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ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023



Zimi Limited

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Australia

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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)

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Email: 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 2023

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CHAIR OF THE BOARD AND CHIEF EXECUTIVE OFFICER'S ADDRESS

Dear Shareholders,

On behalf of the Board, we are pleased to present Zimi Limited's Annual Report for the financial year ended 30 June 2023 (FY23).



We acknowledge that FY23 was a challenging year for the Company and Zimi was not immune to certain adverse market conditions that were felt globally. We encountered significant disruptions to our supply chain due to a number of factors (including overseas impacts of the COVID-19 pandemic and widespread chip shortages). These challenges impacted our production capabilities and has ultimately delayed our ability to generate sales revenue out to FY24.

Our team has worked tirelessly with our manufacturing partners to address these issues and we have seen significant improvements towards the end of FY23. We have now stabilised our supply chain and we are in a stronger position to meet customer demands for our product. We are pleased to note that in July 2023, we entered the mass production phase for a number of our product lines.

FY23 was still a pivotal year for our Company and marked the very first delivery of our highly anticipated, premium Senoa product range. Designed to revolutionise the smart space market, Senoa offers innovative features, seamless integration and enhanced connectivity. We have already received positive feedback from our end-users and have secured confirmed orders from our customers. We have established a production pipeline to deliver over 17,000 Senoa devices in the forthcoming year and we are also expecting to deliver another 29,000 devices from our existing Powermesh and E-Connect ranges.

Device pairings continued to grow throughout the financial year. These devices were installed throughout a variety of homes to high-rises across Australia. As of mid-August 2023, there were over 29,000 devices paired on the Zimi Cloud, and the associated adoption rate is expected to continue to increase sharply with sales of our incoming devices.

Looking ahead, Zimi continues to focus on disrupting the smart space market that will enhance the way our customers interact with their homes and workplaces. Our engineering and design team are working diligently on a number of exciting and innovative development projects which we look forward to launching in FY24. We are particularly excited about our incoming "Zimi Smoke Connect" product which will increase safety in the home with a smarter offer for the legislated smoke detector market. We will continue to explore new market opportunities, invest in research and development, and leverage emerging technologies to stay ahead of the curve. To fund our growth, we have recently launched an entitlement offer to raise up to \$1.78m. Up to the date of this report, we have raised \$895,000 (before costs), noting that the offer is open until early September 2023. This additional capital provides working capital and runway to achieve our strategic plans. We also have a steady stream of production pipeline with our quality manufacturing partners which will deliver product throughout FY24.

We remain confident in our ability to navigate the dynamic technology landscape. With the determination and dedication of our team, we are well-positioned to achieve sustainable growth and create long-term value for our shareholders.

We would like to thank the Board and our employees for their contribution and achievements throughout FY23. We also acknowledge the role our distribution partners have played in building Zimi's brand recognition and our end-user customers who have embraced smart technologies into their homes and workplaces. Lastly, a big thank you to our shareholders, both existing and new, for their ongoing support of Zimi throughout the year.

A handwritten signature in black ink, appearing to read 'Simon Gerard'.

Simon Gerard
Chair of the Board

A handwritten signature in black ink, appearing to read 'Jordan Tentori'.

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 2023.

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 at any time during or since the end of the financial year are:

Name	Position
Simon Gerard	Chair of the Board and Non-Executive Director
Jordan Tentori	Executive Director and Chief Executive Officer (CEO)
Simon Beissel	Non-Executive Director
Peter Rossdeutscher	Non-Executive Director until 7 August 2023

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 year 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 controllers 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

The Group accomplished a number of important milestones during FY23, including:

- Established a production pipeline to manufacture and deliver over 46,000 Senoa, Powermesh and E-Door Connect devices in FY24. This is the culmination of tireless engineering and procurement efforts by the entire Zimi team.
- Made the first delivery of our highly anticipated Senoa devices to our customers. This marked the beginning of a new phase for Zimi with Senoa reflecting our smartest, most elegant switch yet.
- Secured customer orders for over 45% of devices from the incoming production run from our distribution partners.
- Achieved strong growth in the number of devices paired on the Zimi Cloud, with over 29,000 devices paired as at mid-August 2023, and the pace of adoption expected to accelerate as we commence the sale of our Senoa range.
- Continued our investment into research and development to continuously enhance our existing product ranges and progress the creation of new product offerings. We are excited to launch these new product offerings in the forthcoming months.
- Completion of a share placement in August 2022 to raise \$1,535,000 in capital to fund our growth. We also launched an entitlement offer in May 2023 with a shortfall placement facility to raise up to \$1,780,000. \$895,000 has been raised to date, with the offer closing on 2 September 2023.

FINANCIAL RESULTS

Zimi recorded \$219,844 in revenue for the year ended 30 June 2023 (2022: \$3,051,534). This decrease reflects the adverse market conditions (including global chip shortages and supply chain disruption from the impacts of the COVID-19 pandemic) which delayed mass production of our devices to FY24. The Directors are confident we will achieve significantly increased sales in the forthcoming year. We have already manufactured and delivered over 3,200 devices between 1 July 2023 to the date of this report.

Administrative and corporate costs were comparable to the prior year as the Group remains diligent on cost control and focused on the delivery of operating efficiencies.

Employee benefits largely represent amounts incurred for the engineering staff and executive management. Employee benefits are comparable to the prior year as we have not had any notable changes in our workforce.

Depreciation and amortisation of \$2,786,965 in FY23 (2022: \$2,776,490) largely relates to the amortisation of identifiable intangibles recognised on the acquisition of Zimi Innovations Pty Ltd, namely capitalised development costs and sales channels.

For the year ended 30 June 2023, the Group reports an operating loss before interest, tax, depreciation and amortisation (EBITDA) of \$2,545,252 (2022: \$2,114,401). 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 provides 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 \$5,369,745 for the financial year ended 30 June 2023 (2022: \$4,931,102).

In addition to the launch of our new Senoa product range and re-commencement of the production of our Powermesh product range during the year, the Group continued to prioritise research and development activities. This includes new product commercialisation and plans to enter into new markets, including the smoke detector market in Australia.

CAPITAL MANAGEMENT

The Group has maintained a sustainable balance sheet, and cashflow liquidity has been effectively managed across the business. By the end of FY23, Zimi had consolidated net assets of \$4,283,716 (2022: \$6,951,890), including cash and cash equivalents of \$980,126 (2022: \$1,664,307). The Group's current ratio has remained at 2.3 times for the year ending 30 June 2023 (2022: 2.3).

Net cash outflows used in operating activities for the year were \$2,270,116, including the receipt of \$869,405 in relation to the research and development tax incentive.

CORPORATE UPDATE

(A) Capital raising

In August 2022, Zimi commenced a capital raise via a placement to sophisticated and institutional investors at an issue price of \$0.08 per share to raise \$1,535,000 (before costs). \$1,185,000 was raised in cash funding and \$350,000 of shares were issued in exchange for services provided and to be provided to the Company by entities related to Director, Simon Gerard. In conjunction with the capital raise, the Company granted unlisted options to placement participants and unlisted options to the Company's lead manager for broker services.

Zimi launched another capital raise in May 2023 to raise up to \$1,780,000 through a 1 for 2 non-renounceable entitlement offer to our shareholders. A Shortfall Placement has also been offered to new investors aligned to Zimi's growth strategy and capable of continuing to support the business into the future. As at the date of this report, \$895,000 has been received in both entitlement offer and shortfall placement proceeds. The shortfall element of the raise will close in early September 2023. A free attaching option is issued with every new share subscribed under the offer.

DIVIDENDS

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

KEY RISKS

The Board is cognisant of certain principal risks that may impact the ability of the Group to achieve its business objectives which include:

- **Capital and funding requirements** – Depending on how successfully the Group times and executes its monetisation and depending on the opportunities that arise for growth and development, additional capital may be required (beyond current ongoing capital raising activity) to support our growth and strategic plans.
- **Development and commercialisation of the Group's Technology** – The success of the Group will depend upon our ability to develop and commercialise its technology and intellectual property. A failure to successfully develop and commercialise the technology could lead to a loss of opportunities and impact on the Group's operating results and financial position
- **Protection of intellectual property and competition** – Securing and maintaining rights to intellectual property, and in particular patents, is an integral part of our ability to secure product value from the development of our Technology. Competition in retaining and sustaining of intellectual property may be complex and expensive for which there can be no guaranteed outcome. There are number of competitors in the Internet of Things industry and there is no assurance that other parties will not successfully develop competitive products that impact our market share.
- **Sales and customer risks** – In order to fully commercialise our technology, the Group will need to maintain its existing and develop new relationships with our key customers. The Group generates revenue through a reseller strategy. The reseller model provides significant advantages by increasing customer reach, however, risks lie in the ability or motivation of the reseller to achieve agreed sales volumes which are not under the direct control of the Group.
- **Relationships with suppliers and supply chain** – The Group relies on a number of suppliers that are located in Asia and who typically charge in US dollars. The COVID-19 pandemic has had a recent impact on our ability on our supply chain management and there was a global chip shortage which impacted lead times and costs of production. Whilst we have observed a significant easing of these conditions, continuous and close management of such risks is required.
- **Reliance on key personnel** - The Company relies on the experience and knowledge of key members of its staff. In the event that key personnel leave and the Company is unable to recruit suitable replacements, such loss could have an adverse effect on the Company.
- **Macroeconomic conditions** – Economic and market risks, both in Australia and internationally, may have a direct and/or indirect impact on our ability to achieve our business objectives. These include movements in interest, inflation and currency exchange rates (as these may have an impact on supply and demand in the industry in which we operate).

The Board is responsible for setting the risk culture of the Group and is committed to maintaining a risk management framework that monitors and manages business risks.

OUTLOOK

Despite the revenue disruption posed by the global component shortages in FY23, 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. Shortages have eased and the Company has procured the necessary components and resources to support a strong production pipeline into FY24. Zimi has now brought our new Senoa range to the Australian market. The initial response for these new products has already exceeded expectations and the Board believes Zimi is well positioned to capitalise on the immense opportunities of the "smart space" technology market. Going forward, the Company will continue its investment into research and development and will expand our product offerings. Importantly, from a market broadening perspective, some of these new offerings will be into adjacent markets including the legislated smoke detector market.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Peter Rossdeutscher resigned and ceased his role as Non-Executive Director on 7 August 2023. The Board acknowledges and thanks Peter for his service. The Directors are now in the process of considering the composition of the Board and are assessing several potential candidates for the role of Non-Executive Director to complement the Company's strategy.

