Zimi Ltd ABN 25 113 326 524

Appendix 4E - Preliminary Final Report For the Year Ended 30 June 2021

1. The reporting period is from 1 July 2020 to 30 June 2021. The previous corresponding period is 1 July 2019 to 30 June 2020.

					$
2.	Results for announcement to the market.				
2.1	Revenue from ordinary activities	down 96.1% to		$	18,244
2.2	(Loss) from ordinary activities after tax	down 73% to			(2,893,201)
2.3	Net (loss) for the period	down 73% to			(2,893,201)
2.4	Dividend distributions				
	No dividends have been paid or declared since the start of the financial year.				
2.5	Record date for determining entitlement to the dividends				
	N/A				
2.6	Explanation of figures in 2.1 to 2.4 that may be required				
	Refer to Review of Operations within Annual Report.				

3. Statement of comprehensive income with notes
   Refer to attached preliminary Statement of comprehensive income and notes
4. Statement of financial position with notes
   Refer to attached preliminary Statement of financial position and notes
5. Statement of cash flows and notes
   Refer to attached preliminary Statement of cash flows and notes
6. Statement of changes in equity
   Refer to preliminary Statement of changes in equity

7.	Details of dividend or distribution reinvestment plans			N/A
8.	Details of dividends or distributions			N/A
9.	Net tangible assets per ordinary security			
9.1	Current period ($ / share)		$	0.0010
9.2	Previous corresponding period ($ / share)		$	0.0001
10.	Control gained or lost over entities during the period			
	N/A			
11.	Details of associates and joint venture entities			N/A
12.	Other significant information	Refer to attached preliminary results		

13. Accounting standards used by foreign entities
    The financial statements of subsidiaries are prepared using consistent accounting policies for the same reporting period as the parent company.

14.	Commentary on the result			
14.1	Earnings per share			
	Current period – basic		$	(0.72)
	Previous corresponding period – basic			(0.67)
	Current period – diluted			(0.72)
	Previous corresponding period – diluted			(0.67)
14.2	Returns to shareholders including distributions and buy backs			N/A
14.3	Significant features of operating performance	Refer to attached preliminary results		
14.4	Segment results			
	There is only 1 segment, which incorporates the Group in its entirety			
14.5	Trends in performance	Refer to attached preliminary results		
14.6	Other factors affecting disclosed results	Refer to attached preliminary results		

15. Audit / review of accounts upon which this is based
    Accounts are in the process of being audited
16. Where accounts have not yet been audited: description of any modified opinion, emphasis of matter or other matter paragraph if applicable
    N/A
17. Qualifications of audit/review
    No qualifications

annual report 2021

zimi

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CORPORATE DIRECTORY

Directors

Executive Directors

Brett Savill
Jordan Tentori

Non-Executive Directors

Simon Gerard
Peter Rossdeutscher

Auditor

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000
Telephone: +61 8 9227 7500

Company Secretary

Ms Melissa Chapman & Ms Catherine Grant-Edwards
Bellatrix Corporate Pty Ltd

Principal Registered Office

Level 1, 2A / 300 Fitzgerald Street
North Perth WA 6006
Telephone: +61 433 932 020

Share Registry

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Level 2, 267 St George's Terrace
Perth WA 6000
Telephone: +61 8 9324 2099

ASX Ticker Code

ZMM.ASX

ABN

23 113 326 524

CHAIRMAN'S REPORT

Dear Shareholders,

It is my pleasure to present the 2021 Annual Report to you on behalf of the Board of Zimi Limited ("Zimi" or the "Company").

COVID has become such a pervasive force in our lives it is sometimes difficult to imagine a time without it. I met the CEO of Quantify Technology once in person in February 2020, and because of the lockdowns we negotiated the merger between Zimi and Quanitfy Technology over Zoom calls after that. Our vision at the outset was very simple. Bringing both companies together created Australia's leading electrical Internet of Things provider with substantial synergies to accelerate growth. We would be able to cross-sell a more complete family of connected smart home products, notably through Gerard Private's existing relationships with the electrical wholesale market; we would have a stronger team; we would reduce costs, with synergies to be realised following integration; we would create a single powerful platform for all connected products that would be delivered via a flexible business model for both the supply of products and the licensing of intellectual property.

I am delighted to say we have achieved those goals, rebranded the company as Zimi and the future is very exciting. I spend a lot of time working with our various industry partners and the response from them is remarkably similar: smart home automation has come of age. Everyone from builders to developers, electricians, wholesalers, architects, engineers and home owners all want the benefits of automation: a simpler more flexible lived environment; better safety and reduced energy costs; and a home that is future proofed.

Zimi has completed the integration work. By Christmas, it will be distributing an exciting new range of premium devices to complement the existing Powermesh range. At the same time, we have worked hard with our existing distribution partners and added new ones to accelerate growth. In other words, the next 12 months is set to be an even more exciting period and I thank shareholders for their ongoing support as we look forward to a successful 2022 Financial Year.

Simon Gerard
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders,

FY2021 has been a transformative year for the business. In December 2020, we completed the merger with Zimi, raised an additional $4m in equity and consolidated the shares on a 25:2 basis.

Merging a business is never easy. Doing it at the height of a global pandemic was doubly hard. Nevertheless, we achieved the targets we set out to shareholders: the company is stronger than before with a broader product range, an enhanced team, reduced costs and a single powerful platform for all connected products. Simon Gerard stepped in as Chairman, agreeing to take the role at no cost for the first twelve months. Jordan Tentori has stepped in as CTO and board member. Gary Castledine stepped down and we moved from using his company as our company secretary to a different provider. We have a new headquarters on the Gold Coast that serves as a training facility for partners and customers.

Quantify Technology had always been the name of the holding company and having it in place was not helping drive the business forward. We therefore believed that changing it would reduce confusion and better embody where the business was heading. Shareholders agreed overwhelmingly and on 27th April Quantify Technology Holdings Limited (ASX: QFY) changed its name to Zimi Limited (ASX: ZMM).

Zimi has currently received purchase orders for in excess of 30,000 devices from its main distribution partners: Trader, Beacon Lighting, and Steel-Line Garage Doors. These are predicted to be delivered in the first two quarters of the new financial year. We have agreed a joint marketing campaign with Beacon Lighting and Zimi's devices will appear on a popular free TV renovation show in the coming month. We expect to add more non-competing distributors in the coming moths. On top of this, there have been substantial enhancements to the platform with new software and firmware releases that have reduced delays, added flexibility, and improved the overall consumer experience.

Finally, we have a new range of glass-fronted premium devices called Senoa that are due out before Christmas and will be distributed by Trader and Harvey Norman Commercial Division in the first instance. This will means our product range covers retrofit and new build, premium and value devices, all controlled by the Zimi app.

The future looks bright. Zimi is Australia's leading electrical Internet of Things provider. Our focus is on sustainable technology that works. We have taken out the complexity of connectivity, simplifying technology that compliments homeowners' behaviour & lifestyle. That is good for homeowners, partners and our shareholders.

FINANCIAL RESULTS

- Zimi reported a net loss after tax of $2,893,201 for the year ended 30 June 2021 (FY2020: $10,814,465).
- FY2021 loss before interest, tax, depreciation, and amortisation (EBITDA) was $2,303,082 (FY2020: $2,041,212).
- As at 30 June 2021, the Group had $1,220,098 cash on hand (FY2020: $694,803). Subsequent to the year-end, the company was due to receive R&D rebates totalling $697,626 (FY2020: $1,059,747).

EBITDA is a non-IFRS measure. The information is unaudited but is extracted from the audited financial statements. Management uses EBITDA to understand cash flows within the Group.

OUTLOOK AND CLOSING WORDS

On behalf of the board, I would like to thank shareholders for their support as Zimi moves forward to fulfill its potential as a leading electrical Internet of Things provider.

Brett Savill
CEO

REVIEW OF OPERATIONS

BLAQ PROJECT PRODUCT RECALL

In July 2020, the Company announced it had discovered a technical issue with one of is devices, the Blind Controller, and subsequently issued a recall notice. Blaq determined the devices were not fit for purpose, paused its initial order, and issued a return notice on the devices in the apartments where they had been installed.

The Company agreed to reimburse Blaq for the devices and any labour costs incurred. The cost of the recalled devices was $66,000 (both for the recall Blind Controllers and other devices). The labour cost was estimated approximately to be less than $45,000.

The heads of agreement with Blaq remained in place, with their initial order having been put on hold. The Company's products shall be re-evaluated once deemed fit for purpose.

ACQUISITION OF GSM INNOVATIONS TO CREATE AUSTRALIA'S LEADING ELECTRICAL INTERNET OF THINGS PROVIDER

In December 2020, the Company entered into a binding terms sheet for the acquisition of 100% of the share capital of GSM Innovations Pty Ltd ("GSM-I"), a wholly owned subsidiary of Gerard Private Holdings (Finance) Pty Ltd ("Vendor").

GSM-I produces a range of connected devices that can be installed by any electrician with the ability for end-users to setup and configure the devices as desired. The GSM-I product range controls lights, fans, appliances, switches, garage doors and more. The technology is scalable for partial to complete home solutions and can accommodate a variety of budgets. The product range is suitable for both new and existing homes.

GSM-I, which trades under the name Zimi/Powermesh, was incubated by Gerard Private, a substantial privately owned business. The Gerard family's electrical tradition spans 100 years of supplying quality electrical products to millions of Australians, including the development of Clipsal C-Bus, one of the leading home automation brands that was acquired by Schneider Electric in 2003. Gerard Private is the parent company of GSM Electrical (Trader) which supplies into the electrical wholesale market and the GSM Retail Group which supplies into the electrical retail market.

The acquisition brought the following synergy benefits to the Company:

- Ability for the Company to cross-sell a more complete family of connected products. GSM Electrical (Australia) Pty Ltd ("GSM Electrical") trading under the brand, Trader, is the exclusive distributer into the electrical wholesale market under an initial three-year agreement whereby it is distributing, promoting, stocking and selling the GSM-I products into more than 900 electrical wholesalers across Australia.
- The team was strengthened. Simon Gerard joined the board and Jordan Tentori was appointed as Chief Technology Officer, as well as joining the board. Simon is the CEO of Gerard Private which owns, GSM Electrical (Trader) and the GSM Retail Group. Jordan is the Co-Founder and General Manager of GSM-I with a demonstrated history of working nationally and internationally with electrical and lighting industries to evolve technology into commercial reality.
- Reduced costs from combining the two teams, as importantly, the GSM-I manufacturing and logistics' relationships has resulted in improved supply chain performance.
- The acquisition brought together a single, powerful software platform for all its connected products resulting in accelerated performance and greater opportunity to use the data.
- Finally, GSM-I has a flexible business model that both supplies product directly and can license its intellectual property via existing arrangements with GSM Electrical, Beacon Lighting and Steel-line. This flexibility will prove to be even more attractive for partners, enabling the Company to expand into new markets and overseas

The combination of the Company and GSM-I created a leading domestic player in connected lighting with extensive sales channels in place. Its platform is cloud-based to reduce costs and complexity for distributors and end-users. It is Australian-owned and designed, meaning it is tailored to the local requirements. Its intellectual property is protected through a series of patents and patents pending. It has the ability to use data to improve the end-user experience, reduce costs, and enhance security. Finally, the licensing model provides a flexible channel to expand into new markets and overseas.

The smart home market in Australia was worth A$1.8 billion in 2020, and growing at a compound annual rate of 16%[1]. Approximately 25% of homes have some type of smart device which is anticipated will rise to over 49% in 2025. There are approximately 10 million dwellings in Australia[2] with forecast additional dwellings of 140,000 pa[3].

The consideration for the Acquisition was $4.8 million, satisfied by the issue to the Vendor of:

- 240,000,000 Shares at issue price of $0.02 per Share (post consolidation); and
- 110,000,000 Performance Rights.

OPERATIONS AND COST REDUCTION

During the year, the Company reiterated its commitment to delivering 30,000 device sales through to the end of the calendar year 2021, and as a consequence of both the current orders and the anticipation of further incoming orders, the Company 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 the year, there were 9,650 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 during the year that the integration of the acquisition and subsequent cost reduction measures had been successfully implemented. A number of staff were made redundant, and the Company exited its Perth office and relocated to Brisbane.

SALES UPDATE

At 30 June 2021, the Company has total sales orders exceeding $2.2M from Beacon Lighting Group ("Beacon Lighting") (ASX:BLX), GSM Electrical ("Trader") and Steel-Line Garage Doors ("Steel-Line").

The Company has received deposits of approximately $400,000 in relation to these sales and has brought forward its component purchases to ensure supply. There was minimal revenue recognised in the year ended 30 June 2021, and it is expected that the majority of the revenue will be recognised in the first and second quarters of the new financial year in line with the delivery of the devices as outlined below.

BEACON LIGHTING

During the year, the Company received purchase orders from Beacon Lighting worth over $500,000. The devices in the purchase orders are due to be delivered to Beacon Lighting through to the end of the calendar year, notwithstanding impacts from global microchip shortages.

