcomes. The Board balances judgement on remuneration outcomes with consideration to all stakeholders.

Where a participant who holds convertible securities leaves the Group, all unvested convertible securities will automatically be forfeited by the participant, unless the Board otherwise determines in its discretion to permit some or all of the convertible securities to be retained by the participant or to vest. Examples of the circumstances when the Board may decide to exercise its discretion to permit some or all of the convertible securities to vest include where a participant leaves the Group due to death, redundancy, permanent disability, mental incapacity or retirement.

Where the Board determines that a participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested convertible securities held by that participant to have been forfeited.

### (C) Remuneration consultants

The Board has access to independent external consultants to seek advice on various remuneration related matters as required. No remuneration recommendations as defined in the *Corporations Act 2001* were provided by remuneration consultants to the Board during the financial year.

## EXECUTIVE REMUNERATION STRUCTURE

### EXECUTIVE REMUNERATION FRAMEWORK

The executive remuneration framework is designed to support the Group's remuneration objectives, instil a strong performance culture, and provide a link between remuneration and group performance and shareholder return.

The Group's remuneration framework consists of the following:

- Total Fixed Remuneration (TFR): cash salary, superannuation, long-service leave and any additional benefits such as minor fringe benefits or training and development.
- Short-term Incentives (STI): cash or share bonuses provided on an ad-hoc basis for achievement of specific performance objectives or to attract talent (e.g., sign-on bonuses).
- Long-term Incentives (LTI): performance rights provided to employees to assist in attracting, motivating and retaining talent, and drive shareholder value.

Total Fixed Remuneration considers the complexity and expertise required of individual roles. To assess the competitiveness of fixed remuneration, the Board considers market data by reference to appropriate independent and externally sourced comparable benchmark information, as required.

### EXECUTIVE EMPLOYMENT AGREEMENTS

Remuneration and other terms of employment for Executive KMP are formalised in employment agreements and are summarised in the table below.

| Executive KMP               | Base salary <sup>1</sup><br>\$ | Term of agreement | Notice period | Review period <sup>2</sup> |
|-----------------------------|--------------------------------|-------------------|---------------|----------------------------|
| Jordan Tentori <sup>3</sup> | 275,000                        | Ongoing           | 3 months      | Annually                   |
| Stephanie Voulcaris         | 180,000                        | 3 years           | 3 months      | Annually                   |
| Brett Savill <sup>4</sup>   | 300,000                        | to 30 June 2022   | 6 months      | Annually                   |

<sup>1</sup> Base salary excludes statutory superannuation of 10.0% (10.5% from 1 July 2022).

<sup>2</sup> The review will have regard to such matters as the responsibilities, performance, and remuneration of the employee.

<sup>3</sup> Jordan Tentori's annual base salary was increased from \$225,000 to \$275,000 when Jordan transitioned from CTO to CEO, effective 7 February 2022.

<sup>4</sup> Brett Savill's executive services contract had an initial 3-year term. During the year, Brett's contract was extended from 1 October 2021 to 30 June 2022. On 7 February 2022, Brett transitioned from Executive Director and CEO to Non-Executive Director. In accordance with the termination provisions, Brett received his executive base salary until 30 June 2022 and did not receive any additional Non-Executive Director fees.

#### (A) Short-term incentives

Given the Group's size and cash reserves, the Group does not currently have a formal short-term incentive program.

During the year, the following short-term incentives were settled:

- Brett Savill's executive services contract included a provision for short-term bonus at the Board's discretion and determination. On 22 December 2021, Brett Savill was issued \$90,000 in ordinary shares. This related to a \$30,000 per year bonus in respect of financial years ended 30 June 2019, 30 June 2020 and 30 June 2022.
- Stephanie Voulcaris received \$20,000 sign-on bonus settled in shares. This amount is not ongoing or part of Stephanie's base salary.

## LONG-TERM INCENTIVES

As noted in the Remuneration Governance section above, a new Employee Securities Incentive Plan was approved by shareholders at the Annual General Meeting on 30 November 2021. During the year, the Group issued performance rights to a number of eligible participants, including an Executive KMP. For details on the valuation of performance shares including models and assumptions used, refer to note F1(H)(ii) in the Consolidated Financial Statements. The key aspects of the performance rights granted are summarised in the table below.

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Purpose</b>                    | Attract, motivate and retain talent which is aligned to the Group's long-term strategy and drive shareholder value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Eligibility</b>                | LTI grants are generally offered to employees who through continuous employment and execution of business strategies can influence shareholder value. Non-Executive Directors are not eligible to participate in the LTI offer.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Instrument</b>                 | In the form of performance rights which are granted by the Company for nil consideration. A performance right is a right to acquire one fully paid Zimi share provided specified performance hurdles are met. No dividends/distributions are paid on unvested LTI awards.                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Allocation methodology</b>     | The number of performance rights allocated to each participant is set by the Board. Accounting standards require the estimated valuation of the grants to be recognised over the vesting period. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.                                                                                                                                                                                                                                                                                    |
| <b>Opportunity</b>                | The quantum of performance rights is based on seniority and face value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Performance period</b>         | The performance period commences on the date of grant of the performance rights and ends on 30 June 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Performance hurdles</b>        | <p>The Board reviews the performance conditions annually to determine appropriate hurdles based on the Group's strategy, size of the Group and prevailing market practice. The following performance measures apply to the LTI grants:</p> <ul style="list-style-type: none"> <li>50% based on service condition: employee is continuously employed or contracted by the Company or a subsidiary until 30 June 2024;</li> <li>25% based on paired devices: paired devices with the Zimi Cloud exceeds 37,500 by 30 June 2024; and</li> <li>25% based on paired devices: paired devices with the Zimi Cloud exceeds 75,000 by 30 June 2024.</li> </ul> |
| <b>Vesting and delivery</b>       | Vesting of LTI grants is dependent on achieving the performance hurdles by 30 June 2024. The performance rights will automatically vest and exercise if, and when, the Board determines the performance conditions are achieved. If the performance rights vest, entitlements may be satisfied by an allotment of new shares to participants. Any performance rights that do not vest during the performance period will lapse.                                                                                                                                                                                                                       |
| <b>Termination and forfeiture</b> | Employees must be employed or contracted at the time of vesting to receive an entitlement to shares. The Board has discretion on vesting of unvested performance rights where an employee leaves due to retirement, retrenchment or redundancy, or termination by mutual consent. Where an employee leaves due to resignation or termination all unvested performance rights will lapse.                                                                                                                                                                                                                                                              |
| <b>Reorganisation event</b>       | If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each participant holding convertible securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.                                                                                                                                                                                                                                      |
| <b>Change of control</b>          | Notwithstanding any other provisions of the rules, if a change of control event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the participant's convertible securities will be dealt with, including, without limitation, in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.                                                                                                                                                          |

## NON-EXECUTIVE DIRECTOR REMUNERATION STRUCTURE

### POLICY AND APPROACH TO SETTING FEES

The remuneration policy for Non-Executive Directors aims to ensure the Group can attract and retain suitably skilled, experienced and committed individuals to serve on the Board and remunerate them appropriately for their time and expertise. The remuneration policy is reviewed annually by the Board, taking into consideration the size and scope of the Group's activities, the responsibilities and liabilities of Directors, and demands placed upon them.

Non-Executive Director fees are benchmarked against an appropriate group of comparator companies and determined within the aggregate Non-Executive Directors' fee pool limit of \$350,000, excluding share-based payments. The fee pool limit was approved by shareholders at the Annual General Meeting held on 22 December 2016.

### NON-EXECUTIVE DIRECTOR ARRANGEMENTS

Non-Executive Directors do not receive variable remuneration. Non-Executive Directors are entitled to reimbursement for reasonable business-related expenses and are covered by the Group's Directors and Officers liability insurance policy. The Group does not remunerate Directors for their additional committee responsibilities and termination benefits are not paid to Non-Executive Directors.

Set out below is the annual fee for each Non-Executive Director set for FY22.

| Non-Executive Director                          | 2022<br>\$     |
|-------------------------------------------------|----------------|
| Simon Gerard <sup>1</sup>                       | -              |
| Peter Rossdeutscher                             | 72,000         |
| Simon Beissel                                   | 50,000         |
| Brett Savill <sup>2</sup>                       | -              |
| <b>Total Non-Executive Director annual fees</b> | <b>122,000</b> |

<sup>1</sup> Simon Gerard did not receive any Director fees during the year.

<sup>2</sup> On 7 February 2022, Brett Savill transitioned from Executive Director and CEO to Non-Executive Director. In accordance with the termination provisions, Brett received his executive base salary until 30 June 2022 and did not receive any additional Non-Executive Director fees.

### LONG-TERM INCENTIVES

In the financial year ended 30 June 2019, the Company issued performance shares to both Executive and Non-Executive Directors. For details on the valuation of performance shares including models and assumptions used, refer to note F1(G) in the Consolidated Financial Statements. The vesting of the performance shares are subject to the achievement of certain hurdles. Where a participant who holds convertible securities leaves the Group, all unvested convertible securities will automatically be forfeited by the participant, unless the Board otherwise determines in its discretion to permit some or all of the convertible securities to be retained by the participant or to vest.

Other than the above, Non-Executive Directors do not receive performance-based remuneration.

## REMUNERATION

### KEY MANAGEMENT PERSONNEL REMUNERATION

The table below sets out the KMP remuneration. Amounts represent remuneration relating to the period during which the individuals were KMP.

| Name                              |             | Salary and fees <sup>1</sup><br>\$ | Non-monetary benefits <sup>2</sup><br>\$ | Post-employment benefits <sup>3</sup><br>\$ | Ordinary share settled benefits <sup>4</sup><br>\$ | Performance shares and rights benefits <sup>5</sup><br>\$ | Total remuneration<br>\$ | Performance related % |
|-----------------------------------|-------------|------------------------------------|------------------------------------------|---------------------------------------------|----------------------------------------------------|-----------------------------------------------------------|--------------------------|-----------------------|
| Simon Gerard <sup>6</sup>         | FY22        | -                                  | -                                        | -                                           | -                                                  | -                                                         | -                        | -                     |
|                                   | FY21        | -                                  | -                                        | -                                           | -                                                  | -                                                         | -                        | -                     |
| Jordan Tentori <sup>7</sup>       | FY22        | 252,923                            | 119                                      | 24,587                                      | -                                                  | -                                                         | 277,629                  | 0.0%                  |
|                                   | FY21        | 130,473                            | -                                        | 11,510                                      | -                                                  | -                                                         | 141,983                  | 0.0%                  |
| Peter Rossdeutscher <sup>8</sup>  | FY22        | 72,000                             | -                                        | -                                           | -                                                  | 13,993                                                    | 85,993                   | 16.3%                 |
|                                   | FY21        | 74,400                             | -                                        | -                                           | -                                                  | 13,992                                                    | 88,392                   | 15.8%                 |
| Simon Beissel <sup>9</sup>        | FY22        | 19,940                             | -                                        | -                                           | -                                                  | -                                                         | 19,940                   | 0.0%                  |
|                                   | FY21        | -                                  | -                                        | -                                           | -                                                  | -                                                         | -                        | -                     |
| Brett Savill <sup>10</sup>        | FY22        | 303,080                            | 448                                      | 30,115                                      | 30,000                                             | (72,300)                                                  | 291,343                  | (24.8%)               |
|                                   | FY21        | 270,863                            | -                                        | 23,715                                      | -                                                  | 27,985                                                    | 322,563                  | 8.7%                  |
| Gary Castledine <sup>11</sup>     | FY22        | -                                  | -                                        | -                                           | -                                                  | (36,151)                                                  | (36,151)                 | 100.0%                |
|                                   | FY21        | 36,000                             | -                                        | -                                           | -                                                  | 9,315                                                     | 45,315                   | 20.6%                 |
| Stephanie Voulcaris <sup>12</sup> | FY22        | 142,595                            | 366                                      | 13,431                                      | 20,000                                             | 2,989                                                     | 179,381                  | 1.7%                  |
|                                   | FY21        | -                                  | -                                        | -                                           | -                                                  | -                                                         | -                        | -                     |
| <b>Consolidated remuneration</b>  | <b>FY22</b> | <b>790,538</b>                     | <b>933</b>                               | <b>68,133</b>                               | <b>50,000</b>                                      | <b>(91,469)</b>                                           | <b>818,135</b>           | <b>(11.2%)</b>        |
|                                   | <b>FY21</b> | <b>511,736</b>                     | <b>-</b>                                 | <b>35,225</b>                               | <b>-</b>                                           | <b>51,292</b>                                             | <b>598,253</b>           | <b>8.6%</b>           |

<sup>1</sup> Salary includes short-term absences and the movement in the provision for annual leave.

<sup>2</sup> Non-monetary benefits represent the effective net cost to the Group, consisting of the taxable value of fringe benefits aggregated with the associated fringe benefit tax payable on those benefits.

<sup>3</sup> Post-employment benefits represents superannuation.

<sup>4</sup> Ordinary share settled benefits represents the non-cash accounting charge to share-based payments expense in respect of executive agreement bonuses.

<sup>5</sup> Performance shares and rights benefits represent the non-cash accounting charge to share-based payments expense in relation to performance shares and rights on issue during the year. For details on the valuation of performance shares and rights including models and assumptions used, refer to note F1 in the Consolidated Financial Statements. These values may not represent the future value that the KMP will receive, as the vesting of the performance shares and rights are subject to the achievement of certain hurdles. Tranches two and three of Director performance shares granted to Gary Castledine and Brett Savill were forfeited on cessation of being a Director. As a result, any cumulative share-based payment expense previously recognised under AASB 2 *Share-based Payment* has been reversed through the profit or loss in the current year.

<sup>6</sup> Simon Gerard was appointed as a Non-Executive Director on 11 December 2020, and as Chairman on 16 February 2021. Simon Gerard did not receive any Director fees during the year.

<sup>7</sup> Jordan Tentori transitioned from Executive Director and CTO to Executive Director and CEO on 7 February 2022.

<sup>8</sup> Peter Rossdeutscher transitioned from Chairman to Non-Executive Director on 11 December 2020.

<sup>9</sup> Simon Beissel was appointed as a Non-Executive Director on 7 February 2022.

<sup>10</sup> Brett Savill transitioned from Executive Director and CEO to Non-Executive Director on 7 February 2022. Brett Savill resigned as a Non-Executive Director on 30 June 2022. The \$30,000 ordinary share settlement benefit relates to shares issued on 22 December 2021. On that date, Brett Savill was issued \$90,000 in ordinary shares. Of the \$90,000, \$60,000 was recorded in the Remuneration Report in the financial year ended 30 June 2020.

<sup>11</sup> Gary Castledine resigned as a Non-Executive Director on 16 February 2021.

<sup>12</sup> Stephanie Voulcaris was appointed as CFO on 4 October 2021.

## EQUITY INSTRUMENTS

### KEY MANAGEMENT PERSONNEL ORDINARY SHARES

| Name                             | Pre-capital consolidation (to 2 Jun 2022) |                           |                           |                              |                                      | Post-capital consolidation (from 2 Jun 2022) |                           |                           |                                   |
|----------------------------------|-------------------------------------------|---------------------------|---------------------------|------------------------------|--------------------------------------|----------------------------------------------|---------------------------|---------------------------|-----------------------------------|
|                                  | Opening balance<br>1 Jul 2021             | Balance on<br>appointment | Acquired or<br>(disposed) | Converted<br>during the year | Issued as<br>share-based<br>payments | Capital<br>consolidation <sup>1</sup>        | Acquired or<br>(disposed) | Balance on<br>resignation | Closing<br>balance<br>30 Jun 2022 |
| Simon Gerard <sup>2</sup>        | 236,250,000                               | -                         | 36,666,668                | 110,000,000                  | -                                    | (357,388,890)                                | 72,205                    | -                         | 25,599,983                        |
| Jordan Tentori <sup>3</sup>      | 1,250,000                                 | -                         | 20,000,000                | -                            | -                                    | (19,833,332)                                 | 10,276                    | -                         | 1,426,944                         |
| Peter Rossdeutsch <sup>4</sup>   | 1,600,000                                 | -                         | 1,666,667                 | 400,000                      | -                                    | (3,422,222)                                  | -                         | -                         | 244,445                           |
| Simon Beissel <sup>5</sup>       | -                                         | -                         | 3,200,000                 | -                            | -                                    | (2,986,666)                                  | -                         | -                         | 213,334                           |
| Brett Savill <sup>6</sup>        | 2,026,989                                 | -                         | 1,666,667                 | 800,000                      | 6,569,343                            | (10,325,465)                                 | -                         | (737,534)                 | -                                 |
| Stephanie Voulcaris <sup>7</sup> | -                                         | 150,000                   | -                         | -                            | 1,459,854                            | (1,502,530)                                  | -                         | -                         | 107,324                           |
| <b>Total ordinary shares</b>     | <b>241,126,989</b>                        | <b>150,000</b>            | <b>63,200,002</b>         | <b>111,200,000</b>           | <b>8,029,197</b>                     | <b>(395,459,105)</b>                         | <b>82,481</b>             | <b>(737,534)</b>          | <b>27,592,030</b>                 |

<sup>1</sup> On 27 May 2022, Shareholders resolved to consolidate the issued capital of the Company through the conversion ratio of fifteen (15) existing shares into one (1) Zimi share.

<sup>2</sup> Simon Gerard (or nominee):

- On 8 October 2021 and as participation in the capital raising (as approved by shareholders), 36,666,668 fully paid ordinary shares at \$0.015 per share were issued.
- On 15 December 2021, the Company converted 110,000,000 performance rights, valued at \$2,200,000, upon the achievement of milestones. These performance rights were issued as partial vendor consideration in respect of the acquisition of GSM Innovations Pty Ltd (now Zimi Innovations Pty Ltd). Refer to note F1(I) in the Consolidated Financial Statements.

<sup>3</sup> Jordan Tentori (or nominee):

- On 8 October 2021 and as participation in the capital raising (as approved by shareholders), 20,000,000 fully paid ordinary shares at \$0.015 per share were issued.

<sup>4</sup> Peter Rossdeutsch (or nominee):

- On 8 October 2021 and as participation in the capital raising (as approved by shareholders), 1,666,667 fully paid ordinary shares at \$0.015 per share were issued.
- On 8 October 2021, 400,000 performance shares, valued at \$40,000, were converted to fully paid ordinary shares. Refer to note F1(G) in the Consolidated Financial Statements.

<sup>5</sup> Simon Beissel (or nominee):

- On 9 May 2022, Simon Beissel acquired 3,200,000 fully paid ordinary shares through an on-market purchase.

<sup>6</sup> Brett Savill (or nominee):

- On 8 October 2021 and as participation in the capital raising (as approved by shareholders), 1,666,667 fully paid ordinary shares at \$0.015 per share were issued.
- On 8 October 2021, 800,000 performance shares, valued at \$80,000, were converted to fully paid ordinary shares. Refer to note F1(G) in the Consolidated Financial Statements.
- On 22 December 2021, the Company issued 6,569,343 shares at an issue price of \$0.0137 per share relating to remuneration. This \$90,000 share issuance was approved at the Annual General Meeting held on 30 November 2021. Of the \$90,000, \$60,000 was recorded in unissued contributed equity and related to remuneration for the financial year ended 30 June 2019 and the financial year ended 30 June 2020.
- On 30 June 2022, Brett Savill resigned as a Non-Executive Director.