Other than the above, no other matters or circumstances have occurred subsequent to year 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

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.



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.



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
From 11 December 2020 to 7 August 2023

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.

DIRECTORS (continued)

Other Listed Company Directorships

None of the Directors have current directorships of any other listed companies, nor have they held any such directorships in the last three years.

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.

Name	Number of securities				Total securities
	Ordinary shares	Options	Performance shares	Performance rights	
Simon Gerard	38,147,543	14,034,723	-	-	52,182,266
Jordan Tentori	3,501,353	979,167	-	2,500,000	6,980,520
Simon Beissel	4,070,001	1,981,667	-	-	6,051,668

Peter Rossdeutscher resigned from the role of Non-Executive Director effective 7 August 2023.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2023, and the number of meetings attended by each Director are set out below.

Name	Number of	
	Eligible meetings	Attended meetings
Simon Gerard	9	9
Jordan Tentori	9	9
Simon Beissel	9	9
Peter Rossdeutscher	9	8

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 2023 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

No non-audit services were performed by the auditor (HLB Mann Judd) during the year ended 30 June 2023. Details of amounts paid or payable to HLB Mann Judd for audit services during the year are disclosed in note F3.

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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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 2023.

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	Full financial year
Simon Beissel	Non-Executive Director	Full financial year
Peter Rossdeutscher	Non-Executive Director	Full financial year
Stephanie Voulcaris	Chief Financial Officer (CFO)	Ceased on 7 October 2022
Rachel Tuck	Chief Financial Officer (CFO)	Appointed on 10 October 2022

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

Our Employee Securities Incentive Plan (**Plan**) was re-approved by shareholders at the Annual General Meeting on 28 November 2022. The 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 Plan are issued to eligible participants by way of a security, which includes a Share, an Option or a Performance Right.

The 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.

(D) 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 ¹ \$	Term of agreement	Notice period	Review period ²
Jordan Tentori	275,000	Ongoing	3 months	Annually
Rachel Tuck ³	170,000	Ongoing	3 months	Annually
Stephanie Voulcaris ⁴	180,000	3 years	3 months	Annually

¹ Base salary excludes statutory superannuation of 10.5%.

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

³ Appointed as Chief Financial Officer on 10 October 2022.

⁴ Ceased as Chief Financial Officer on 7 October 2022.

(A) Short-term incentives

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

LONG-TERM INCENTIVES

As noted in the Remuneration Governance section above, our Employee Securities Incentive Plan was re-approved by shareholders at the Annual General Meeting on 28 November 2022. During the year, the Group issued performance rights to a number of eligible participants, including KMP. For details on the valuation of performance rights including models and assumptions used, refer to notes F1(F) and F1(G)(ii) in the Consolidated Financial Statements. The key aspects of the performance rights granted are summarised in the table below.

Purpose	Attract, motivate and retain talent which is aligned to the Group's long-term strategy and drive shareholder value.
Eligibility	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.
Instrument	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.
Allocation methodology	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.
Opportunity	The quantum of performance rights is based on seniority and face value.
Performance period	The performance period commences on the date of grant of the performance rights and ends on 30 June 2024.
Performance hurdles	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: ▪ 50% based on service condition: employee is continuously employed or contracted by the Company or a subsidiary until 30 June 2024; ▪ 25% based on paired devices: paired devices with the Zimi Cloud exceeds 37,500 by 30 June 2024; and ▪ 25% based on paired devices: paired devices with the Zimi Cloud exceeds 75,000 by 30 June 2024.
Vesting and delivery	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.
Termination and forfeiture	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.
Reorganisation event	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.
Change of control	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 FY23.

Non-Executive Director	2023 \$
Simon Gerard	45,833
Peter Rossdeutscher	51,833
Simon Beissel	49,933
Total Non-Executive Director annual fees	147,599

LONG-TERM INCENTIVES

During the financial year ended 30 June 2019, the Company issued performance rights to Non-Executive Directors. For details on the valuation of performance rights including models and assumptions used, refer to note F1(E) 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 ¹ \$	Non-monetary benefits ² \$	Post-employment benefits ³ \$	Ordinary share settled benefits ⁴ \$	Performance shares and rights benefits ⁵ \$	Total remuneration \$	Performance related %
Simon	FY23	-	-	-	45,833	-	45,833	0.0%
Gerard ⁶	FY22	-	-	-	-	-	-	-
Jordan	FY23	284,407	454	28,986	-	61,802	375,649	16.5%
Tentori ⁷	FY22	252,923	119	24,587	-	-	277,629	0.0%
Peter	FY23	6,000	-	-	45,833	13,993	65,826	21.3%
Rossdeutscher ⁸	FY22	72,000	-	-	-	13,993	85,993	16.3%
Simon	FY23	4,100	-	-	45,833	-	49,933	0.0%
Beissel ⁹	FY22	19,940	-	-	-	-	19,940	0.0%
Stephanie	FY23	50,103	187	5,162	-	(2,989)	52,463	(5.7%)
Voulcaris ¹⁰	FY22	142,595	366	13,431	20,000	2,989	179,381	1.7%
Rachel	FY23	132,108	-	13,044	-	7,261	152,413	4.8%
Tuck ¹¹	FY22	-	-	-	-	-	-	-
Consolidated	FY23	476,718	641	47,192	137,499	80,067	742,117	10.8%
remuneration	FY22	487,458	485	38,018	20,000	16,982	562,943	3.0%

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

² 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.

³ Post-employment benefits represents superannuation.

⁴ Ordinary share settled benefits represents shares issued to all Non-Executive Directors of the Company. Each of the Non-Executive Directors agreed to each receive 625,000 shares in lieu of cash payments for the period 1 August 2022 to 31 July 2023. This arrangement was approved by the shareholders at the 14 October 2022 general meeting. The shares have a deemed issue price of \$0.08 and are subject to voluntary escrow until 31 July 2023. For FY22, this represents the non-cash accounting charge to share-based payments expense in respect of executive agreement bonuses.

⁵ 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. Performance shares and rights granted to Stephanie Voulcaris were forfeited on cessation of her employment. 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.

⁶ Simon Gerard was appointed as a Non-Executive Director on 11 December 2020, and as Chairman on 16 February 2021.

⁷ Jordan Tentori transitioned from Executive Director and CTO to Executive Director and CEO on 7 February 2022.

⁸ Peter Rossdeutscher resigned and ceased to be a Non-Executive Director on 7 August 2023.

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

¹⁰ Stephanie Voulcaris ceased as Chief Financial Officer on 7 October 2022.

¹¹ Rachel Tuck was appointed as Chief Financial Officer on 10 October 2022.

EQUITY INSTRUMENTS

KEY MANAGEMENT PERSONNEL ORDINARY SHARES

Name	Opening balance 1 Jul 2022	Balance on appointment	Acquired or (disposed)	Converted during the year	Issued as share-based payments	Balance on cessation	Closing balance 30 Jun 2023
Simon Gerard ¹	25,599,983	-	11,922,560	-	625,000	-	38,147,543
Jordan Tentori ²	1,426,944	-	2,074,409	-	-	-	3,501,353
Peter Rossdeutscher ³	244,445	-	-	-	625,000	-	869,445
Simon Beissel ⁴	213,334	-	3,231,667	-	625,000	-	4,070,001
Stephanie Voulcaris ⁵	107,324	-	-	-	-	(107,324)	-
Rachel Tuck	-	-	-	-	-	-	-
Total ordinary shares	27,592,030	-	17,228,636	-	1,875,000	(107,324)	46,588,342

¹ Simon Gerard (or nominee):

- On 14 October 2022, Non Executive Director Fee shares were issued as approved by shareholders. 625,000 shares were issued to each of the Non-Executive Directors at an issue price of \$0.08 (i.e. total value of \$50,000) and relate to a period of service from 1 August 2022 to 31 July 2023. These shares were held in escrow until 31 July 2023.
- On 14 October 2022 and as participation in the capital raising (as approved by shareholders), 5,312,500 fully paid ordinary shares at \$0.08 per share were issued. 937,500 shares were issued in exchange for cash consideration and the remaining 4,375,000 were issued in exchange for services provided and to be provided to the Company by entities related to Simon Gerard.
- On 9 June 2023 and as participation in the non-renounceable entitlement offer to shareholders, 7,500,000 fully paid ordinary shares at \$0.04 per share were issued.
- Of the remaining movement in ordinary shares, 2,500,000 were disposed of through an off market transfer and 1,610,060 were acquired through off and on market purchases.

² Jordan Tentori (or nominee):

- On 14 October 2022 and as participation in the capital raising (as approved by shareholders), 312,500 fully paid ordinary shares at \$0.08 per share were issued.
- Of the remaining movement in ordinary shares, 1,250,000 were acquired through an off market transfer and 511,909 were purchased during the year.

³ Peter Rossdeutscher (or nominee):

- On 14 October 2022, Non Executive Director Fee shares were issued as approved by shareholders. 625,000 shares were issued to each of the Non-Executive Directors at an issue price of \$0.08 (i.e. total value of \$50,000) and relate to a period of service from 1 August 2022 to 31 July 2023. These shares were held in escrow until 31 July 2023.
- Peter Rossdeutscher resigned and ceased to be a Non-Executive Director on 7 August 2023.

⁴ Simon Beissel (or nominee):

- On 14 October 2022, Non Executive Director Fee shares were issued as approved by shareholders. 625,000 shares were issued to each of the Non-Executive Directors at an issue price of \$0.08 (i.e. total value of \$50,000) and relate to a period of service from 1 August 2022 to 31 July 2023. These shares were held in escrow until 31 July 2023.
- On 14 October 2022 and as participation in the capital raising (as approved by shareholders), 625,000 fully paid ordinary shares at \$0.08 per share were issued.
- On 9 June 2023 and as participation in the non-renounceable entitlement offer to shareholders, 1,356,667 fully paid ordinary shares at \$0.04 per share were issued.
- The remaining 1,250,000 shares were acquired through an off market transfer.

⁵ Stephanie Voulcaris (or nominee)

- Stephanie Voulcaris ceased as Chief Financial Officer on 7 October 2022.