Beacon Lighting is Australia's leading specialist retailer and trade supplier of lights, fans and globes with over 115 stores and a presence in every state and territory. The Zimi Powermesh devices will be

[1] https://www.statista.com/outlook/279/107/smart-home/australia
[2] Australian Bureau of Statistics
[3] House Institute of Australia, 2020

sold under the Lucci Powermesh brand and will feature as part of the Beacon Lighting product range.

Beacon Lighting intends to roll out the devices in all its stores nationwide. The Lucci Powermesh devices will also appear on an upcoming popular renovation TV show where Beacon Lighting is one of the suppliers.

GSM ELECTRICAL

The Company has open purchase orders with Trader for over 17,000 products representing sales in excess of $1,000,000. The devices in the purchases orders are due to be delivered to Trader principally between August to December 2021.

STEEL-LINE GARAGE DOORS

During the year, the Company received purchase orders from Steel-Line for the delivery of 3,250 devices (representing garage door controllers, sensors and Zimi Cloud Connects) worth over $200,000. Delivery is expected to be from November 2021 onwards.

Steel-Line are Australia's largest garage door manufacturer with a strong national presence, servicing the Australian market for the past 40 years. Zimi developed the garage door controller for Steel-Line as part of the Zimi ecosystem of smart home devices. It is being sold directly by Steel-Line as well as by Zimi's other distributors, GSM Electrical and Beacon Lighting Group.

CORPORATE UPDATES

CAPITAL RAISING

In December 2020, in conjunction with the acquisition, the Company successfully completed a capital raising through a placement of 200 million shares ("Capital Raising"). The shares under the Capital Raising were issued at a price of $0.02 per Share, raising approximately $4 million in capital, following the completion of the consolidation of the Company's share capital on a 25:2 basis.

On completion of the acquisition of GSM-I and the Capital Raising, the Vendor held approximately 40% of the total issued shares in the Company.

PAC Partners Securities Pty Ltd ("PAC") is the lead manager in relation to the Capital Raising. On completion of the Capital Raising and following shareholder approval, PAC was paid a fee of 6% of the total amount of the Capital Raising and granted 25,000,000 unlisted options exercisable at $0.0001 each, expiring 3 years after the grant date. The options are subject to voluntary escrow restrictions for a period of 2 years from grant. PAC was also retained for corporate advisory services and paid a management fee of $7,500 per month for a 12 month period.

CONSOLIDATION OF CAPITAL

In December 2020, the Company completed a consolidation of its issued securities; this reduced the number of shares on issue to 600,685,535, following the 25:2 consolidation, acquisition and capital raise.

SIMON GERARD BECAME CHAIRMAN AND GARY CASTLEDINE RESIGNED FROM THE BOARD

In February 2021, Simon Gerard stepped up to the role of non-executive Chairman, with Peter Rossdeutscher stepped down but stayed on to continue as a non-executive director. Simon Gerard agreed to not take fees for the first twelve months in the role.

At the same time, Gary Castledine resigned as a non-executive director, but continued in an advisory capacity for a share-based remuneration subsequently approved by shareholders at the Shareholder General Meeting in April 2021.

COMPANY NAME CHANGE TO ZIMI LIMITED

In March 2021, and following receipt of shareholder approval, the Company changed its name to Zimi Limited (ASX ticker: ZMM) from Quantify Technology Holdings Limited. The Board considers the change of name is 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.

MOVEMENT IN SECURITIES

During the year, the Company issued 2,500,000 fully paid ordinary shares as consideration for future advisory services to Gary Castledine. These shares were issued following receipt of shareholder approval at the general meeting held on 22 April 2021. These shares are subject to a 12-month voluntary escrow period expiring 30 April 2022.

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.

DIRECTORS' REPORT

The Board of Directors of Zimi Limited submit their report for the year ended 30 June 2021.

DIRECTORS

The names of the Company's Directors who held office during or since the end of the financial year and until the date of this report are detailed below. Directors were in office for the entire financial year unless otherwise stated.

Simon Gerard – Non-Executive Director – appointed 11 December 2020

Simon Gerard 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. 4th Generation family member (founders of CLIPSAL) and former CEO of the Gerard Lighting Group, Simon has extensive global controls experience.

Simon does not have any directorships of any other listed companies, nor has he in the past 3 years.

Peter Rossdeutscher – Non-Executive Director – appointed 9 October 2018

Peter Rossdeutscher (FAICD, MBA, BSc) 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.
A former enterprise Managing Director leading multinational companies in 12 countries delivering annual incomes >$500 Million, he has considerable depth in strategic planning, value creation, increasing brand and client experiences.
Peter's companies haves provided agile innovation strategy advisory and initiatives to organisations such as Bankwest, CBH Group, METS Ignited, UWA, IBM, Murdoch University, CISCO, Woodside, Donhad Engineering, FESA, Curtin University and the Chamber of Commerce and Industry.

Peter does not have any directorships of any other listed companies, nor has he in the past 3 years.

Brett Savill – Chief Executive Officer (CEO) – appointed 1 October 2018

Brett Savill (BA (Hons) 2i, MBA, FAICD) has a track record in business development, growth and acquisition strategy. Brett has held senior operational roles in Australia as well as being a former PricewaterhouseCoopers Partner in the UK, focused on technology, media and telecoms. He brings twenty-five-years' experience across strategy, innovation, regulation, business development, start-up growth, and innovation to the Company. He has worked, or advised, on more than 30 M&A transactions and is an experienced Non-Executive Director.

Brett does not have any directorships of any other listed companies, nor has he in the past 3 years.

Jordan Tentori – Chief Technology Officer (CTO) – appointed 11 December 2020

Jordan is the Founder and CTO of Zimi with a demonstrated history of working nationally and internationally with electrical and lighting industries to evolve technology into commercial realities.

Jordan does not have any directorships of any other listed companies, nor has he in the past 3 years.

Gary Castledine - Non-Executive Director – resigned 16 February 2021

Gary Castledine's stellar career in capital markets spans more than 25 years. He has expertise in stockbroking, corporate advisory and investment banking. He and his fellow Westar Capital directors are high net worth and institutional specialists.
Gary has participated in a range of capital raisings and IPOs across a broad spectrum of industries.
His expertise lies in his ability to organise the capital and corporate structuring of each transaction to facilitate the investment banking to take a project to market.
Gary's finance career started in 1993. After a decade spent developing his skills as a stockbroker, he moved into a corporate advisory role, where he became involved in investment banking.
Before establishing Westar Capital, Gary was founder, Chairman and MD of Indian Ocean Capital, a successful, specialist boutique securities dealer and corporate advisory firm.

Gary is currently a director of Vector Resources Ltd, since 24 February 2009, and has held no other directorships in the past 3 years.

COMPANY SECRETARY

Ms Catherine Grant-Edwards and Ms Melissa Chapman – appointed 4 May 2021

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

PRINCIPAL ACTIVITIES

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 and product commercialisation.

OPERATING RESULTS FOR THE YEAR

The net loss after tax of the Group for the financial year was $2,893,201 after income tax (FY2020: net loss after tax of $10,814,465).

REVIEW OF OPERATIONS

A review of the operations of the Group is outlined in the Review of Operations on page 6.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Details of the significant changes to the structure and operations is outlined in the Review of Operations on page 6.

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.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 20 August 2021, the Company announced plans to undertake a capital raising through the lead manager, PAC Partners Securities Pty Ltd, to new and existing sophisticated and institutional shareholders. The placement would raise $3.75 million through the issuance of 256.67 million shares at $0.015 per share. Additionally, for every two (2) shares, there would be one (1) attaching option, each with a 2 year expiry and $0.03 strike price. A Shareholder meeting will be held in order to approve the issuance of the attaching options, and to approve director participation in the raising. The first tranche was completed on 26 August 2021, raising approximately $2.26 million (before costs).

Aside from the above, there has not been any matter or circumstance that has arisen after balance date that has 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 future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

A general discussion of the Group's outlook is included in the Chairman's Report on page 4 and the Review of Operations on page 6.

DIRECTORS' INTERESTS IN THE SHARES, OPTIONS AND PERFORMANCE SHARES OF THE COMPANY AND RELATED BODIES CORPORATE

At the date of this report, shares, options and performance shares granted to Directors of the Company and the entities it controlled are:

	Number		
Director	Ordinary Shares	Options	Performance Shares & Rights
Simon Gerard	236,250,000	-	110,000,000
Brett Savill	2,026,989	2,009,717	3,200,000
Jordan Tentori	1,250,000	-	-
Peter Rossdeutscher	1,600,000	1,600,000	1,600,000

REMUNERATION REPORT

The Remuneration Report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of the Group for the financial year ended 30 June 2021 and is included on page 15.

SHARE OPTIONS, PERFORMANCE SHARES AND PERFORMANCE RIGHTS

There were 105,743,456 unissued ordinary shares under option, 16,000,031 performance shares and 111,440,000 performance rights at the date of this report. Refer to Note 26 for further details of the options, performance shares and performance rights outstanding. No securities were exercised during the year.

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

	Meeting
	Board of Directors
Number of meetings held	8
Number of meetings attended:	
Simon Gerard [1]	4
Brett Savill	8
Jordan Tentori [2]	4
Peter Rossdeutscher [3]	8
Gary Castledine [4]	3

1. Mr Simon Gerard was appointed to the Board of Directors on 11 December 2020, and appointed to Chairman on 16 February 2021. He was eligible to attend 5 meetings.
2. Mr Jordan Tentori was appointed to the Board of Directors and CTO on 11 December 2020. He was eligible to attend 5 meetings.
3. Mr Peter Rossdeutscher stepped down from Chairman but remained as a Non-Executive Director on 16 Febraury 2021.
4. Mr Gary Castledine resigned as Non-Executive Director on 16 February 2021. He was eligible to attend 5 meetings.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is not subject to any significant environmental legislation.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

NON-AUDIT SERVICES

During the year, the auditor of the parent entity did not provide any non-audit services.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditor, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 26 and forms part of this Directors' report for the year ended 30 June 2021.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

COMMITTEE MEMBERSHIP

The Company's Board of Directors performs all required functions of an Audit & Risk Committee and a Nomination & Remuneration Committee.

Members acting on the Board during the year were:

Board of Directors

Simon Gerard[1]
Brett Savill
Jordan Tentori
Peter Rossdeutscher
Gary Castledine[2]

[1] Designated the Chairman of the Board
[2] Resigned on 16 February 2021

REMUNERATION REPORT (AUDITED)

The Remuneration Report details the remuneration arrangements for Key Management Personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.
The Remuneration Report is presented under the following sections:

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the Key Management Personnel of Zimi for the year ended 30 June 2021.

The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the Corporations Act 2001.

REMUNERATION REPORT (AUDITED)

1. PERSONS COVERED BY THIS REPORT

This report covers all Key Management Personnel (KMP) as defined in the Accounting Standards, including all Directors, as well as those Executives who have specific responsibility for planning, directing, and controlling material activities of the Group.

The KMP for the year ended 30 June 2021 were:

EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

Mr Brett Savill	Chief Executive Officer - appointed 1 October 2018
Mr Jordan Tentori	Chief Technology Officer - appointed 11 December 2020

NON-EXECUTIVE DIRECTORS

Mr Simon Gerard	Non-Executive Director - appointed 11 December 2020
Mr Peter Rossdeutscher	Non-Executive Director - appointed 9 October 2018

The following person ceased to be a non-executive director during FY2021:

Mr Gary Castledine	Non-Executive Director - resigned 16 February 2021

2. REMUNERATION GOVERNANCE FRAMEWORK AND STRATEGY

I. Remuneration Philosophy

The performance of the Company depends upon the quality of its Key Management Personnel. The philosophy of the Company in determining remuneration levels is to:

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

II. Securities Trading Policy

The Securities Trading Policy of Zimi is available on the Zimi website. The Policy contains the standard references to insider trading restrictions that are a legal requirement under the Corporations Act, as well as conditions associated with good corporate governance. The Policy specifies "Closed Periods" during which Directors and related parties, KMP, Senior Executives, and any employee in possession of inside information must not trade in the securities of the Company, unless written permission is provided by the Board following an assessment of the circumstances.

All equity based remuneration awards which have vested are subject to the Group's Share Trading Policy.

III. Remuneration Committee

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Key Management Personnel.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of Key Management Personnel on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

3. EXECUTIVE KMP REMUNERATION POLICY

I. Structure

Remuneration consists of fixed remuneration and variable remuneration (comprising long-term incentive schemes).

II. Fixed remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in both the market and internally and, where appropriate, external advice on policies and practices.
Executive Directors and other key management are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. The fixed remuneration component for the years ended 30 June 2021 and 30 June 2020 is detailed in the Remuneration of KMP tables on pages 20, and 21.