<sup>7</sup> Stephanie Voulcaris (or nominee)

- On 22 December 2021, the Company issued 1,459,854 shares at an issue price of \$0.0137 per share relating to remuneration pursuant to the shareholder approved Employee Securities Incentive Plan.

## KEY MANAGEMENT PERSONNEL CONVERTIBLE SECURITIES

| Name                                | Pre-capital consolidation (to 2 Jun 2022) |                            |                              |                              | Post-capital consolidation (from 2 Jun 2022) |                           |                                   |                           |                |
|-------------------------------------|-------------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------------------------|---------------------------|-----------------------------------|---------------------------|----------------|
|                                     | Opening balance<br>1 Jul 2021             | Granted during the<br>year | Exercised during the<br>year | Cancelled during the<br>year | Capital<br>consolidation <sup>1</sup>        | Balance on<br>resignation | Closing<br>balance<br>30 Jun 2022 | Vested and<br>exercisable | Unvested       |
| Simon Gerard <sup>2</sup>           |                                           |                            |                              |                              |                                              |                           |                                   |                           |                |
| - Vendor performance rights         | 110,000,000                               | -                          | (110,000,000)                | -                            | -                                            | -                         | -                                 | -                         | -              |
| - Options                           | -                                         | 18,333,334                 | -                            | -                            | (17,111,111)                                 | -                         | 1,222,223                         | 1,222,223                 | -              |
| Jordan Tentori <sup>3</sup>         |                                           |                            |                              |                              |                                              |                           |                                   |                           |                |
| - Options                           | -                                         | 10,000,000                 | -                            | -                            | (9,333,333)                                  | -                         | 666,667                           | 666,667                   | -              |
| Peter Rossdeutscher <sup>4</sup>    |                                           |                            |                              |                              |                                              |                           |                                   |                           |                |
| - Director performance shares       | 1,600,000                                 | -                          | (400,000)                    | -                            | (1,119,999)                                  | -                         | 80,001                            | -                         | 80,001         |
| - Options                           | 1,600,000                                 | 833,333                    | -                            | (1,600,000)                  | (777,777)                                    | -                         | 55,556                            | 55,556                    | -              |
| Brett Savill <sup>5</sup>           |                                           |                            |                              |                              |                                              |                           |                                   |                           |                |
| - Director performance shares       | 3,200,000                                 | -                          | (800,000)                    | -                            | (2,239,999)                                  | (160,001)                 | -                                 | -                         | -              |
| - Options                           | 2,009,717                                 | 833,333                    | -                            | (2,009,717)                  | (777,777)                                    | (55,556)                  | -                                 | -                         | -              |
| Stephanie Voulcaris <sup>6</sup>    |                                           |                            |                              |                              |                                              |                           |                                   |                           |                |
| - Employee performance rights       | -                                         | 5,000,000                  | -                            | -                            | (4,666,666)                                  | -                         | 333,334                           | -                         | 333,334        |
| <b>Total convertible securities</b> | <b>118,409,717</b>                        | <b>35,000,000</b>          | <b>(111,200,000)</b>         | <b>(3,609,717)</b>           | <b>(36,026,662)</b>                          | <b>(215,557)</b>          | <b>2,357,781</b>                  | <b>1,944,446</b>          | <b>413,335</b> |

<sup>1</sup> On 27 May 2022, Shareholders resolved to consolidate the issued capital of the Company through the conversion ratio of fifteen (15) existing shares into one (1) Zimi share. In accordance with ASX Listing Rules, all convertible securities are consolidated in the same ratio.

<sup>2</sup> Simon Gerard (or nominee):

- On 8 October 2021 and as participation in the capital raising (as approved by shareholders), 18,333,334 unlisted options at \$0.03 exercise price, expiring 31 October 2023 were issued.
- On 15 December 2021, the Company converted 110,000,000 performance rights, valued at \$2,200,000, upon the achievement of milestones. These performance rights were issued as partial vendor consideration in respect of the acquisition of GSM Innovations Pty Ltd (now Zimi Innovations Pty Ltd). Refer to note F1(I) in the Consolidated Financial Statements.

<sup>3</sup> Jordan Tentori (or nominee):

- On 8 October 2021 and as participation in the capital raising (as approved by shareholders), 10,000,000 unlisted options at \$0.03 exercise price, expiring 31 October 2023 were issued.

<sup>4</sup> Peter Rossdeutscher (or nominee):

- On 8 October 2021 and as participation in the capital raising (as approved by shareholders), 833,334 unlisted options at \$0.03 exercise price, expiring 31 October 2023 were issued
- On 8 October 2021, 400,000 performance shares, valued at \$40,000, were converted to fully paid ordinary shares. Refer to note F1(G) in the Consolidated Financial Statements.

<sup>5</sup> Brett Savill (or nominee):

- On 8 October 2021 and as participation in the capital raising (as approved by shareholders), 833,333 unlisted options (\$0.03 each, expiring 31 October 2023) were issued to related entities.
- On 8 October 2021, 800,000 performance shares, valued at \$80,000, were converted to fully paid ordinary shares. Refer to note F1(G) in the Consolidated Financial Statements.
- On 30 June 2022, Brett Savill resigned as a Non-Executive Director.

<sup>6</sup> Stephanie Voulcaris (or nominee):

- On 9 May 2022, the Company issued 5,000,000 performance rights relating to remuneration pursuant to the shareholder approved Employee Securities Incentive Plan. The vesting of the performance rights are subject to the achievement of certain hurdles. Refer to note F1(H)(ii) in the Consolidated Financial Statements.

## OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL

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### RELATED PARTY TRANSACTIONS

As noted in the Annual Report for the year ended 30 June 2021 (note 24), the Group disclosed transactions with GSM Electrical (Australia) Pty Ltd (**GSM Electrical**) (Australian entity) and GSM International Limited (**GSM International**) (Hong Kong entity). These entities are related parties of KMP Simon Gerard. The nature of the transactions are predominantly for sales of product, purchase of product, quality assurance services, logistics services, management of international manufacturing and engineering resources. The relationships remained and transactions continued throughout the year ended 30 June 2022.

During the year ended 30 June 2022, the Group commenced transacting with Bell Total Logistics Pty Ltd (**Bell Total Logistics**), an entity related to KMP Simon Gerard. These transactions were for logistics services and importation of product. The majority of the transactions relate to Goods and Services Tax on importation of goods, which is recoverable from the Australian Tax Office (**ATO**). There is no separate formal agreement in place with Bell Total Logistics and the Group engages their logistic services on a case-by-case basis.

During the year ended 30 June 2022, the Group engaged Shirley Road Custodians Pty Ltd (**Shirley Road**), an entity related to KMP Simon Beissel. This transaction was for consulting services. There is no separate formal agreement in place with Shirley Road Custodians and the Group engages their consulting services on a case-by-case basis.

The goods and services received or provided were on commercial arms-length terms.

## RELATED PARTY TRANSACTIONS (continued)

The following table provides details of transactions during the year ended 30 June 2022, and balances as at 30 June 2022.

|                                                                                                  | Settled during<br>1 Jul 2021 to 30 Jun 2022 |                                      | Outstanding as at<br>30 June 2022 |                                         | Total<br>transactions<br>during the<br>period<br>1 Jul 2021 to<br>30 Jun 2022<br>\$ |
|--------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------|
|                                                                                                  | Cash<br>settled<br>\$                       | Equity<br>settled <sup>1</sup><br>\$ | Accounts<br>receivable<br>\$      | Accounts<br>payable or<br>accrued<br>\$ |                                                                                     |
| Transactions with GSM Electrical                                                                 |                                             |                                      |                                   |                                         |                                                                                     |
| Sales of finished goods<br>(inclusive of GST) <sup>2</sup>                                       | 2,402,456                                   | -                                    | -                                 | -                                       | 2,402,456                                                                           |
| Prepayment of unfinished goods<br>(inclusive of GST) <sup>2</sup>                                | 35,000                                      | -                                    | 34,756                            | -                                       | 69,756                                                                              |
| Sales returns of finished goods<br>(inclusive of GST) <sup>2</sup>                               | (784,648)                                   | -                                    | -                                 | -                                       | (784,648)                                                                           |
| Purchases of finished goods including<br>delivery (inclusive of GST)                             | (386,049)                                   | -                                    | -                                 | -                                       | (386,049)                                                                           |
| Tooling contribution (inclusive of GST)                                                          | 62,891                                      | -                                    | 14,002                            | -                                       | 76,893                                                                              |
| Personnel, engineering project costs and<br>warehousing services <sup>2</sup> (inclusive of GST) | (1,848)                                     | (234,723)                            | -                                 | (14,555)                                | (251,126)                                                                           |
| Net total with GSM Electrical                                                                    | 1,327,802                                   | (234,723)                            | 48,758                            | (14,555)                                | 1,127,282                                                                           |
| Transactions with GSM International                                                              |                                             |                                      |                                   |                                         |                                                                                     |
| Purchases of finished goods<br>which are to be remitted to 3rd-party<br>manufacturers (no GST)   | (1,473,214)                                 | -                                    | -                                 | (31,107)                                | (1,504,321)                                                                         |
| Quality assurance services (no GST)                                                              | (2,911)                                     | (74,646)                             | -                                 | -                                       | (77,557)                                                                            |
| Net total with GSM International                                                                 | (1,476,125)                                 | (74,646)                             | -                                 | (31,107)                                | (1,581,878)                                                                         |
| Transactions with Bell Total Logistics                                                           |                                             |                                      |                                   |                                         |                                                                                     |
| Freight and import duties<br>(inclusive of GST)                                                  | (74,270)                                    | -                                    | -                                 | (1,552)                                 | (75,822)                                                                            |
| GST on importation which is recoverable<br>from the ATO                                          | (126,168)                                   | -                                    | -                                 | (6,846)                                 | (133,014)                                                                           |
| Net total with Bell Total Logistics                                                              | (200,438)                                   | -                                    | -                                 | (8,398)                                 | (208,836)                                                                           |
| Transactions with Shirley Road                                                                   |                                             |                                      |                                   |                                         |                                                                                     |
| Consulting services (inclusive of GST)                                                           | (8,250)                                     | -                                    | -                                 | -                                       | (8,250)                                                                             |
| Net total with Shirley Road                                                                      | (8,250)                                     | -                                    | -                                 | -                                       | (8,250)                                                                             |
| Total related party transactions                                                                 |                                             |                                      | 48,758                            | (54,060)                                | (671,682)                                                                           |

<sup>1</sup> As set out in note D1 of the Consolidated Financial Statements, shareholders approved the issuance of \$350,000 shares in exchange for services. The amount settled throughout the period was \$309,369. The amount remaining to be utilised is therefore \$40,631.

<sup>2</sup> Sales of finished goods, sales returns and warehousing services pursuant under the Distribution Agreement.

## RELATED PARTY TRANSACTIONS (continued)

The following table provides details of transactions during the year ended 30 June 2021, and balances as at 30 June 2021.

|                                                                      | Settled during<br>1 Jul 2020 to 30 Jun 2021 |                                      | Outstanding as at<br>30 June 2021 |                                         | Total<br>transactions<br>during the<br>period<br>1 Jul 2020 to<br>30 Jun 2021 |
|----------------------------------------------------------------------|---------------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------------|-------------------------------------------------------------------------------|
|                                                                      | Cash<br>settled<br>\$                       | Equity<br>settled <sup>1</sup><br>\$ | Accounts<br>receivable<br>\$      | Accounts<br>payable or<br>accrued<br>\$ |                                                                               |
| <b>Transactions with GSM Electrical</b>                              |                                             |                                      |                                   |                                         |                                                                               |
| Personnel and engineering project costs<br>(inclusive of GST)        | (168,198)                                   | -                                    | -                                 | (22,825)                                | (191,023)                                                                     |
| Purchases of finished goods including<br>delivery (inclusive of GST) | -                                           | -                                    | -                                 | (33,024)                                | (33,024)                                                                      |
| <b>Net total with GSM Electrical</b>                                 | <b>(168,198)</b>                            | <b>-</b>                             | <b>-</b>                          | <b>(55,848)</b>                         | <b>(224,046)</b>                                                              |
| <b>Total related party transactions</b>                              | <b>(168,198)</b>                            | <b>-</b>                             | <b>-</b>                          | <b>(55,848)</b>                         | <b>(224,046)</b>                                                              |

<sup>1</sup> There were no transactions during the year ended 30 June 2021 which were equity settled.

## RELATED PARTY COMMITMENTS

The following table provides the total amount of commitments with related parties.

The amounts disclosed include commitments to do something if a particular event occurs (or does not occur) in the future. The amounts disclosed relate to transactions in which neither party has performed any of their obligations, and as such, there are no associated amounts owed by or to either party.

|                                                                               | 2022<br>\$         | 2021<br>\$         |
|-------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Commitments with GSM Electrical</b>                                        |                    |                    |
| Sales of finished goods (inclusive of GST)                                    | 1,045,792          | 1,393,936          |
| <b>Net total with GSM Electrical</b>                                          | <b>1,045,792</b>   | <b>1,393,936</b>   |
| <b>Commitments with GSM International</b>                                     |                    |                    |
| Purchases of finished goods to be remitted to 3rd party manufacturer (no GST) | (4,510,709)        | (1,515,649)        |
| Quality assurance services (no GST)                                           | (247,035)          | (83,365)           |
| <b>Net total with GSM International</b>                                       | <b>(4,757,744)</b> | <b>(1,599,014)</b> |
| <b>Total related party commitments</b>                                        | <b>(3,711,952)</b> | <b>(205,078)</b>   |

## RELATED PARTY LOANS

As at 30 June 2022, there were no loans outstanding to related parties (2021: nil).

End of audited Remuneration Report.

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This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Jordan Tentori  
Executive Director and Chief Executive Officer

26 August 2022

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Zimi 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:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia  
26 August 2022



**L Di Giallonardo**  
Partner

**hlb.com.au**

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# FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

## FINANCIAL REPORT

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These Financial Statements are Consolidated Financial Statements of the Group consisting of Zimi Limited and its controlled entities. A list of controlled entities is included in note E2.

The Financial Statements are presented in Australian currency.

Zimi Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office is Level 1, 2A / 300 Fitzgerald Street, North Perth WA 6006.

The Financial Statements were authorised for issue by the Directors on 26 August 2022. The Directors have the power to amend and reissue the Financial Statements.

All press releases, financial reports and other information are available at our Investor Centre on our website:  
<https://zimi.life/investor>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

|                                                                      | Notes | 2022<br>\$         | 2021<br>\$         |
|----------------------------------------------------------------------|-------|--------------------|--------------------|
| Revenue                                                              | B2    | 3,051,534          | 18,244             |
| Cost of sales                                                        |       | (2,966,146)        | (11,924)           |
| <b>Gross profit</b>                                                  |       | <b>85,388</b>      | <b>6,320</b>       |
| Other income                                                         | B3    | 869,405            | 890,081            |
| <b>Expenses</b>                                                      |       |                    |                    |
| Administrative and corporate                                         |       | (775,841)          | (1,321,087)        |
| Employee benefits                                                    |       | (2,367,416)        | (1,547,674)        |
| Occupancy                                                            |       | (77,232)           | (20,653)           |
| Advertising and marketing                                            |       | (50,669)           | (37,457)           |
| Travel                                                               |       | (46,221)           | (17,112)           |
| Other gains and losses                                               | B5    | 281,308            | (24,473)           |
| Depreciation and amortisation                                        | B6    | (2,776,490)        | (1,720,073)        |
| Impairment charge                                                    | B7    | (33,123)           | (231,354)          |
| <b>Total expenses</b>                                                |       | <b>(5,845,684)</b> | <b>(4,919,883)</b> |
| <b>Operating loss before interest and income tax</b>                 |       | <b>(4,890,891)</b> | <b>(4,023,482)</b> |
| Net finance costs                                                    | B8    | (40,211)           | (67,499)           |
| <b>Loss before income tax</b>                                        |       | <b>(4,931,102)</b> | <b>(4,090,981)</b> |
| Income tax benefit                                                   | B9    | -                  | 1,197,780          |
| <b>Loss after income tax</b>                                         |       | <b>(4,931,102)</b> | <b>(2,893,201)</b> |
| <b>Other comprehensive income</b>                                    |       |                    |                    |
| <i>Items that may be reclassified subsequently to profit or loss</i> |       |                    |                    |
| Changes in fair value cash flow hedges                               |       | 22,176             | -                  |
| <b>Other comprehensive income for the year, net of tax</b>           |       | <b>22,176</b>      | <b>-</b>           |
| <b>Total comprehensive loss for the period</b>                       |       | <b>(4,908,926)</b> | <b>(2,893,201)</b> |

|                        | Notes | 2022<br>cents | 2021<br>cents <sup>1</sup> |
|------------------------|-------|---------------|----------------------------|
| <b>Loss per share</b>  |       |               |                            |
| Basic loss per share   | B4    | (8.66)        | (10.77)                    |
| Diluted loss per share | B4    | (8.66)        | (10.77)                    |