KEY MANAGEMENT PERSONNEL CONVERTIBLE SECURITIES

Name	Opening balance 1 Jul 2022	Granted during the year	Exercised during the year	Cancelled during the year	Balance on resignation	Closing balance 30 Jun 2023	Vested and exercisable	Unvested
Simon Gerard ¹								
- Options	1,222,223	12,812,500	-	-	-	14,034,723	14,034,723	-
Jordan Tentori ²								
- Director performance rights	-	2,500,000	-	-	-	2,500,000	-	2,500,000
- Options	666,667	312,500	-	-	-	979,167	979,167	-
Peter Rossdeutscher ³								
- Director performance shares	80,001	-	-	-	-	80,001	-	80,001
- Options	55,556	-	-	-	-	55,556	55,556	-
Simon Beissel ⁴								
- Options	-	1,981,667	-	-	-	1,981,667	1,981,667	-
Stephanie Voulcaris ⁵								
- Employee performance rights	333,334	-	-	(333,334)	-	-	-	-
Rachel Tuck ⁶								
- Employee performance rights	-	300,000	-	-	-	300,000	-	300,000
Total convertible securities	2,357,781	17,906,667	-	(333,334)	-	19,931,114	17,051,113	2,880,001

¹ Simon Gerard (or nominee):

- On 14 October 2022 and as participation in the capital raising (as approved by shareholders), 5,312,500 unlisted options at \$0.12 exercise price, expiring 18 October 2025 were issued.
- On 9 June 2023 and as participation in the non-renounceable entitlement offer to shareholders, 7,500,000 unlisted options at \$0.08 exercise price, expiring 30 June 2026 were issued.

² Jordan Tentori (or nominee):

- On 14 October 2022 and as participation in the capital raising (as approved by shareholders), 312,500 unlisted options at \$0.12 exercise price, expiring 18 October 2025 were issued.
- On 5 December 2022 and as approved by shareholders, the Company issued 2,500,000 performance rights relating to remuneration. The vesting of the performance rights are subject to the achievement of certain hurdles. Refer to page 16 within the Remuneration Report and note F1(F) in the Consolidated Financial Statements for further information regarding these hurdles and other terms and conditions.

³ Peter Rossdeutscher (or nominee):

- Peter Rossdeutscher resigned and ceased to be a Non-Executive Director on 7 August 2023. The 80,001 performance shares were cancelled on 7 August 2023 upon his resignation.

⁴ Simon Beissel (or nominee):

- On 14 October 2022 and as participation in the capital raising (as approved by shareholders), 625,000 unlisted options at \$0.12 exercise price, expiring 18 October 2025 were issued.
- On 9 June 2023 and as participation in the non-renounceable entitlement offer to shareholders, 1,356,667 unlisted options at \$0.08 exercise price, expiring 30 June 2026 were issued.

⁵ Stephanie Voulcaris (or nominee):

- Stephanie Voulcaris ceased as Chief Financial Officer on 7 October 2022. Performance rights granted to Stephanie Voulcaris were forfeited on cessation of her employment.

⁶ Rachel Tuck (or nominee):

- On 19 December 2022, the Company issued 300,000 performance rights relating to remuneration pursuant to the shareholder approved Employee Securities Incentive Plan. The vesting of the performance rights is subject to the achievement of certain hurdles. Refer to note F1(G)(ii) in the Consolidated Financial Statements.

OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL

RELATED PARTY TRANSACTIONS

As noted in the Annual Report for the year ended 30 June 2022 (note F2), 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 2023. From 1 July 2023, services previously provided by GSM International will be performed by GSM Retail Australia Pty Ltd (**GSM Retail**). GSM Retail is a related party of Simon Gerard. All services performed by GSM Retail will be performed in accordance with the same terms and conditions as those previously provided by GSM International.

During the year ended 30 June 2023, the Group continued 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 2023, the Group continued transacting with Harness Investment Partners (**Harness Investment Partners**), an entity related to KMP Simon Beissel. These transactions were for consulting and strategic review services. There is a formal agreement in place with Harness Investment Partners under which these services were provided.

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 2023, and balances as at 30 June 2023.

	Settled during 1 Jul 2022 to 30 Jun 2023		Outstanding as at 30 June 2023		Total transactions during the period 1 Jul 2022 to 30 Jun 2023 \$
	Cash settled \$	Equity settled ¹ \$	Accounts receivable \$	Accounts payable or accrued \$	
Transactions with GSM Electrical					
Sales of finished goods (inclusive of GST) ²	222,173	-	-	-	222,173
Prepayment of unfinished goods (inclusive of GST) ²	330,000	-	-	-	330,000
Refund of deposits (inclusive of GST) due to manufacturing delays ^{2,3}	(330,000)	-	-	-	(330,000)
Deposits required by and remitted to 3rd- party manufacturers to secure production (no GST)	(117,156)	-	-	-	(117,156)
Project and tooling contribution (inclusive of GST)	62,615	-	-	-	62,615
Personnel, engineering project costs and warehousing services ² (inclusive of GST)	(4,668)	(225,126)	-	-	(229,794)
Net total with GSM Electrical	162,964	(225,126)	-	-	(62,162)
Transactions with GSM International					
Purchases of finished goods ⁴ which are to be remitted to 3rd-party manufacturers (no GST)	(7,488)	-	-	(29,123)	(36,611)
Quality assurance services (no GST)	-	(1,883)	-	-	(1,883)
Net total with GSM International	(7,488)	(1,883)	-	(29,123)	(38,494)
Transactions with Bell Total Logistics					
Freight and import duties (inclusive of GST)	(6,605)	-	-	-	(6,605)
GST on importation which is recoverable from the ATO	(11,678)	-	-	-	(11,678)
Net total with Bell Total Logistics	(18,283)	-	-	-	(18,283)
Transactions with Harness Investment Partners					
Consulting services (inclusive of GST)	(33,000)	-	-	(33,000)	(66,000)
Net total with Harness Investment Partners	(33,000)	-	-	(33,000)	(66,000)
Total related party transactions			-	(62,123)	(184,939)

¹ As set out in note D1 of the Consolidated Financial Statements, shareholders approved the issuance of a further \$350,000 shares in exchange for services. The amount settled throughout the period was \$227,009. The amount remaining to be utilised is \$163,622.

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

³ The refund of the deposit was offset by product sales of \$32,984 which are included in the sales of finished goods total above. Therefore, the actual net cash refund totalled \$297,016.

⁴ Finished goods includes saleable product and engineering samples.

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 1 Jul 2021 to 30 Jun 2022		Outstanding as at 30 June 2022		Total transactions during the period 1 Jul 2021 to 30 Jun 2022 \$
	Cash settled \$	Equity settled ¹ \$	Accounts receivable \$	Accounts payable or accrued \$	
Transactions with GSM Electrical					
Sales of finished goods (inclusive of GST) ²	2,402,456	-	-	-	2,402,456
Prepayment of unfinished goods (inclusive of GST) ²	35,000	-	34,756	-	69,756
Sales returns of finished goods (inclusive of GST) ²	(784,648)	-	-	-	(784,648)
Purchases of finished goods including delivery (inclusive of GST)	(386,049)	-	-	-	(386,049)
Tooling contribution (inclusive of GST)	62,891	-	14,002	-	76,893
Personnel, engineering project costs and warehousing services ² (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 which are to be remitted to 3rd-party 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 (inclusive of GST)	(74,270)	-	-	(1,552)	(75,822)
GST on importation which is recoverable from the ATO	(126,168)	-	-	(6,846)	(133,014)
Net total with Bell Total Logistics	(200,438)	-	-	(8,398)	(208,836)
Transactions with Harness Investment Partners					
Consulting services (inclusive of GST)	(8,250)	-	-	-	(8,250)
Net total with Harness Investment Partners	(8,250)	-	-	-	(8,250)
Total related party transactions			48,758	(54,060)	(671,682)

¹ As set out in note D1 of the Consolidated Financial Statements of the 30 June 2022 annual report, 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 was therefore \$40,631 at 30 June 2022.

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

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.

	2023 \$	2022 \$
Commitments with GSM Electrical		
Sales of finished goods (inclusive of GST)	1,826,724	1,045,792
Net total with GSM Electrical	1,826,724	1,045,792
Commitments with GSM International/GSM Retail		
Purchases of finished goods to be remitted to 3rd party manufacturer (no GST)	(3,338,260)	(4,510,709)
Quality assurance services (no GST)	(183,605)	(247,035)
Net total with GSM International/GSM Retail	(3,521,865)	(4,757,744)
Total related party commitments	(1,695,141)	(3,711,952)

RELATED PARTY LOANS

As at 30 June 2023, there were no loans outstanding to related parties (2022: nil).

End of audited Remuneration Report.

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

25 August 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Zimi Limited for the year ended 30 June 2023, 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
25 August 2023



L Di Giallonardo
Partner

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FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 25 August 2023.
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 2023

	Notes	2023 \$	2022 \$
Revenue	B2	219,844	3,051,534
Cost of sales		(240,709)	(2,966,146)
Gross profit/(loss)		(20,865)	85,388
Other income	B3	829,220	869,405
Other net gains	B5	44,263	281,308
Expenses			
Administrative and corporate		(702,388)	(775,841)
Employee benefits		(2,478,538)	(2,367,416)
Occupancy		(76,530)	(77,232)
Advertising and marketing		(80,373)	(50,669)
Travel		(60,041)	(46,221)
Depreciation and amortisation	B6	(2,786,965)	(2,776,490)
Impairment charge	B7	-	(33,123)
Total expenses		(6,184,835)	(6,126,992)
Operating loss before interest and income tax		(5,332,217)	(4,890,891)
Net finance costs	B8	(37,528)	(40,211)
Loss before income tax		(5,369,745)	(4,931,102)
Income tax benefit	B9	-	-
Loss after income tax		(5,369,745)	(4,931,102)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in fair value cash flow hedges		(22,176)	22,176
Other comprehensive income/(loss) for the year, net of tax		(22,176)	22,176
Total comprehensive loss for the year		(5,391,921)	(4,908,926)

	Notes	2023 cents	2022 cents
Loss per share			
Basic loss per share	B4	(6.33)	(8.66)
Diluted loss per share	B4	(6.33)	(8.66)