III. Long Term Incentive (LTI)

The Group also makes long-term incentive payments to reward Executive Directors and Other Key Management in a manner that aligns this element of remuneration with the creation of shareholder wealth.

i. Purpose

The purpose of LTI is to incentivise Senior Executives to deliver Group performance that will lead to sustainable superior returns for shareholders and to modulate the cost of employing Senior Executives.

ii. Form of incentive

The LTI should be based on Employee Options that vest based on service period, and Performance Shares that vest based on performance hurdles. No dividends are payable or accrued on Employee Options and Performance Shares which are unvested and unexercised.

iii. Measurement period

LTI Employee Options will typically have five measurement periods. 50% vests over the first 12 months, and the final 50% across the second year, pro-rata each quarter.

Performance Shares have a measurement period reflecting a period which is appropriate to each performance hurdle.

iv. Vesting of Employee Options

The Employee Options for each employee vest at the end of the measurement period, subject to meeting the service period hurdles, unless the Board exercises its discretion to extend the original measurement period.

Participants are not required to make any payments in respect of Employee Options at grant. Participants will require the payment on the option's strike price.

v. **Vesting of Performance Shares**

Performance Shares for each employee vest upon completion of each performance hurdle, unless the Board exercises its discretion to extend the original measurement period.

Participants are not required to make any payments in respect of the receipt, holding or exercising of Performance Shares.

vi. **Holding period**

Unless the Board exercises its discretion, Employee Options and Performance Shares are forfeited if a participant ceases employment during the service period.

IV. Use of remuneration consultants

No consultants were used in FY2021.

V. Details of contractual provisions for KMP

Name	Employing company	Contract Duration	Notice Period	Base salary (exc. Super)
Brett Savill	Zimi Limited	3 Years	6 months	$300,000 p.a.[1], reviewed annually
Jordan Tentori	Quantify Technology Pty Ltd	No fixed term	3 months	$225,000 p.a., reviewed annually

1. Includes a cash bonus at Board's discretion and determination.

1. Termination provisions for Executives on contracts – Zimi may at its sole discretion dispose with the written notice period and choose to terminate the contract immediately by making:

- a payment to the Executive equal to the salary payable for the relevant period of notice; and
- a payment to the Executive of an amount equivalent to the salary they would have been paid from the end of the 6 month notice period until the end of the contract term, subject to the amount being reduced to the extent necessary to ensure that, when combined with any other payment made on termination of this Agreement, the Executive is not entitled to more than the maximum amount permitted by the Corporations Act and the Listing Rules.

4. NON-EXECUTIVE DIRECTOR REMUNERATION

I. Application

The Non-Executive Director Remuneration Policy applies to Non-Executive Directors (NED) of the Company in their capacity as directors and as members of committees.

II. Remuneration structure

Remuneration is composed of Board fees.

III. Fees

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Non-Executive Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

i. Fee cap

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 22 December 2016 when shareholders adopted the WHL Limited constitution (the former name of the legal parent), which limited the aggregate remuneration to $350,000 per year, excluding share-based payments.

ii. Non-Executive Director fees

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst the Non-Executive Directors is reviewed annually. As at 30 June 2021, the Group had two Non-Executive Directors.

The Board of Directors considers advice from external shareholders as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Non-Executive Director receives a fee for being a Director of the Company.

iii. Committee fees

The Group does not remunerate Directors for their additional Audit & Risk and Nomination & Remuneration responsibilities.

IV. Long Term Incentive (LTI)

The Group also makes long-term incentive payments to reward Non-Executive Directors in a manner that aligns this element of remuneration with the creation of shareholder wealth.

i. Purpose

The purpose of LTI is to incentivise Non-Executive Directors to deliver Group performance that will lead to sustainable superior returns for shareholders and to modulate the cost of employing Senior Executives.

ii. Form of incentive

The LTI should be based on Performance Shares that vest based on performance hurdles. No dividends are payable or accrued on Performance Shares which are unvested and unexercised.

iii. Measurement period

Performance Shares have a measurement period reflecting a period which is appropriate to each performance hurdle.

iv. Vesting of Performance Shares

Performance Shares for each Non-Executive Director vest upon completion of each performance hurdle, unless the Board exercises its discretion to extend the original measurement period.

Participants are not required to make any payments in respect of the receipt, holding or exercising of Performance Shares.

v. Holding period

Unless the Board exercises its discretion, Performance Shares are forfeit if a participant ceases employment during the service period.

V. No termination benefits

Termination benefits are not paid to Non-Executive Directors by the Company.

5. REMUNERATION OF KMP

	Short-Term Benefits		Post Employment Benefits	Long Term Benefits	SBP Expense			
	Salary & Fees	Other Monetary Benefits	Super-annuation /	Leave Accrued	Performance Shares & Rights	Total	Share Based Payments Expense %	Performance Related %
YEAR ENDED 30 JUNE 2021								
EXECUTIVE DIRECTORS								
Brett Savill	$ 249,635	$ -	$ 23,715	$ 21,228	$ 27,985	$ 322,563	8.7	8.7
Jordan Tentori [1]	121,154	-	11,510	9,319	-	141,983	-	-
NON-EXECUTIVE DIRECTORS								
Simon Gerard [2]	$ -	$ -	$ -	$ -	$ -	$ -	-	-
Peter Rossdeutscher [3]	74,400	-	-	-	13,992	88,392	15.8	15.8
Gary Castledine [4]	36,000	-	-	-	9,315	45,315	20.6	20.6
	$ 481,189	$ -	$ 35,225	$ 30,547	$ 51,292	$ 598,253		

1. Mr Jordan Tentori was appointed as an Executive Director on 11 December 2020.
2. Mr Simon Gerard was appointed as a Non-Executive Director on 11 December 2020, and as Chairman on 16 February 2021.
3. Mr Peter Rossdeutscher stepped down from Chairman on 16 February 2021, and remains as a Non-Executive Director.
4. Mr Gary Castledine resigned as a Non-Executive Director on 16 February 2021.

	Short-Term Benefits		Post Employment Benefits	Long Term Benefits	SBP Expense			
	Salary & Fees	Other Monetary Benefits	Super-annuation /	Leave Accrued	Performance Shares & Rights	Total	Share Based Payments Expense %	Performance Related %
YEAR ENDED 30 JUNE 2020								
EXECUTIVE DIRECTORS								
Brett Savill	$ 264,231	$ 60,000	$ 25,102	$ 20,595	$ 56,351	$ 426,279	27.3	27.3
NON-EXECUTIVE DIRECTORS								
Peter Rossdeutscher	$ 93,600	$ -	$ -	$ -	$ 28,176	$ 121,776	23.1	23.1
Mark Lapins [1]	98,100	-	-	-	19,250	117,350	16.4	16.4
Gary Castledine	61,200	-	-	-	28,176	89,376	31.5	31.5
OTHER KEY MANAGEMENT PERSONNEL								
David Porter [2]	$ 147,980	$ -	$ 11,181	$ 8,544	$ 1,892	$ 169,597	1.1	1.1
	$ 665,111	$ 60,000	$ 36,283	$ 29,139	$ 133,845	$ 924,378		

1. Mr Mark Lapins resigned as Non-Executive Director on 17 March 2020.
2. Mr David Porter was made redundant as Chief Technology Officer on 23 October 2019.

6. EQUITY INSTRUMENTS HELD BY KMP

I. Director Performance Shares

During the prior financial year, the Company issued 80,000,000 performance shares (post-consolidation: 4,800,000 performance shares) to Brett Savill, Peter Rossdeutscher and Gary Castledine.

i. Performance Shares criteria

The vesting conditions of the performance shares are as follows:

- Tranche A: will vest immediately upon the Company securing a minimum of $3,900,000 in long-term funding prior to 31 December 2018.
- Tranche B: will vest immediately upon the Group generating $5,000,000 in accumulated revenue between 1 October 2018 and 30 September 2021.
- Tranche C: will vest immediately upon the Group achieving a share price of at least $0.03 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 during which the Group's shares have actually traded.

ii. Performance Shares valuation assumptions

The valuation assumptions relating to the grant of performance shares are detailed below:

	Tranche A	Tranche B	Tranche C
VALUATION ASSUMPTIONS:			
Discount rate	2.26% p.a.	2.26% p.a.	2.26% p.a.
Share price volatility	110% p.a.	110% p.a.	110% p.a.
Grant date	30-Nov-18	30-Nov-18	30-Nov-18
Performance period (years)	0.1	3.0	5
FV AT GRANT DATE:			
Fair value per performance shares	$0.008	$0.008	$0.007
Share price at grant date	$0.008	$0.008	$0.008

iii. Measurement Period

Tranche A has a 1 month measurement period, Tranche B has a 3 year measurement period and Tranche C has a 5 year measurement period.

iv. Director Performance Shares held by KMP

Director Performance shares held by KMP, on a post-consolidation basis, were as follows:

	Tranche A	Tranche B	Tranche C	Total
Peter Rossdeutscher	400,000	400,000	800,000	1,600,000
Brett Savill	800,000	800,000	1,600,000	3,200,000
Total	1,200,000	1,200,000	2,400,000	4,800,000
Vested at FY2021	1,200,000	-	-	1,200,000
Unvested at FY2021	-	1,200,000	2,400,000	3,600,000

I. Vendor Performance Shares

As part of the acquisition consideration for the acquisition of GSM Innovations Pty Ltd, Quantify issued two (2) tranches totalling 110,000,000 Vendor Performance Rights.

i. Vendor Performance Rights criteria

The vesting conditions of the Vendor Performance Rights are as follows:

- Tranche A: will vest immediately upon the Company designing and manufacturing glass fronted dimmable light switch, GPO or power point, and blind controller; each of which must be controlled by the GSMI-Zimi cloud platform and be available for sale, within 12 months of the Acquisition completing, prior to 11 December 2021.

- Tranche B: will vest immediately upon sales of 30,000 Zimi-controlled / Powermesh units or $3,000,000 in Sales Revenue derived from Zimi-controlled / Powermesh units (whichever occurs first) within 12 months of the Acquisition completing, prior to 11 December 2021.

The performance rights have been included as part of the consideration for the acquisition, as the Directors consider it highly likely that they will vest.

ii. Measurement Period

Both Tranche A and Tranche B have a 12 month measurement period.

iii. Vendor Performance Rights held by KMP

Vendor Performance Rights held by KMP as at 30 June 2021 were as follows:

	Tranche A	Tranche B	Total
Simon Gerard	55,000,000	55,000,000	110,000,000
Total	55,000,000	55,000,000	110,000,000
Vested at FY2021	-	-	-
Unvested at FY2021	55,000,000	55,000,000	110,000,000

II. Performance shares and options holdings

	Holdings						
	Balance at 30 June 2020	Acquired / (disposed)	Consolidation	Other movements [1]	Balance at 30 June 2021	Vested and Exercisable	Unvested
Directors							
Simon Gerard							
Performance Shares	-	110,000,000	-	-	110,000,000	-	110,000,000
Brett Savill							
Performance Shares	40,000,000	-	(36,800,000)	-	3,200,000	800,000	2,400,000
Options	25,121,450	-	(23,111,733)	-	2,009,717	2,009,717	-
Jordan Tentori							
Performance Shares	-	-	-	-	-	-	-
Peter Rossdeutscher							
Performance Shares	20,000,000	-	(18,400,000)	-	1,600,000	400,000	1,200,000
Options	20,000,000	-	(18,400,000)	-	1,600,000	1,600,000	-
Gary Castledine							
Performance Shares	20,000,000	-	(18,400,000)	(1,600,000)	-	-	-

1. Denotes the performance shares held by Mr Gary Castledine at the time of his resignation on 16 February 2021.

III. Shareholdings

	Share holdings				
	Balance at 30 June 2020	Consolidated	Acquired / (disposed)	Other movements [1]	Balance at 30 June 2021
Directors					
Simon Gerard	-		236,250,000	-	236,250,000
Brett Savill	25,337,359	(23,310,370)	-	-	2,026,989
Jordan Tentori	-	-	1,250,000	-	1,250,000
Peter Rossdeutscher	20,000,000	(18,400,000)	-	-	1,600,000
Gary Castledine	1,935,743	(1,780,883)	-	(154,860)	-

1. Denotes the shares held by Mr Gary Castledine at the time of his resignation on 16 February 2021.

7. OTHER RELATED MATTERS

I. Aggregate amounts in respect of loans made to KMP

There were no loans to Directors or other key management personnel at any time during the year ended 30 June 2021.

Other than compensation and transactions concerning shares, options and performance shares as discussed in other sections of the Remuneration Report, and as noted above, there were no other transaction involving key management personnel.