<sup>1</sup> Comparative information has been re-presented in accordance with AASB 133 *Earnings per Share* - refer note B4.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

|                                        | Notes | 2022<br>\$         | 2021<br>\$         |
|----------------------------------------|-------|--------------------|--------------------|
| <b>ASSETS</b>                          |       |                    |                    |
| <b>Current assets</b>                  |       |                    |                    |
| Cash and cash equivalents              | D3    | 1,664,307          | 1,220,098          |
| Trade and other receivables            | C1    | 1,061,072          | 717,756            |
| Inventories                            | C2    | 291,920            | -                  |
| Other assets                           |       | 258,080            | 16,193             |
| Other financial assets                 | C3    | 22,176             | -                  |
| <b>Total current assets</b>            |       | <b>3,297,555</b>   | <b>1,954,047</b>   |
| <b>Non-current assets</b>              |       |                    |                    |
| Property, plant and equipment          | C4    | 433,274            | 360,572            |
| Intangible assets                      | C5    | 4,584,792          | 7,635,831          |
| Right-of-use assets                    | C6    | 136,998            | 268,056            |
| Other assets                           |       | -                  | 8,651              |
| <b>Total non-current assets</b>        |       | <b>5,155,064</b>   | <b>8,273,110</b>   |
| <b>Total assets</b>                    |       | <b>8,452,619</b>   | <b>10,227,157</b>  |
| <b>LIABILITIES</b>                     |       |                    |                    |
| <b>Current liabilities</b>             |       |                    |                    |
| Trade and other payables               | C7    | (538,270)          | (1,249,105)        |
| Provisions                             | C8    | (113,125)          | (77,339)           |
| Lease liabilities                      | C6    | (89,267)           | (89,642)           |
| Unearned revenue and customer deposits |       | (205,626)          | (370,941)          |
| Borrowings                             | D4    | (490,000)          | -                  |
| <b>Total current liabilities</b>       |       | <b>(1,436,288)</b> | <b>(1,787,027)</b> |
| <b>Non-current liabilities</b>         |       |                    |                    |
| Lease liabilities                      | C6    | (64,441)           | (186,388)          |
| <b>Total non-current liabilities</b>   |       | <b>(64,441)</b>    | <b>(186,388)</b>   |
| <b>Total liabilities</b>               |       | <b>(1,500,729)</b> | <b>(1,973,415)</b> |
| <b>Net assets</b>                      |       | <b>6,951,890</b>   | <b>8,253,742</b>   |
| <b>EQUITY</b>                          |       |                    |                    |
| Contributed equity                     | D1    | 48,712,769         | 42,862,900         |
| Other reserves                         | D2    | 846,348            | 4,431,882          |
| Accumulated losses                     |       | (42,607,227)       | (39,041,040)       |
| <b>Total equity</b>                    |       | <b>(6,951,890)</b> | <b>8,253,742</b>   |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

|                                                          | Contributed equity |                  | Other reserves   | Accumulated losses  | Total equity       |
|----------------------------------------------------------|--------------------|------------------|------------------|---------------------|--------------------|
|                                                          | Issued capital     | Unissued capital |                  |                     |                    |
|                                                          | \$                 | \$               | \$               | \$                  | \$                 |
| Balance at 1 July 2020                                   | 34,694,074         | 60,000           | 1,699,117        | (36,147,839)        | 305,352            |
| Loss for the period                                      | -                  | -                | -                | (2,893,201)         | (2,893,201)        |
| Other comprehensive income                               | -                  | -                | -                | -                   | -                  |
| <b>Total comprehensive loss for the period</b>           | <b>-</b>           | <b>-</b>         | <b>-</b>         | <b>(2,893,201)</b>  | <b>(2,893,201)</b> |
| <b>Other equity transactions</b>                         |                    |                  |                  |                     |                    |
| Shares issued as part of capital raising                 | 4,000,000          | -                | -                | -                   | 4,000,000          |
| Transaction costs related to shares issued               | (741,174)          | -                | 497,545          | -                   | (243,629)          |
| Settlement of advisor costs through share-based payments | 50,000             | -                | -                | -                   | 50,000             |
| Acquisition consideration                                | 4,800,000          | -                | 2,200,000        | -                   | 7,000,000          |
| Director and employee share-based payments               | -                  | -                | 35,220           | -                   | 35,220             |
| <b>Total other equity transactions</b>                   | <b>8,108,826</b>   | <b>-</b>         | <b>2,732,765</b> | <b>-</b>            | <b>10,841,591</b>  |
| <b>Balance at 30 June 2021</b>                           | <b>42,802,900</b>  | <b>60,000</b>    | <b>4,431,882</b> | <b>(39,041,040)</b> | <b>8,253,742</b>   |

|                                                          | Contributed equity |                  | Other reserves     | Accumulated losses  | Total equity       |
|----------------------------------------------------------|--------------------|------------------|--------------------|---------------------|--------------------|
|                                                          | Issued capital     | Unissued capital |                    |                     |                    |
|                                                          | \$                 | \$               | \$                 | \$                  | \$                 |
| Balance at 1 July 2021                                   | 42,802,900         | 60,000           | 4,431,882          | (39,041,040)        | 8,253,742          |
| Loss for the period                                      | -                  | -                | -                  | (4,931,102)         | (4,931,102)        |
| Other comprehensive income                               | -                  | -                | 22,176             | -                   | 22,176             |
| <b>Total comprehensive loss for the period</b>           | <b>-</b>           | <b>-</b>         | <b>22,176</b>      | <b>(4,931,102)</b>  | <b>(4,908,926)</b> |
| <b>Other equity transactions</b>                         |                    |                  |                    |                     |                    |
| Shares issued as part of capital raising                 | 3,850,000          | -                | -                  | -                   | 3,850,000          |
| Transaction costs related to shares issued               | (416,142)          | -                | 261,542            | -                   | (154,600)          |
| Vendor performance rights converted to ordinary shares   | 2,200,000          | -                | (2,200,000)        | -                   | -                  |
| Director performance shares converted to ordinary shares | 160,000            | -                | (160,000)          | -                   | -                  |
| Director and employee share-based payments               | 116,000            | (60,000)         | (144,337)          | -                   | (88,337)           |
| Options converted to ordinary shares                     | 11                 | -                | -                  | -                   | 11                 |
| Transfer from other reserves to accumulated losses       | -                  | -                | (1,364,915)        | 1,364,915           | -                  |
| <b>Total other equity transactions</b>                   | <b>5,909,869</b>   | <b>(60,000)</b>  | <b>(3,607,710)</b> | <b>1,364,915</b>    | <b>3,607,074</b>   |
| <b>Balance at 30 June 2022</b>                           | <b>48,712,769</b>  | <b>-</b>         | <b>846,348</b>     | <b>(42,607,227)</b> | <b>6,951,890</b>   |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

|                                                                          | Notes | 2022<br>\$         | 2021<br>\$         |
|--------------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                              |       |                    |                    |
| Receipts from customers (inclusive of GST)                               |       | 2,793,142          | 454,343            |
| Payments to suppliers and employees (inclusive of GST)                   |       | (6,271,182)        | (2,730,234)        |
| Receipts from government grants                                          | B3    | 697,626            | 1,036,379          |
| Receipts from interest income                                            |       | 357                | 164                |
| Payments for interest and other finance costs                            |       | (31,753)           | (71,704)           |
| <b>Net cash outflows used in operating activities</b>                    |       | <b>(2,811,810)</b> | <b>(1,311,052)</b> |
| <b>Cash flows from investing activities</b>                              |       |                    |                    |
| Payments for property, plant and equipment                               |       | (241,282)          | (125,332)          |
| Payments for intangible assets                                           |       | (263,100)          | (849,239)          |
| <b>Net cash outflows used in investing activities</b>                    |       | <b>(504,382)</b>   | <b>(974,571)</b>   |
| <b>Cash flows from financing activities</b>                              |       |                    |                    |
| Principal elements of lease payments                                     |       | (74,133)           | (212,159)          |
| Proceeds from borrowings                                                 | D4    | 490,000            | -                  |
| Repayment of borrowings                                                  |       | -                  | (734,423)          |
| Proceeds from issuance of shares                                         |       | 3,500,011          | 4,000,000          |
| Payments for transaction costs related to issuance of securities         |       | (154,600)          | (242,500)          |
| <b>Net cash inflows provided by financing activities</b>                 |       | <b>3,761,278</b>   | <b>2,810,918</b>   |
| <b>Net increase in cash and cash equivalents</b>                         |       | <b>445,086</b>     | <b>525,295</b>     |
| <b>Cash and cash equivalents, at the beginning of the financial year</b> |       | <b>1,220,098</b>   | <b>694,803</b>     |
| Effects of exchange changes on the balances held in foreign currencies   |       | (877)              | -                  |
| <b>Cash and cash equivalents, at the end of the financial year</b>       | D3    | <b>1,664,307</b>   | <b>1,220,098</b>   |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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## A BASIS OF PREPARATION

### A1 BASIS OF PREPARATION

Zimi Limited is a listed for profit public Company incorporated and domiciled in Australia. This Consolidated Financial Report for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Board of Directors on 26 August 2022.

The Consolidated Financial Report is a general-purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, and Australian Accounting Standards and Interpretations. Compliance with Australian Accounting Standards ensures that the Consolidated Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accounting policies and methods of computation adopted are consistent with those of the previous financial year. The Consolidated Financial Statements have been prepared on the historical cost basis except for derivative financial instruments which have been measured at fair value.

The Consolidated Financial Statements are presented in Australian currency and amounts have been rounded to the nearest dollar unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

### A2 GOING CONCERN

The Consolidated Financial Report has been prepared on a going concern basis, which assumes that the Group will be able to meet its debts as and when they become due and payable.

Notwithstanding the fact that the Group incurred an operating loss of \$4,931,102 for the year ended 30 June 2022, and a net cash outflow from operating activities of \$2,811,810, the Directors are of the opinion that the Group is a going concern for the following reasons:

- The Company completed the first tranche of its placement, raising \$1,035,000 through the issuance of 19,187,500 shares subsequent to year-end and before the date of this report;
- The Company has commitments to fully complete the second tranche of the placement, which will raise a further \$500,000 through the issuance of 6,250,000 shares, anticipated to occur in September 2022;
- The Research and Development (R&D) tax incentive of \$869,405 is due to be received subsequent to year-end;
- As at 30 June 2022, the Group has current assets exceeding current liabilities by \$1,861,267; and
- The Group can undertake fund raises to secure additional sources of funds where required.

As at the date of approving this report, the cash flow forecast supports the Group's ability to continue as a going concern. In the Directors' opinion, there are no material uncertainties that may cast significant doubt over this assumption. The Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and at least for 12 months from the end of the reporting period.

## A3 SIGNIFICANT ACCOUNTING POLICIES

### (A) Basis of consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all controlled entities of the Company as at 30 June 2022 and the results of all controlled entities for the year then ended. A list of the controlled entities is provided in note E2. Zimi Limited and its controlled entities together are referred to in this Consolidated Financial Report as the Group.

The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (B) Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of associated Goods and Services Tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (C) New and amended standards adopted by the Group

The Group has adopted all new or amended Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. There is no material impact of the new and revised Australian Accounting Standards and Interpretations on the Group.

### (D) New and amended standards not yet adopted by the Group

Certain new or amended Australian Accounting Standards and Interpretations have been published that are not mandatory for reporting periods commencing 1 July 2021 and have not been early adopted by the Group. These standards are not expected to have a material financial impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## B PERFORMANCE FOR THE YEAR

### B1 SEGMENT INFORMATION

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports that are reviewed and used by the Chief Operating Decision Maker (CODM). The Board and executive management, identified as the CODM, assess the performance of the Group and determine the allocation of resources.

The Group's operating segments have been determined with reference to the monthly management accounts used by the CODM to make decisions regarding the Group's operations and allocation of working capital.

Based on the quantitative thresholds included in AASB 8 *Operating Segments*, there is only one reportable segment, being development and manufacturing and one geographical segment, namely Australia.

The revenues and results of this segment are those of the Group as a whole and are set out in the Consolidated Statement of Comprehensive Income. The assets and liabilities of the Group as a whole are set out in the Consolidated Statement of Financial Position.

### B2 REVENUE

For the year ended 30 June 2022, the Group recognised revenue solely through the sale and delivery of finished goods or components to customers. The disaggregation of the Group's revenue from contracts with customers is set out below.

|                                     | 2022<br>\$       | 2021<br>\$    |
|-------------------------------------|------------------|---------------|
| <b>At a point in time</b>           |                  |               |
| Revenue from sale of finished goods | 2,974,036        | 18,244        |
| Revenue from sale of components     | 77,498           | -             |
| <b>Total revenue</b>                | <b>3,051,534</b> | <b>18,244</b> |

#### Significant accounting policy

Revenue from contracts with customers is recognised when the Group transfers control of products or provides services to a customer at the amount to which the Group expects to be entitled.

Revenue is recognised in accordance with the following five-step process:

1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

During the year ended 30 June 2022, the Group recognised revenue from the sale of goods. This includes both finished goods (e.g., switches, power points) and components (e.g., electronic chips). In respect of revenue from sale of finished goods, the Group's sales channels solely include Australian distributors.

Revenue is recognised when control of the goods has transferred, that is, when the goods are delivered to the customer. The transaction price at the date control passes is based on the contractually agreed price. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### B3 OTHER INCOME

Other income consists of income unrelated to the Group's ordinary activities.

|                                        | 2022<br>\$     | 2021<br>\$     |
|----------------------------------------|----------------|----------------|
| Research and development tax incentive | 869,405        | 697,626        |
| Other income                           | -              | 192,455        |
| <b>Total other income</b>              | <b>869,405</b> | <b>890,081</b> |

#### Significant accounting policy

The Group engages in R&D activities with regards to its development of an intelligent, decentralised smart home ecosystem. Certain judgements are required in assessing whether the Group is eligible for the R&D tax incentive based on the activities undertaken and nature of expenditure.

Government grants (e.g., R&D tax incentive) are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The Group recognises the amount received from government grants within other income.

### B4 LOSS PER SHARE

Loss per share presents the amount of loss generated for the reporting period attributable to shareholders divided by the weighted average number of shares on issue. The potential for any share rights issued by the Group to dilute existing shareholders' ownership when the share rights are exercised are also presented.

|                     | 2022<br>\$  | 2021<br>\$  |
|---------------------|-------------|-------------|
| Loss for the period | (4,931,102) | (2,893,201) |

|                                                                                                            | 2022<br>shares | 2021<br>shares |
|------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Weighted average number of shares used as denominator in calculating both basic and diluted loss per share | 56,965,158     | 26,866,247     |

On 2 June 2022, all securities were consolidated at a ratio of 15:1. The shares disclosed above is the weighted average number of shares on a post-consolidation basis. Comparative information has been re-presented on an adjusted basis to include the 15:1 share consolidation which occurred on 2 June 2022.

|                                  | 2022<br>cents | 2021<br>cents |
|----------------------------------|---------------|---------------|
| Basic and diluted loss per share | (8.66)        | (10.77)       |

Diluted loss per share adjusts the basic loss per share for the effects of any instruments that could potentially be converted into ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. As the Group is loss making, there is no dilutive effect of the potential ordinary shares.

## B5 OTHER GAINS AND LOSSES

|                                                           | 2022<br>\$     | 2021<br>\$      |
|-----------------------------------------------------------|----------------|-----------------|
| Loss on disposal of assets                                | (926)          | (43,633)        |
| (Loss) / gain on unrealised and realised foreign exchange | (54,741)       | 3,348           |
| Gain on AASB 16 <i>Leases</i> event                       | 1,379          | 15,812          |
| Gain on extinguishment of liability                       | 335,596        | -               |
| <b>Total other gains and losses</b>                       | <b>281,308</b> | <b>(24,473)</b> |

In the financial year ended 30 June 2020, Zimi Limited recognised an impairment charge of \$6,475,347 against capitalised development costs within intangible assets. Included in this impairment charge was an amount of \$335,596 payable to a supplier for electronic components, modules and assembly. This amount was originally capitalised as development costs and subsequently impaired to nil as it had no future economic benefit. The amount impaired had not been fully settled in cash and \$335,596 remained in accounts payable. In the financial year ended 30 June 2022, it was deemed that the \$335,596 payable to the supplier is no longer outstanding as the items were either not fit for purpose or not received. As a result, the \$335,596 payable to the supplier has been reversed and recognised as a gain on extinguishment of liability.

## B6 DEPRECIATION AND AMORTISATION

|                                               | 2022<br>\$         | 2021<br>\$         |
|-----------------------------------------------|--------------------|--------------------|
| Depreciation on property, plant and equipment | (213,739)          | (135,799)          |
| Depreciation on right-of-use assets           | (84,247)           | (175,355)          |
| Amortisation on intangible assets             | (2,478,504)        | (1,408,919)        |
| <b>Total depreciation and amortisation</b>    | <b>(2,776,490)</b> | <b>(1,720,073)</b> |

## B7 IMPAIRMENT CHARGE

|                                                               | 2022<br>\$      | 2021<br>\$       |
|---------------------------------------------------------------|-----------------|------------------|
| Impairment on accounts receivable – allowance for credit loss | -               | (231,354)        |
| Impairment on intangible assets – patents and trademarks      | (33,123)        | -                |
| <b>Total impairment charge</b>                                | <b>(33,123)</b> | <b>(231,354)</b> |

## B8 NET FINANCE COSTS

|                                            | 2022<br>\$      | 2021<br>\$      |
|--------------------------------------------|-----------------|-----------------|
| Interest income                            | 356             | 163             |
| Interest and finance charges on borrowings | (13,249)        | (32,803)        |
| Interest expense on lease liabilities      | (27,318)        | (34,859)        |
| <b>Total net finance costs</b>             | <b>(40,211)</b> | <b>(67,499)</b> |

### Significant accounting policy

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs comprise interest income, interest on borrowings calculated using the effective interest method and interest expense on lease liabilities.

## B9 TAXES

### (A) Income tax benefit

|                                                         | 2022<br>\$ | 2021<br>\$  |
|---------------------------------------------------------|------------|-------------|
| <b>Current tax</b>                                      |            |             |
| Current tax benefit                                     | -          | -           |
| <b>Total current tax benefit</b>                        | -          | -           |
| <b>Deferred tax</b>                                     |            |             |
| Decrease / (increase) in deferred tax assets (DTA)      | 323,720    | (1,021,879) |
| Increase / (decrease) in deferred tax liabilities (DTL) | (323,720)  | (175,901)   |
| <b>Total deferred tax benefit</b>                       | -          | (1,197,780) |
| <b>Income tax benefit</b>                               | -          | (1,197,780) |

### (B) Numerical reconciliation of income tax benefit to prima facie tax payable

|                                                                                                     | 2022<br>\$         | 2021<br>\$         |
|-----------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Loss before income tax                                                                              | (4,931,102)        | (4,090,981)        |
| <b>Tax at the Australian tax rate of 25% (2021: 26%)</b>                                            | <b>(1,232,776)</b> | <b>(1,063,655)</b> |
| <b>Tax effect of amounts which are not (assessable) / deductible in calculating taxable income:</b> |                    |                    |
| Non-deductible impairment charges                                                                   | -                  | -                  |
| Non-deductible expenses                                                                             | 278,470            | -                  |
| R&D non-deductible expenses                                                                         | 448,633            | 416,972            |
| Share-based payments expenses                                                                       | (22,085)           | 63,827             |
| Non-assessable income                                                                               | (217,351)          | (211,933)          |
| DTA and DTL not recognised                                                                          | 745,109            | (453,650)          |
| Other                                                                                               | -                  | 50,659             |
| <b>Total adjustments</b>                                                                            | <b>1,232,776</b>   | <b>(134,125)</b>   |
| <b>Income tax benefit</b>                                                                           | <b>-</b>           | <b>(1,197,780)</b> |

## B9 TAXES (continued)

### (C) Deferred tax assets and liabilities

|                                             | Deferred tax assets |                  | Deferred tax liabilities |                    |
|---------------------------------------------|---------------------|------------------|--------------------------|--------------------|
|                                             | 2022<br>\$          | 2021<br>\$       | 2022<br>\$               | 2021<br>\$         |
| Other assets                                | -                   | -                | (25,267)                 | -                  |
| Property, plant and equipment               | -                   | 5,948            | -                        | -                  |
| Intangible assets                           | 90,887              | 216,963          | (675,917)                | (997,290)          |
| Right-of-use assets                         | -                   | -                | (34,250)                 | -                  |
| Trade and other payables                    | 22,654              | 23,914           | -                        | -                  |
| Provisions                                  | 36,778              | 97,940           | -                        | (61,864)           |
| Lease liabilities                           | 38,427              | -                | -                        | -                  |
| Undeducted s. 40-880 costs (profit or loss) | 24,037              | 45,331           | -                        | -                  |
| Undeducted s. 40-880 costs (equity)         | 236,264             | 217,037          | -                        | -                  |
| Tax losses                                  | 4,443,597           | 4,550,651        | -                        | -                  |
| Other - DTA not recognised                  | (4,157,210)         | (4,098,630)      | -                        | -                  |
| <b>Deferred tax assets / (liabilities)</b>  | <b>735,434</b>      | <b>1,059,154</b> | <b>(735,434)</b>         | <b>(1,059,154)</b> |
| <b>Balance at 1 July</b>                    | <b>1,059,154</b>    | <b>37,275</b>    | <b>(1,059,154)</b>       | <b>(37,275)</b>    |
| <b>Movement:</b>                            |                     |                  |                          |                    |
| To profit or loss                           | (323,720)           | 1,021,879        | 323,720                  | 175,901            |
| Acquired through business combinations      | -                   | -                | -                        | (1,197,780)        |
| <b>Balance at 30 June</b>                   | <b>735,434</b>      | <b>1,059,154</b> | <b>(735,434)</b>         | <b>(1,059,154)</b> |

### (D) Unrecognised tax losses - temporary differences

|                                                                              | 2022<br>\$       | 2021<br>\$       |
|------------------------------------------------------------------------------|------------------|------------------|
| <b>Unused tax losses for which no deferred tax asset has been recognised</b> |                  |                  |
| Unused revenue losses                                                        | 17,774,386       | 17,502,504       |
| <b>Potential tax benefit at 25% (2021: 26%)</b>                              | <b>4,443,597</b> | <b>4,550,651</b> |
| Unused capital losses                                                        | 81,319           | 81,319           |
| <b>Potential tax benefit at 25% (2021: 26%)</b>                              | <b>20,330</b>    | <b>21,143</b>    |
| <b>Total potential tax benefit at 25% (2021: 26%)</b>                        | <b>4,521,999</b> | <b>4,571,794</b> |

All unused tax losses can be carried forward indefinitely subject to the loss utilisation tests and have no expiry date. The unused revenue losses for which no deferred tax asset has been recognised represent revenue and capital losses of the Company and its subsidiaries.