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 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	D3	980,126	1,664,307
Trade and other receivables	C1	1,013,111	1,061,072
Inventories	C2	173,763	291,920
Other assets	C3	685,323	258,080
Other financial assets	C4	-	22,176
Total current assets		2,852,323	3,297,555
Non-current assets			
Property, plant and equipment	C5	309,784	433,274
Intangible assets	C6	2,291,939	4,584,792
Right-of-use assets	C7	229,899	136,998
Total non-current assets		2,831,622	5,155,064
Total assets		5,683,945	8,452,619
LIABILITIES			
Current liabilities			
Trade and other payables	C8	(494,832)	(538,270)
Provisions	C9	(89,178)	(113,125)
Lease liabilities	C7	(65,857)	(89,267)
Unearned revenue and customer deposits		(153,033)	(205,626)
Borrowings	D4	(431,217)	(490,000)
Total current liabilities		(1,234,117)	(1,436,288)
Non-current liabilities			
Lease liabilities	C7	(166,112)	(64,441)
Total non-current liabilities		(166,112)	(64,441)
Total liabilities		(1,400,229)	(1,500,729)
Net assets		4,283,716	6,951,890
EQUITY			
Contributed equity	D1	51,352,650	48,712,769
Reserves	D2	908,038	846,348
Accumulated losses		(47,976,972)	(42,607,227)
Total equity		4,283,716	6,951,890

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 2023

	Contributed equity		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 year	-	-	-	(4,931,102)	(4,931,102)
Other comprehensive income	-	-	22,176	-	22,176
Total comprehensive loss for the year	-	-	22,176	(4,931,102)	(4,908,926)
Other equity transactions					
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 reserves to accumulated losses	-	-	(1,364,915)	1,364,915	-
Total other equity transactions	5,909,869	(60,000)	(3,607,710)	1,364,915	3,607,074
Balance at 30 June 2022	48,712,769	-	846,348	(42,607,227)	6,951,890

	Contributed equity		Reserves	Accumulated losses	Total equity
	Issued capital	Unissued capital			
	\$	\$	\$	\$	\$
Balance at 1 July 2022	48,712,769	-	846,348	(42,607,227)	6,951,890
Loss for the year	-	-	-	(5,369,745)	(5,369,745)
Other comprehensive income/(loss)	-	-	(22,176)	-	(22,176)
Total comprehensive loss for the year	-	-	(22,176)	(5,369,745)	(5,391,921)
Other equity transactions					
Shares issued as part of capital raising	2,430,694	-	-	-	2,430,694
Transaction costs related to shares issued	(241,155)	-	82,872	-	(158,283)
Shares issued in exchange for services	99,728	-	-	-	99,728
Options converted to ordinary shares	147,014	-	(146,278)	-	736
Director and employee share-based payments	203,600	-	147,272	-	350,872
Total other equity transactions	2,639,881	-	83,866	-	2,723,747
Balance at 30 June 2023	51,352,650	-	908,038	(47,976,972)	4,283,716

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 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		482,077	2,793,142
Payments to suppliers and employees (inclusive of GST)		(3,590,640)	(6,271,182)
Receipts from government grants		869,405	697,626
Receipts from interest income		5,735	357
Payments for interest and other finance costs		(36,693)	(31,753)
Net cash outflows used in operating activities		(2,270,116)	(2,811,810)
Cash flows from investing activities			
Payments for property, plant and equipment		(77,759)	(241,282)
Payments for intangible assets		(130,519)	(263,100)
Net cash outflows used in investing activities		(208,278)	(504,382)
Cash flows from financing activities			
Principal elements of lease payments		(96,631)	(74,133)
Proceeds from borrowings	D4	431,217	490,000
Repayment of borrowings	D4	(490,000)	-
Proceeds from issuance of shares		2,081,429	3,500,011
Payments for transaction costs related to issuance of securities		(130,288)	(154,600)
Net cash inflows provided by financing activities		1,795,727	3,761,278
Net increase / (decrease) in cash and cash equivalents		(682,667)	445,086
Cash and cash equivalents, at the beginning of the financial year		1,664,307	1,220,098
Effects of exchange changes on the balances held in foreign currencies		(1,514)	(877)
Cash and cash equivalents, at the end of the financial year	D3	980,126	1,664,307

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 2023 was authorised for issue in accordance with a resolution of the Board of Directors on 25 August 2023.

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 that the Group incurred an operating loss of \$5.4 million for the year ended 30 June 2023, and a net cash outflow from operating activities of \$2.3 million, the Directors are of the opinion that the Group is a going concern for the following reasons:

- As at 30 June 2023, the Group has current assets exceeding current liabilities by \$1.6 million, and cash and cash equivalents of \$980,000.
- The Group faced a tougher than expected supply chain and production environment during the year which delayed the Group's ability to generate sales revenue. These difficulties have largely been overcome with mass production and delivery of product to our customers commencing in July 2023. The Group has already received sales orders for approximately 22,000 of our 46,000 incoming devices.
- The Group successfully completed a capital raise through share placement in August 2022. Another capital raise (entitlement offer) is underway with \$895,000 raised to date. There is an ability to raise a further \$885,000 under the offer.
- The Group can undertake fund raisings to secure additional sources of funds where required, including launching additional capital raises.
- If required, the Group can flex discretionary spend or rephase the timing of product manufacturing cash outflows.

Management has prepared cash forecasts for the next 12 months that support the ability of the Group to continue as a going concern. Sufficient cash reserves are forecast to be maintained throughout the forecast period. These cash reserves are reliant on the Group generating revenues and maintaining expenditures in line with the forecast as well as obtaining additional funding from investors (which is yet to be secured at the date of this report). The Group acknowledges there is inherent uncertainty in any forecast and in raising additional capital and therefore, these circumstances may give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

Management believes that the range of actions available (as disclosed above) mean that the uncertainty can be managed. However, in the event the Group does not achieve its forecast results, it may not be able to continue its operations as a going concern and therefore, may not be able to realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in this Consolidated Financial Report.

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 2023 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) Significant accounting estimates and judgements

In preparing the Consolidated Financial Statements, the Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, revenue and expenses. The significant judgements made by the Directors in applying the Group's accounting policies and key sources of estimation uncertainty are included in the following notes:

- Note A2 - Going concern
- Note C6 – Intangible assets: Impairment assessment

The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions, and other factors that are believed to be reasonable under the circumstances, and are reviewed on a regular basis. Actual results may differ from these estimates.

(C) 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 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.

(D) 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.

(E) 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 2022 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 2023, the Group recognised revenue solely through the sale and delivery of finished goods to customers. The disaggregation of the Group's revenue from contracts with customers is set out below.

	2023 \$	2022 \$
At a point in time		
Revenue from sale of finished goods	219,844	2,974,036
Revenue from sale of components	-	77,498
Total revenue	219,844	3,051,534

(A) Major customers

During the year ended 30 June 2023, approximately \$202,000 of the Group's revenue was derived from sales to GSM Electrical Pty Ltd (2022: \$2,180,000). Refer to Note F2(C) for further information.

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 2023, the Group recognised revenue from the sale of goods (e.g., switches, power points). 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.

	2023 \$	2022 \$
Research and development tax incentive	744,314	869,405
Other income	84,906	-
Total other income	829,220	869,405

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 options, performance shares and performance rights issued by the Group to dilute existing shareholders' ownership when these instruments are exercised are also presented.

	2023 \$	2022 \$
Loss for the period	(5,369,745)	(4,931,102)

	2023 shares	2022 shares
Weighted average number of shares used as denominator in calculating both basic and diluted loss per share	84,829,527	56,965,158

	2023 cents	2022 cents
Basic and diluted loss per share	(6.33)	(8.66)

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 NET GAINS

	2023 \$	2022 \$
Loss on disposal of assets	(1,313)	(926)
(Loss) / gain on unrealised and realised foreign exchange	36,203	(54,741)
Gain on AASB 16 <i>Leases</i> event	9,373	1,379
Gain on extinguishment of liability	-	335,596
Total other net gains	44,263	281,308

B6 DEPRECIATION AND AMORTISATION

	2023 \$	2022 \$
Depreciation on property, plant and equipment	(202,424)	(213,739)
Depreciation on right-of-use assets	(85,558)	(84,247)
Amortisation on intangible assets	(2,498,983)	(2,478,504)
Total depreciation and amortisation	(2,786,965)	(2,776,490)

B7 IMPAIRMENT CHARGE

	2023 \$	2022 \$
Impairment on intangible assets – patents and trademarks	-	(33,123)
Total impairment charge	-	(33,123)

B8 NET FINANCE COSTS

	2023 \$	2022 \$
Interest income	4,839	356
Interest and finance charges on borrowings	(26,130)	(13,249)
Interest expense on lease liabilities	(16,237)	(27,318)
Total net finance costs	(37,528)	(40,211)

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**

	2023 \$	2022 \$
Current tax		
Current tax benefit	-	-
Total current tax benefit	-	-
Deferred tax		
Decrease / (increase) in deferred tax assets (DTA)	162,673	323,720
Increase / (decrease) in deferred tax liabilities (DTL)	(162,673)	(323,720)
Total deferred tax benefit	-	-
Income tax benefit	-	-

B9 TAXES (continued)**(B) Numerical reconciliation of income tax benefit to prima facie tax payable**

	2023 \$	2022 \$
Loss before income tax	(5,369,745)	(4,931,102)
Tax at the Australian tax rate of 25%	(1,342,436)	(1,232,776)
Tax effect of amounts which are not (assessable) / deductible in calculating taxable income:		
Non-deductible expenses	272,719	278,470
R&D non-deductible expenses	406,221	448,633
Share-based payments expenses	78,343	(22,085)
Non-assessable income	(186,079)	(217,351)
DTA and DTL not recognised	771,232	745,109
Total adjustments	1,342,436	1,232,776
Income tax benefit	-	-

(C) Deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
	2023 \$	2022 \$	2023 \$	2022 \$
Other assets	-	-	(60,539)	(25,267)
Intangible assets	89,501	90,887	(348,813)	(675,917)
Right-of-use assets	-	-	(57,475)	(34,250)
Trade and other payables	32,527	22,654	(105,934)	-
Provisions	33,082	36,778	-	-
Lease liabilities	57,992	38,427	-	-
Undeducted s. 40-880 costs (profit or loss)	35,005	24,037	-	-
Undeducted s. 40-880 costs (equity)	191,459	236,264	-	-
Tax losses	5,091,581	4,443,597	-	-
Other - DTA not recognised	(4,958,386)	(4,157,210)	-	-
Deferred tax assets / (liabilities)	572,761	735,434	(572,761)	(735,434)
Balance at 1 July	735,434	1,059,154	(735,434)	(1,059,154)
Movement:				
To profit or loss	(162,673)	(323,720)	162,673	323,720
Balance at 30 June	572,761	735,434	(572,761)	(735,434)

B9 TAXES (continued)**(D) Unrecognised tax losses - temporary differences**

	2023 \$	2022 \$
Unused tax losses for which no deferred tax asset has been recognised		
Unused revenue losses	20,366,325	17,774,386
Potential tax benefit at 25%	5,091,581	4,443,597
Unused capital losses	81,319	81,319
Potential tax benefit at 25%	20,330	20,330
Total potential tax benefit at 25%	5,111,911	4,463,927

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% for the year ended 30 June 2023. 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

	2023 \$	2022 \$
Trade receivables	268,797	191,667
Research and development tax incentive receivable	744,314	869,405
Total trade and other receivables	1,013,111	1,061,072

(A) Allowance for expected credit losses

As at 30 June 2023, there were no trade receivables which were past due but not impaired. As a result, there was no allowance for expected credit loss recognised (2022: 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).

