

## March 2021 Quarterly Update

ASX RELEASE

30 April 2021

### HIGHLIGHTS

- **Purchase orders reach 17,000 devices representing sales in excess of \$1M as part of the Company's commitment to 30,000 device sales in the calendar year 2021**
- **Appointment of Simon Gerard as Chair at no cost for the initial 12 months**
- **Company name changed to Zimi Limited**

**Zimi Limited (ASX:ZMM)** ("**Zimi**", the "**Company**"), a unique and disruptive player in the multi-billion-dollar IoT market, is pleased to provide its quarterly update for the period ending 31 March 2021.

**Zimi CEO Brett Savill commented:** "With the acquisition of GSM Innovations Ltd completed in December, we have been busy delivering on the strategy outlined to investors. We are working closely with all our distribution partners to drive further growth with the ongoing additional orders already coming in from GSM Electrical ("Trader"). 17,000 devices have been ordered which will feed into cash flow later in the year. This is part of our commitment to 30,000 device sales for the calendar year. We continue to work closely with Beacon and Trader. Finally, subsequent to quarter end, we changed the company name to Zimi to better reflect where we are headed."



## **Operations Update**

### Sales, operations and cost reduction update

As announced on 16 February 2021, the Company has received purchase orders from its distributor GSM-Electrical ("Trader") for over 17,000 products representing sales in excess of \$1m. The purchase orders represent a 7,000 product increase from the 10,000 announced in the prior quarter. The products are due to be delivered from June through to September 2021, however are dependent on global microchip availability. The company reiterates its commitment to delivering 30,000 device sales through to the end of the calendar year 2021. As a consequence of both the current orders and the anticipation of further incoming orders, the Company has brought forward significant production costs to ensure it can fulfil the pipeline, which will be recovered through their ultimate sale during the calendar year.

At the end of March 2021, there were 7,492 paired (activated) devices on the Zimi network. At the same time, the Company announced that it had enhanced its products substantially as part of its in-going commercialisation. The product range was improved with the release of a blind controller, to be delivered as part of the purchase orders from Trader. There were also significant enhancements to the software and cloud platform, including integration with Amazon Alexa alongside Google Home.

Finally, it was also announced that the integration of the acquisition and subsequent cost reduction measures have been successfully implemented. A number of staff were made redundant, and the Company is exiting its Perth office and relocating to Brisbane.

### Simon Gerard appointed Chairman

As announced on 16 February 2021, Simon Gerard stepped up to the role of non-executive Chairman, with Peter Rossdeutscher stepping down and staying on to continue as a non-executive director. Simon Gerard agreed to take no fees for his first twelve months in this role.

At the same time, Gary Castledine resigned as a non-executive director, but continues in an advisory capacity.

### Company name changed to Zimi Limited

On 22 April 2021, shareholders approved the change of name of the company to Zimi Limited. This represents a rebranding of the Company to more accurately reflect the future operations that are intended to take the Company to the next level of productivity and performance.

## **Outlook**

### Beacon Lighting commits to an order worth over \$500,000

Following the end of the quarter, as announced on 29 April 2021, Zimi Ltd received a purchase order from Beacon Lighting Group ("Beacon Lighting") worth over \$500,000. The devices are due to be delivered to Beacon Lighting between June 2021 through to November 2021. The purchase order is in addition to the orders already received from its distributor, GSM Electrical, for 17,000 products.



The Zimi Powermesh devices will be sold under the Lucci Powermesh brand and will feature as part of the Beacon Lighting product range. As part of the order, Beacon Lighting is committed to rolling out the devices to all of its 115 stores nationwide. The Lucci Powermesh devices will also appear on an upcoming popular renovation TV show where Beacon Lighting is one of the suppliers.

#### **Appendix 4C – Quarterly cash flow report**

During the quarter:

- Payments for research and development of \$372,000 representing front-ended development work on new products and enhancements as a result of demand, and salary allocations of Zimi team members who are 100% focused on R&D activities;
- Product manufacturing costs of \$506,000 which includes the securing of chips during global shortages, and the commencement of commercialisation to fulfill existing orders;
- Payments for staff costs represent salaries for administration, sales and general management activities;
- Payments for administration and corporate costs represent general costs associated with running the Company, including ASX fees, audit and legal fees, rent, advertising etc; and
- The aggregate amount of payments to related parties and their associates included in the current quarter Cash flows from operating activities were \$47,000 comprising Directors fees, salaries and superannuation of \$37,000 and corporate advisory fees to a director related entity of \$10,000.

The March 2021 quarter has seen an increase in demand for the Company's products. The Company is currently securing a working capital facility to assist with manufacturing costs, which will be available in the near-future; as a result of the increase in demand and not having an available facility to utilise during the quarter, the Company has used its own cash reserves to pay for product manufacturing costs, resulting in cash outflows for the quarter which were ahead of management's expectations. Refer to the attached Appendix 4C for further details on cash flows for the quarter.

This release is authorised by the Board.

-ENDS-

#### **Further Information:**

Investor Relations & Media Enquiries

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**About Zimi**

Zimi is an Australian-based company, focused on making lives better in homes, workplaces, and communities with their Internet of Things (IoT) smart home technology. Their devices replace standard power outlets and light switches and can be controlled by voice, app and touch. Zimi has the opportunity to be the first truly mass-market smart home product because of its simplicity, the innovative nature of its technology, and its limitless platform. Its strategic priorities are to maximise sales domestically, secure distribution internationally and strengthen its platform.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

ZIMI LIMITED

**ABN**

25 113 326 524

**Quarter ended ("current quarter")**

31 MARCH 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(372)	(585)
(b) product manufacturing and operating costs	(506)	(684)
(c) advertising and marketing	(14)	(59)
(d) leased assets	(77)	(161)
(e) staff costs	(300)	(557)
(f) administration and corporate costs	(167)	(618)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(72)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,036
1.8 Other (provide details if material)	-	(154)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,436)</b>	<b>(1,854)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(69)	(69)
(d) investments	-	-
(e) intellectual property	(4)	(19)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(73)</b>	<b>(88)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,002
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(245)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(734)
3.7	Transaction costs related to loans and borrowings	-	(3)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>3,020</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,282	695
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,436)	(1,854)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(88)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,020
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,773</b>	<b>1,773</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,773	3,282
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,773</b>	<b>3,282</b>

**6. Payments to related parties of the entity and their  
associates**

6.1 Aggregate amount of payments to related parties and their  
associates included in item 1

6.2 Aggregate amount of payments to related parties and their  
associates included in item 2

**Current quarter  
\$A'000**

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of,  
and an explanation for, such payments

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Not applicable – no facilities as at 31 March 2021.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,436)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,773
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,773
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	1.2

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company has commenced manufacturing of its products to meet its increased demand and existing sales orders. In following quarters, it will utilise a working capital facility to assist with payment of manufacturing costs, rather than cash.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: No, as it front-ended significant costs so as to fill orders which are due to be realised in the following quarters. It will also have a working capital facility for ongoing production in future quarters to assist with cashflow

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company expects to make further sales, and undertake further pre-funding of eligible R&D expenditure if required.



## **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2021

Authorised by: By the Board

## **Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.