This report is made in accordance with a resolution of the board of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Brett Savill
On behalf of the Board.
31 August 2021

End of Remuneration Report

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Zimi Limited (formerly Quantify Technology Holdings Ltd) for the year ended 30 June 2021, 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	**L Di Giallonardo**
31 August 2021	**Partner**

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FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Consolidated 2021		2020	
Revenue					
Revenue	3	$	18,244	$	468,989
Cost of sales			(11,924)		(360,497)
Gross profit		$	6,320	$	108,492
Income					
Grant income	4	$	697,626	$	1,035,047
Other income	4		211,778		99,290
Expenses					
Operating expenses	5	$	(3,218,970)	$	(4,373,936)
Financing costs	5		(67,662)		(111,532)
Depreciation and amortisation	5		(1,720,073)		(2,185,131)
Impairment of capitalised intangibles	5		-		(6,475,347)
Reversal of Listing premium expense	5		-		1,088,652
(Loss) before income tax		$	(4,090,981)	$	(10,814,465)
Income tax benefit	7	$	1,197,780	$	-
(Loss) after income tax		$	(2,893,201)	$	(10,814,465)
Other comprehensive income (OCI)					
Other comprehensive income		$	-	$	-
Other comprehensive income net of tax for the period		$	-	$	-
Total comprehensive loss for the year		$	(2,893,201)	$	(10,814,465)
Loss per share (cents per share)					
- basic loss per share	6		(0.72)		(0.67)
- diluted loss per share	6		(0.72)		(0.67)

The Consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	Consolidated 2021	Consolidated 2020
Assets			
Current Assets			
Cash and cash equivalents	8	$ 1,220,098	$ 694,803
Trade and other receivables	12	717,756	1,137,746
Prepayments		16,193	5,037
Total		$ 1,954,047	$ 1,837,586
Non - Current Assets			
Trade and other receivables	12	$ 8,651	$ -
Property, plant and equipment	19	360,572	128,343
Intangible assets	20	7,635,831	125,316
Right of use asset	16	268,056	226,128
Total		$ 8,273,110	$ 479,787
Total Assets		$ 10,227,157	$ 2,317,373
Liabilities			
Current Liabilities			
Trade and other payables	13	$ (1,620,046)	$ (845,088)
Interest-bearing loans and borrowings	9	-	(776,400)
Provisions	14	(77,339)	(154,486)
Lease liability	17	(89,642)	(109,822)
Total		$ (1,787,027)	$ (1,885,796)
Non - Current Liabilities			
Lease liability	17	$ (186,388)	$ (126,225)
Total		$ (186,388)	$ (126,225)
Total Liabilities		$ (1,973,415)	$ (2,012,021)
Net Assets		$ 8,253,742	$ 305,352
Equity			
Contributed equity	10	$ 42,802,900	$ 34,694,074
Unissued share capital		60,000	60,000
Reserves	11	4,431,882	1,699,117
Accumulated losses		(39,041,040)	(36,147,839)
Total Equity		$ 8,253,742	$ 305,352

The 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 2021

	Issued Capital	Unissued Capital	Consolidated Share-Based Payment Reserve	Accumulated Losses	Total
Balance at 1 July 2019	$ 31,696,873	$ 750,000	$ 2,622,371	$ (26,445,208)	$ 8,624,036
Adjustment from adoption of AASB 16[2]	-	-	-	(21,279)	(21,279)
Balance at 1 July 2019	$ 31,696,873	$ 750,000	$ 2,622,371	$ (26,466,487)	$ 8,602,757
Comprehensive Income					
(Loss) after income tax	$ -	$ -	$ -	$ (10,814,465)	$ (10,814,465)
Total Comprehensive (loss) for the period	$ -	$ -	$ -	$ (10,814,465)	$ (10,814,465)
Other equity transactions					
Shares issued as part of capital raising	$ 3,528,284	$ -	$ -	$ -	$ 3,528,284
Transfer to Issued Capital for issued shares	750,000	(750,000)	-	-	-
Transaction costs relating to issue of shares	(461,261)	-	152,744	-	(308,517)
Share-based payment - settlement of advisor costs	154,000	-	-	-	154,000
Share-based payment - Employee Option Plan	-	-	47,152	-	47,152
Share-based payment - Employee Share Scheme	-	-	2,057	-	2,057
Share-based payment - Unissued Director shares[1]	-	60,000	-	-	60,000
Share-based payment - Director Performance rights	-	-	112,702	-	112,702
Share-based payment - Performance rights	-	-	177,285	-	177,285
Transfer to Issued Capital for exercised Performance rights	105,000	-	(105,000)	-	-
Share-based payment - Employee Share Scheme	9,830	-	(9,830)	-	-
Listing premium reversal[3]	(1,088,652)	-	-	-	(1,088,652)
Reversal of unvested Consultant options	-	-	(167,251)	-	(167,251)
Transfer to accumulated losses[4]	-	-	(1,133,113)	1,133,113	-
Total	$ 2,997,201	$ (690,000)	$ (923,254)	$ 1,133,113	$ 2,517,060
Balance at 1 July 2020	$ 34,694,074	$ 60,000	$ 1,699,117	$ (36,147,839)	$ 305,352
Comprehensive Income					
(Loss) after income tax	$ -	$ -	$ -	$ (2,893,201)	$ (2,893,201)
Total Comprehensive (loss) for the period	$ -	$ -	$ -	$ (2,893,201)	$ (2,893,201)
Other equity transactions					
Shares issued as part of capital raising	$ 4,000,000	$ -	$ -	$ -	$ 4,000,000
Acquisition consideration - shares[5]	4,800,000	-	-	-	4,800,000
Transaction costs relating to issue of shares	(741,174)	-	497,545	-	(243,629)
Share-based payment - settlement of advisor costs	50,000	-	-	-	50,000
Acquisition consideration - performance rights[5]	-	-	2,200,000	-	2,200,000
Share-based payment - Employee Share Scheme	-	-	48,822	-	48,822
True-up of performance rights vesting conditions	-	-	(162,597)	-	(162,597)
Share-based payment - Director Performance rights	-	-	87,695	-	87,695
Share-based payment - Performance rights	-	-	61,300	-	61,300
Total	$ 8,108,826	$ -	$ 2,732,765	$ -	$ 10,841,591
Equity at 30 June 2021	$ 42,802,900	$ 60,000	$ 4,431,882	$ (39,041,040)	$ 8,253,742

1. Shares which were unissued but due to the CEO as part of executive agreement bonus provision.
2. As a result of the adoption of AASB 16 Leases during the current year, the opening accumulated losses balance has been restated in line with the requirements of the new accounting standard.
3. During the financial year, performance shares which were issed at the time of the reverse takeover in FY2017 were deemed to be unlikely to vest. The expense was previously recognised as a Listing Expense in FY2017. Due to the reassessment of the unlikely probability of the performance shares vesting, the attributable expense of $1.089 million was reversed through the P&L, in the FY2020 year.
4. During the prior financial year, 56,856,636 options expired. As such, the amount of $1.133 million which was previously recognised in Share-Based Payment Reserve has been transferred to Accumulated Losses.
5. 240 million shares and 110 million options were issued as part of the cost of acquisition for GSM Innovations Pty Ltd.

The 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 2021

	Notes	Consolidated 2021		Consolidated 2020	
Cash flows from operating activities					
Receipts from customers		$	454,343	$	400,313
Payments to suppliers and employees			(2,730,234)		(4,170,696)
Interest received			164		1,242
Interest paid			(71,704)		(82,865)
Other tax receipts			1,036,379		1,742,692
Net cash used in operating activities		$	(1,311,052)	$	(2,109,314)
Cash flows from investing activities					
Purchase of property, plant and equipment	19	$	(125,332)	$	(28,072)
Development costs of intangible assets			(849,239)		(658,184)
Net cash used in investing activities		$	(974,571)	$	(686,256)
Cash flows from financing activities					
Proceeds from issue of shares		$	4,000,000	$	3,468,284
Transaction costs related to issues of securities			(242,500)		(308,516)
Proceeds from borrowings			-		737,499
Repayment of borrowings			(734,423)		(1,028,004)
Payment of debt issue costs			-		(2,796)
Repayment of lease liabilities			(212,159)		(171,284)
Net cash from financing activities		$	2,810,918	$	2,695,183
Net increase / (decrease) in cash and cash equivalents		$	525,295	$	(100,387)
Cash and cash equivalents at the beginning of the year		$	694,803	$	795,190
Cash and cash equivalents at the end of the year	8	$	1,220,098	$	694,803

The Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. BASIS OF PREPARATION

The financial report of the Zimi Limited group of companies (“the Group”) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 31 August 2021.
These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The Company is a listed public company, incorporated in Australia and operating in Australia. 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, and product commercialisation.

The accounting policies have been consistently applied to all years presented unless otherwise stated.

The financial report is presented in Australian dollars.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

I. Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

II. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

III. Standards and Interpretations applicable to 30 June 2021

For the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period.

The Group has adopted all of the new or amended 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 Standards and Interpretations on the Group.

IV. Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

V. Going concern

Notwithstanding the fact that the Group incurred an operating loss of $2,893,201 for the year ended 30 June 2021, and a net cash outflow from operating activities amount to $1,311,052, the Directors are of the opinion that the Group is a going concern for the following reasons:

- The Company completed the first tranche of its placement, raising $2.26 million through the issuance of 150.796 million shares subsequent to year-end and before the date of this report;
- The Company has commitments to fully complete the second tranche of the placement, which will raise a further $1.238 million through the issuance of 105.87 million shares, anticipated to occur in October 2021;
- An R&D refund of $697,626 was due to be received subsequent to year-end; and
- the Group can undertake fund raisings to secure additional sources of funds where required.

Accordingly, the Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and at least for 12 months from the end of the reporting period.

EARNINGS FOR THE YEAR

This section addresses both the financial performance and the taxation position of the Group for the year ended 30 June 2021.

CONTENTS

NOTE 3. REVENUE

	2021		2020	
REVENUE				
Revenue from contracts with customers	$	18,244	$	468,989
Total	$	18,244	$	468,989

I. Recognition & measurement

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

If the consideration includes a variable component, the expected consideration is adjusted for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

- Revenue from sale of hardware

  Revenue from the sale of its devices is recognised at a point in time when control of the product is transferred to the customer, which is typically on delivery.

- Other operating revenue

  Revenue earned from configuration is recognised over time as the services are rendered.

II. Significant accounting judgements and estimates

Revenue from contracts with customers

Judgment is required to determine the point at which the customer obtains control of the devices. Factors including transfer of legal title, transfer of significant risks and rewards of ownership and the existence of a present right to payment for the devices typically result in control transferring on delivery of the devices at the customer's site or warehouse.

The transaction price at the date control passes for sales made is based on the contractually agreed price.

Progress of performance obligations for services revenue recognised over time is measured using the output method which most accurately measures the progress towards satisfaction of the performance obligation of the services provided. The performance obligations for services rendered include the successful configuration of installed devices.

For the year ended 30 June 2021, the Group recognised revenue solely through the sale and delivery of devices to customers. Management believes that recognising sales revenue at the point of delivery best depicts how the nature, amount, and timing of the Group's revenue and cash flows.

The nature of contracts or performance obligations categorised within sales revenue type includes the successful delivery of devices to the customers' location. The sales contracts in this category include contracts with single performance obligations, as noted above.

NOTE 4. OTHER INCOME

	2021	2020
OTHER INCOME		
Research & Development grant income	$ 697,626	$ 1,035,047
Other income	211,778	99,290
Total	$ 909,404	$ 1,134,337

I. Recognition & measurement

Government grant income

Government grant income includes the following grants:

- Research & Development grant; and
- Cashflow boost grant, (in 2021).

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.
Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Where Government grants relate to the compensation of costs which are capitalised as an intangible asset, the grants are recognised directly against the capitalised intangible asset to the maximum amount received under the Government grant.

II. Significant accounting judgements and estimates

Government grants

The Group engages in research and development and overseas marketing activities with regards to its IoT designs. Certain judgements are required in assessing whether the grant has been recognised in accordance with the Group's accounting policies.
Management has made judgements regarding which expenditure is classified as eligible for the grant, including assessing activities to determine whether they are conducted for the purposes of generating new knowledge, and whose outcome cannot be known or determined in advance or, in the case of the Export Market Development grant, that the expenditure is incurred in appropriate international marketing activities.

NOTE 5. EXPENSES

		2021		2020
OPERATING EXPENSES				
Administration and corporate	$	(1,364,720)	$	(1,095,647)
Marketing expenses		(37,457)		(139,906)
Occupancy costs		(20,653)		(59,324)
Travel		(17,112)		(83,142)
Allowance for credit losses		(231,354)		(68,676)
Total	$	(1,671,296)	$	(1,446,695)
Employee benefits				
Wages and salaries	$	(1,267,205)	$	(2,340,873)
Superannuation		(118,386)		(171,621)
Share-based payments expense		(85,220)		(291,945)
Workers' compensation costs		(1,367)		(12,702)
Annual leave expenses		(75,496)		(110,100)
Other employee benefits expenses		-		-
Total	$	(1,547,674)	$	(2,927,241)
Total Operating expenses	$	(3,218,970)	$	(4,373,936)
DEPRECIATION & AMORTISATION				
Depreciation and amortisation				
Depreciation	$	(311,154)	$	(205,445)
Amortisation		(1,408,919)		(1,979,686)
Total	$	(1,720,073)	$	(2,185,131)
IMPAIRMENT CHARGE				
Impairment				
Impairment of intangible assets	$	-	$	(6,475,347)
Total	$	-	$	(6,475,347)
LISTING EXPENSE REVERSAL				
Reversal of Listing premium expense on reverse acquisition	$	-	$	1,088,652
Total	$	-	$	1,088,652
FINANCE COSTS				
Interest expense to unrelated parties	$	(32,803)	$	(91,851)
Interest expense on lease liabilities		(34,859)		(19,681)
Total	$	(67,662)	$	(111,532)
AUDITOR'S REMUNERATION				
Amounts received or due and receivable by HLB Mann Judd for:				
An audit or review of the financial report of the entity and any other entity in the Group	$	51,268	$	51,138
Total	$	51,268	$	51,138

I. Measurement

Depreciation and amortisation

Refer to accounting policies for depreciation disclosed in Note 19, and to accounting policies related to amortisation of intangible assets in Note 20.