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

	2023 \$	2022 \$
Finished goods	61,820	83,446
Components	111,943	134,015
Stock in transit	-	66,802
Work in progress	-	7,657
Total inventories	173,763	291,920

(A) Provision for inventory obsolescence

As at 30 June 2023, there were no inventory items which required a provision for inventory obsolescence (2022: 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 ASSETS

	2023 \$	2022 \$
Prepayments	242,156	101,067
Deposits paid on products in production	357,731	62,960
Other deposits	85,436	94,053
Total other assets	685,323	258,080

C4 OTHER FINANCIAL ASSETS

	2023 \$	2022 \$
Foreign exchange derivative	-	22,176
Total other financial assets	-	22,176

From time to time, 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 2023, the Group did not have an open foreign exchange contract.

(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.

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.

C5 PROPERTY, PLANT AND EQUIPMENT

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

	Plant and equipment \$	Computer equipment \$	Furniture and fittings \$	Leasehold improvements \$	Total \$
2022					
Opening balances:					
Cost	323,124	359,314	26,853	52,088	761,379
Accumulated depreciation	(108,115)	(260,705)	(916)	(31,071)	(400,807)
Net book amount – 1 July 2021	215,009	98,609	25,937	21,017	360,572
Movement:					
Additions	162,283	41,488	47,673	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
Closing net book amount – 30 June 2022	256,786	41,076	63,803	71,609	433,274
2023					
Opening balances:					
Cost	585,482	62,775	73,087	73,014	794,358
Accumulated depreciation	(328,696)	(21,699)	(9,284)	(1,405)	(361,084)
Net book amount – 1 July 2022	256,786	41,076	63,803	71,609	433,274
Movement:					
Additions	74,844	8,439	741	2,399	86,423
Disposals	(652)	(5,130)	(1,707)	-	(7,489)
Depreciation	(166,633)	(21,327)	(12,589)	(1,875)	(202,424)
Closing net book amount – 30 June 2023	164,345	23,058	50,248	72,133	309,784
Cost	632,575	58,344	70,968	75,414	837,301
Accumulated depreciation	(468,230)	(35,286)	(20,720)	(3,281)	(527,517)
Net book amount – 30 June 2023	164,345	23,058	50,248	72,133	309,784

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C5 PROPERTY, PLANT AND EQUIPMENT (continued)**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.

C6 INTANGIBLE ASSETS

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

	Capitalised development \$	Sales channels \$	Patents and trademarks \$	Other intangibles \$	Total \$
2022					
Opening balances:					
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)
Net book amount – 1 July 2021	5,204,202	2,393,130	38,499	-	7,635,831
Movement:					
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)
Closing net book amount – 30 June 2022	3,139,725	1,405,241	31,831	7,995	4,584,792
2023					
Opening balances:					
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)
Net book amount – 1 July 2022	3,139,725	1,405,241	31,831	7,995	4,584,792
Movement:					
Additions	193,678	-	10,960	-	204,638
Disposals	1,492	-	-	-	1,492
Amortisation	(1,527,188)	(969,590)	(2,205)	-	(2,498,983)
Closing net book amount – 30 June 2023	1,807,707	435,651	40,586	7,995	2,291,939
Cost	4,457,093	2,908,770	44,445	7,995	7,418,303
Accumulated amortisation and impairment	(2,649,386)	(2,473,119)	(3,859)	-	(5,126,364)
Net book amount – 30 June 2023	1,807,707	435,651	40,586	7,995	2,291,939

(A) Significant estimate: Impairment assessment

In response to the identification of a market impairment indicator, an impairment test was performed over the Group's intangible assets as at 30 June 2023. The recoverable amount of the Zimi cash generating unit has been determined based on a fair value less costs of disposal ("FVLCD") calculation which reflects forecast information and the use of assumptions. The calculations utilise specific estimates for a five year period and a terminal growth rate thereafter. The fair value measurement is categorised as a level 3 fair value valuation technique.

C6 INTANGIBLE ASSETS (continued)

(B) Key assumptions and approach used to determine values

Management considered probability weighted cash flow scenarios and available evidence in performing the analysis. As a result of the valuation assessment performed, no impairment has been recognised over the Group's intangible assets. The approach and key assumptions used in the calculation of the recoverable amount are summarised in the following table:

Assumption	Approach used to determine values
Discount rate of 14%	The discount rate is a pre-tax measure estimated based on past experience, industry average weighted average cost of capital and adjusted to incorporate certain risks.
FY24 (Year 1) EBITDA	FY24 EBITDA is based on the prepared budget which is expected to be consistent with a market participant's perspective. The budget is based on known factors including order volumes and sales orders, as well as best estimates prepared by management.
FY25 to FY28 (Year 2 to Year 5) EBITDA	FY24 to FY27 EBITDA is calculated by adopting year on year growth assumptions in revenue (and related expenditures). This is based on industry data, available evidence, management expectations, company strategy and adjusted to reflect assumptions reasonably expected to be available to a market participant.
Long term growth rate of 2.5%	The long term growth rate is used to extrapolate cash flows beyond the forecast period. The terminal value is calculated using a perpetual growth model.
Costs of disposal	The costs of disposal are estimated based on industry benchmarks.

(C) Impact of possible changes in key assumptions

Management has considered whether the intangible assets could be impaired by applying changes in key assumptions in one of the adopted valuation scenarios. The following table provides quantitative information illustrating the impact of possible changes (with all other inputs remaining the same):

Change in key assumption	Impairment that would be recognised due to the change in key assumption
Post-tax discount rate change increase of 3%	\$207,000
Terminal growth rate decrease by 1%	Nil
Forecast EBITDA decrease by 10% (FY24-FY28)	Nil
Forecast EBITDA decrease by 20% (FY24-FY28)	\$761,000

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.

C7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	2023 \$	2022 \$
Right-of-use assets		
Leased properties	229,899	136,998
Total right-of-use assets	229,899	136,998
Lease liabilities		
Current	(65,857)	(89,267)
Non-current	(166,112)	(64,441)
Total lease liabilities	231,969	(153,708)

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

	2023 \$	2022 \$
Depreciation on right-of-use assets	(85,558)	(84,247)
Interest expense on lease liabilities	(16,237)	(27,318)
(Loss) / Gain on AASB 16 <i>Leases</i> event	(9,373)	1,379
Total amounts recognised in Consolidated Statement of Comprehensive Income	(111,168)	(110,186)

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

The total cash outflow for leases for the year ended 30 June 2023 was \$107,063 (30 June 2022: \$101,450).

C7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**(D) Net book amounts and movements in right-of-use assets**

	Leased properties \$
2022	
Opening balances:	
Cost	861,467
Accumulated depreciation	(593,411)
Net book amount – 1 July 2021	268,056
Movement:	
Depreciation	(84,247)
Modification to lease terms	(46,811)
Closing net book amount – 30 June 2022	136,998
2023	
Opening balances:	
Cost	252,742
Accumulated depreciation	(115,744)
Net book amount – 1 July 2022	136,998
Movement:	
Depreciation	(85,558)
Modification to lease terms	178,459
Closing net book amount – 30 June 2023	229,899
Cost	431,200
Accumulated depreciation	(201,301)
Net book amount – 30 June 2023	229,899

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 C5.

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.

C8 TRADE AND OTHER PAYABLES

	2023 \$	2022 \$
Trade and other payables	(291,960)	(317,239)
Payroll and statutory liabilities	(118,720)	(129,073)
Accrued expenses	(84,152)	(91,958)
Total trade and other payables	(494,832)	(538,270)

(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).

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 30-90 days of recognition in accordance with supplier terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

C9 PROVISIONS

	2023 \$	2022 \$
Annual leave	(89,178)	(113,125)
Total provisions	(89,178)	(113,125)

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

	2023		2022	
	Shares	\$	Shares	\$
Issued ordinary shares	111,494,890	51,352,650	65,328,341	48,712,769
Total contributed equity	111,494,890	51,352,650	65,328,341	48,712,769

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

	2023		2022	
	Shares	\$	Shares	\$
Issued ordinary shares at 1 July	65,328,341	48,712,769	603,185,535	42,802,900
Movement:				
Shares issued as part of capital raising	41,579,861	2,430,694	256,666,654	3,850,000
Transaction costs related to shares issued	-	(241,155)	-	(416,142)
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
Options converted to shares	490,001	736	84	11
Transfer value of options exercised from reserves	-	146,278	-	-
Employee share-based payments	800,000	53,600	1,897,812	26,000
Director share-based payments	1,875,000	150,000	2,189,781	30,000
Director share-based payments converted from unissued shares	-	-	4,379,562	60,000
Shares issued to suppliers for payment of goods and/or services	1,421,687	99,728	-	-
Share consolidation (1 shares for every 15 on issue)	-	-	(914,591,087)	-
Issued ordinary shares at 30 June	111,494,890	51,352,650	65,328,341	48,712,769
Unissued ordinary shares at 1 July	-	-	-	60,000
Movement:				
Director share-based payments converted to issued shares	-	-	-	(60,000)
Unissued ordinary shares at 30 June	-	-	-	-
Total contributed equity	111,494,890	51,352,650	65,328,341	48,712,769

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D1 CONTRIBUTED EQUITY (continued)

During the year, there were a number of movements in ordinary shares as outlined below:

- The Company conducted a capital raise via a placement to sophisticated and institutional investors at an issue price of \$0.08 per share to raise \$1,535,000 (before costs). \$1,185,000 was raised in cash funding and \$350,000 of shares (i.e. 4,375,000 shares) were issued in exchange for services provided and to be provided to the Company by entities related to Director, Simon Gerard. In conjunction with the capital raise, the Company granted unlisted options to placement participants and unlisted options to the Company's lead manager for broker services. Refer to note F1(D)(i) for further details.
- The Company conducted a further capital raise through an entitlement offer to eligible shareholders of 1 new ordinary share for every 2 held at an issue price of \$0.04. The offer has a shortfall facility which allows any shortfall from the entitlement offer to be placed to new and existing investors. Up to 30 June 2023, \$895,694 was raised (before costs) and 22,392,361 shares have been issued to investors. Under the offer, the Company granted unlisted options to participants and to the Company's lead broker for services provided. Refer to note F1(D)(i) for further details.
- 800,000 shares were issued to employees under the Company's Employee Securities Incentive Plan. These shares had a deemed issue price of \$0.067 being the share price on the date at which the offer was made to employees.
- 490,001 shares were converted through the exercise of options, raising \$736 in cash.
- The shareholders of the Company provided approval to grant all Non-Executive Directors 625,000 shares each (total of 1,875,000 shares) in lieu of cash payments for Directors' fees for the 12 month period to 31 July 2023. These shares were held in escrow until 31 July 2023.
- 1,421,687 shares were issued to third-party suppliers for the provision of services.