The unused capital losses for which no deferred tax asset has been recognised represent capital losses of the Company and its subsidiaries. Management has determined a deferred tax asset on unused capital losses should not be recognised on the basis that it is not probable that future capital gains would be available against which the capital losses can be utilised.

### (E) Corporate tax rate

In accordance with the new tax legislation, the Company and its Australian subsidiaries are subject to a corporate tax rate of 25% (2021: 26%) for the year ended 30 June 2022. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised, or the liability is settled.

**Significant accounting policy****Income tax**

Income tax expense in the Consolidated Statement of Comprehensive Income for the period presented comprises current and deferred tax.

Income tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax is also recognised in other comprehensive income, or directly in equity, respectively.

**Current tax**

Current tax expense or benefit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets or liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

**Deferred tax**

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the balance date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

## C ASSETS AND LIABILITIES

### C1 TRADE AND OTHER RECEIVABLES

|                                                   | 2022<br>\$       | 2021<br>\$     |
|---------------------------------------------------|------------------|----------------|
| Trade receivables                                 | 191,667          | 20,130         |
| Research and development tax incentive receivable | 869,405          | 697,626        |
| <b>Total trade and other receivables</b>          | <b>1,061,072</b> | <b>717,756</b> |

#### (A) Allowance for expected credit losses

As at 30 June 2022, there were no trade receivables which were past due but not impaired. As a result, there was no allowance for expected credit loss recognised (2021: nil).

#### (B) Fair value disclosure

Due to the short-term nature, the carrying amount of trade and other receivables is considered to approximate their fair value. For information about the methods and assumptions used in determining the fair value of the Group's receivables refer to note D5(D)(i).

#### Significant accounting policy

##### Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss. Trade receivables are generally due for settlement within periods up to 30 days.

##### Allowance for expected credit losses

The Group assesses the expected credit losses associated with its trade and other receivables on a forward-looking basis. The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables that share similar credit risk characteristics and days past due are grouped and then assessed for collectability as a whole.

### C2 INVENTORIES

|                          | 2022<br>\$     | 2021<br>\$ |
|--------------------------|----------------|------------|
| Finished goods           | 83,446         | -          |
| Components               | 134,015        | -          |
| Stock in transit         | 66,802         | -          |
| Work in progress         | 7,657          | -          |
| <b>Total inventories</b> | <b>291,920</b> | <b>-</b>   |

#### (A) Provision for inventory obsolescence

As at 30 June 2022, there were no inventory items which required a provision for inventory obsolescence (2021: nil).

## C2 INVENTORIES (continued)

### Significant accounting policy

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion necessary to make the sale.

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. Allowances are recorded against inventories for any such declines based on historical experience on obsolescence and slow-moving inventory.

Costs incurred in bringing each product to its present location and condition are determined after deducting rebates and discounts received or receivable and are accounted for on an average cost basis.

## C3 OTHER FINANCIAL ASSETS

|                                     | 2022<br>\$    | 2021<br>\$ |
|-------------------------------------|---------------|------------|
| Foreign exchange derivative         | 22,176        | -          |
| <b>Total other financial assets</b> | <b>22,176</b> | <b>-</b>   |

The Group is party to derivatives in the normal course of business in order to hedge exposure to fluctuation in foreign exchange rates. In accordance with the Group's financial risk management policies, the Group does not hold or issue derivatives for trading purposes. As at 30 June 2022, the Group had foreign exchange forward contracts to fix the United States dollar (US\$) rate between 0.7090 to 0.7185 on US\$402,923. The foreign exchange forward contracts mature in July 2022 and can be extended.

### (A) Fair value disclosure

The fair value of a hedging derivative is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. It is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. For information about the methods and assumptions used in determining the fair value of derivatives refer to note D5(D)(ii).

### Significant accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates its foreign exchange contract as a cash flow hedge. The Group documents its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in a hedging transaction have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

## C4 PROPERTY, PLANT AND EQUIPMENT

The net book amounts and movements in property, plant and equipment are set out below.

|                                          | Plant and<br>equipment<br>\$ | Computer<br>equipment<br>\$ | Furniture<br>and fittings<br>\$ | Leasehold<br>improvements<br>\$ | Total<br>\$    |
|------------------------------------------|------------------------------|-----------------------------|---------------------------------|---------------------------------|----------------|
| <b>2020</b>                              |                              |                             |                                 |                                 |                |
| Cost                                     | -                            | 389,784                     | 56,053                          | 28,867                          | 474,704        |
| Accumulated depreciation                 | -                            | (293,526)                   | (24,810)                        | (28,025)                        | (346,361)      |
| <b>Net book amount</b>                   | <b>-</b>                     | <b>96,258</b>               | <b>31,243</b>                   | <b>842</b>                      | <b>128,343</b> |
| <b>Movement:</b>                         |                              |                             |                                 |                                 |                |
| Additions                                | -                            | 75,317                      | 26,794                          | 23,221                          | 125,332        |
| Acquired through business combinations   | 286,328                      | -                           | -                               | -                               | 286,328        |
| Disposals                                | -                            | (17,106)                    | (26,526)                        | -                               | (43,632)       |
| Depreciation                             | (71,319)                     | (55,860)                    | (5,574)                         | (3,046)                         | (135,799)      |
| <b>Closing net book amount</b>           | <b>215,009</b>               | <b>98,609</b>               | <b>25,937</b>                   | <b>21,017</b>                   | <b>360,572</b> |
| <b>2021</b>                              |                              |                             |                                 |                                 |                |
| Cost                                     | 323,124                      | 359,314                     | 26,853                          | 52,088                          | 761,379        |
| Accumulated depreciation                 | (108,115)                    | (260,705)                   | (916)                           | (31,071)                        | (400,807)      |
| <b>Net book amount</b>                   | <b>215,009</b>               | <b>98,609</b>               | <b>25,937</b>                   | <b>21,017</b>                   | <b>360,572</b> |
| <b>Movement:</b>                         |                              |                             |                                 |                                 |                |
| Additions                                | 162,282                      | 41,488                      | 47,674                          | 49,793                          | 301,237        |
| Disposals                                | (77,779)                     | (51,398)                    | (3,810)                         | -                               | (132,987)      |
| Depreciation                             | (179,123)                    | (26,979)                    | (8,436)                         | 799                             | (213,739)      |
| Reclass in property, plant and equipment | 23,057                       | (25,496)                    | 2,439                           | -                               | -              |
| Reclass from intangible assets           | 113,339                      | 4,852                       | -                               | -                               | 118,191        |
| <b>Closing net book amount</b>           | <b>256,785</b>               | <b>41,076</b>               | <b>63,804</b>                   | <b>71,609</b>                   | <b>433,274</b> |
| <b>2022</b>                              |                              |                             |                                 |                                 |                |
| Cost                                     | 585,482                      | 62,775                      | 73,087                          | 73,014                          | 794,358        |
| Accumulated depreciation                 | (328,696)                    | (21,699)                    | (9,284)                         | (1,405)                         | (361,084)      |
| <b>Net book amount</b>                   | <b>256,786</b>               | <b>41,076</b>               | <b>63,803</b>                   | <b>71,609</b>                   | <b>433,274</b> |

**Significant accounting policy**

**Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less any accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the assets.

**Subsequent costs**

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

**Depreciation**

Assets are depreciated from the date the asset is brought to use, or in business combinations, the date of acquisition. Depreciation is calculated on either a straight line or diminishing value basis as considered appropriate to write off the net cost of each item of plant and equipment over its expected useful life to the Group. The depreciation period and method are reviewed at each financial year-end. The expected useful lives are as follows:

- Plant and equipment: 2 to 6 years
- Computer equipment: 2 to 10 years
- Furniture and fittings: 2 to 15 years
- Leasehold improvements: 40 years

**Derecognition**

An item of property, plant and equipment is derecognised when it is disposed of or no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the profit or loss.

**Impairment**

The carrying amounts of the Group's property, plant and equipment are reviewed for impairment where there is an indication that the asset may be impaired (assessed at least at each reporting date) or when there is an indication that a previously recognised impairment may need to be reversed. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

## C5 INTANGIBLE ASSETS

The net book amounts and movements in intangible assets are set out below.

|                                          | Capitalised<br>development<br>\$ | Sales<br>channels<br>\$ | Patents and<br>trademarks<br>\$ | Other<br>intangibles<br>\$ | Total<br>\$      |
|------------------------------------------|----------------------------------|-------------------------|---------------------------------|----------------------------|------------------|
| <b>2020</b>                              |                                  |                         |                                 |                            |                  |
| Cost                                     | 7,354,823                        | -                       | 1,310,116                       | -                          | 8,664,939        |
| Accumulated amortisation and impairment  | (7,354,823)                      | -                       | (1,184,800)                     | -                          | (8,539,623)      |
| <b>Net book amount</b>                   | <b>-</b>                         | <b>-</b>                | <b>125,316</b>                  | <b>-</b>                   | <b>125,316</b>   |
| <b>Movement:</b>                         |                                  |                         |                                 |                            |                  |
| Additions                                | 838,383                          | -                       | 10,856                          | -                          | 849,239          |
| Acquired through business combinations   | 5,161,426                        | 2,908,770               | -                               | -                          | 8,070,196        |
| Amortisation                             | (795,607)                        | (515,640)               | (97,673)                        | -                          | (1,408,920)      |
| <b>Closing net book amount</b>           | <b>5,204,202</b>                 | <b>2,393,130</b>        | <b>38,499</b>                   | <b>-</b>                   | <b>7,635,831</b> |
| <b>2021</b>                              |                                  |                         |                                 |                            |                  |
| Cost                                     | 6,893,706                        | 2,908,770               | 136,172                         | -                          | 9,938,648        |
| Accumulated amortisation and impairment  | (1,689,504)                      | (515,640)               | (97,673)                        | -                          | (2,302,817)      |
| <b>Net book amount</b>                   | <b>5,204,202</b>                 | <b>2,393,130</b>        | <b>38,499</b>                   | <b>-</b>                   | <b>7,635,831</b> |
| <b>Movement:</b>                         |                                  |                         |                                 |                            |                  |
| Additions                                | 228,299                          | -                       | 25,209                          | -                          | 253,508          |
| Disposals                                | (48,431)                         | -                       | -                               | -                          | (48,431)         |
| Amortisation                             | (1,489,444)                      | (987,889)               | (1,171)                         | -                          | (2,478,504)      |
| Impairment                               | -                                | -                       | (33,123)                        | -                          | (33,123)         |
| Reclass in intangible assets             | (10,412)                         | -                       | 2,417                           | 7,995                      | -                |
| Reclass to inventory and other assets    | (626,298)                        | -                       | -                               | -                          | (626,298)        |
| Reclass to property, plant and equipment | (118,191)                        | -                       | -                               | -                          | (118,191)        |
| <b>Closing net book amount</b>           | <b>3,139,725</b>                 | <b>1,405,241</b>        | <b>31,831</b>                   | <b>7,995</b>               | <b>4,584,792</b> |
| <b>2022</b>                              |                                  |                         |                                 |                            |                  |
| Cost                                     | 6,305,171                        | 2,908,770               | 33,485                          | 7,995                      | 9,255,421        |
| Accumulated amortisation and impairment  | (3,165,446)                      | (1,503,529)             | (1,654)                         | -                          | (4,670,629)      |
| <b>Net book amount</b>                   | <b>3,139,725</b>                 | <b>1,405,241</b>        | <b>31,831</b>                   | <b>7,995</b>               | <b>4,584,792</b> |

**Significant accounting policy****Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost and subsequently measured at cost less accumulated amortisation and impairment losses. Where acquired in a business combination, cost represents the fair value at the date of acquisition.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

**Amortisation**

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed at each financial year-end. The expected useful lives are as follows:

- Capitalised development: 4 years
- Sales channels: 3 years
- Patents: over the life of the patent
- Trademarks: indefinite trademarks, not amortised
- Other intangibles: indefinite brand name, not amortised

**Derecognition**

An item of intangible assets is derecognised when it is disposed of or no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the profit or loss.

**Impairment**

The carrying amounts of the Group's intangible assets are reviewed for impairment where there is an indication that the asset may be impaired (assessed at least at each reporting date) or when there is an indication that a previously recognised impairment may need to be reversed. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

## C6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (A) Amounts recognised in the Consolidated Statement of Financial Position

|                                  | 2022<br>\$       | 2021<br>\$       |
|----------------------------------|------------------|------------------|
| <b>Right-of-use assets</b>       |                  |                  |
| Leased properties                | 136,998          | 268,056          |
| <b>Total right-of-use assets</b> | <b>136,998</b>   | <b>268,056</b>   |
| <b>Lease liabilities</b>         |                  |                  |
| Current                          | (89,267)         | (89,642)         |
| Non-current                      | (64,441)         | (186,388)        |
| <b>Total lease liabilities</b>   | <b>(153,708)</b> | <b>(276,030)</b> |

### (B) Amounts recognised in the Consolidated Statement of Comprehensive Income

|                                                                                   | 2022<br>\$       | 2021<br>\$       |
|-----------------------------------------------------------------------------------|------------------|------------------|
| Depreciation on right-of-use assets                                               | (84,247)         | (175,355)        |
| Interest expense on lease liabilities                                             | (27,318)         | (34,859)         |
| Gain on AASB 16 <i>Leases</i> event                                               | 1,379            | 15,812           |
| <b>Total amounts recognised in Consolidated Statement of Comprehensive Income</b> | <b>(110,186)</b> | <b>(194,402)</b> |

### (C) Amounts recognised in the Consolidated Statement of Cash Flows

The total cash outflow for leases for the year ended 30 June 2022 was \$101,450 (30 June 2021: \$212,159).

## C6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

### (D) Net book amounts and movements in right-of-use assets

|                                | Leased properties<br>\$ |
|--------------------------------|-------------------------|
| <b>2020</b>                    |                         |
| Cost                           | 644,185                 |
| Accumulated depreciation       | (418,057)               |
| <b>Net book amount</b>         | <b>226,128</b>          |
| <b>Movement:</b>               |                         |
| Additions                      | 305,932                 |
| Disposals                      | (88,650)                |
| Depreciation                   | (175,354)               |
| <b>Closing net book amount</b> | <b>268,056</b>          |
| <b>2021</b>                    |                         |
| Cost                           | 861,467                 |
| Accumulated depreciation       | (593,411)               |
| <b>Net book amount</b>         | <b>268,056</b>          |
| <b>Movement:</b>               |                         |
| Depreciation                   | (84,247)                |
| Modification to lease terms    | (46,811)                |
| <b>Closing net book amount</b> | <b>136,998</b>          |
| <b>2022</b>                    |                         |
| Cost                           | 252,742                 |
| Accumulated depreciation       | (115,744)               |
| <b>Net book amount</b>         | <b>136,998</b>          |

**Significant accounting policy****Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of useful life and the lease term.

Right-of-use assets are tested for impairment which replaces the previous requirement to recognise a provision of onerous lease contracts. Any identified impairment loss is accounted for in line with the Group's accounting policy for property, plant and equipment which is set out in note C4.

**Lease liabilities**

At commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**Lease term**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In determining the lease term, the Group applies judgement and considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

At the end of each lease term, the Group assumes the lease arrangements will be automatically renewed regardless of whether the lease is no longer enforceable. The lease will remain in effect until one of the parties gives notice to terminate with no more than an insignificant penalty.

The initial lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

**Short-term leases and leases of low-value assets**

The Group applies the recognition exemptions to its short-term and low-value leases. Short-term leases are leases with a lease term of 12 months or less. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

## C7 TRADE AND OTHER PAYABLES

|                                       | 2022<br>\$       | 2021<br>\$         |
|---------------------------------------|------------------|--------------------|
| Trade and other payables              | (317,239)        | (1,027,072)        |
| Payroll and statutory liabilities     | (129,073)        | (78,417)           |
| Accrued expenses                      | (91,958)         | (143,616)          |
| <b>Total trade and other payables</b> | <b>(538,270)</b> | <b>(1,249,105)</b> |

### (A) Fair value disclosure

Due to the short-term nature, the carrying amount of trade and other payables is considered to approximate their fair value. For information about the methods and assumptions used in determining the fair value of the Group's payables refer to note D5(D)(i).

#### Significant accounting policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30-45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

## C8 PROVISIONS

|                         | 2022<br>\$       | 2021<br>\$      |
|-------------------------|------------------|-----------------|
| Annual leave            | (113,125)        | (77,339)        |
| <b>Total provisions</b> | <b>(113,125)</b> | <b>(77,339)</b> |

#### Significant accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable the Group will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material provisions are discounted using a rate that reflects the risk.

#### Annual leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The provision for annual leave is presented as current, since the Group does not have an unconditional right to defer settlement. Based on the hours accrued, the Group expects all employees to take the full amount of accrued leave within the next 12 months.