Employee benefits

Refer to accounting policies for employee benefits in Note 14.

Finance costs

Finance costs include interest payments on other costs that the Group incurs in connection with the borrowing of funds.
All finance costs are expensed in the period they occur.

NOTE 6. EARNINGS PER SHARE

	2021	2020
Net loss for the period	$ (2,893,201)	$ (10,814,465)
Weighted average number of share on issue	402,993,706	1,616,828,336
Basic and diluted loss per share (cents per share)	(0.72)	(0.67)

Loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

As the Group is loss making, there is no dilutive effect of the issued securities.

There have been no transactions involving ordinary shares subsequent to the reporting date and prior to the date of completion of these financial statements.

NOTE 7. INCOME TAX

	2021	2020
INCOME TAX EXPENSE		
Income tax expense		
Current tax	$ -	$ -
Deferred tax	-	-
	$ -	$ -
Deferred income tax (revenue) / expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	$ (1,021,878)	$ 382,431
(Decrease) / increase in deferred tax liabilities	1,021,878	(382,431)
Total	$ -	$ -
Statement of Changes in Equity (not recognised)		
Deferred income tax:	$ 155,761	$ 61,276
Total	$ 155,761	$ 61,276
NUMERICAL RECONCILIATION OF INCOME TAX BENEFIT TO PRIMA FACIE TAX PAYABLE		
Loss from continuing operations before income tax expense	$ (4,090,981)	$ (10,814,465)
Tax at the Australian tax rate of 26% (2020: 27.5%)	$ (1,063,655)	$ (2,973,978)
Share-based payments	$ 63,827	$ 80,285
Non-deductible items	-	4,556
R&D non-deductible expenditure	416,972	654,340
Non-assessable amounts	(211,933)	(610,981)
DTA and DTL not recognised	(453,650)	2,845,778
Other	50,659	-
Total Adjustments	$ (134,125)	$ 2,973,978
Income tax (expense) / benefit	$ (1,197,780)	$ -
Unrecognised deferred tax assets		
Losses for which DTA not recognised	$ 4,550,651	$ 4,312,014
Other deferred tax assets and liabilities not recognised	607,133	1,971,803
Less: DTL recognised	(1,059,154)	(37,275)
Potential tax benefit at 26% (2020: 27.5%)	$ 4,098,630	$ 6,246,542

	2021	2020
UNRECOGNISED TAX LOSSES - TEMPORARY DIFFERENCES		
Unused tax losses for which no deferred tax assets have been recognised:		
Australian losses	$ 17,502,504	$ 15,680,051
Potential tax benefit at 26% (2020: 27.5%)	$ 4,550,651	$ 4,312,014

Carry forward tax losses were incurred by the Group's Australian entities. Deferred tax assets have not been recognised in respect these losses as the likelihood of their use in the future is low.

	2021	2020
DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets		
Provisions	$ 97,940	$ 76,718
Accruals	23,914	157
Borrowing costs		-
Undeducted s.40-880 costs (P&L)	45,331	117,849
Undeducted s.40-880 costs (equity)	217,037	61,276
PPE	5,948	4,903
Intangibles	216,963	1,522,042
Capitalised development costs	-	188,858
Tax losses	4,550,651	4,312,014
DTA not recognised	(4,098,630)	(4,098,630)
Total	$ 1,059,154	$ 37,275
Deferred tax liabilities		
Other temporary differences	$ -	$ -
DTL's recognised	61,864	37,275
Property Plant & Equipment & IP acquired through business combination	997,290	-
Total	$ 1,059,154	$ 37,275
Net deferred tax asset / (liability)	$ -	$ -

CORPORATE TAX RATE

In accordance with the new tax legislation, Zimi Ltd and its Australian subsidiaries are subject to a Corporate Tax Rate of 26% (2020: 27.5%) for the year ended 30 June 2020.
The corporate tax rate for eligible companies will reduce from 26% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. 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.

I. **Recognition and measurement**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge 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 and 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 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 liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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 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 (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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.

II. Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.
Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

CASH, DEBT AND CAPITAL

This section addresses the cash, debt and capital positions of the Group for the year ended 30 June 2021.

CONTENTS

KEY RISKS

I. Capital management

The Group's policy is to maintain a strong and flexible capital base to provide investor, creditor and market confidence to sustain future development of the business. The Group monitors the return on capital, which the Group defines as total shareholders' equity attributable to members of Zimi Limited. The Board determines the level of dividends to shareholders.

The Group monitors statement of financial position strength and flexibility using cash flow forecast analysis and detailed budgeting processes.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

II. Interest rate risk exposure

The Group is exposed to interest rate risk as entities in the Group invest funds at both fixed and floating interest rates.

Interest rate risk management is undertaken by the Group in order to reduce the potential volatility towards its financial position due to these fluctuations in prevailing market interest rates.

The Group's exposure to market interest rates relates primarily to the Group's investment in cash funds.

The Group constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing term deposit positions, and alternative financing structures.

The Group had the following variable rate cash and borrowings outstanding at the end of the reporting period.

	2021	2020
Cash and cash equivalents		
Australian variable rate interest	$ 1,220,098	$ 694,803
Interest-bearing loans and borrowings		
Australian variable rate interest	$ -	$ (776,400)
NET EXPOSURE	$ 1,220,098	$ (81,597)

Profit or loss is sensitive to higher / lower interest income from Australian dollar designated cash and cash equivalents as a result of changes in interest rates. There would be no material impact on other

components of equity as a result of changes in interest rates, nor on USD denominated cash and cash equivalent balances.
The sensitivity analysis below shows the impact on post tax profit had a 25 basis point movement in interest rates occurred. 25 basis points was deemed to be a reasonable level of volatility based on FY2021 observations.

		2021		2020
POST TAX GAIN / (LOSS)				
AUD				
+0.25% (25 basis points)	$	3,050	$	(204)
-0.25% (25 basis points)	$	(3,050)	$	204

III. Interest rate risk strategies, policies and procedures

Cash and potential debt are forecasted and monitored on a monthly basis in order to forecast and monitor the interest rate risk.

IV. Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-effective manner.
The Group's policy is to continually review the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The contractual maturities of financial liabilities (see Notes 9, 13 and 17), including interest payments are as follows:

	Carrying Amount	Years to maturity 0 - 1	> 1	Contractual Cash Flows
BALANCE 30 JUNE 2021				
Trade & other payables	$ (1,620,046)	$ (1,620,046)	$ -	$ (1,620,046)
Interest-bearing loans and borrowings	-	-	-	-
Lease liability	(276,030)	(89,642)	(186,388)	(272,000)
Total	$ (1,896,076)	$ (1,709,688)	$ (186,388)	$ (1,892,046)
BALANCE 30 JUNE 2020				
Trade & other payables	$ (845,088)	$ (845,088)	$ -	$ (845,088)
Interest-bearing loans and borrowings	(776,400)	(776,400)	-	(776,400)
Lease liability	(1,384,167)	(1,384,167)	-	(272,000)
Total	$ (3,005,655)	$ (3,005,655)	$ -	$ (1,893,488)

The Group had $1,220,098 (FY2020: $694,803) in cash and cash equivalents, which can be used to meet its liquidity needs.

NOTE 8. CASH AND CASH EQUIVALENTS

		2021		2020
CURRENT				
Cash at bank and in hand	$	1,220,098	$	694,803
TOTAL CASH PER CASH FLOW STATEMENT	$	1,220,098	$	694,803

I. Recognition and measurement

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.
Cash and cash equivalents for the purposes of the statement of cash flows consists of cash and cash equivalents as defined above, net of cash held as a guarantee.

II. Foreign currency risk

As a result of cash predominantly denominated in Australian Dollars, the Group is not materially exposed to currency risk.

III. Reconciliation of net profit after tax to net cash flows from operations

		2021		2020
NET LOSS	$	(2,893,201)	$	(10,814,465)
ADJUSTMENTS FOR:				
Depreciation	$	1,720,073	$	2,185,131
Share based payments		35,220		291,945
Income tax benefit		(1,197,780)		-
Non-cash settlements		50,000		154,000
Lease modification		19,047		-
Bad debt expense		231,354		-
Impairment		-		6,475,347
Listing expense reversal		-		(1,088,652)
Capitalised R&D offset		-		24,700
CHANGES IN ASSETS AND LIABILITIES				
(Increase) / decrease in debtors	$	411,341	$	744,030
(Increase) / decrease in prepayments		(11,156)		284
(Decrease) / increase in trade creditors		401,197		(65,933)
(Decrease) / increase in provisions		(77,147)		(15,701)
TOTAL ADJUSTMENTS	$	1,582,149	$	8,705,151
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	$	(1,311,052)	$	(2,109,314)

IV. Changes in liabilities arising from financing activities

	R&D pre-funding	Lease liability	Total
BALANCE 1 JULY 2020	$ 776,400	$ 236,047	$ 1,012,447
Interest incurred	$ 32,804	$ 34,859	$ 67,663
Loans repaid	(809,204)	-	(809,204)
Remeasurement of leases	-	(58,747)	(58,747)
Net cash used in financing activities	-	(212,159)	(212,159)
Total	$ (776,400)	$ (236,047)	$ (1,012,447)
BALANCE 30 JUNE 2021	$ -	$ -	$ -

	R&D pre-funding	Lease liability	Total
BALANCE 1 JULY 2019	$ 1,057,919	$ -	$ 1,057,919
Restatement for AASB 16	$ -	$ 178,304	$ 178,304
Interest incurred	91,851	19,681	111,532
Loans drawn-down	734,423	-	734,423
Debt issue costs incurred from draw-down	3,076	-	3,076
Loans repaid	(1,110,869)	-	(1,110,869)
Remeasurement of leases	-	209,346	209,346
Net cash used in financing activities	-	(171,284)	(171,284)
Total	$ (281,519)	$ 236,047	$ (45,472)
BALANCE 30 JUNE 2020	$ 776,400	$ 236,047	$ 1,012,447

NOTE 9. INTEREST-BEARING LOANS AND BORROWINGS

	2021	2020
CURRENT		
Borrowings - third party[1]	$ -	$ (776,400)
Total	$ -	$ (776,400)

1. Third party borrowings relate to pre-funded R&D. The debt was a short-term facility, secured against the refund from the Government only, and is repayable immediately upon receipt of the funds. The facility incurred an interest at a rate of 15% p.a. and was repaid during the year ended 30 June 2021.

I. Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

II. Fair value of borrowings

The fair values of all classes of borrowings are not materially different to their carrying amounts since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

NOTE 10. CONTRIBUTED EQUITY

	Shares		$	
	Year to 2021	Year to 2020	Year to 2021	Year to 2020
ORDINARY SHARES ON ISSUE				
Ordinary shares issued and fully paid	603,185,535	2,008,549,744	$ 42,802,900	$ 34,694,074

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

I. Movements in ordinary share capital

	Shares		$	
	Year to 2021	Year to 2020	Year to 2021	Year to 2020
ORDINARY SHARES ON ISSUE				
At start of period	2,008,549,744	980,990,717	$ 34,694,074	$ 31,696,873
Shares issued during the period	200,000,000	909,757,277	$ 4,000,000	$ 4,278,284
Settlement of advisor costs	2,500,000	57,800,000	50,000	154,000
Transfer of historical employee share rights	-	23,999,997	-	114,830
Transaction costs relating to issue of shares	-	36,001,753	(741,174)	(461,261)
Reversal of Listing Expense	-	-	-	(1,088,652)
Share consolidation (2 shares for every 25 on issue)	(1,847,864,209)	-	-	-
Shares issued in acquisition of GSM Innovations Pty Ltd	240,000,000	-	4,800,000	-
At end of period	603,185,535	2,008,549,744	$ 42,802,900	$ 34,694,074

The movement in ordinary shares during the year ended 30 June 2021 is comprised of the following transactions.