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 RESERVES

	2023 \$	2022 \$
Share-based payments reserve	908,038	824,172
Hedging reserve	-	22,176
Total reserves	908,038	846,348

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(B) 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.

D2 OTHER RESERVES (continued)

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

	2023 \$	2022 \$
Cash and cash equivalents	980,126	1,664,307

(A) Reconciliation of loss for the year to net cash outflows used in operating activities

	Notes	2023 \$	2022 \$
Loss for the year		(5,369,745)	(4,931,102)
Adjustment for:			
Depreciation and amortisation	B6	2,786,965	2,776,490
Impairment on intangible assets	B7	-	33,123
Loss on disposal of assets	B5	1,313	926
Gain on unrealised foreign exchange		1,515	877
(Gain) / loss on AASB <i>Leases</i> event	B5	(9,373)	(1,379)
Share based payments (reversal) / expense	F1(C)	200,873	(88,337)
Share issuance in exchange for services	D1	500,000	350,000
Reclass from intangible assets to inventory and other assets	C6	-	626,298
Movement in accounts payable relating to property, plant and equipment		-	71,499
Movement in accounts payable relating to intangible assets		-	58,631
Total adjustments		3,481,293	3,828,128
(Increase) / decrease in assets:			
Trade and other receivables		47,961	(343,316)
Inventories		118,157	(291,920)
Other assets		(427,243)	(233,236)
Total (increase) / decrease in assets		(261,125)	(868,472)
Increase / (decrease) in liabilities:			
Trade and other payables		(43,999)	(710,835)
Provisions		(23,947)	35,786
Unearned revenue and customer deposits		(52,593)	(165,315)
Total Increase / (decrease) in liabilities:		(120,539)	(840,364)
Net cash outflows used in operating activities		(2,270,116)	(2,811,810)

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	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Balance at 1 July	(153,708)	(276,030)	(490,000)	-	(643,708)	(276,030)
Financing cash movements:						
Principal elements of lease payments	90,909	74,133	-	-	90,909	74,133
Proceeds from borrowings	-	-	(431,217)	(490,000)	(431,217)	(490,000)
Repayment of borrowings	-	-	490,000	-	490,000	-
Total cash (inflows) / outflows provided in financing activities	90,909	74,133	58,783	(490,000)	149,692	(415,867)
Other movements:						
Non-cash AASB 16 <i>Leases</i> modification or additions	(169,170)	48,189	-	-	(169,170)	48,189
Operating cash outflows relating to interest and finance costs	-	-	-	-	-	-
Total other movements	(169,170)	48,189	-	-	(169,170)	48,189
Balance at 30 June	(231,969)	(153,708)	(431,217)	(490,000)	(663,186)	(643,708)

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.

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D4 BORROWINGS

	2023 \$	2022 \$
Third-party borrowings	431,217	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 2023 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	2023 \$	2022 \$
Financial assets at amortised cost			
Cash and cash equivalents	D3	980,126	1,664,307
Trade and other receivables	C1	1,013,111	1,061,072
Financial assets at fair value			
Foreign exchange derivative	C3	-	22,176
Total financial assets		1,993,237	2,747,555
Financial liabilities at amortised cost			
Trade and other payables	C8	(494,832)	(538,270)
Lease liabilities	C7	(231,969)	(153,708)
Unearned revenue and customer deposits		(153,033)	(205,626)
Borrowings	D4	(431,217)	(490,000)
Total financial liabilities		(1,311,051)	(1,387,604)

(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.

D5 FINANCIAL RISK MANAGEMENT (continued)

(A) Market risk (continued)

(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 2023 being 0.6630 (30 June 2022: 0.6889).

	Carrying amount		Impact of + 10% FX change on loss before tax		Impact of - 10% FX change on loss before tax	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Assets						
US\$ denominated cash and cash equivalents	98,825	188,636	(13,551)	(17,149)	16,562	20,960
US\$ denominated trade receivables	176,491	156,911	(24,200)	(14,265)	29,578	17,435
US\$ denominated assets	275,316	345,547	(37,751)	(31,414)	46,140	38,395
Liabilities						
US\$ denominated trade payables	(32,380)	(147,476)	4,440	13,407	(5,427)	(16,386)
US\$ denominated liabilities	(32,380)	(147,476)	4,440	13,407	(5,427)	(16,386)

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

	Notes	2023 \$	2022 \$
(Loss) / gain on unrealised and realised foreign exchange	B5	36,203	(54,741)

From time to time, 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.

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 30 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 2023, the Group has not recognised an expected credit loss as all receivable balances are current (30 June 2022: 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 1 year \$	Between 1 and 5 years \$	Over 5 years \$	Total contractual cash flows \$
2023				
Financial assets realisable cash flows				
Cash and cash equivalents	980,126	-	-	980,126
Trade and other receivables	1,013,111	-	-	1,013,111
Total inflow on financial assets	1,993,237	-	-	1,993,237
Financial liabilities due for payment				
Trade and other payables	(494,834)	-	-	(494,834)
Lease liabilities	(93,625)	(200,000)	-	(293,625)
Unearned revenue and customer deposits	(153,033)	-	-	(153,033)
Other financial liabilities	(431,217)	-	-	(431,217)
Total outflow on financial liabilities	(1,172,709)	(200,000)	-	(1,372,709)
Total inflow / (outflow) on financial instruments	820,528	(200,000)	-	620,528
2022				
Financial assets realisable cash flows				
Cash and cash equivalents	1,664,307	-	-	1,664,307
Receivables and contract assets	1,061,072	-	-	1,061,072
Total inflow on financial assets	2,725,379	-	-	2,725,379
Financial liabilities due for payment				
Trade and other payables	(538,270)	-	-	(538,270)
Lease liabilities	(105,263)	(67,725)	-	(172,988)
Unearned revenue and customer deposits	(205,626)	-	-	(205,626)
Borrowings	(490,000)	-	-	(490,000)
Total outflow on financial liabilities	(1,339,159)	(67,725)	-	(1,406,884)
Derivatives				
Foreign exchange derivative asset	22,176	-	-	22,176
Total inflow on derivative assets	22,176	-	-	22,176
Total inflow / (outflow) on financial instruments	1,408,396	(67,725)	-	1,340,671

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 amounts 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.

	2023 \$	2022 \$
ASSETS		
Current assets	978,606	1,445,837
Non-current assets	268,280	641,033
Total assets	1,246,886	2,086,870
LIABILITIES		
Current liabilities	(111,955)	(155,172)
Non-current liabilities	-	-
Total liabilities	(111,955)	(155,172)
Net assets	1,134,931	1,931,698
EQUITY		
Contributed equity	51,352,650	48,712,769
Other reserves	908,038	824,172
Accumulated losses	(51,125,757)	(47,605,243)
Total equity	1,134,931	1,931,698
Loss for the year	(3,520,514)	(228,524)
Total comprehensive loss for the year	(3,520,514)	(228,524)

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 incorporation	Class of shares	Equity holding	
			2023 %	2022 %
Zimi Technology Pty Ltd ¹	Australia	Ordinary	100	100
Zimi Innovations Pty Ltd ²	Australia	Ordinary	100	100
Quantify Technology Aus Pty Ltd ³	Australia	Ordinary	-	100

¹ Formerly Quantify Technology Pty Ltd. Name changed 4 November 2021.

² Formerly GSM Innovations Pty Ltd. Name changed 14 July 2021.

³ Quantify Technology Aus Pty Ltd was dormant and deregistered on 13 July 2022.

F OTHER INFORMATION

F1 SHARE-BASED PAYMENTS

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

	2023 \$	2022 \$
Options reserve	695,680	759,087
Director performance shares reserve	64,136	50,143
Director performance rights reserve	61,802	-
Employee performance rights reserve	86,420	14,942
Total share-based payments reserve	908,038	824,172

	Options reserve \$	Employee share rights reserve \$	Director performance shares reserve \$	Director performance rights reserve \$	Employee performance rights reserve \$	Vendor performance rights reserve \$	Total share-based payments reserve \$
Balance at 1 July 2021	1,307,145	555,309	304,601	-	64,827	2,200,000	4,431,882
Movement:				-			
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 (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)
Balance at 30 June 2022	759,087	-	50,143	-	14,942	-	824,172
Movement:							
Issued to lead manager for capital raise	82,871	-	-	-	-	-	82,871
Transfer value of options exercised to issued capital	(146,278)	-	-	-	-	-	(146,278)
Share-based payments expense through the P&L	-	-	13,993	61,802	71,478	-	147,273
Balance at 30 June 2023	695,680	-	64,136	61,802	86,420	-	908,038

F1 SHARE-BASED PAYMENTS (continued)**(B) Convertible securities movement reconciliation**