#### Long-service leave

Long service leave includes all unconditional entitlements where employees have completed the required period of service. In calculating the provision for long-service leave, consideration is given to expected future wage and salary levels, periods of service and adjusted for the probability of likely realisation.

Long-service leave expected to be settled within 12 months of the balance date are recognised in within current liabilities. Long-service leave not expected to be settled within 12 months of the balance date are recognised in non-current liabilities.

Given the period of service for all employees, the provision for long-service leave is nil.

## D CAPITAL STRUCTURE, FINANCING AND FINANCIAL RISK MANAGEMENT

### D1 CONTRIBUTED EQUITY

|                                 | 2022              |                   | 2021               |                   |
|---------------------------------|-------------------|-------------------|--------------------|-------------------|
|                                 | Shares            | \$                | Shares             | \$                |
| Issued ordinary shares          | 65,328,341        | 48,712,769        | 603,185,535        | 42,802,900        |
| Unissued ordinary shares        | -                 | -                 | -                  | 60,000            |
| <b>Total contributed equity</b> | <b>65,328,341</b> | <b>48,712,769</b> | <b>603,185,535</b> | <b>42,862,900</b> |

A reconciliation of the movement in ordinary shares is set out below.

|                                                              | 2022               |                   | 2021                 |                   |
|--------------------------------------------------------------|--------------------|-------------------|----------------------|-------------------|
|                                                              | Shares             | \$                | Shares               | \$                |
| <b>Issued ordinary shares at 1 July</b>                      | <b>603,185,535</b> | <b>42,802,900</b> | <b>2,008,549,744</b> | <b>34,694,074</b> |
| <b>Movement:</b>                                             |                    |                   |                      |                   |
| Shares issued as part of capital raising                     | 256,666,654        | 3,850,000         | 200,000,000          | 4,000,000         |
| Transaction costs related to shares issued                   | -                  | (416,142)         | -                    | (741,174)         |
| Acquisition consideration                                    | -                  | -                 | 240,000,000          | 4,800,000         |
| Settlement of advisor costs through share-based payments     | -                  | -                 | 2,500,000            | 50,000            |
| Vendor performance rights converted to ordinary shares       | 110,000,000        | 2,200,000         | -                    | -                 |
| Director performance shares converted to ordinary shares     | 1,600,000          | 160,000           | -                    | -                 |
| Listed options converted to shares                           | 84                 | 11                | -                    | -                 |
| Employee share-based payments                                | 1,897,812          | 26,000            | -                    | -                 |
| Director share-based payments                                | 2,189,781          | 30,000            | -                    | -                 |
| Director share-based payments converted from unissued shares | 4,379,562          | 60,000            | -                    | -                 |
| Share consolidation (2 shares for every 25 on issue)         | -                  | -                 | (1,847,864,209)      | -                 |
| Share consolidation (1 shares for every 15 on issue)         | (914,591,087)      | -                 | -                    | -                 |
| <b>Issued ordinary shares at 30 June</b>                     | <b>65,328,341</b>  | <b>48,712,769</b> | <b>603,185,535</b>   | <b>42,802,900</b> |
| <b>Unissued ordinary shares at 1 July</b>                    | <b>-</b>           | <b>60,000</b>     | <b>-</b>             | <b>60,000</b>     |
| <b>Movement:</b>                                             |                    |                   |                      |                   |
| Director share-based payments converted to issued shares     | -                  | (60,000)          | -                    | -                 |
| <b>Unissued ordinary shares at 30 June</b>                   | <b>-</b>           | <b>-</b>          | <b>-</b>             | <b>60,000</b>     |
| <b>Total contributed equity</b>                              | <b>65,328,341</b>  | <b>48,712,769</b> | <b>603,185,535</b>   | <b>42,862,900</b> |

On 20 August 2021, the Company announced that it had successfully arranged a \$3,850,000 capital raise by private placement, at an issue price of \$0.015 per share. On 3 September 2021, the Company announced the Notice of Meeting for an Extraordinary General Meeting to be held on 6 October 2021. Resolution 9 of the Notice of Meeting proposed to issue \$350,000 of shares (as part of this capital raise) in exchange for services provided to the Company by entities related to Director, Simon Gerard. At that meeting, all resolutions were passed and as a result, the \$3,850,000 capital raise was settled through \$3,500,000 in cash and \$350,000 in existing services and future services.

In conjunction with the capital raise, the Company granted 128,333,334 unlisted options to placement participants, and 41,666,667 unlisted options to the Company's lead manager for corporate advisory and broker services. The options were granted with an exercise price of \$0.03 expiring on 31 October 2023.

## D1 CONTRIBUTED EQUITY (continued)

On 15 December 2021, the Company converted 110,000,000 performance rights upon the achievement of milestones which were issued as partial vendor consideration in respect of the acquisition of GSM Innovations Pty Ltd (now Zimi Innovations Pty Ltd).

On 22 December 2021, the Company issued 6,569,343 shares at an issue price of \$0.0137 per share to Director, Brett Savill. This \$90,000 share issuance was approved at the Annual General Meeting held on 30 November 2021. Of the \$90,000, \$60,000 was recorded in unissued contributed equity and related to remuneration from the financial year ended 30 June 2019 and the financial year ended 30 June 2020.

On 2 June 2022, the Company undertook a share consolidation of 1 share for every 15 shares. There were no new shares issued after the share consolidation and balance date.

### Significant accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

## D2 OTHER RESERVES

|                              | 2022<br>\$     | 2021<br>\$       |
|------------------------------|----------------|------------------|
| Share-based payments reserve | 824,172        | 4,431,882        |
| Hedging reserve              | 22,176         | -                |
| <b>Total other reserves</b>  | <b>846,348</b> | <b>4,431,882</b> |

The share-based payments reserve is used to recognise the fair value of equity-settled share-based payments issued to eligible participants as part of their remuneration, or to advisors in respect of transaction costs. Further detail on the share-based payments reserve is in note F1. Equity instrument disclosures relating to key management personnel is disclosed in note F2 and within the Remuneration Report.

The hedging reserve records fair value movements in foreign exchange hedges to the extent the cash flow hedges are deemed effective.

### Significant accounting policy

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the Consolidated Statement of Comprehensive Income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is immediately charged to the profit or loss within finance costs.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is recognised in the profit or loss.

### D3 CASH AND CASH EQUIVALENTS

|                           | 2022<br>\$ | 2021<br>\$ |
|---------------------------|------------|------------|
| Cash and cash equivalents | 1,664,307  | 1,220,098  |

#### (A) Reconciliation of loss for the period to net cash flows used in operating activities

|                                                                        | Notes | 2022<br>\$         | 2021<br>\$         |
|------------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Loss for the period</b>                                             |       | <b>(4,931,102)</b> | <b>(2,893,201)</b> |
| <b>Adjustment for:</b>                                                 |       |                    |                    |
| Depreciation and amortisation                                          | B6    | 2,776,490          | 1,720,073          |
| Impairment on accounts receivable                                      | B7    | -                  | 231,354            |
| Impairment on intangible assets                                        | B7    | 33,123             | -                  |
| Loss on disposal of assets                                             | B5    | 926                | -                  |
| Gain on unrealised foreign exchange                                    |       | 877                | -                  |
| (Gain) / loss on AASB <i>Leases</i> event                              | B5    | (1,379)            | 19,047             |
| Income tax benefit                                                     | B9    | -                  | (1,197,780)        |
| Share based payments (reversal) / expense                              | F1(C) | (88,337)           | 85,220             |
| Share issuance in exchange for services                                | D1    | 350,000            | -                  |
| Reclass from intangible assets to inventory and other assets           | C5    | 626,298            | -                  |
| Movement in accounts payable relating to property, plant and equipment |       | 71,499             | -                  |
| Movement in accounts payable relating to intangible assets             |       | 58,631             | -                  |
| <b>Total adjustments</b>                                               |       | <b>3,828,128</b>   | <b>857,914</b>     |
| <b>(Increase) / decrease in assets:</b>                                |       |                    |                    |
| Trade and other receivables                                            |       | (343,316)          | 411,341            |
| Inventories                                                            |       | (291,920)          | -                  |
| Other assets                                                           |       | (233,236)          | (11,156)           |
| <b>Total (increase) / decrease in assets</b>                           |       | <b>(868,472)</b>   | <b>400,185</b>     |
| <b>Increase / (decrease) in liabilities:</b>                           |       |                    |                    |
| Trade and other payables                                               |       | (710,835)          | 401,197            |
| Provisions                                                             |       | 35,786             | (77,147)           |
| Unearned revenue and customer deposits                                 |       | (165,315)          | -                  |
| <b>Total Increase / (decrease) in liabilities:</b>                     |       | <b>(840,364)</b>   | <b>324,050</b>     |
| <b>Net cash outflows used in operating activities</b>                  |       | <b>(2,811,810)</b> | <b>(1,311,052)</b> |

### D3 CASH AND CASH EQUIVALENTS (continued)

#### (B) Changes in liabilities arising from financing activities

The following table provides a reconciliation between opening and closing balances on the face of the Consolidated Statement of Financial Position arising from financing activities.

|                                                                         | Lease liabilities |                  | Borrowings       |                | Total liabilities from financing activities |                  |
|-------------------------------------------------------------------------|-------------------|------------------|------------------|----------------|---------------------------------------------|------------------|
|                                                                         | 2022<br>\$        | 2021<br>\$       | 2022<br>\$       | 2021<br>\$     | 2022<br>\$                                  | 2021<br>\$       |
| Balance at 1 July                                                       | (276,030)         | (236,047)        | -                | (776,400)      | (276,030)                                   | (1,012,447)      |
| <b>Financing cash movements:</b>                                        |                   |                  |                  |                |                                             |                  |
| Principal elements of lease payments                                    | 74,133            | 212,159          | -                | -              | 74,133                                      | 212,159          |
| Proceeds from borrowings                                                | -                 | -                | (490,000)        |                | (490,000)                                   | -                |
| Repayment of borrowings                                                 |                   |                  | -                | 734,423        | -                                           | 734,423          |
| <b>Total cash (inflows) / outflows provided in financing activities</b> | <b>74,133</b>     | <b>212,159</b>   | <b>(490,000)</b> | <b>734,423</b> | <b>(415,867)</b>                            | <b>946,582</b>   |
| <b>Other movements:</b>                                                 |                   |                  |                  |                |                                             |                  |
| Non-cash AASB 16 Leases modification or additions                       | 48,189            | (252,142)        | -                | -              | 48,189                                      | (252,142)        |
| Operating cash outflows relating to interest and finance costs          | -                 | -                | -                | 41,977         | -                                           | 41,977           |
| <b>Total other movements</b>                                            | <b>48,189</b>     | <b>(252,142)</b> | <b>-</b>         | <b>41,977</b>  | <b>48,189</b>                               | <b>(210,165)</b> |
| <b>Balance at 30 June</b>                                               | <b>(153,708)</b>  | <b>(276,030)</b> | <b>(490,000)</b> | <b>-</b>       | <b>(643,708)</b>                            | <b>(276,030)</b> |

#### Significant accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, 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.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## D4 BORROWINGS

|                        | 2022<br>\$ | 2021<br>\$ |
|------------------------|------------|------------|
| Third-party borrowings | (490,000)  | -          |

Third-party borrowings relate to the pre-funding of the R&D tax incentive from Radium Capital. The loan is secured against the R&D tax incentive receivable from the ATO, following lodgement of the tax return. The receipt of the R&D tax incentive is anticipated to be in September 2022 and the interest on the pre-funding accrues at 15% per annum.

### Significant accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Interest is accrued over the period it becomes due and unpaid interest is recorded as part of current trade and other payables.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Consolidated Statement of Comprehensive Income as net finance costs.

## D5 FINANCIAL RISK MANAGEMENT

This section provides a summary of the Group's exposure to market, liquidity, and credit risks, along with the Group's policies and strategies in place to mitigate these risks.

The Group holds the following financial instruments:

|                                                | Notes | 2022<br>\$         | 2021<br>\$         |
|------------------------------------------------|-------|--------------------|--------------------|
| <b>Financial assets at amortised cost</b>      |       |                    |                    |
| Cash and cash equivalents                      | D3    | 1,664,307          | 1,220,098          |
| Trade and other receivables                    | C1    | 1,061,072          | 717,756            |
| <b>Financial assets at fair value</b>          |       |                    |                    |
| Foreign exchange derivative                    | C3    | 22,176             | -                  |
| <b>Total financial assets</b>                  |       | <b>2,747,555</b>   | <b>1,937,854</b>   |
| <b>Financial liabilities at amortised cost</b> |       |                    |                    |
| Trade and other payables                       | C7    | (538,270)          | (1,249,105)        |
| Lease liabilities                              | C6    | (153,708)          | (276,030)          |
| Unearned revenue and customer deposits         |       | (205,626)          | (370,941)          |
| Borrowings                                     | D4    | (490,000)          | -                  |
| <b>Total financial liabilities</b>             |       | <b>(1,387,604)</b> | <b>(1,896,076)</b> |

## D5 FINANCIAL RISK MANAGEMENT (continued)

### (A) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and price risk.

The Group's exposure to market risk arises from adverse movements in foreign exchange which affect the Group's financial performance. The Group is not exposed to any significant interest rate risk or price risk.

#### (i) Foreign exchange risk

Foreign exchange risk is the risk that a change in foreign exchange rates may negatively impact the Group's cash flow or profitability because the Group has an exposure to a foreign currency or has foreign currency denominated obligations.

The Group's exposure to foreign exchange risk arises from its future commercial transactions, and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The following table summarises the carrying amounts of the Group's financial assets and liabilities that are denominated in other foreign currencies and discloses the sensitivity of net profit before tax to a 10% change against the foreign currency with all other variables held constant.

The Group is primarily exposed to changes in the US Dollar exchange rate. In assessing the sensitivity of the foreign currency on the loss before tax, the Group applies the exchange rate as at 30 June 2022 being 0.6889 (30 June 2021: 0.7518).

|                                            | Carrying amount |            | Impact of + 10% FX change on loss before tax |            | Impact of - 10% FX change on loss before tax |            |
|--------------------------------------------|-----------------|------------|----------------------------------------------|------------|----------------------------------------------|------------|
|                                            | 2022<br>\$      | 2021<br>\$ | 2022<br>\$                                   | 2021<br>\$ | 2022<br>\$                                   | 2021<br>\$ |
| <b>Assets</b>                              |                 |            |                                              |            |                                              |            |
| US\$ denominated cash and cash equivalents | 188,636         | -          | (17,149)                                     | -          | 20,960                                       | -          |
| US\$ denominated trade receivables         | 156,911         | -          | (14,265)                                     | -          | 17,435                                       | -          |
| <b>US\$ denominated assets</b>             | <b>345,547</b>  | <b>-</b>   | <b>(31,414)</b>                              | <b>-</b>   | <b>38,395</b>                                | <b>-</b>   |
| <b>Liabilities</b>                         |                 |            |                                              |            |                                              |            |
| US\$ denominated trade payables            | 147,476         | -          | 13,407                                       | -          | (16,386)                                     | -          |
| <b>US\$ denominated liabilities</b>        | <b>147,476</b>  | <b>-</b>   | <b>13,407</b>                                | <b>-</b>   | <b>(16,386)</b>                              | <b>-</b>   |

The aggregate net foreign exchange gains / losses recognised in profit or loss were:

|                                                           | Notes | 2022<br>\$ | 2021<br>\$ |
|-----------------------------------------------------------|-------|------------|------------|
| (Loss) / gain on unrealised and realised foreign exchange | B5    | (54,741)   | 3,348      |

The Group is party to derivatives in the normal course of business in order to hedge exposure to fluctuation in foreign exchange rates. In accordance with the Group's financial risk management policies, the Group does not hold or issue derivatives for trading purposes. As at 30 June 2022, the Group had foreign exchange forward contracts to fix the United States dollar (US\$) rate between 0.7090 to 0.7185 on US\$402,923. The foreign exchange forward contracts mature in July 2022 and can be extended. Refer to note C3 for the derivative asset recognised.

## D5 FINANCIAL RISK MANAGEMENT (continued)

### (A) Market risk (continued)

#### Significant accounting policy

##### Functional presentation currency

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in Australian Dollars (AU\$).

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other gains and losses.

### (B) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables), foreign exchange transactions and other financial instruments.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount, net of any provisions for impairment for each class of the following financial assets.

#### (i) Cash and cash equivalents

Credit risk from cash arises from balances held with counterparty financial institutions. Credit risk is managed by the Group's finance department which restrict the Group's exposure to financial institutions by credit rating band. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

#### (ii) Trade and other receivables

Credit risk arising on trade and other receivables is monitored on an ongoing basis, mitigating exposure to impairment of receivables and contract assets.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include failure to make contractual payments for a period of greater than 60 days past due. The Group does not hold any collateral in relation to these receivables.

The Group is exposed to material concentrations of credit risk due to its relatively small customer base. The Group's receivables are solely collected from Australian distributors who have strong long-term credit ratings. The Group focuses largely on experienced payment history and does not expect that these customers will fail to meet their obligations.

For the year ended 30 June 2022, the Group has not recognised an expected credit loss as all receivable balances are current (30 June 2021: nil).

## D5 FINANCIAL RISK MANAGEMENT (continued)

### (C) Liquidity Risk

Liquidity risk is the risk the Group will encounter difficulties in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, sufficient liquidity is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management monitors rolling forecasts at an operational level on a weekly basis and formally presents to the Directors on a monthly basis to ensure ongoing liquidity and prompt decision making.