- 200,000,000 fully paid ordinary shares were issued as part of the raising in December 2020;
- The Company undertook a share consolidation of 2 shares for every 25;
- 240,000,000 shares were issued as consideration for the acquisition of GSM Innovations Pty Ltd; and
- 2,500,000 shares issued as consideration for advisory services from outgoing Non-Executive Director Gary Castledine, over a 12 month period.

II. Recognition and measurement

Ordinary shares

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 of the new shares or options.

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.

NOTE 11. RESERVES

	Options reserve	Share rights reserve	Performance rights reserve	Listed options reserve	Vendor performance rights	Total
BALANCE 1 JULY 2019	$ 1,382,984	$ 514,260	$ 368,877	$ 356,250	$ -	$ 2,622,371
Revaluation	$ 199,896	$ (7,773)	$ 289,987	$ -	$ -	$ 482,110
Reversals				(167,251)		(167,251)
Transferred to Accumulated Losses	(926,024)		(170,834)	(36,255)		(1,133,113)
Transferred to Issued Capital		-	(105,000)		-	(105,000)
Total	$ (726,128)	$ (7,773)	$ 14,153	$ (203,506)	$ -	$ (923,254)
BALANCE 1 JULY 2020	$ 656,856	$ 506,487	$ 383,030	$ 152,744	$ -	$ 1,699,117
Revaluation	$ 497,545	$ 48,822	$ (13,602)	$ -	$ 2,200,000	$ 2,732,765
Total	$ 497,545	$ 48,822	$ (13,602)	$ -	$ 2,200,000	$ 2,732,765
BALANCE 30 JUNE 2021	$ 1,154,401	$ 555,309	$ 369,428	$ 152,744	$ 2,200,000	$ 4,431,882

	2021	2020
RESERVES		
Options reserve	$ 1,154,401	$ 656,856
Share rights reserve	555,309	506,487
Performance rights reserve	369,428	383,030
Listed options reserve	152,744	152,744
Vendor performance rights	2,200,000	-
Total	$ 4,431,882	$ 1,699,117

I. Nature & purpose of reserves

Options / Share rights / Performance rights / Listed options reserves

These reserves are used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to Note 26 for further details of share-based payment plans for the Group.

Vendor performance rights reserve

This reserve is used to recognise increments and decrements in the fair value of the performance rights paid to the vendors of GSM Innovations Pty Ltd.

Refer to Note 26 27 for further details of the vendor performance rights.

Dividends

No dividends were paid or proposed during the year ended 30 June 2021 (FY2020: nil).

OTHER ASSETS AND LIABILITIES

This section addresses all other assets and liabilities for the year.

CONTENTS

KEY RISKS

I. 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 has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

As at 30 June 2021, the Group's receivables are significantly held with either the Australian Government, or with tier one Australian banks. These are both considered to be low concentrations of credit risk.

NOTE 12. TRADE AND OTHER RECEIVABLES

	2021		2020	
CURRENT				
Trade and other amounts owing by unrelated entities	$	20,130	$	77,999
R&D Government refund		697,626		1,059,747
Total	$	717,756	$	1,137,746
NON-CURRENT				
Trade amounts owing by unrelated entities	$	8,651	$	-
Total	$	8,651	$	-
TOTAL	$	726,407	$	1,137,746

I. Recognition and measurement

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods up to 30 days.

II. Expected credit losses

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2020 and 30 June 2019 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

The Group has identified the gross domestic product (GDP) and unemployment rate of Australia, in which the customers are domiciled, to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

III. Allowance for expected credit losses

No trade receivables were deemed unlikely to be recovered as at 30 June 2021 (FY2020: $116,856).

IV. Ageing analysis of current trade and other receivables at 30 June 2021

	Days					
	0-30	31-60	61-90	90+	Impaired	Total
2021	$ 717,756	$ -	$ -	$ -	$ -	$ 717,756
2020	$ 1,137,746	$ -	$ -	$ -	$ -	$ 1,137,746

Receivable balances are monitored on an ongoing basis.
The full trade and other receivables balance is deemed to be recoverable within the next 12 months.
Any trade and other receivable which is aged greater than 30 days is considered to be overdue.

V. Fair values of current trade and other receivables

The carrying amount of the receivables is assumed to be the same as their fair value due to their short term nature.

NOTE 13. TRADE AND OTHER PAYABLES

	2021	2020
CURRENT		
Trade payables	$ (999,044)	$ (694,245)
Revenues received in advance	(370,941)	-
PAYG withheld	(39,112)	(38,319)
Superannuation payable	(39,305)	(38,390)
Accrued expenses	(143,616)	(60,571)
Other	(28,028)	(13,563)
TOTAL	$ (1,620,046)	$ (845,088)

I. Recognition and measurement

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

II. Fair value of trade and other payables

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

NOTE 14. PROVISIONS

	Employee Benefits	Total
BALANCE 30 JUNE 2020	$ (154,486)	$ (154,486)
Arising during the year	$ (118,187)	$ (118,187)
Utilised	195,334	195,334
Total	$ 77,147	$ 77,147
BALANCE 30 JUNE 2021	$ (77,339)	$ (77,339)

	Employee Benefits	Total
BALANCE 30 JUNE 2020		
Current	$ (154,486)	$ (154,486)
Non-Current	-	-
Total	$ (154,486)	$ (154,486)
BALANCE 30 JUNE 2021		
Current	$ (77,339)	$ (77,339)
Non-Current	-	-
Total	$ (77,339)	$ (77,339)

I. Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 current pre-tax rate that reflects the risks specific to the liability.
When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

II. Wages, salaries and annual leave

Liabilities accruing to employees in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities accruing to employees in respect of wages and salaries, annual leave and long service leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

NOTE 15. SEGMENT REPORTING

I. Identification of reportable segments

AASB 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.
The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

II. Reportable segments

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

III. Presentation of segment

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 and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

NOTE 16. RIGHT OF USE ASSETS

	2021	2020
NON-CURRENT		
Land and buildings - right-of-use	$ 861,467	$ 644,185
Less: Accumulated depreciation	(593,411)	(418,057)
TOTAL	$ 268,056	$ 226,128

I. Recognition and measurement

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTE 17. LEASE LIABILITY

	2021	2020
CURRENT		
Lease liability	$ (89,642)	$ (109,822)
Total	$ (89,642)	$ (109,822)
NON-CURRENT		
Lease liability	$ (186,388)	$ (126,225)
Total	$ (186,388)	$ (126,225)
TOTAL	$ (276,030)	$ (236,047)

I. Recognition and measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Refer to Note 18 for further information on financial instruments.

NOTE 18. FAIR VALUE MEASUREMENTS

I. Financial assets and financial liabilities

The Group holds the following financial instruments:

	Notes	2021	2020
FINANCIAL ASSETS			
Cash and cash equivalents	8	$ 1,220,098	$ 694,803
Trade and other receivables	12	726,407	1,137,746
		$ 1,946,505	$ 1,832,549
FINANCIAL LIABILITIES			
Trade and other payables	13	$ (1,620,046)	$ (845,088)
Interest-bearing loans and borrowings	9	-	(776,400)
		$ (1,620,046)	$ (1,621,488)

The Group's exposure to various risks associated with the financial instruments is discussed against each financial instrument note. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.
The assets and liabilities are held at amortised cost, and their fair values are described in the associated note referenced in the table above.

II. Impairment – financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.
Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.
All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in profit or loss for financial assets measured at amortised cost.
Impairment testing of trade receivables is described in Note 12.

DEVELOPMENT AND GROWTH ASSETS

This section addresses the primary research and development activities undertaken by the Group, and the associated hardware and software equipment assisting in the Company's growth.

CONTENTS

NOTE 19. PROPERTY, PLANT AND EQUIPMENT

I. Reconciliation of movement for the year

	Computers & Software	Tooling Equipment	Furniture & Fittings	Leasehold Improvements	Total
BALANCE 1 JULY 2019	$ 120,523	$ -	$ 35,919	$ 9,031	$ 165,473
Additions	$ 27,233	$ -	$ 839	$ -	$ 28,072
Depreciation charge for the year	(51,498)	-	(5,515)	(8,189)	(65,202)
Total	$ (24,265)	$ -	$ (4,676)	$ (8,189)	$ (37,130)
BALANCE 1 JULY 2020	$ 96,258	$ -	$ 31,243	$ 842	$ 128,343
Additions	$ 75,317	$ -	$ 26,794	$ 23,221	$ 125,332
Acquired through business combination	-	286,329	-	-	286,329
Depreciation charge for the year	(55,860)	(71,319)	(5,574)	(3,046)	(135,799)
Assets disposed during year	(17,108)	-	(26,525)	-	(43,633)
Total	$ 2,349	$ 215,010	$ (5,305)	$ 20,175	$ 232,229
BALANCE 1 JULY 2021	$ 98,607	$ 215,010	$ 25,938	$ 21,017	$ 360,572

II. Net carrying amount

	Computers & Software	Tooling Equipment	Furniture & Fittings	Leasehold Improvements	Total
BALANCE 30 JUNE 2020					
Gross carrying amount at cost	$ 389,784	$ -	$ 56,053	$ 28,867	$ 474,704
Accumulated Depreciation & Impairment	(293,526)	-	(24,810)	(28,025)	(346,361)
Net Carrying Amount	$ 96,258	$ -	$ 31,243	$ 842	$ 128,343
BALANCE 30 JUNE 2021					
Gross carrying amount at cost	$ 359,313	$ 286,328	$ 26,854	$ 52,088	$ 724,583
Accumulated Depreciation & Impairment	(260,705)	(71,319)	(916)	(31,071)	(364,011)
Net Carrying Amount	$ 98,608	$ 215,009	$ 25,938	$ 21,017	$ 360,572

III. Recognition and measurement

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

IV. De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.
Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

V. Key judgements and accounting estimates

Impairment of non-financial assets

The carrying values of plant and equipment are reviewed for impairment at each balance date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.
Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

- Computers and equipment 2 – 5 years
- Furniture and fittings 5 – 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

NOTE 20. INTANGIBLE ASSETS

I. Reconciliation of movement for the year

	Note	Development	Sales channels - analysis	Trademarks	Total
BALANCE 1 JULY 2019		$ 6,819,585	$ -	$ 1,127,280	$ 7,946,865
Additions		$ 559,938	$ -	$ 98,246	$ 658,184
R&D grant offset		(24,700)	-	-	(24,700)
Amortisation		(1,908,173)	-	(71,513)	(1,979,686)
Impairment		(5,446,650)	-	(1,028,697)	(6,475,347)
Total		$ (6,819,585)	$ -	$ (1,001,964)	$ (7,821,549)
BALANCE 30 JUNE 2020		$ -	$ -	$ 125,316	$ 125,316
Additions		$ 838,382	$ -	$ 10,857	$ 849,239
Acquired through business combination	27	5,161,426	2,908,770	-	8,070,196
Amortisation		(795,607)	(515,640)	(97,673)	(1,408,920)
Total		$ 5,204,201	$ 2,393,130	$ (86,816)	$ 7,510,515
BALANCE 30 JUNE 2021		$ 5,204,201	$ 2,393,130	$ 38,500	$ 7,635,831

II. Net carrying amount

	Development	Sales channels - analysis	Trademarks	Total
BALANCE 30 JUNE 2020				
Gross carrying amount at cost	$ 7,354,823	$ -	$ 1,310,116	$ 8,664,939
Accumulated Amortisation & Impairment	(7,354,823)	-	(1,184,800)	(8,539,623)
Net Carrying Amount	$ -	$ -	$ 125,316	$ 125,316
BALANCE 30 JUNE 2021				
Gross carrying amount at cost	$ 5,999,808	$ 2,908,770	$ 1,320,973	$ 10,229,551
Accumulated Amortisation & Impairment	(795,607)	(515,640)	(1,282,473)	(2,593,720)
Net Carrying Amount	$ 5,204,201	$ 2,393,130	$ 38,500	$ 7,635,831

III. Recognition and measurement

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.

IV. De-recognition and disposal

An item of capitalised research and development expenditure is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.
Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

V. Key judgements and accounting estimates

Impairment of non-financial assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. 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 to sell 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.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the expected lives of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

OTHER ITEMS

This section addresses all items required under Australian Accounting Standards and per the Corporations Act 2001, not previously disclosed in any other section within the financial statements.

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NOTE 21. COMMITMENTS AND CONTINGENCIES

I. Commitments and contingencies

At 30 June 2021 the Group had commitments of $1,435,761 (2020: nil) relating to and contingent upon the completion of manufacture of products.

II. Other contingent liabilities excluded from the above include:

The Company has no contingent liabilities as at 30 June 2021.

NOTE 22. SUBSEQUENT EVENTS

On 20 August 2021, the Company announced plans to undertake a capital raising through the lead manager, PAC Partners Securities Pty Ltd, to new and existing sophisticated and institutional shareholders. The placement would raise $3.75 million through the issuance of 256.67 million shares at $0.015 per share. Additionally, for every two (2) shares, there would be one (1) attaching option, each with a 2 year expiry and $0.03 strike price. A Shareholder meeting will be held in order to approve the issuance of the attaching options, and to approve director participation in the raising. The first tranche was completed on 26 August 2021, raising approximately $2.26 million (before costs).