	Number of convertible securities						
	Options	Reverse acquisition performance shares	Director performance shares	Director performance rights	Employee performance rights	Vendor performance rights	Total convertible securities
Balance at 1 July 2021	104,660,912	9,600,031	6,400,000	-	1,440,000	110,000,000	232,100,943
Movement:							
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)
Balance at 30 June 2022	13,000,030	-	320,003	-	1,666,672	-	14,986,705
Movement:							
Free-attaching options issued	41,579,861	-	-	-	-	-	41,579,861
Options issued to brokers	2,481,250	-	-	-	-	-	2,481,250
Options exercised and converted to ordinary shares	(490,001)	-	-	-	-	-	(490,001)
Director performance rights issued	-	-	-	2,500,000	-	-	2,500,000
Employee performance rights issued	-	-	-	-	600,000	-	600,000
Employee performance rights expired / forfeited	-	-	-	-	(666,668)	-	(666,668)
Balance at 30 June 2023	56,571,140	-	320,003	2,500,000	1,600,004	-	60,991,147

F1 SHARE-BASED PAYMENTS (continued)**(B) Convertible securities movement reconciliation (continued)**

	2023 number	2022 number
Options	56,571,140	13,000,030
Director performance shares	320,003	320,003
Director performance rights	2,500,000	-
Employee performance rights	1,600,004	1,666,672
Total convertible securities	60,991,147	14,986,705

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

	2023 \$	2022 \$
Recognised through share-based payments reserve		
Director performance shares share-based payments (expense) / reversal	(13,993)	94,458
Director performance rights share-based payments (expense) / reversal	(61,802)	-
Employee performance rights share-based payments (expense) / reversal	(71,478)	49,879
Total recognised through share-based payment reserve	(147,273)	144,337
Recognised directly to issued capital		
Director share-based payments (expense) / reversal	-	(30,000)
Employee share-based payments (expense) / reversal	(53,600)	(26,000)
Total recognised directly to issued capital	(53,600)	(56,000)
Total share-based payments (expense) / reversal	(200,873)	88,337

(D) Options**(i) Broker unlisted options**

From the year ended 30 June 2021 to the year ended 30 June 2023, Zimi conducted a number of capital raises. As part of these capital raises, Zimi granted lead manager unlisted options to PAC Partners and RM Capital 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	Exercise price	Share price volatility	Risk-free rate	Value per options	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
14 Oct 2022	18 Oct 2025	1,481,250	\$0.1200	125%	3.45%	\$0.0407	\$60,231
9 June 2023	30 Jun 2026	1,000,000	\$0.0800	106%	2.99%	\$0.0226	\$22,640
Total value of lead manager unlisted options							\$841,958

F1 SHARE-BASED PAYMENTS (continued)**(D) Options (continued)****(i) Broker unlisted options (continued)**

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

	2023		2022	
	Number	\$	Number	\$
Balance at 1 July	4,444,451	759,087	25,000,000	497,545
Movement:				
Lead manager unlisted options issued	2,481,250	82,871	41,666,667	261,542
Exercised and converted into ordinary shares	(490,001)	(146,278)	-	-
Securities consolidation (15:1)	-	-	(62,222,216)	-
Balance at 30 June	6,435,700	695,680	4,444,451	759,087

The balance of 6,435,700 lead manager unlisted options are all exercisable at the end of the year. The weighted average exercise price for this is balance is \$0.2346.

(ii) Listed and unlisted free-attaching options

In the financial years ended 30 June 2020, 30 June 2022 and 30 June 2023, 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)).

Set out in the table below is a reconciliation of free-attaching options.

	2023		2022	
	Number	\$	Number	\$
Balance at 1 July	8,555,579	-	72,984,923	-
Movement:				
Free-attaching options issued	41,579,861	-	128,333,326	-
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	50,135,440	-	8,555,579	-

The balance of 50,135,440 free-attaching options are all exercisable at the end of the year. The weighted average exercise price for this is balance is \$0.1584.

(E) Director performance shares

In the financial year ended 30 June 2019, the Company issued three tranches totalling 1,920,003 (on a post-share consolidation basis) 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 – 1,600,000: Will vest immediately upon the Company securing a minimum of \$3,900,000 in long-term funding prior to 31 December 2018.
- Tranche two – 106,668: Will vest immediately upon the Group generating \$5,000,000 in accumulated revenue between 1 October 2018 and 30 September 2021.

F1 SHARE-BASED PAYMENTS (continued)

(E) Director performance shares (continued)

- Tranche three – 213,335: 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 ¹	Share price volatility	Risk-free rate	Value per share ¹	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
Total value of Director performance shares							\$600,000

¹ 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.

	2023		2022	
	Number	\$	Number	\$
Balance at 1 July	320,003	50,143	6,400,000	304,601
Movement:				
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	-	13,993	-	(94,458)
Balance at 30 June	320,003	64,136	320,003	50,143

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.

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 in the prior year. Remaining 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.

F1 SHARE-BASED PAYMENTS (continued)

(F) Director performance rights

During the year ended 30 June 2023, the Company issued 2,500,000 performance rights to Jordan Tentori (Executive Director and CEO) upon approval from shareholders. The grant date of the performance rights was 28 November 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 – 1,250,000: Will vest if the employee or contractor is continuously employed or contracted by the Company or a subsidiary until 30 June 2024.
- Tranche two – 625,000: Will vest if paired devices with the Zimi Cloud exceeds 37,500 by 30 June 2024.
- Tranche three – 625,000: Will vest if paired devices with the Zimi Cloud exceeds 75,000 by 30 June 2024.

These performance conditions are consistent with those associated with the existing performance rights previously issued to employees in May 2022 as further disclosed in this report.

The fair value of the performance rights has been determined based on the Company's share price at the date of grant, being \$0.067. The total value of these rights of \$167,500 is being brought to amount over the period from grant date to expiry date.

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

	Number	\$
Balance at 1 July 2022	-	-
Movement:		
Director performance rights issued	2,500,000	-
Share-based payments expense through the P&L	-	61,802
Balance at 30 June 2023	2,500,000	61,802

(G) Employee performance rights

(i) 2022 Employee performance rights

In the financial year ended 30 June 2022, the Company issued three tranches totalling 1,666,672 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 performance rights has been determined based on the Company's share price at the date of grant, being \$0.135. The total value of these rights of \$225,000 is being brought to amount over the period from grant date to expiry date, with adjustments made where an employee does not meet the required service condition.

(ii) 2023 Employee performance rights

During the year ended 30 June 2023, the Company issued 600,000 performance rights to employees under the Employee Securities Incentive Program. Of these 600,000 performance rights, 300,000 were issued to a member of key management personnel (Chief Financial Officer, Rachel Tuck).

The grant date of the performance rights was 5 December 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.

F1 SHARE-BASED PAYMENTS (continued)**(G) Employee performance rights (continued)****(ii) 2023 Employee performance rights (continued)**

- Tranche one – 300,000: Will vest if the employee or contractor is continuously employed or contracted by the Company or a subsidiary until 30 June 2024.
- Tranche two – 150,000: Will vest if paired devices with the Zimi Cloud exceeds 37,500 by 30 June 2024.
- Tranche three – 150,000: Will vest if paired devices with the Zimi Cloud exceeds 75,000 by 30 June 2024.

These performance conditions are consistent with those associated with the existing performance rights previously issued to employees during the year ended 30 June 2022 and to Jordan Tentori during the year ended 30 June 2023.

The fair value of the performance rights has been determined based on the Company's share price at the date of grant, being \$0.067. The total value of these rights of \$40,200 is being brought to amount over the period from grant date to expiry date.

Set out in the table below is a reconciliation of the 2022 and 2023 employee performance rights.

	Number	\$
Balance at 1 July 2022	1,666,672	14,942
Movement:		
Employee performance rights issued	600,000	-
Forfeiture of performance rights upon departure of employee	(666,668)	(5,977)
Share-based payments expense through the P&L	-	77,455
Balance at 30 June 2023	1,600,004	86,420

The balance of 1,600,004 employee performance rights are all unvested at the end of the year.

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:

	2023 \$	2022 \$
Salary and fees	476,718	790,538
Non-monetary benefits	641	933
Post-employment benefits	47,192	68,133
Ordinary share settled benefits	137,499	50,000
Performance share and rights benefits ¹	80,067	(91,469)
Total key management personnel remuneration	742,117	818,135

¹ 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 2022 (note F2), 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 2023. From 1 July 2023, services previously provided by GSM International will be performed by GSM Retail Australia Pty Ltd (**GSM Retail**). GSM Retail is a related party of Simon Gerard. All services performed by GSM Retail will be performed in accordance with the same terms and conditions as those provided by GSM International.

During the year ended 30 June 2023, the Group continued 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 2023, the Group continued transacting with Harness Investment Partners (**Harness Investment Partners**), an entity related to KMP Simon Beissel. These transactions were for consulting and strategic review services. There is a formal agreement in place with Harness Investment Partners under which these services were provided.

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 2023, and balances as at 30 June 2023.

	Settled during 1 Jul 2022 to 30 Jun 2023		Outstanding as at 30 June 2023		Total transactions during the period 1 Jul 2022 to 30 Jun 2023 \$
	Cash settled \$	Equity settled ¹ \$	Accounts receivable \$	Accounts payable or accrued \$	
Transactions with GSM Electrical					
Sales of finished goods (inclusive of GST) ²	222,173	-	-	-	222,173
Prepayment of unfinished goods (inclusive of GST) ²	330,000	-	-	-	330,000
Refund of deposits (inclusive of GST) due to manufacturing delays ^{2,3}	(330,000)	-	-	-	(330,000)
Deposits required by and remitted to 3rd-party manufacturers to secure production (no GST)	(117,156)	-	-	-	(117,156)
Project and tooling contribution (inclusive of GST)	62,615	-	-	-	62,615
Personnel, engineering project costs and warehousing services ² (inclusive of GST)	(4,668)	(225,126)	-	-	(229,794)
Net total with GSM Electrical	162,964	(225,126)	-	-	(62,162)
Transactions with GSM International					
Purchases of finished goods ⁴ which are to be remitted to 3rd-party manufacturers (no GST)	(7,488)	-	-	(29,123)	(36,611)
Quality assurance services (no GST)	-	(1,883)	-	-	(1,883)
Net total with GSM International	(7,488)	(1,883)	-	(29,123)	(38,494)
Transactions with Bell Total Logistics					
Freight and import duties (inclusive of GST)	(6,605)	-	-	-	(6,605)
GST on importation which is recoverable from the ATO	(11,678)	-	-	-	(11,678)
Net total with Bell Total Logistics	(18,283)	-	-	-	(18,283)
Transactions with Harness Investment Partners					
Consulting services (inclusive of GST)	(33,000)	-	-	(33,000)	(66,000)
Net total with Harness Investment Partners	(33,000)	-	-	(33,000)	(66,000)
Total related party transactions	104,193	(227,009)	-	(62,123)	(184,939)

¹ As set out in note D1 of the Consolidated Financial Statements, shareholders approved the issuance of a further \$350,000 shares in exchange for services. The amount settled throughout the period was \$227,009. The amount remaining to be utilised is \$163,622.