#### (i) Maturities of financial instruments

The tables below provide an analysis of the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period between the reporting date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

|                                                          | Within<br>1 year<br>\$ | Between<br>1 and 5 years<br>\$ | Over<br>5 years<br>\$ | Total<br>contractual<br>cash flows<br>\$ |
|----------------------------------------------------------|------------------------|--------------------------------|-----------------------|------------------------------------------|
| <b>2022</b>                                              |                        |                                |                       |                                          |
| <b>Financial assets realisable cash flows</b>            |                        |                                |                       |                                          |
| Cash and cash equivalents                                | 1,664,307              | -                              | -                     | 1,664,307                                |
| Trade and other receivables                              | 1,061,072              | -                              | -                     | 1,061,072                                |
| <b>Total inflow on financial assets</b>                  | <b>2,725,379</b>       | <b>-</b>                       | <b>-</b>              | <b>2,725,379</b>                         |
| <b>Financial liabilities due for payment</b>             |                        |                                |                       |                                          |
| Trade and other payables                                 | (538,270)              | -                              | -                     | (538,270)                                |
| Lease liabilities                                        | (89,267)               | (64,441)                       | -                     | (153,708)                                |
| Unearned revenue and customer deposits                   | (205,626)              | -                              | -                     | (205,626)                                |
| Borrowings                                               | (490,000)              | -                              | -                     | (490,000)                                |
| <b>Total outflow on financial liabilities</b>            | <b>(1,323,163)</b>     | <b>(64,441)</b>                | <b>-</b>              | <b>(1,387,604)</b>                       |
| <b>Derivatives</b>                                       |                        |                                |                       |                                          |
| Foreign exchange derivative asset                        | 22,176                 | -                              | -                     | 22,176                                   |
| <b>Total inflow on derivative assets</b>                 | <b>22,176</b>          | <b>-</b>                       | <b>-</b>              | <b>22,176</b>                            |
| <b>Total inflow / (outflow) on financial instruments</b> | <b>1,424,392</b>       | <b>(64,441)</b>                | <b>-</b>              | <b>1,359,951</b>                         |
| <b>2021</b>                                              |                        |                                |                       |                                          |
| <b>Financial assets realisable cash flows</b>            |                        |                                |                       |                                          |
| Cash and cash equivalents                                | 1,220,098              | -                              | -                     | 1,220,098                                |
| Receivables and contract assets                          | 717,756                | -                              | -                     | 717,756                                  |
| <b>Total inflow on financial assets</b>                  | <b>1,937,854</b>       | <b>-</b>                       | <b>-</b>              | <b>1,937,854</b>                         |
| <b>Financial liabilities due for payment</b>             |                        |                                |                       |                                          |
| Trade and other payables                                 | (1,249,105)            | -                              | -                     | (1,249,105)                              |
| Lease liabilities                                        | (89,642)               | (186,388)                      | -                     | (276,030)                                |
| Unearned revenue and customer deposits                   | (370,941)              | -                              | -                     | (370,941)                                |
| <b>Total outflow on financial liabilities</b>            | <b>(1,709,688)</b>     | <b>(186,388)</b>               | <b>-</b>              | <b>(1,896,076)</b>                       |
| <b>Total inflow / (outflow) on financial instruments</b> | <b>228,166</b>         | <b>(186,388)</b>               | <b>-</b>              | <b>41,778</b>                            |

## D5 FINANCIAL RISK MANAGEMENT (continued)

### (D) Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group measures certain financial instruments at fair value at each reporting date using a hierarchy based on the lowest level of input that is significant to the fair value measurement.

The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset / liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset / liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers between levels during the financial year.

#### (i) Carrying amount of approximate fair values

The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

The carrying amount of the Group's borrowings approximates their fair values, as commercial rates of interest are paid, and the impact of discounting is not significant.

#### (ii) Fair value of derivative financial instruments

The fair value of the foreign exchange forward contracts is the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current foreign exchange rates. The fair value of the foreign exchange forward contracts is calculated as the present value of the estimated future cash flows and is classified as Level 2 under the fair value hierarchy.

## E GROUP STRUCTURE

### E1 PARENT ENTITY INFORMATION

This section presents the stand-alone financial information of the parent entity, Zimi Limited. The financial information has been prepared on the same basis as the Consolidated Financial Statements with the exception of investments in controlled entities which are accounted for at cost less any impairment.

|                                                | 2022<br>\$       | 2021<br>\$         |
|------------------------------------------------|------------------|--------------------|
| <b>ASSETS</b>                                  |                  |                    |
| Current assets                                 | 1,445,837        | 1,149,665          |
| Non-current assets                             | 641,033          | -                  |
| <b>Total assets</b>                            | <b>2,086,870</b> | <b>1,149,665</b>   |
| <b>LIABILITIES</b>                             |                  |                    |
| Current liabilities                            | (155,172)        | (497,102)          |
| Non-current liabilities                        | -                | -                  |
| <b>Total liabilities</b>                       | <b>(155,172)</b> | <b>(497,102)</b>   |
| <b>Net assets</b>                              | <b>1,931,698</b> | <b>652,563</b>     |
| <b>EQUITY</b>                                  |                  |                    |
| Contributed equity                             | 48,712,769       | 89,894,928         |
| Other reserves                                 | 824,172          | 7,067,562          |
| Accumulated losses                             | (47,605,243)     | (96,309,927)       |
| <b>Total equity</b>                            | <b>1,931,698</b> | <b>652,563</b>     |
| Loss for the period                            | (228,524)        | (3,456,422)        |
| <b>Total comprehensive loss for the period</b> | <b>(228,524)</b> | <b>(3,456,422)</b> |

### E2 INVESTMENTS IN CONTROLLED ENTITIES

The Consolidated Financial Statements incorporate the assets, liabilities and results of the parent entity, Zimi Limited and the following subsidiaries in accordance with the accounting policy described in note A3(A).

|                                                            | Country of<br>incorporation | Class of<br>shares | Equity holding |           |
|------------------------------------------------------------|-----------------------------|--------------------|----------------|-----------|
|                                                            |                             |                    | 2022<br>%      | 2021<br>% |
| Zimi Technology Pty Ltd <sup>1</sup>                       | Australia                   | Ordinary           | 100            | 100       |
| Zimi Innovations Pty Ltd <sup>2</sup>                      | Australia                   | Ordinary           | 100            | 100       |
| Quantify Technology Aus Pty Ltd <sup>3</sup>               | Australia                   | Ordinary           | 100            | 100       |
| Indian Ocean Petroleum Holdings Pty Ltd <sup>4</sup>       | Australia                   | Ordinary           | -              | 100       |
| PetroQuest International (Seychelles) Limited <sup>4</sup> | Seychelles                  | Ordinary           | -              | 100       |
| PetroQuest International Incorporated <sup>4</sup>         | USA                         | Ordinary           | -              | 100       |

<sup>1</sup> Formerly Quantify Technology Pty Ltd. Name changed 4 November 2021.

<sup>2</sup> Formerly GSM Innovations Pty Ltd. Name changed 14 July 2021.

<sup>3</sup> Quantify Technology Aus Pty Ltd was dormant and deregistered subsequent to balance date, on 13 July 2022.

<sup>4</sup> Indian Ocean Petroleum Holdings Pty Ltd, PetroQuest International (Seychelles) Limited and PetroQuest International Incorporated were all dormant entities since 2017, when Quantify Technology Limited (now Zimi) completed a reverse acquisition of WHL Limited.

## F OTHER INFORMATION

### F1 SHARE-BASED PAYMENTS

#### (A) Share-based payments reserve in the Consolidated Statement of Financial Position

|                                           | 2022<br>\$     | 2021<br>\$       |
|-------------------------------------------|----------------|------------------|
| Options reserve                           | 759,087        | 1,307,145        |
| Employee share rights reserve             | -              | 555,309          |
| Director performance shares reserve       | 50,143         | 304,601          |
| Employee performance rights reserve       | 14,942         | 64,827           |
| Vendor performance rights reserve         | -              | 2,200,000        |
| <b>Total share-based payments reserve</b> | <b>824,172</b> | <b>4,431,882</b> |

|                                                                   | Options<br>reserve<br>\$ | Employee<br>share rights<br>reserve<br>\$ | Director<br>performance<br>shares reserve<br>\$ | Employee<br>performance<br>rights reserve<br>\$ | Vendor<br>performance<br>rights reserve<br>\$ | Total<br>share-based<br>payments<br>reserve<br>\$ |
|-------------------------------------------------------------------|--------------------------|-------------------------------------------|-------------------------------------------------|-------------------------------------------------|-----------------------------------------------|---------------------------------------------------|
| <b>Balance at 1 July 2020</b>                                     | <b>809,600</b>           | <b>506,487</b>                            | <b>253,309</b>                                  | <b>129,721</b>                                  | <b>-</b>                                      | <b>1,699,117</b>                                  |
| <b>Movement:</b>                                                  |                          |                                           |                                                 |                                                 |                                               |                                                   |
| Lead manager unlisted options issued                              | 497,545                  | -                                         | -                                               | -                                               | -                                             | 497,545                                           |
| Vendor performance rights issued as acquisition consideration     | -                        | -                                         | -                                               | -                                               | 2,200,000                                     | 2,200,000                                         |
| Share-based payments expense / (reversal) through the P&L         | -                        | 48,822                                    | 51,292                                          | (64,894)                                        | -                                             | 35,220                                            |
| <b>Balance at 30 June 2021</b>                                    | <b>1,307,145</b>         | <b>555,309</b>                            | <b>304,601</b>                                  | <b>64,827</b>                                   | <b>2,200,000</b>                              | <b>4,431,882</b>                                  |
| <b>Movement:</b>                                                  |                          |                                           |                                                 |                                                 |                                               |                                                   |
| Issued to lead manager for capital raise                          | 261,542                  | -                                         | -                                               | -                                               | -                                             | 261,542                                           |
| Vendor performance rights converted to ordinary shares            | -                        | -                                         | -                                               | -                                               | (2,200,000)                                   | (2,200,000)                                       |
| Director performance shares converted to ordinary shares          | -                        | -                                         | (160,000)                                       | -                                               | -                                             | (160,000)                                         |
| Share-based payments expense / (reversal) through the P&L         | -                        | -                                         | (94,458)                                        | (49,879)                                        | -                                             | (144,337)                                         |
| Transfer from share-based payments reserves to accumulated losses | (809,600)                | (555,309)                                 | -                                               | (6)                                             | -                                             | (1,364,915)                                       |
| <b>Balance at 30 June 2022</b>                                    | <b>759,087</b>           | <b>-</b>                                  | <b>50,143</b>                                   | <b>14,942</b>                                   | <b>-</b>                                      | <b>824,172</b>                                    |

## F1 SHARE-BASED PAYMENTS (continued)

### (B) Convertible securities movement reconciliation

|                                        | 2022<br>number    | 2021<br>number     |
|----------------------------------------|-------------------|--------------------|
| Options                                | 13,000,030        | 104,660,912        |
| Reverse acquisition performance shares | -                 | 9,600,031          |
| Director performance shares            | 320,003           | 6,400,000          |
| Employee performance rights            | 1,666,672         | 1,440,000          |
| Vendor performance rights              | -                 | 110,000,000        |
| <b>Total convertible securities</b>    | <b>14,986,705</b> | <b>232,100,943</b> |

|                                                               | Number of convertible securities |                                                 |                                   |                                   |                                 |                                    |
|---------------------------------------------------------------|----------------------------------|-------------------------------------------------|-----------------------------------|-----------------------------------|---------------------------------|------------------------------------|
|                                                               | Options                          | Reverse<br>acquisition<br>performance<br>shares | Director<br>performance<br>shares | Employee<br>performance<br>rights | Vendor<br>performance<br>rights | Total<br>convertible<br>securities |
| <b>Balance at 1 July 2020</b>                                 | <b>1,009,290,830</b>             | <b>120,000,000</b>                              | <b>80,000,000</b>                 | <b>18,000,000</b>                 | <b>-</b>                        | <b>1,227,290,830</b>               |
| <b>Movement:</b>                                              |                                  |                                                 |                                   |                                   |                                 |                                    |
| Employee options expired / forfeited                          | (13,531,800)                     | -                                               | -                                 | -                                 | -                               | (13,531,800)                       |
| Securities consolidation (25:2)                               | (916,098,118)                    | (110,399,969)                                   | (73,600,000)                      | (16,560,000)                      | -                               | (1,116,658,087)                    |
| Lead manager unlisted options issued                          | 25,000,000                       | -                                               | -                                 | -                                 | -                               | 25,000,000                         |
| Vendor performance rights issued as acquisition consideration | -                                | -                                               | -                                 | -                                 | 110,000,000                     | 110,000,000                        |
| <b>Balance at 30 June 2021</b>                                | <b>104,660,912</b>               | <b>9,600,031</b>                                | <b>6,400,000</b>                  | <b>1,440,000</b>                  | <b>110,000,000</b>              | <b>232,100,943</b>                 |
| <b>Movement:</b>                                              |                                  |                                                 |                                   |                                   |                                 |                                    |
| Free-attaching options issued                                 | 169,999,993                      | -                                               | -                                 | -                                 | -                               | 169,999,993                        |
| Listed options converted to ordinary shares                   | (84)                             | -                                               | -                                 | -                                 | -                               | (84)                               |
| Listed options expired / forfeited                            | (79,660,828)                     | -                                               | -                                 | -                                 | -                               | (79,660,828)                       |
| Vendor performance rights converted to ordinary shares        | -                                | -                                               | -                                 | -                                 | (110,000,000)                   | (110,000,000)                      |
| Director performance shares converted to ordinary shares      | -                                | -                                               | (1,600,000)                       | -                                 | -                               | (1,600,000)                        |
| Reverse acquisition performance shares expired                | -                                | (9,600,031)                                     | -                                 | -                                 | -                               | (9,600,031)                        |
| Employee performance rights issued                            | -                                | -                                               | -                                 | 25,000,000                        | -                               | 25,000,000                         |
| Securities consolidation (15:1)                               | (181,999,963)                    | -                                               | (4,479,997)                       | (24,677,328)                      | -                               | (211,157,288)                      |
| Employee performance rights expired / forfeited               | -                                | -                                               | -                                 | (96,000)                          | -                               | (96,000)                           |
| <b>Balance at 30 June 2022</b>                                | <b>13,000,030</b>                | <b>-</b>                                        | <b>320,003</b>                    | <b>1,666,672</b>                  | <b>-</b>                        | <b>14,986,705</b>                  |

## F1 SHARE-BASED PAYMENTS (continued)

### (C) Share-based payments (expense) / reversal in the Consolidated Statement of Comprehensive Income

|                                                                       | 2022<br>\$      | 2021<br>\$      |
|-----------------------------------------------------------------------|-----------------|-----------------|
| <b>Recognised through share-based payments reserve</b>                |                 |                 |
| Employee options share-based payments (expense) / reversal            | -               | (48,822)        |
| Director performance shares share-based payments (expense) / reversal | 94,458          | (51,292)        |
| Employee performance rights share-based payments (expense) / reversal | 49,879          | 64,894          |
| <b>Total recognised through share-based payment reserve</b>           | <b>144,337</b>  | <b>(35,220)</b> |
| <b>Recognised directly to issued capital</b>                          |                 |                 |
| Advisor share-based payments (expense) / reversal                     | -               | (50,000)        |
| Director share-based payments (expense) / reversal                    | (30,000)        | -               |
| Employee share-based payments (expense) / reversal                    | (26,000)        | -               |
| <b>Total recognised directly to issued capital</b>                    | <b>(56,000)</b> | <b>(50,000)</b> |
| <b>Total share-based payments (expense) / reversal</b>                | <b>88,337</b>   | <b>(85,220)</b> |

### (D) Options

#### (i) Advisor listed options

In the financial year ended 30 June 2020, Zimi completed two capital raises. As part of the capital raises, Zimi granted listed options in respect of advisory services relating to the capital raises. Options granted to advisors for capital raising services are valued and recognised as an associated cost to issued capital.

The fair value of the listed options issued for advisory services has been determined based on a Black-Scholes option pricing model. The listed options have no vesting conditions. The variables in the table below were used as inputs into the model to determine the fair value of the listed options.

| Grant date                           | Expiry date | Number of options <sup>1</sup> | Exercise price <sup>1</sup> | Share price volatility | Risk-free rate | Value per option <sup>1</sup> | Value of options |
|--------------------------------------|-------------|--------------------------------|-----------------------------|------------------------|----------------|-------------------------------|------------------|
| 13 Aug 2019                          | 13 Aug 2021 | 5,475,989                      | \$0.1250                    | 110%                   | 0.73%          | \$0.0258                      | \$141,074        |
| 26 Feb 2020                          | 26 Feb 2022 | 1,200,000                      | \$0.1000                    | 110%                   | 0.64%          | \$0.0097                      | \$11,670         |
| <b>Total value of listed options</b> |             |                                |                             |                        |                |                               | <b>\$152,744</b> |

<sup>1</sup> The number of options, exercise price and value per option has been presented after the 25:2 post-consolidation that occurred on 4 December 2020. The amounts are not presented after the 15:1 post-consolidation that occurred on 2 June 2022 as the options had expired by that date.

## F1 SHARE-BASED PAYMENTS (continued)

### (D) Options (continued)

#### (i) Advisor listed options (continued)

Set out in the table below is a reconciliation of listed options.

|                                                                                                                     | 2022        |           | 2021         |         |
|---------------------------------------------------------------------------------------------------------------------|-------------|-----------|--------------|---------|
|                                                                                                                     | Number      | \$        | Number       | \$      |
| Balance at 1 July                                                                                                   | 6,675,989   | 152,744   | 83,449,866   | 152,744 |
| Movement:                                                                                                           |             |           |              |         |
| Securities consolidation (25:2)                                                                                     | -           | -         | (76,773,877) | -       |
| Listed options expired / forfeited with amount transferred from share-based payments reserves to accumulated losses | (6,675,989) | (152,744) | -            | -       |
| Balance at 30 June                                                                                                  | -           | -         | 6,675,989    | 152,744 |

The options expired on 13 August 2021 and 26 February 2022 respectively. The residual amount recognised in the option reserve and not converted to ordinary shares was transferred to accumulated losses.

#### (ii) Lead manager unlisted options

In the financial years ended 30 June 2021 and 30 June 2022, Zimi completed a further two capital raises. As part of the capital raises, Zimi granted lead manager unlisted options to PAC Partners in respect of brokerage services relating to the capital raises. Options granted to advisors for capital raising services are valued and recognised as an associated cost to issued capital.

The fair value of the lead manager unlisted options issued for brokerage services has been determined based on a Black-Scholes option pricing model. The lead manager unlisted options have no vesting conditions. The variables in the table below were used as inputs into the model to determine the fair value of the lead manager unlisted options.

| Grant date                                   | Expiry date | Number of options <sup>1</sup> | Exercise price <sup>1</sup> | Share price volatility | Risk-free rate | Value per option <sup>1</sup> | Value of options |
|----------------------------------------------|-------------|--------------------------------|-----------------------------|------------------------|----------------|-------------------------------|------------------|
| 11 Dec 2020                                  | 10 Dec 2023 | 1,666,671                      | \$0.0015                    | 110%                   | 0.12%          | \$0.2985                      | \$497,545        |
| 8 Oct 2021                                   | 31 Oct 2023 | 2,777,780                      | \$0.4500                    | 110%                   | 0.08%          | \$0.0942                      | \$261,542        |
| Total value of lead manager unlisted options |             |                                |                             |                        |                |                               | \$759,087        |

<sup>1</sup> The number of options, exercise price and value per option has been presented after the 15:1 post-consolidation that occurred on 2 June 2022.

Set out in the table below is a reconciliation of lead manager unlisted options.

|                                      | 2022         |         | 2021       |         |
|--------------------------------------|--------------|---------|------------|---------|
|                                      | Number       | \$      | Number     | \$      |
| Balance at 1 July                    | 25,000,000   | 497,545 | -          | -       |
| Movement:                            |              |         |            |         |
| Lead manager unlisted options issued | 41,666,667   | 261,542 | 25,000,000 | 497,545 |
| Securities consolidation (15:1)      | (62,222,216) | -       | -          | -       |
| Balance at 30 June                   | 4,444,451    | 759,087 | 25,000,000 | 497,545 |

The balance of 4,444,451 lead manager unlisted options are all exercisable at the end of the year.