Aside from the above, there has not been any other matter or circumstance that has arisen after balance date that has 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 future financial periods.

NOTE 23. PARENT INTERESTS IN SUBSIDIARIES

The consolidated financial statements include the financial statements of Zimi Limited and the subsidiaries listed in the following table.

		Equity Interest	
Company	Country of Incorporation	2021	2020
GSM Innovations Pty Ltd	Australia	100%	-
Quantify Technology Pty Ltd	Australia	100%	100%
Quantify Technology Australia Pty Ltd	Australia	100%	100%
PetroQuest International Seychelles Limited	Seychelles	100%	100%
PetroQuest International Incorporated	USA	100%	100%
Indian Ocean Petroleum Holdings Pty Limited	Australia	100%	100%

NOTE 24. RELATED PARTY DISCLOSURE

During FY2021, Zimi received and accepted purchase orders from GSM Electrical (Australia) Pty Ltd ("Trader") to the value of $1,393,936 for the delivery of its products. Trader is Zimi's exclusive distributor to the wholesale market, and is part of the Gerard Private Holdings (Finance) Pty Ltd group. At the time the purchase orders were received, Simon Gerard was a Director for both Zimi and Trader. As at 30 June 2021, the devices were being manufactured and had not yet been delivered to Trader. As such no receivables were due.

Trader provides certain engineering resources to Zimi and engages external parties on Zimi's behalf for mechanical tooling and other services. For the year ended 30 June 2021, the total value of these engineering and outsourced services totalled $214,160. As at year-end, the amount owed to Trader was $54,000.

GSM International Pty Ltd ("GSM-Int") is a Hong Kong-based company, which provides quality assurance, logistics, management of some of the international manufacturing on behalf of Zimi, and other services.

The following table provides the total amount of transactions that have been entered into with related parties, and repayments made, during the six months ended 30 June 2021 and 30 June 2020:

Key management personnel of the Group		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
GSM Electrical Pty Ltd	Jun-21	$ 1,393,936	$ 224,046	$ -	$ 55,848
	Jun-20	$ -	$ -	$ -	$ -
GSM International Pty Ltd	Jun-21	$ -	$ 1,599,014	$ -	$ -
	Jun-20	$ -	$ -	$ -	$ -

As at 30 June 2021, there were no loans outstanding to related parties (FY2020: nil).

No other related party transactions occurred with the Group, other than the remuneration of Directors and Key Management Personnel and the matters disclosed in this report.

NOTE 25. KEY MANAGEMENT PERSONNEL COMPENSATION

	2021	2020
Short-term employee benefits	$ 481,189	$ 725,111
Post-employment benefits	35,225	36,283
Long term benefits	30,547	29,139
Share-based payment	51,292	133,845
Total	$ 598,253	$ 924,378

Detailed remuneration disclosures are provided in the Remuneration Report commencing on page 15.

NOTE 26. SHARE-BASED PAYMENTS

OPTIONS

Grant	Balance at start of the year	Options issued during the year	Expired / Lapsed	Consolidation[1]	Options granted and to be issued	Balance at end of year	Tranche 1 Expiry date
FY2020							
Advisor options	8,747,626	-	(8,747,626)	-	-	-	30 Sep 2019
Bid options	61,325,622	-	(61,325,622)	-	-	-	30 Sep 2019
Broker options	5,000,000	-	(5,000,000)	-	-	-	30 Sep 2019
EOP - FY2017	6,910,543	-	(6,910,543)	-	-	-	30 Sep 2019
EOP - FY2018	13,531,800	-	-	-	-	13,531,800	31 Jul 2020
Consultant options	6,000,000	-	(6,000,000)	-	-	-	4 Apr 2020
Contract options	12,500,000	-	(12,500,000)	-	-	-	30 Sep 2019
Listed options	-	995,759,030	-	-	-	995,759,030	31 Aug 2021
Total	114,015,591	995,759,030	(100,483,791)	-	-	1,009,290,830	
FY2021							
EOP - FY2017	13,531,800	-	(13,531,800)	-	-	-	30 Sep 2019
Listed options	995,759,030	-	-	(916,098,118)	-	79,660,912	31 Aug 2021
Lead Manager options	-	-	-	-	25,000,000	25,000,000	11 Dec 2024
Total	1,009,290,830	-	(13,531,800)	(916,098,118)	25,000,000	104,660,912	

1. On 11 December 2020, the Company consolidated its issued share capital on the basis of every 25 shares on issue was consolidated to 2 shares.

I. EMPLOYEE OPTIONS – FY2018

On 12 January 2018, Zimi issued 13,531,800 employee options under its Employee Option Plan (EOP). These options were issued with a fair value of $0.033 each, and expired on 31 July 2020.
The original vesting conditions were as follows:

- 50% will vest 12 months from the date of commencement of employment
- The balance will vest, on a quarterly basis over the following 12 month period.

VALUATION OF EMPLOYEE OPTIONS

Exercise price	$0.075
Expiry date	31-Jul-20
Risk-free rate	2.07%
Volatility	100%
Value per option	$0.033
Number of options	13,531,800
Total value of options	$466,271
Amount expensed in prior years	$466,271
Amount expensed in current year	$ -
Amount to be expensed in future years	$ -

MOVEMENTS IN EMPLOYEE OPTIONS

Option movements as held by Zimi Ltd., are as follows:

	2021		2020	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	13,531,800	$ 0.075	13,531,800	$ 0.075
Expired during the year	(13,531,800)	$ (0.075)	-	-
Outstanding at the end of the year	-	$ -	13,531,800	$ 0.075
Exercisable at the end of the year	-		13,531,800	

EMPLOYEE OPTIONS EXERCISED DURING THE YEAR

No employee options were exercised during the year.

II. LISTED OPTIONS – AUG-19

During the prior year, Zimi completed a capital raising for $2.5 million. One free attaching option was issued for each share as part of the capital raising.

Certain advisor fees were paid through issuing shares and attaching options with the same terms as the capital raising, amounting to 68,449,866 options.

The options were issued at a fair value of $0.0021 each with an exercise price of $0.010 each. These listed options will expire on 13 August 2021. The options have no vesting conditions attached.

VALUATION OF LISTED OPTIONS – AUG-19

Exercise price	$0.010
Expiry date	13-Aug-21
Risk-free rate	0.73%
Volatility	110%
Value per option	$0.0021
Number of options	68,449,866
Total value of options	$141,074
Amount expensed in prior years	$141,074
Amount expensed in current year	$ -
Amount to be expensed in future years	$ -

MOVEMENT IN LISTED OPTIONS – AUG-19

Option movements as held by Zimi Ltd., are as follows:

	2021		2020	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	**68,449,866**	**$ 0.010**	**-**	**$ -**
Issued during year	-	$ -	68,449,866	$ 0.010
Consolidated during the year	(62,973,877)	-	-	-
Outstanding at the end of the year	**5,475,989**	**$ 0.125**	**68,449,866**	**$ 0.010**
Exercisable at the end of the year	5,475,989		68,449,866	

LISTED OPTIONS – AUG-19 EXERCISED DURING THE YEAR

No listed options were exercised during the year.

III. LISTED OPTIONS – FEB-20

During the prior year, Zimi completed a second capital raising for $1.492 million. One free attaching option was issued for each share as part of the capital raising.
Certain advisor fees were paid through issuing shares and attaching options with the same terms as the capital raising, amounting to 15 million options.

The options were issued at a fair value of $0.0008 each with an exercise price of $0.008 each. These listed options expire on 26 February 2022. The options have no vesting conditions attached.

VALUATION OF LISTED OPTIONS – FEB-20

Exercise price	$0.008
Expiry date	26-Feb-22
Risk-free rate	0.64%
Volatility	110%
Value per option	$0.0008
Number of options	15,000,000
Total value of options	$11,670
Amount expensed in prior years	$11,670
Amount expensed in current year	$ -
Amount to be expensed in future years	$ -

MOVEMENT IN LISTED OPTIONS – FEB-20

Option movements as held by Zimi Ltd., are as follows:

	2021		2020	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	**15,000,000**	**$ 0.008**	-	$ -
Issued during year	-	$ -	15,000,000	$ 0.008
Consolidated during the year	(13,800,000)	-	-	-
Outstanding at the end of the year	**1,200,000**	**$ 0.100**	**15,000,000**	**$ 0.008**
Exercisable at the end of the year	1,200,000		15,000,000	

LISTED OPTIONS – FEB-20 EXERCISED DURING THE YEAR

No listed options were exercised during the year.

IV. LEAD MANAGER OPTIONS

The Group granted 25,000,000 Lead Manager options to PAC Partners during the year ended 30 June 2021. The options were granted as part of the placement, which occurred in December 2020. All options were granted as part of the fees for corporate advisory services relating to the capital raising.

The options granted to the advisor to cover capital raising costs must be valued and recognised as a cost to equity, and are not treated as a share based payment.

VALUATION OF LEAD MANAGER OPTIONS

Exercise price	$0.0001
Expiry date	30-Nov-23
Risk-free rate	0.12%
Volatility	110%
Value per option	$0.0199
Number of options	25,000,000
Total value of options	$497,545
Amount recognised as capital raising cost in prior periods	$ -
Amount recognised in current period	$497,545
Amount to be recognised in future periods	$ -

MOVEMENTS IN LEAD MANAGER OPTIONS

Option movements as held by Zimi Ltd., are as follows:

	2021	
	Number	WAEP
Outstanding at the beginning of the year	-	$ -
Issued during the year	25,000,000	$ 0.020
Outstanding at the end of the year	**25,000,000**	**$ 0.020**
Exercisable at the end of the year	25,000,000	

LEAD MANAGER OPTIONS EXERCISED DURING THE PERIOD

No Lead Manager options were exercised during the period.

PERFORMANCE SHARES & RIGHTS AWARDS

Grant	Balance at start of the year	Number Exercised	Forfeited / Lapsed	Consolidation[1]	Rights issued during the year[2]	Balance at end of year	Vesting date
FY2020							
Performance rights	4,166,666	-	(4,166,666)	-	-	-	30 Nov 2016
Performance shares	90,000,000	-	(30,000,000)	-	-	60,000,000	30 Jun 2018
Director Performance shares	80,000,000	-	-	-	-	80,000,000	30 Nov 2023
Employee Performance rights	18,000,000	-	-	-	-	18,000,000	30 Nov 2023
Total	**192,166,666**	-	**(34,166,666)**	-	-	**158,000,000**	
FY2021							
Performance shares	60,000,000	-	(30,000,000)	(27,599,992)	-	2,400,008	30 Jun 2018
Director Performance shares	80,000,000	-	-	(73,600,000)	-	6,400,000	30 Nov 2023
Employee Performance rights	18,000,000	-	-	(16,560,000)	-	1,440,000	30 Nov 2023
Vendor Performance rights[3]	-	-	-	-	110,000,000	110,000,000	11 Dec 2021
Total	**158,000,000**	-	**(30,000,000)**	**(117,759,992)**	**110,000,000**	**120,240,008**	

1. On 11 December 2020, the Company consolidated its issued share capital on the basis of every 25 shares on issue was consolidated to 2 shares.
2. All awards are issued at a zero exercise price.
3. Vendor Performance rights relate to the performance rights issued to Gerard Private Holdings (Finance) Pty Ltd as part of the acquisition of GSM Innovations Pty Ltd. Refer Note 27 for further information.

Refer below for further information on each award.

I. PERFORMANCE SHARES

As part of the acquisition consideration for the acquisition of Quantify Technology Limited, WHL Limited issued four (4) tranches totalling 120,000,000 Performance Shares in recompliance capital.

Performance Shares criteria

Performance Shares were provided to KMP as part of the merger implementation, as follows.
The vesting conditions of the Performance Shares are as follows:

No. granted	Grant date	Probability of vesting	Vesting conditions
30,000,000	3 Mar 2017	-	Accredited Australian testing of the AC Controller, and receiving $3 million in committed orders within 18 months of the grant date.
30,000,000	3 Mar 2017	-	Accredited Australian testing of the wireless feature card, and receiving $5 million in committed orders within 30 months of the grant date.
30,000,000	3 Mar 2017	-	$10 million in committed orders within 42 months of the grant date.
30,000,000	3 Mar 2017	< 50%	$15 million in committed orders within 54 months of the grant date.

Where the probability of vesting is greater than 50%, it is considered likely to occur. Where the probability is not likely, the value of the performance shares is deemed to be nil.
As the performance shares were used for recompliance capital, and were issued to the vendor, they have been considered as part of the consideration for the reverse acquisition.

During the year, 30 million performance shares lapsed. The remaining 30 million performance shares were consolidated on 11 December 2020 and, as at 30 June 2021, 2,400,000 unvested performance shares remained.