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

³ The refund of the deposit was offset by product sales of \$32,984 which are included in the sales of finished goods total above. Therefore, the actual net cash refund totalled \$297,016.

⁴ Finished goods includes saleable product and engineering samples.

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 1 Jul 2021 to 30 Jun 2022		Outstanding as at 30 June 2022		Total transactions during the period 1 Jul 2021 to 30 Jun 2022 \$
	Cash settled \$	Equity settled ¹ \$	Accounts receivable \$	Accounts payable or accrued \$	
Transactions with GSM Electrical					
Sales of finished goods (inclusive of GST) ²	2,402,456	-	-	-	2,402,456
Prepayment of unfinished goods (inclusive of GST) ²	35,000	-	34,756	-	69,756
Sales returns of finished goods (inclusive of GST) ²	(784,648)	-	-	-	(784,648)
Purchases of finished goods including delivery (inclusive of GST)	(386,049)	-	-	-	(386,049)
Tooling contribution (inclusive of GST)	62,891	-	14,002	-	76,893
Personnel, engineering project costs and warehousing services ² (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 which are to be remitted to 3rd-party 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 (inclusive of GST)	(74,270)	-	-	(1,552)	(75,822)
GST on importation which is recoverable from the ATO	(126,168)	-	-	(6,846)	(133,014)
Net total with Bell Total Logistics	(200,438)	-	-	(8,398)	(208,836)
Transactions with Harness Investment Partners					
Consulting services (inclusive of GST)	(8,250)	-	-	-	(8,250)
Net total with Harness Investment Partners	(8,250)	-	-	-	(8,250)
Total related party transactions			48,758	(54,060)	(671,682)

¹ 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 of \$40,631 was utilised in FY23.

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

(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.

	2023 \$	2022 \$
Commitments with GSM Electrical		
Sales of finished goods (inclusive of GST)	1,826,724	1,045,792
Net total with GSM Electrical	1,826,724	1,045,792
Commitments with GSM International		
Purchases of finished goods to be remitted to 3rd party manufacturer (no GST)	(3,338,260)	(4,510,709)
Quality assurance services (no GST)	(183,605)	(247,035)
Net total with GSM International	(3,521,865)	(4,757,744)
Total related party commitments	(1,695,141)	(3,711,952)

(E) Related party loans

As at 30 June 2023, there were no loans outstanding to related parties (2022: nil).

F3 AUDITOR'S REMUNERATION

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

	2023 \$	2022 \$
Audit and other assurance services		
Audit and review of financial statements - Group	79,783	57,798
Other assurance services	-	4,950
Total auditor's remuneration	79,783	62,748

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

F4 COMMITMENTS AND CONTINGENCIES**(A) Commitments**

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

	2023 \$	2022 \$
Property, plant and equipment	9,879	6,547
Intangible assets	253,126	20,426
Total capital commitments	263,005	26,973

Of the above commitments for intangible assets, an amount of between \$49,774 and \$124,434 will be payable in share consideration.

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

F4 COMMITMENTS AND CONTINGENCIES (continued)**(B)** Contingent liabilities

The Group has no contingent liabilities as at 30 June 2023 (2022: nil).

(C) Contingent assets

The Group has no contingent assets as at 30 June 2023 (2022: nil).

F5 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Peter Rosseutscher resigned and ceased his role as Non-Executive Director on 7 August 2023. The Board acknowledges and thanks Peter for his service. The Directors are now in the process of considering the composition of the Board and are assessing several potential candidates for the role of Non-Executive Director to complement the Company's strategy.

Other than the above, no other matters or circumstances have occurred subsequent to year 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

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 2023 and of its performance for the financial year ended on that date;
- (b) subject to the matters described in Note A2, 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

25 August 2023

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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 2023, 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 2023 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 (including Independence Standards)* ("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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note A2 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, 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
Carrying value of intangible assets Refer to Note C6	
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. 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.	Our procedures included, but were not limited to the following: - We reviewed management's impairment indicator assessment; - We critically evaluated the assumptions used in management's fair value less costs of disposal model to support the carrying value of the goodwill and the basis for key assumptions; - We reviewed the mathematical accuracy of the model; - We performed sensitivity analyses around the key inputs used in the model; - We performed substantive testing over revenue, agreeing amounts recognised to supporting evidence; and - We examined the disclosures made in the financial report.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, 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, actions taken to eliminate threats or safeguards applied.

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 within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Zimi Limited for the year ended 30 June 2023 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
25 August 2023

L Di Giallonardo

L Di Giallonardo
Partner

OTHER INFORMATION

ASX ADDITIONAL INFORMATION

In accordance with the ASX Listing Rules, the following information as at 8 August 2023, 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 (as per notice given):

	Number of shares held	% of total shares held
GERARD PRIVATE HOLDINGS (FINANCE) PTY LTD AND ITS ASSOCIATES	38,147,543	34.21%
PERENNIAL VALUE MANAGEMENT LIMITED	13,850,721	13.37%
SMART SAFETY & SECURITY PTY LTD <SMART SAFETY & SECURITY UNIT TRUST> AND ITS ASSOCIATES	8,961,851	8.04%

DISTRIBUTION OF EQUITABLE SECURITIES

	Number of holders	Number of shares held	% of total shares held
1 - 1,000	83	12,555	0.01
1,001 - 5,000	124	458,197	0.41
5,001 - 10,000	212	1,464,119	1.31
10,001 - 100,000	339	10,447,553	9.38
100,001 and over	95	99,112,466	88.89
Total equitable securities	853	111,494,890	100

There were 570 shareholders with less than a marketable parcel totalling 4,015,319 shares.

UNQUOTED EQUITY SECURITIES

There are 4,100,004 performance rights (with the potential to take up ordinary shares). 2,500,000 of these performance rights were issued to Jordan Tentori (or his nominees), which represent a holding of more than 20% of this class of security. The remaining 1,600,004 performance rights have been issued to 13 eligible participants under Zimi Limited's Employee Securities Incentives Plan (none holding more than 20% of this class of security).

There are 160,001 performance shares (with the potential to take up ordinary shares). 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 1,176,670 options exercisable at \$0.0015 expiring 10 December 2023 (with the potential to take up ordinary shares) issued to 7 holders. Names of security holders holding more than 20% of this class of security are as follows:

- Pac Partner Securities Pty Ltd (holding of 253,334 options)

There are 11,333,359 options exercisable at \$0.45 expiring 31 October 2023 (with the potential to take up ordinary shares) issued to 58 holders (none holding 20% or more of this class of security).

There are 20,668,750 options exercisable at \$0.12 expiring 18 October 2025 (with the potential to take up ordinary shares) issued to 33 holders. Names of security holders holding more than 20% of this class of security are as follows:

- Gerard Private Holdings (Finance) Pty Ltd (holding of 4,375,000 options)

There are 23,392,361 options exercisable at \$0.08 expiring 30 June 2026 (with the potential to take up ordinary shares) issued to 78 holders. Names of security holders holding more than 20% of this class of security are as follows:

- Gerard Private Holdings (Finance) Pty Ltd (holding of 7,500,000 options)
- Smart Safety and Security Pty Ltd <Smart Safety & Security A/C> (holding of 5,000,000 options)

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

QUOTED EQUITY SECURITIES

As at 8 August 2023 there were 853 individual holders.

The voting rights attaching to the ordinary shares are:

- On a show of hands every shareholder present at a meeting in person or by proxy shall have one vote; and
- 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.

SECURITIES SUBJECT TO ESCROW

There were nil securities subject to escrow as at 8 August 2023.

TOP 20 SHAREHOLDERS

	Number of shares held	% of total shares held
GERARD PRIVATE HOLDINGS (FINANCE) PTY LTD	34,013,889	30.51%
NATIONAL NOMINEES LIMITED	13,850,721	12.42%
SMART SAFETY & SECURITY PTY LTD <SMART SAFETY & SECURITY A/C>	5,000,000	4.48%
MADURTA PTY LTD <SC GERARD SUPER FUND A/C>	3,448,654	3.09%
SHIRLEY ROAD CUSTODIANS PTY LIMITED <BEISSEL FAMILY A/C>	3,132,501	2.81%
TECHNICAL CERAMIC MARKETING SERVICES PTY LTD	2,772,851	2.49%
BUTTONWOOD NOMINEES PTY LTD	1,742,973	1.56%
REDORBLACK PTY LTD <TENTORI SUPER FUND>	1,333,334	1.20%
JAYTEETEE PTY LTD <TENTORI FAMILY TRUST>	1,333,334	1.20%
MR LIGANG ZHU	1,255,987	1.13%
10 BOLIVIANOS PTY LTD	1,250,000	1.12%
AJAVA HOLDINGS PTY LTD	1,250,000	1.12%
MR ALISTER MURDOCH MACDONALD & MRS LIDIA SAEZ MACDONALD <ALISTER M MACDONALD S/F A/C>	1,189,000	1.07%
DOUBLE OR NOTHING INVESTMENTS PTY LTD <DOUBLE OR NOTHING SF A/C>	1,111,111	1.00%
THE REALLY USEFUL IDEAS COMPANY PTY LTD	1,100,000	0.99%
SHIRLEY ROAD CUSTODIANS PTY LIMITED <BEISSEL FAMILY A/C>	937,500	0.84%
SUPERHERO SECURITIES LIMITED <CLIENT A/C>	903,287	0.81%
MR KEVIN DANIEL LEARY & MRS HELEN PATRICIA LEARY <KEVIN & HELEN LEARY S/F A/C>	875,000	0.78%
REDORBLACK PTY LTD <TENTORI SUPER FUND A/C>	834,685	0.75%
MANROB INVESTMENTS PTY LTD	833,334	0.75%
BIG AL INVESTMENTS PTY LIMITED	755,785	0.68%
MR BRANDON MARK LEE	750,000	0.67%
MR ALLAN JOHN HERBERT & MRS PRUE NATALIE HERBERT <HERBERT FAMILY SUPERFUND A/C>	750,000	0.67%
Total top 20 holders of fully paid ordinary shares	80,423,946	72.13%

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