## F1 SHARE-BASED PAYMENTS (continued)

### (D) Options (continued)

#### (iii) Listed and unlisted free-attaching options

In the financial years ended 30 June 2020 and 30 June 2022, Zimi completed capital raises. As part of the capital raises, for every one share, one free-attaching option was also issued. Free-attaching options are not valued and recognised in the share-based payments reserve unless the attaching options were issued in respect of services relating to the capital raises (refer to note F1(D)(i) and note F1(D)(ii)).

Set out in the table below is a reconciliation of free-attaching options recognised in the share-based payments reserve and convertible securities.

|                                                                          | 2022          |    | 2021          |    |
|--------------------------------------------------------------------------|---------------|----|---------------|----|
|                                                                          | Number        | \$ | Number        | \$ |
| Balance at 1 July                                                        | 72,984,923    | -  | 912,309,164   | -  |
| Movement:                                                                |               |    |               |    |
| Securities consolidation (25:2)                                          | -             | -  | (839,324,241) | -  |
| Free-attaching options issued                                            | 128,333,326   | -  | -             | -  |
| Listed options converted to ordinary shares with amount received in cash | (84)          | -  | -             | -  |
| Free-attaching options expired / forfeited                               | (72,984,839)  | -  | -             | -  |
| Securities consolidation (15:1)                                          | (119,777,747) | -  | -             | -  |
| Balance at 30 June                                                       | 8,555,579     | -  | 72,984,923    | -  |

The options expired on 13 August 2021 and 26 February 2022 respectively.

The balance of 8,555,579 listed and unlisted free-attaching options are all exercisable at the end of the year.

#### (iv) Employee options

In the financial year ended 30 June 2018, Zimi issued employee options under its existing Employee Option Plan. The options expired on 31 July 2020 and no options were exercised. The amount recognised in the option reserve was transferred to accumulated losses.

Set out in the table below is a reconciliation of the employee options recognised in the share-based payments reserve and convertible securities.

|                                                                                                                       | 2022   |           | 2021   |         |
|-----------------------------------------------------------------------------------------------------------------------|--------|-----------|--------|---------|
|                                                                                                                       | Number | \$        | Number | \$      |
| Balance at 1 July                                                                                                     | -      | 656,856   | -      | 656,856 |
| Movement:                                                                                                             |        |           |        |         |
| Employee options expired / forfeited with amount transferred from share-based payments reserves to accumulated losses | -      | (656,856) | -      | -       |
| Balance at 30 June                                                                                                    | -      | -         | -      | 656,856 |

## F1 SHARE-BASED PAYMENTS (continued)

### (E) Employee share rights

In the financial year ended 30 June 2019, Zimi issued employee share rights under its existing Employee Option Plan. The share rights expired on 30 September 2019 and no share rights were exercised. The amount recognised in the option reserve was transferred to accumulated losses.

Set out in the table below is a reconciliation of the employee share rights.

|                                                                                                                            | 2022   |           | 2021   |         |
|----------------------------------------------------------------------------------------------------------------------------|--------|-----------|--------|---------|
|                                                                                                                            | Number | \$        | Number | \$      |
| Balance at 1 July                                                                                                          | -      | 555,309   | -      | 506,487 |
| Movement:                                                                                                                  |        |           |        |         |
| Share-based payments expense / (reversal) through the P&L                                                                  | -      | -         | -      | 48,822  |
| Employee share rights expired / forfeited with amount transferred from share-based payments reserves to accumulated losses | -      | (555,309) | -      | -       |
| Balance at 30 June                                                                                                         | -      | -         | -      | 555,309 |

### (F) Reverse acquisition performance shares

In the financial year ended 30 June 2017, Quantify Technology Limited (now Zimi) completed a reverse acquisition of WHL Limited. As part of the acquisition consideration, WHL Limited issued four tranches totalling 120,000,000 performance shares in compliance capital.

The grant date of the performance shares was 3 March 2017. The performance shares had four separate vesting conditions, as set out below.

- Tranche one – 30,000,000: Accredited Australian testing of the AC Controller, and receiving \$3 million in committed orders within 18 months of the grant date (by September 2018).
- Tranche two – 30,000,000: Accredited Australian testing of the wireless feature card, and receiving \$5 million in committed orders within 30 months of the grant date (by September 2019).
- Tranche three – 30,000,000: \$10 million in committed orders within 42 months of the grant date (by September 2020).
- Tranche four – 30,000,000: \$15 million in committed orders within 54 months of the grant date (by September 2021).

As at 30 June 2021 and as a result of the assessment that the performance hurdles would not be achieved, there was nil value recorded in the share-based payment reserve in respect of these performance shares. During financial year ended 30 June 2022, it was determined that the performance hurdles were not met and the performance shares were cancelled in April 2022.

Set out in the table below is a reconciliation of the reverse acquisition performance shares.

|                                                            | 2022        |    | 2021          |    |
|------------------------------------------------------------|-------------|----|---------------|----|
|                                                            | Number      | \$ | Number        | \$ |
| Balance at 1 July                                          | 9,600,031   | -  | 120,000,000   | -  |
| Movement:                                                  |             |    |               |    |
| Securities consolidation (25:2)                            | -           | -  | (110,399,969) | -  |
| Reverse acquisition performance shares expired / forfeited | (9,600,031) | -  | -             | -  |
| Balance at 30 June                                         | -           | -  | 9,600,031     | -  |

## F1 SHARE-BASED PAYMENTS (continued)

### (G) Director performance shares

In the financial year ended 30 June 2019, the Company issued three tranches totalling 80,000,000 performance shares to Directors.

The grant date of the performance shares was 30 November 2018. The performance shares did not have an exercise price. In addition to the service period being met, the performance shares had three separate vesting conditions, as set out below.

- Tranche one – 20,000,000: Will vest immediately upon the Company securing a minimum of \$3,900,000 in long-term funding prior to 31 December 2018.
- Tranche two – 20,000,000: Will vest immediately upon the Group generating \$5,000,000 in accumulated revenue between 1 October 2018 and 30 September 2021.
- Tranche three – 40,000,000: Will vest immediately upon the Group achieving a share price of at least \$0.45 (adjusted for the 15:1 consolidation that occurred on 2 June 2022), and a market capitalisation of at least \$45,000,000, each based on the volume weighted average market price over a 20 consecutive trading day period.

The fair value of the Director performance shares has been determined based on a Black-Scholes option pricing model for tranches with non-market based vesting conditions, and a barrier up and in trinomial option pricing model for tranches with market-based vesting conditions. The variables in the table below were used as inputs into the model to determine the fair value of the Director performance shares.

| Grant date                                        | Vesting date | Expiry date | Number of shares <sup>1</sup> | Share price volatility | Risk-free rate | Value per share <sup>1</sup> | Value of shares  |
|---------------------------------------------------|--------------|-------------|-------------------------------|------------------------|----------------|------------------------------|------------------|
| 30 Nov 2018                                       | 31 Dec 2018  | 19 Dec 2023 | 1,600,000                     | 110%                   | 2.26%          | \$0.1000                     | \$160,000        |
| 30 Nov 2018                                       | 30 Sep 2021  | 19 Dec 2023 | 106,668                       | 110%                   | 2.26%          | \$1.5000                     | \$160,000        |
| 30 Nov 2018                                       | 30 Nov 2023  | 19 Dec 2023 | 213,335                       | 110%                   | 2.26%          | \$1.3125                     | \$280,000        |
| <b>Total value of Director performance shares</b> |              |             |                               |                        |                |                              | <b>\$600,000</b> |

<sup>1</sup> For tranche one, the number of shares and value per share has been presented after the 25:2 post-consolidation that occurred on 4 December 2020. For tranches two and three, the number of shares and value per share has been presented after both the 25:2 post-consolidation that occurred on 4 December 2020 and the 15:1 post-consolidation that occurred on 2 June 2022.

Set out in the table below is a reconciliation of Director performance shares.

|                                                           | 2022             |                | 2021              |                |
|-----------------------------------------------------------|------------------|----------------|-------------------|----------------|
|                                                           | Number           | \$             | Number            | \$             |
| <b>Balance at 1 July</b>                                  | <b>6,400,000</b> | <b>304,601</b> | <b>80,000,000</b> | <b>253,309</b> |
| <b>Movement:</b>                                          |                  |                |                   |                |
| Securities consolidation (25:2)                           | -                | -              | (73,600,000)      | -              |
| Director performance shares converted to ordinary shares  | (1,600,000)      | (160,000)      | -                 | -              |
| Securities consolidation (15:1)                           | (4,479,997)      | -              | -                 | -              |
| Share-based payments expense / (reversal) through the P&L | -                | (94,458)       | -                 | 51,292         |
| <b>Balance at 30 June</b>                                 | <b>320,003</b>   | <b>50,143</b>  | <b>6,400,000</b>  | <b>304,601</b> |

Tranche one was achieved by the vesting date. During the financial year ended 30 June 2022, tranche one Director performance shares were converted to ordinary shares.

Tranche two was not met by the vesting date. In accordance with AASB 2 *Share-based Payment*, the cumulative expense relating to that tranche was reversed through the profit or loss. Tranche two convertible securities will remain on issue until the expiry date of 19 December 2023.

## F1 SHARE-BASED PAYMENTS (continued)

### (G) Director performance shares (continued)

Tranche three is still within the vesting period; however, two of the three Directors have not met the service period. In accordance with AASB 2 *Share-based Payment*, the cumulative expense relating to those Directors was reversed through the profit or loss. Tranche three convertible securities will remain on issue until the expiry date of 19 December 2023.

The balance of 320,003 Director performance shares are all unvested at the end of the year.

### (H) Employee performance rights

#### (i) 2019 Employee performance rights

In the financial year ended 30 June 2019, the Company issued two tranches totalling 10,000,000 performance rights to employees.

The grant date of the performance rights was 28 February 2019. The performance rights did not have an exercise price. In addition to the service period being met, the performance rights had two separate vesting conditions, as set out below.

- Tranche one – 9,000,000: Will vest immediately upon the Group generating \$5,000,000 in accumulated revenue between 1 October 2018 and 30 September 2021.
- Tranche two – 9,000,000: Will vest immediately upon the Group achieving a share price of at least \$0.45 (adjusted for the 15:1 consolidation that occurred on 2 June 2022), and a market capitalisation of at least \$45,000,000, each based on the volume weighted average market price over a 20 consecutive trading day period.

The fair value of the employee performance rights has been determined based on a Black-Scholes option pricing model for tranches with non-market based vesting conditions, and a barrier up and in trinomial option pricing model for tranches with market-based vesting conditions. The variables in the table below were used as inputs into the model to determine the fair value of the employee performance rights.

| Grant date                                        | Vesting date | Expiry date | Number of rights <sup>1</sup> | Share price volatility | Risk-free rate | Value per option <sup>1</sup> | Value of rights  |
|---------------------------------------------------|--------------|-------------|-------------------------------|------------------------|----------------|-------------------------------|------------------|
| 28 Feb 2019                                       | 30 Sep 2021  | 28 Feb 2024 | 48,000                        | 110%                   | 1.71%          | \$1.3125                      | \$63,000         |
| 28 Feb 2019                                       | 19 Dec 2023  | 28 Feb 2024 | 48,000                        | 110%                   | 1.71%          | \$0.9375                      | \$45,000         |
| <b>Total value of employee performance rights</b> |              |             |                               |                        |                |                               | <b>\$108,000</b> |

<sup>1</sup> The number of rights and value per right has been presented after both the 25:2 post-consolidation that occurred on 4 December 2020 and the 15:1 post-consolidation that occurred on 2 June 2022.

Set out in the table below is a reconciliation of the 2019 employee performance rights.

|                                                                   | 2022             |               | 2021              |                |
|-------------------------------------------------------------------|------------------|---------------|-------------------|----------------|
|                                                                   | Number           | \$            | Number            | \$             |
| <b>Balance at 1 July</b>                                          | <b>1,440,000</b> | <b>64,827</b> | <b>18,000,000</b> | <b>129,721</b> |
| <b>Movement:</b>                                                  |                  |               |                   |                |
| Securities consolidation (25:2)                                   | -                | -             | (16,560,000)      | -              |
| Securities consolidation (15:1)                                   | (1,344,000)      | -             | -                 | -              |
| Share-based payments expense / (reversal) through the P&L         | -                | (64,821)      | -                 | (64,894)       |
| Employee performance rights expired / forfeited                   | (96,000)         | -             | -                 | -              |
| Transfer from share-based payments reserves to accumulated losses | -                | (6)           | -                 | -              |
| <b>Balance at 30 June</b>                                         | <b>-</b>         | <b>-</b>      | <b>1,440,000</b>  | <b>64,827</b>  |

Tranche one was not met by the vesting date. In accordance with AASB 2 *Share-based Payment*, the cumulative expense relating to that tranche was reversed through the profit or loss.

## F1 SHARE-BASED PAYMENTS (continued)

### (H) Employee performance rights (continued)

#### (i) 2019 Employee performance rights (continued)

Tranche two is still within the vesting period; however, all of the employees have not met the service period. In accordance with AASB 2 *Share-based Payment*, the cumulative expense relating to those employees is reversed through the profit or loss. As a result of the performance hurdles not being met, the performance rights were cancelled in June 2022.

#### (ii) 2021 Employee performance rights

In the financial year ended 30 June 2022, the Company issued three tranches totalling 25,000,000 performance rights to employees.

The grant date of the performance rights was 7 April 2022. The performance rights do not have an exercise price. In addition to the service period being met for all three tranches, the performance rights had three separate vesting conditions, as set out below.

- Tranche one – 12,500,000: Will vest if the employee or contractor is continuously employed or contracted by the Company or a subsidiary until 30 June 2024.
- Tranche two – 6,250,000: Will vest if paired devices with the Zimi Cloud exceeds 37,500 by 30 June 2024.
- Tranche three – 6,250,000: Will vest if paired devices with the Zimi Cloud exceeds 75,000 by 30 June 2024.

The fair value of the employee performance rights has been determined based on a Black-Scholes option pricing model. The variables in the table below were used as inputs into the model to determine the fair value of the employee performance rights.

| Grant date                                        | Vesting date | Expiry date | Number of rights <sup>1</sup> | Share price volatility | Risk-free rate | Value per option <sup>1</sup> | Value of rights  |
|---------------------------------------------------|--------------|-------------|-------------------------------|------------------------|----------------|-------------------------------|------------------|
| 7 Apr 2022                                        | 30 Jun 2024  | 30 Jun 2024 | 833,334                       | 110%                   | 2.09%          | \$0.1350                      | \$112,500        |
| 7 Apr 2022                                        | 30 Jun 2024  | 30 Jun 2024 | 416,669                       | 110%                   | 2.09%          | \$0.1350                      | \$56,250         |
| 7 Apr 2022                                        | 30 Jun 2024  | 30 Jun 2024 | 416,669                       | 110%                   | 2.09%          | \$0.1350                      | \$56,250         |
| <b>Total value of employee performance rights</b> |              |             |                               |                        |                |                               | <b>\$225,000</b> |

<sup>1</sup> The number of rights and value per right has been presented after the 15:1 post-consolidation that occurred on 2 June 2022.

Set out in the table below is a reconciliation of the 2021 employee performance rights.

|                                                           | 2022             |               | 2021   |    |
|-----------------------------------------------------------|------------------|---------------|--------|----|
|                                                           | Number           | \$            | Number | \$ |
| <b>Balance at 1 July</b>                                  | -                | -             | -      | -  |
| <b>Movement:</b>                                          |                  |               |        |    |
| Employee performance rights issued                        | 25,000,000       | -             | -      | -  |
| Securities consolidation (15:1)                           | (23,333,328)     | -             | -      | -  |
| Share-based payments expense / (reversal) through the P&L | -                | 14,942        | -      | -  |
| <b>Balance at 30 June</b>                                 | <b>1,666,672</b> | <b>14,942</b> | -      | -  |

The balance of 1,666,672 employee performance rights are all unvested at the end of the year.

## F1 SHARE-BASED PAYMENTS (continued)

### (I) Vendor performance rights

On 11 December 2020, Zimi completed the acquisition of Zimi Innovations Pty Ltd (formerly GSM Innovations Pty Ltd). As part of the acquisition, Zimi issued two tranches of vendor performance rights, totalling 110,000,000. The valuation of the performance rights were included as consideration in the acquisition accounting.

The vendor performance rights had two separate vesting conditions, as set out below.

- Tranche one – 55,000,000: Upon the Company designing and manufacturing glass fronted dimmable light switch, general power outlet or power point, and blind controller; each of which must be controlled by the Zimi cloud platform and be available for sale, within 12 months of the acquisition completing.
- Tranche two – 55,000,000: Upon sales of 30,000 Zimi-controlled / Powermesh units or \$3,000,000 in sales revenue derived from Zimi-controlled / Powermesh units (whichever occurs first) within 12 months of the acquisition completing.

The fair value of the vendor performance rights was calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was \$0.02 per share. The fair value of the consideration given in vendor performance rights was therefore \$2,200,000.

Both hurdles for the vendor performance rights were met by 11 December 2021, and as a result, the vendor performance rights were converted to ordinary shares.

The number of vendor performance rights (110,000,000) and the valuation per right (\$0.02) are not presented after the 15:1 post-consolidation that occurred on 2 June 2022 as the vendor performance rights had converted to ordinary shares by that date.

Set out in the table below is a reconciliation of vendor performance rights recognised in the share-based payments reserve.

|                                                               | 2022          |             | 2021        |           |
|---------------------------------------------------------------|---------------|-------------|-------------|-----------|
|                                                               | Number        | \$          | Number      | \$        |
| Balance at 1 July                                             | 110,000,000   | 2,200,000   | -           | -         |
| Movement:                                                     |               |             |             |           |
| Vendor performance rights issued as acquisition consideration | -             | -           | 110,000,000 | 2,200,000 |
| Vendor performance rights converted to ordinary shares        | (110,000,000) | (2,200,000) | -           | -         |
| Balance at 30 June                                            | -             | -           | 110,000,000 | 2,200,000 |

**Significant accounting policy**

The cost of share-based payments are determined on the basis of the fair value of the equity instrument at grant date. The grant date for valuation purposes is generally the relevant approval date, such as shareholder or Board approval date.

Determining the fair value assumes choosing the most suitable valuation model for these equity instruments, by which the characteristics of the grant have a decisive influence. The input into the valuation model includes relevant judgments such as the estimated probability of vesting and the volatility of the underlying share.

The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions is calculated at the date of grant using relevant models such as a barrier up and in trinomial option pricing model or Monte Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions and service conditions are calculated using a Black-Scholes option pricing model.

At each Statement of Financial Position date, the entity revises its estimate of the number of convertible securities that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

## F2 RELATED PARTY DISCLOSURES

### (A) Parent entity and subsidiaries

The ultimate holding entity is Zimi Limited. Information about the Group's structure, including details of the controlled entities and holding company are set out in note E2.