In the prior year, it was determined that, given the decreasing time until expiry, the likelihood of vesting was less than 50% for all remaining performance shares. As such, the original impact of the expense was reversed in FY2020. As the expense was initially part of the merger implementation and therefore a component of the listing expense incurred at the time of the merger, a reversal to the listing expense was applied.
Refer to Note 5 for further information.

The initial cost of the performance shares was part of the consideration paid for the reverse takeover, in FY2017. As such, the expense was recognised as a listing expense. The impact of the prior year reversal of the performance shares resulted in a $1.089 million reversal to the listing expense, which was recognised in the FY2020 P&L – refer Note 5.

II. DIRECTOR PERFORMANCE SHARES

During the prior year, the Company issued 80,000,000 performance shares to Brett Savill, Peter Rossdeutscher and Gary Castledine. In the current year, those performance shares underwent a 25:2 consolidation, reducing the number of performance shares to 6,400,000.

i. Performance Shares criteria

The vesting conditions of the performance shares are as follows:

- Tranche A: will vest immediately upon the Company securing a minimum of $3,900,000 in long-term funding prior to 31 December 2018.
- Tranche B: will vest immediately upon the Group generating $5,000,000 in accumulated revenue between 1 October 2018 and 30 September 2021.
- Tranche C: will vest immediately upon the Group achieving a share price of at least $0.03 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 during which the Group's shares have actually traded.

ii. Performance Shares valuation assumptions

The Director performance valuation assumptions relating to the grant of performance shares are detailed below:

	Assumptions		
	Tranche A	Tranche B	Tranche C
VALUATION ASSUMPTIONS:			
Discount rate	2.26% p.a.	2.26% p.a.	2.26% p.a.
Share price volatility	110% p.a.	110% p.a.	110% p.a.
Grant date	30-Nov-18	30-Nov-18	30-Nov-18
Performance period (years)	0.1	3.0	5
FV AT GRANT DATE:			
Fair value per performance shares	$0.008	$0.008	$0.007
Share price at grant date	$0.008	$0.008	$0.008
Director Performance Shares	1,200,000	1,200,000	2,400,000
Number of vested shares	1,200,000	-	-
Number of unvested shares	-	1,200,000	2,400,000

iii. Measurement Period

Tranche A has a 1 month measurement period, Tranche B has a 3 year measurement period and Tranche C has a 5 year measurement period.

iv. Share-based Expense

Share-based payments expense relating to Director performance shares were $87,695, for the year ended 30 June 2021 (FY2020: $112,702). The performance shares underwent a security consolidation on 11 December 2020 and, as at 30 June 2020, 4,800,000 unvested performance shares remained.

III. EMPLOYEE PERFORMANCE RIGHTS

During the prior year, the Company issued 18,000,000 performance rights to employees under the Performance Rights Plan. In the current year, those performance shares underwent a 25:2 consolidation, reducing the number of performance shares to 1,440,000

i. Employee Performance Rights criteria

The vesting conditions of the performance rights are as follows:

- Tranche A: will vest immediately upon the Group generating $5,000,000 in accumulated revenue between 1 October 2018 and 30 September 2021.
- Tranche B: will vest immediately upon the Group achieving a share price of at least $0.03 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 during which the Group's shares have actually traded.

ii. Employee Performance Rights valuation assumptions

The Employee performance valuation assumptions relating to the grant of performance rights are detailed below:

	Assumptions	
	Tranche A	Tranche B
VALUATION ASSUMPTIONS:		
Discount rate	1.71% p.a.	1.71% p.a.
Share price volatility	110% p.a.	110% p.a.
Grant date	28-Feb-19	28-Feb-19
Performance period (years)	3.0	4.8
FV AT GRANT DATE:		
Fair value per performance right	$0.007	$0.005
Share price at grant date	$0.007	$0.007

iii. Measurement Period

Tranche A has a 3 year measurement period and Tranche B has a 5 year measurement period.

iv. Share-based Expense

Share-based payments expense relating to share rights were $61,300, for the year ended 30 June 2021 (FY2020: $33,785).

SHARE-BASED PAYMENT EXPENSES

The expense recognised for share-based payments during the year is shown in the table below:

		2021		2020
Employee options	$	33,383	$	120,099
Director Performance shares		(19,781)		(112,702)
Performance rights		(48,822)		(177,285)
Advisor share based payments		(50,000)		(60,000)
Share rights		-		(2,057)
Director bonus shares		-		(60,000)
Total	$	(85,220)	$	(291,945)

NOTE 27. BUSINESS COMBINATION

On 11 December 2020, the Company acquired 100% of the voting shares of GSM Innovations Pty Ltd ("GSM-I"), an unlisted company based in Queensland, Australia. GSM-I produces a range of connected devices that can be installed by any electrician with the ability for end-users to setup and configure the devices as desired.

The Group has acquired GSM-I because its product range includes controllers for lights, fans, appliances, switches, garage doors and more. The technology is scalable for partial to complete home solutions and can accommodate a variety of budgets. The product range is suitable for both new and existing homes. The acquisition has been accounted for using the acquisiiton method.

The consolidated financial statements include the the results of GSM-I for the seven month period from the acquisition date.

I. Recognition and measurement

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

II. Assets acquired and liabilities assumed:

The fair values of the identifiable assets and liabilities of GSM-I as at the date of acquisition were:

	Note		2021
- Inventory		$	11,924
- Property, plant & equipment	19		286,329
- Capitalised development costs	20		5,161,426
- Sales channel - analysis	20		2,908,770
- Trade and other payables			(170,670)
- Deferred tax liability			(1,197,779)
Fair value of net assets acquired		$	7,000,000

The deferred tax liability mainly comprises the tax effect of the uplift in fair value of the capitalised intangible assets.

III. Purchase consideration to acquire business:

- Shares issued	$	4,800,000
- Performance rights issued		2,200,000
Total consideration	$	7,000,000

The Company issued 240 million ordinary shares and 110 million performance rights ("Vendor Performance Rights") as consideration for the 100% interest in GSM Innovations Pty Ltd.
The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was $0.02 per share. The fair value of the consideration given in shares was therefore $4.8 million.

The Group incurred acquisition costs of $398,000, which are included in administration and other expenses, and recognised against equity as a cost of capital, for those costs which were incurred in conjunction with the capital raising.

Refer below for valuation of the Vendor Performance Rights.

IV. VENDOR PERFORMANCE RIGHTS

As part of the acquisition consideration for the acquisition of GSM Innovations Pty Ltd, Quantify issued two (2) tranches totalling 110,000,000 Vendor Performance Rights.

VENDOR PERFORMANCE RIGHTS CRITERIA

The vesting conditions of the Vendor Performance Rights are as follows:

No. granted	Grant date	Vesting conditions
55,000,000	11 Dec 2020	Upon the Company designing and manufacturing glass fronted dimmable light switch, GPO or power point, and blind controller; each of which must be controlled by the GSMI-Zimi cloud platform and be available for sale, within 12 months of the Acquisition completing;
55,000,000	11 Dec 2020	Upon sales of 30,000 Zimi-controlled / Powermesh units or $3,000,000 in Sales Revenue derived from Zimi-controlled / Powermesh units (whichever occurs first) within 12 months of the Acquisition completing

The performance rights have been included as part of the consideration for the acquisition, as the Directors consider it highly likely that they will vest.

NOTE 28. PARENT ENTITY

Information relating to Zimi Limited, the Parent entity, is detailed below:

	2021	2020
FINANCIAL POSITION		
Assets		
Current	$ 1,149,665	$ 838,266
Total assets	$ 1,149,665	$ 838,266
Liabilities		
Current	$ (497,102)	$ (570,872)
Total liabilities	$ (497,102)	$ (570,872)
Net Assets	$ 652,563	$ 267,394
Equity		
Contributed equity	$ (89,894,928)	$ (86,586,103)
Employee benefits reserve	(7,067,562)	(6,534,797)
Retained earnings	96,309,927	92,853,506
Total Equity	$ (652,563)	$ (267,394)
FINANCIAL PERFORMANCE		
Net Loss after tax	$ (3,456,422)	$ (3,167,724)
Total Comprehensive Loss	(3,456,422)	(3,167,724)

The financial information for the parent entity, Zimi Limited, has been prepared on the same basis as the consolidated financial statements.

DIRECTORS' DECLARATION

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

- The accompanying financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
  - Giving a true and fair view of the Group's financial position at 30 June 2021 and of its performance for the year ended on that date; and
  - Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.
- The financial statements and notes thereto are in accordance with International Financial Reporting Standards as disclosed in Note 2.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

This declaration is signed in accordance with a resolution of the board of Directors.

Brett Savill
On behalf of the Board.
31 August 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Zimi Limited (formerly Quantify Technology Holdings Ltd)

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 2021, 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 2021 and of its financial performance for the year then ended; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Acquisition of GSM Innovations Pty Ltd Refer to Note 27	
During the year, the Group acquired 100% of the issued capital of GSM Innovations Pty Ltd for consideration of 240,000,000 fully paid ordinary shares in Zimi and 110,000,000 Performance Rights in two equal tranches based on specific hurdles. The acquisition has been accounted for in accordance with AASB 3 *Business Combinations*. We focused on this area as a key audit matter as accounting for this transaction is a complex and judgemental exercise. Management is required to determine the fair value of the assets acquired and liabilities assumed, in particular in determining the allocation of purchase consideration and separately identifiable intangible assets.	Our procedures included, but were not limited to the following: - We read the share sale agreement to understand the key terms and conditions; - We considered whether the company acquired constituted a business under AASB 3; - We assessed the valuation of the performance rights consideration; - We obtained audit evidence that the acquisition-date assets and liabilities of the business were fairly stated and appropriately valued at the date of acquisition; - We assessed the recognition of the identified intangible assets AASB 138; and - We assessed the appropriateness of the disclosures included in the relevant notes to the financial report in relation to the acquisition.

Information other than the financial report and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

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

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 August 2021

Giallonardo.

L Di Giallonardo
Partner

SHAREHOLDER INFORMATION

The following information was extracted from the Company's register at 24 August 2021.

TOP 20 SHAREHOLDERS

Position	Holder Name	Holding	% IC
1	GERARD PRIVATE HOLDINGS (FINANCE) PTY LTD	236,250,000	39.33%
2	NATIONAL NOMINEES LIMITED	50,000,001	8.32%
3	MANROB INVESTMENTS PTY LTD	12,500,000	2.08%
4	MR LIGANG ZHU	12,139,000	2.02%
5	BIG AL INVESTMENTS PTY LIMITED	11,336,770	1.89%
6	CITICORP NOMINEES PTY LIMITED	9,755,084	1.62%
7	T & N ARGYRIDES INVESTMENTS PTY LTD	8,124,927	1.35%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,392,362	1.23%
9	THE REALLY USEFUL IDEAS COMPANY PTY LTD	6,500,000	1.08%
10	MS PHAROTH SAN &MR KADEN SAN<PKSAN SUPERFUND A/C>	4,349,623	0.72%
11	EVELYN FAMILY BENEFICIARY PTY LTD<KAB A/C>	4,000,000	0.67%
12	DOUBLE OR NOTHING INVESTMENTS PTY LTD <DOUBLE OR NOTHING SF A/C>	3,333,332	0.55%
13	KYRIACO BARBER PTY LTD	3,244,984	0.54%
14	MR ALLAN JOHN HEBERT & MRS PRUE NATALIE HEBERT <HEBERT FAMILY SUPERFUND A/C>	3,000,000	0.50%
14	AJAVA HOLDINGS PTY LTD	3,000,000	0.50%
15	E EQUITIES PTY LTD	2,800,000	0.47%
16	MR KINGSLEY BRYAN BARTHOLOMEW	2,500,000	0.42%
17	PUTNEY BRIDGE INVESTMENTS PTY LTD<CHRIS & JULIA TITLEY S/F A/C>	2,200,000	0.37%
18	MRS KATRINA ALLYSON SILVERLOCK &MR KARL SILVERLOCK<SILVERLOCK	2,199,627	0.37%
19	MISS WEIWEI SHEN	2,183,018	0.36%
20	JANE ELIZABETH MARY SAVILL<SAVILL FAMILY A/C>	2,026,989	0.34%
	Total	388,835,717	64.73%
	Total issued capital - selected security class(es)	600,685,535	100.00%

VOTING RIGHTS

All ordinary shares issued by Zimi Ltd carry one vote per share without restriction.

DISTRIBUTION OF SHARES

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	2,590	188,498	0.03%
1,001 - 5,000	334	914,282	0.15%
5,001 - 10,000	205	1,555,034	0.26%
10,001 - 100,000	982	39,419,856	6.56%
100,001 - 9,999,999,999	429	558,607,865	93.00%
Totals	4,540	600,685,535	100.00%

CORPORATE GOVERNANCE STATEMENT

The Company has elected to post its Corporate Governance Statement on its website in accordance with ASX Listing Rule 4.10.3. The Corporate Governance Statement can be found at the following URL: https://corporate.zimi.life/investors/corporate-governance-directory/