### (B) Key management personnel remuneration

The total remuneration for KMP of the Group is set out below:

|                                                    | 2022<br>\$     | 2021<br>\$     |
|----------------------------------------------------|----------------|----------------|
| Salary and fees                                    | 790,538        | 511,736        |
| Non-monetary benefits                              | 933            | -              |
| Post-employment benefits                           | 68,133         | 35,225         |
| Ordinary share settled benefits                    | 50,000         | -              |
| Performance share and rights benefits <sup>1</sup> | (91,469)       | 51,292         |
| <b>Total key management personnel remuneration</b> | <b>818,135</b> | <b>598,253</b> |

<sup>1</sup> The performance share and rights benefits for the year ended 30 June 2022 is a net write-back. The probability of the performance conditions being satisfied is assessed at the end of each reporting period to reflect the most current expectation of vesting. The amount recorded for the year ended 30 June 2022 includes a write-back of the accounting expense recognised in prior periods. This is as a result of either the service condition not being met or a re-assessment that the relevant hurdle will not be achieved.

Detailed remuneration disclosures and information regarding compensation of individual KMP are provided in the Remuneration Report on pages 12 to 24.

### (C) Related party transactions

As noted in the Annual Report for the year ended 30 June 2021 (note 24), the Group disclosed transactions with GSM Electrical (Australia) Pty Ltd (**GSM Electrical**) (Australian entity) and GSM International Limited (**GSM International**) (Hong Kong entity). These entities are related parties of KMP Simon Gerard. The nature of the transactions are predominantly for sales of product, purchase of product, quality assurance services, logistics services, management of international manufacturing and engineering resources. The relationships remained and transactions continued throughout the year ended 30 June 2022.

During the year ended 30 June 2022, the Group commenced transacting with Bell Total Logistics Pty Ltd (**Bell Total Logistics**), an entity related to KMP Simon Gerard. These transactions were for logistics services and importation of product. The majority of the transactions relate to Goods and Services Tax on importation of goods, which is recoverable from the Australian Tax Office (**ATO**). There is no separate formal agreement in place with Bell Total Logistics and the Group engages their logistic services on a case-by-case basis.

During the year ended 30 June 2022, the Group engaged Shirley Road Custodians Pty Ltd (**Shirley Road**), an entity related to KMP Simon Beissel. This transaction was for consulting services. There is no separate formal agreement in place with Shirley Road Custodians and the Group engages their consulting services on a case-by-case basis.

The goods and services received or provided were on commercial arms-length terms.

## F2 RELATED PARTY DISCLOSURES (continued)

### (C) Related party transactions (continued)

The following table provides details of transactions during the year ended 30 June 2022, and balances as at 30 June 2022.

|                                                                                                  | Settled during<br>1 Jul 2021 to 30 Jun 2022 |                                      | Outstanding as at<br>30 June 2022 |                                         | Total<br>transactions<br>during the<br>period<br>1 Jul 2021 to<br>30 Jun 2022<br>\$ |
|--------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------|
|                                                                                                  | Cash<br>settled<br>\$                       | Equity<br>settled <sup>1</sup><br>\$ | Accounts<br>receivable<br>\$      | Accounts<br>payable or<br>accrued<br>\$ |                                                                                     |
| Transactions with GSM Electrical                                                                 |                                             |                                      |                                   |                                         |                                                                                     |
| Sales of finished goods<br>(inclusive of GST) <sup>2</sup>                                       | 2,402,456                                   | -                                    | -                                 | -                                       | 2,402,456                                                                           |
| Prepayment of unfinished goods<br>(inclusive of GST) <sup>2</sup>                                | 35,000                                      | -                                    | 34,756                            | -                                       | 69,756                                                                              |
| Sales returns of finished goods<br>(inclusive of GST) <sup>2</sup>                               | (784,648)                                   | -                                    | -                                 | -                                       | (784,648)                                                                           |
| Purchases of finished goods including<br>delivery (inclusive of GST)                             | (386,049)                                   | -                                    | -                                 | -                                       | (386,049)                                                                           |
| Tooling contribution (inclusive of GST)                                                          | 62,891                                      | -                                    | 14,002                            | -                                       | 76,893                                                                              |
| Personnel, engineering project costs and<br>warehousing services <sup>2</sup> (inclusive of GST) | (1,848)                                     | (234,723)                            | -                                 | (14,555)                                | (251,126)                                                                           |
| Net total with GSM Electrical                                                                    | 1,327,802                                   | (234,723)                            | 48,758                            | (14,555)                                | 1,127,282                                                                           |
| Transactions with GSM International                                                              |                                             |                                      |                                   |                                         |                                                                                     |
| Purchases of finished goods<br>which are to be remitted to 3rd-party<br>manufacturers (no GST)   | (1,473,214)                                 | -                                    | -                                 | (31,107)                                | (1,504,321)                                                                         |
| Quality assurance services (no GST)                                                              | (2,911)                                     | (74,646)                             | -                                 | -                                       | (77,557)                                                                            |
| Net total with GSM International                                                                 | (1,476,125)                                 | (74,646)                             | -                                 | (31,107)                                | (1,581,878)                                                                         |
| Transactions with Bell Total Logistics                                                           |                                             |                                      |                                   |                                         |                                                                                     |
| Freight and import duties<br>(inclusive of GST)                                                  | (74,270)                                    | -                                    | -                                 | (1,552)                                 | (75,822)                                                                            |
| GST on importation which is recoverable<br>from the ATO                                          | (126,168)                                   | -                                    | -                                 | (6,846)                                 | (133,014)                                                                           |
| Net total with Bell Total Logistics                                                              | (200,438)                                   | -                                    | -                                 | (8,398)                                 | (208,836)                                                                           |
| Transactions with Shirley Road                                                                   |                                             |                                      |                                   |                                         |                                                                                     |
| Consulting services (inclusive of GST)                                                           | (8,250)                                     | -                                    | -                                 | -                                       | (8,250)                                                                             |
| Net total with Shirley Road                                                                      | (8,250)                                     | -                                    | -                                 | -                                       | (8,250)                                                                             |
| Total related party transactions                                                                 |                                             |                                      | 48,758                            | (54,060)                                | (671,682)                                                                           |

<sup>1</sup> As set out in note D1, shareholders approved the issuance of \$350,000 shares in exchange for services. The amount settled throughout the period was \$309,369. The amount remaining to be utilised is therefore \$40,631.

<sup>2</sup> Sales of finished goods, sales returns and warehousing services pursuant under the Distribution Agreement.

## F2 RELATED PARTY DISCLOSURES (continued)

### (C) Related party transactions (continued)

The following table provides details of transactions during the year ended 30 June 2021, and balances as at 30 June 2021.

|                                                                   | Settled during<br>1 Jul 2020 to 30 Jun 2021 |                                      | Outstanding as at<br>30 June 2021 |                                         | Total<br>transactions<br>during the<br>period<br>1 Jul 2020 to<br>30 Jun 2021<br>\$ |
|-------------------------------------------------------------------|---------------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------|
|                                                                   | Cash<br>settled<br>\$                       | Equity<br>settled <sup>1</sup><br>\$ | Accounts<br>receivable<br>\$      | Accounts<br>payable or<br>accrued<br>\$ |                                                                                     |
| <b>Transactions with GSM Electrical</b>                           |                                             |                                      |                                   |                                         |                                                                                     |
| Personnel and engineering project costs (inclusive of GST)        | (168,198)                                   | -                                    | -                                 | (22,825)                                | (191,023)                                                                           |
| Purchases of finished goods including delivery (inclusive of GST) | -                                           | -                                    | -                                 | (33,024)                                | (33,024)                                                                            |
| <b>Net total with GSM Electrical</b>                              | <b>(168,198)</b>                            | <b>-</b>                             | <b>-</b>                          | <b>(55,848)</b>                         | <b>(224,046)</b>                                                                    |
| <b>Total related party transactions</b>                           | <b>(168,198)</b>                            | <b>-</b>                             | <b>-</b>                          | <b>(55,848)</b>                         | <b>(224,046)</b>                                                                    |

<sup>1</sup> There were no transactions during the year ended 30 June 2021 which were equity settled.

### (D) Related party commitments

The following table provides the total amount of commitments with related parties.

The amounts disclosed include commitments to do something if a particular event occurs (or does not occur) in the future. The amounts disclosed relate to transactions in which neither party has performed any of their obligations, and as such, there are no associated amounts owed by or to either party.

|                                                                               | 2022<br>\$         | 2021<br>\$         |
|-------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Commitments with GSM Electrical</b>                                        |                    |                    |
| Sales of finished goods (inclusive of GST)                                    | 1,045,792          | 1,393,936          |
| <b>Net total with GSM Electrical</b>                                          | <b>1,045,792</b>   | <b>1,393,936</b>   |
| <b>Commitments with GSM International</b>                                     |                    |                    |
| Purchases of finished goods to be remitted to 3rd party manufacturer (no GST) | (4,510,709)        | (1,515,649)        |
| Quality assurance services (no GST)                                           | (247,035)          | (83,365)           |
| <b>Net total with GSM International</b>                                       | <b>(4,757,744)</b> | <b>(1,599,014)</b> |
| <b>Total related party commitments</b>                                        | <b>(3,711,952)</b> | <b>(205,078)</b>   |

### (E) Related party loans

As at 30 June 2022, there were no loans outstanding to related parties (2021: nil).

### F3 AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by HLB Mann Judd.

|                                                  | 2022<br>\$    | 2021<br>\$    |
|--------------------------------------------------|---------------|---------------|
| <b>Audit and other assurance services</b>        |               |               |
| Audit and review of financial statements - Group | 57,798        | 51,268        |
| Other assurance services                         | 4,950         | -             |
| <b>Total auditors' remuneration</b>              | <b>62,748</b> | <b>51,268</b> |

There were no fees paid or payable in respect of non-audit services.

### F4 COMMITMENTS AND CONTINGENCIES

#### (A) Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities are set out below.

|                                  | 2022<br>\$    | 2021<br>\$ |
|----------------------------------|---------------|------------|
| Property, plant and equipment    | 6,547         | -          |
| Intangible assets                | 20,426        | -          |
| <b>Total capital commitments</b> | <b>26,973</b> | <b>-</b>   |

Inventory commitments are not required to be disclosed under Australian Accounting Standards. For operating inventory commitments with related parties, refer to note F2(D).

#### (B) Contingent liabilities

The Group has no contingent liabilities as at 30 June 2022 (2021: nil).

#### (C) Contingent assets

The Group has no contingent assets as at 30 June 2022 (2021: nil).

### F5 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 5 August 2022, the Company announced plans to undertake a capital raising through the lead manager, PAC Partners, to new and existing sophisticated and institutional shareholders. The placement would raise \$1,535,000 through the issuance of 19,187,500 shares at \$0.08 per share. Additionally, for every one (1) shares, there would be one (1) attaching option, each with a 3 year expiry and \$0.12 exercise price.

A Shareholder meeting will be held to approve the second tranche of the placement which includes Director participation, and the issuance of the attaching options. The first tranche was completed by 17 August 2022, raising \$1,035,000 (before costs).

Other than the above, no other matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

## DIRECTORS' DECLARATION

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In the opinion of the Directors of Zimi Limited (the Company):

- (a) the attached Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) note A1 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.



Jordan Tentori  
Executive Director and Chief Executive Officer

26 August 2022

## INDEPENDENT AUDITOR'S REPORT

To the Members of Zimi Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Zimi 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 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 for 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

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| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Revenue recognition</b><br>Refer to Note B2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>During the period, the Group commenced recognising revenue from the sale of its Powermesh suite of products in accordance with AASB 15 <i>Revenue from Contracts with Customers</i>.</p> <p>Revenue recognition involves judgement from management, primarily determining specific performance obligations and when they are satisfied.</p> <p>We believe that this is a key audit matter because of its significance to the results for the period, the high volume of revenue transactions, and the judgement required in recognising revenue.</p> | <p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We evaluated management's processes and key controls regarding accounting for the Group's revenue;</li> <li>- We ensured that recognition of revenue is consistent with the requirements of AASB 15 <i>Revenue from Contracts with Customers</i>;</li> <li>- We performed substantive testing over revenue, agreeing amounts recognised to supporting evidence;</li> <li>- We performed cut off procedures to ensure recognition occurred in the correct period; and</li> <li>- We ensured that the disclosures required by AASB 15 were made in the financial report.</li> </ul>                                                   |
| <b>Carrying value of intangible assets</b><br>Refer to Note C5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>In accordance with AASB 136 <i>Impairment of Assets</i>, the Group was required to assess at balance date whether there was any indication that the intangible assets may have been impaired. If any such indication existed, the Group was required to estimate the recoverable amount of the asset.</p> <p>We focused on this area as the intangible assets represent significant assets of the Group. We planned our work to address the audit risk that the intangible assets may have been impaired.</p>                                        | <p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We reviewed management's assessment of whether any impairment indicators existed that would require the assets to be tested for impairment, as well as performing our own assessment;</li> <li>- We performed substantive testing over additions, agreeing amounts recognised to supporting evidence and ensured these items could be capitalised under AASB 138 <i>Intangible Assets</i>;</li> <li>- We ensured that the Group's policy on amortisation of its intangible assets had been applied appropriately; and</li> <li>- We ensured that the disclosures required by AASB 138 were made in the financial report.</li> </ul> |

#### *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.

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 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.

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.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Zimi Limited 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.

*HLB Mann Judd*

HLB Mann Judd  
Chartered Accountants

Perth, Western Australia  
26 August 2022

*L Di Giallonardo*

L Di Giallonardo  
Partner

# OTHER INFORMATION

## ASX ADDITIONAL INFORMATION

In accordance with the ASX Listing Rules, the following information as at 15 August 2022, is provided:

### SUBSTANTIAL HOLDERS

Set out below are all substantial holders who have a holding of more than 5% of a Company's voting rights.

|                                           | Number of shares held | % of total shares held |
|-------------------------------------------|-----------------------|------------------------|
| GERARD PRIVATE HOLDINGS (FINANCE) PTY LTD | 24,638,889            | 32.00                  |
| NATIONAL NOMINEES LIMITED                 | 12,361,084            | 16.06                  |

### DISTRIBUTION OF EQUITABLE SECURITIES

|                                   | Number of holders | Number of shares held | % of total shares held |
|-----------------------------------|-------------------|-----------------------|------------------------|
| 1 - 1,000                         | 85                | 11,313                | 0.01                   |
| 1,001 - 5,000                     | 138               | 519,825               | 0.68                   |
| 5,001 - 10,000                    | 239               | 1,630,406             | 2.12                   |
| 10,001 - 100,000                  | 343               | 10,438,300            | 13.56                  |
| 100,001 over                      | 77                | 64,384,747            | 83.63                  |
| <b>Total equitable securities</b> | <b>882</b>        | <b>76,984,591</b>     | <b>100.00</b>          |

There were 384 shareholders with less than a marketable parcel totalling 1,501,262 shares.

### UNQUOTED EQUITY SECURITIES

There are 1,666,672 performance rights (with the potential to take up ordinary shares) issued to 13 eligible participants under Zimi Limited's Employee Securities Incentive Plan (none holding more than 20% of this class of security).

There are 320,003 performance shares (with the potential to take up ordinary shares) issued to 3 current or former Directors of Zimi Limited. Names of security holders holding more than 20% of this class of security are as follows:

- Jane Elizabeth Mary Savill <Savill Family Trust> (holding of 106,667 performance shares)

There are 1,666,671 options exercisable at \$0.0015 expiring 10 December 2023 (with the potential to take up ordinary shares) issued to 12 holders (none holding more than 20% of this class of security).

There are 11,333,359 options exercisable at \$0.45 expiring 31 October 2023 (with the potential to take up ordinary shares) issued to 59 holders (none holding more than 20% of this class of security).

There are no voting rights attached to the unquoted equity securities.

## QUOTED EQUITY SECURITIES

As at 15 August 2021 there were 882 individual holders (24 August 2021: 4,540).

The voting rights attaching to the ordinary shares are:

- (a) On a show of hands every shareholder present at a meeting in person or by proxy shall have one vote; and
- (b) Upon a poll, each share shall have one vote.

For details of registered office and share registry details refer to Shareholder Information and Enquiries on page 2 of this Annual Report.

## TOP 20 SHAREHOLDERS

|                                                                                | Number of shares held | % of total shares held |
|--------------------------------------------------------------------------------|-----------------------|------------------------|
| GERARD PRIVATE HOLDINGS (FINANCE) PTY LTD                                      | 24,638,889            | 32.00                  |
| NATIONAL NOMINEES LIMITED                                                      | 12,361,084            | 16.06                  |
| MORSEC NOMINEES PTY LTD <ACCUMULATION ACCOUNT>                                 | 1,350,000             | 1.75                   |
| REDORBLACK PTY LTD <TENTORI SUPER FUND>                                        | 1,333,334             | 1.73                   |
| MR LIGANG ZHU                                                                  | 1,255,987             | 1.63                   |
| DOUBLE OR NOTHING INVESTMENTS PTY LTD <DOUBLE OR NOTHING SF A/C>               | 1,111,111             | 1.44                   |
| MADURTA PTY LTD <SC GERARD SUPER FUND A/C>                                     | 1,056,954             | 1.37                   |
| THE REALLY USEFUL IDEAS COMPANY PTY LTD                                        | 900,000               | 1.17                   |
| MR KEVIN DANIEL LEARY & MRS HELEN PATRICIA LEARY <KEVIN & HELEN LEARY S/F A/C> | 875,000               | 1.14                   |
| AJAVA HOLDINGS PTY LTD                                                         | 866,667               | 1.13                   |
| MANROB INVESTMENTS PTY LTD                                                     | 833,334               | 1.08                   |
| BIG AL INVESTMENTS PTY LIMITED                                                 | 755,785               | 0.98                   |
| JANE ELIZABETH MARY SAVILL <SAVILL FAMILY A/C>                                 | 684,200               | 0.89                   |
| CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>                   | 671,293               | 0.87                   |
| MATTHEW BURFORD SUPER FUND PTY LTD <BURFORD SUPERFUND A/C>                     | 625,000               | 0.81                   |
| MILLWEST INVESTMENTS PTY LTD <MILLWEST A/C>                                    | 625,000               | 0.81                   |
| LAZARUS SECURITIES PTY LTD <CLIENT A/C>                                        | 625,000               | 0.81                   |
| MRS KATRINA ALLYSON SILVERLOCK & MR KARL SILVERLOCK <SILVERLOCK S/F A/C>       | 591,087               | 0.77                   |
| EMERGING EQUITIES PTY LTD                                                      | 550,000               | 0.71                   |
| T & N ARGYRIDES INVESTMENTS PTY LTD                                            | 541,662               | 0.70                   |
| J & M BENTLEY SUPER CO P/L <J & M BENTLEY S/F A/C>                             | 519,778               | 0.68                   |
| PAC PARTNERS PTY LTD                                                           | 468,750               | 0.61                   |
| <b>Total top 20 holders of fully paid ordinary shares</b>                      | <b>53,239,915</b>     | <b>69.16</b>           |

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