



September 2021 Quarterly Update

ASX RELEASE

27 October 2021

HIGHLIGHTS

- First purchase order for the new Senoa range – 5,000 devices to GSM Electrical
- \$300,000+ device order from new integration partner, Polyaire
- Commencement of order fulfillment and revenue recognised
- Successful placement to new and existing sophisticated and institutional investors: Tranche 1 settled before the quarter end with Tranche 2 settling afterwards. Both improve the cash balance and lengthen the growth runway.

Zimi Limited (ASX:ZMM) (“Zimi”, the “Company”), a unique and disruptive player in the multi-billion-dollar electrical IoT market, is pleased to provide its quarterly update for the period ending 30 September 2021.

Zimi CEO Brett Savill commented: *“This has been an important quarter for the company. We have begun delivering on our major orders notwithstanding COVID. We have signed up the first integration partner in Polyaire, one of the country's leading air conditioning suppliers. Finally, a very successful capital raise gives us the funding to accelerate our growth strategy.”*





Operational Update

At 30 September 2021, the Company is delivering the 30,000 device orders representing sales in excess of \$1.7m for the calendar year. The customers who have placed these orders are Beacon Lighting Group ("Beacon Lighting") (ASX:BLX), GSM Electrical ("Trader"), Steel-Line Garage Doors ("Steel-Line") and Polyaire.

The Company received customer receipts in excess of \$0.48M relating to these sales and expects to recognise the majority of revenue in the first half of financial year ending 30 June 2022, in line with the delivery of the devices.

There are now over 10,000 devices paired on the Zimi cloud and the rate of pairing will increase as new products and distributors are added.

GSM Electrical and Senoa Order

During the quarter, the Company commenced delivering devices to Trader, with the remaining purchase orders expected to be fulfilled in the next quarter.

As announced on 6 August 2021, Trader placed the first purchase order for 5,000 devices of the new Senoa range. The Company expects to deliver around 1,000 Senoa devices by December 2021.

Senoa is a premium glass-fronted range of multi-purpose switches, general power outlets, dimmers and blind controllers ideally suited to new build apartments and modern living. Senoa works with the Zimi app and complements the existing Powermesh range. Senoa will be sold through Trader to electrical wholesales, by Harvey Norman Commercial Division and Beacon Lighting.

Polyaire

As announced on 11 August 2021, the Company received a purchase order from Polyaire for the delivery of 5,000 devices worth over \$300,000. Polyaire will begin its formal launch of the integrated devices in October 2021, and the Company expects to deliver the devices by December 2021.

Polyaire is a leading wholesaler and manufacturer of quality equipment for HVAC (heating, ventilation, and air conditioning) systems and fittings in Australia.

Polyaire has enhanced its Airtouch smart air conditioning system so all Polyaire customers can use this system to control Zimi devices. The Zimi-Airtouch integration expands the available ecosystem with Polyaire being the first distributor to integrate. The Company anticipates further integration collaborations moving forward.





Beacon Lighting

During the quarter, the Company commenced delivering devices to Beacon Lighting, with the remaining purchase orders expected to be fulfilled in the next quarter.

Beacon Lighting featured the Powermesh devices on Nine Entertainment's popular renovation show, The Block. As announced on 1 July 2021, the Company has agreed to a co-marketing campaign ("the Campaign") with Beacon Lighting worth \$100,000 in total. The Campaign includes specific content around the Block, social media and influencer marketing, as well as in-store promotion and events. Due to COVID-19 lockdowns, the marketing campaign will commence in the second quarter of financial year ending 30 June 2022, and is scheduled to run until July 2022.

Movement in Securities

On 27 August 2021, the Company issued 150,796,384 fully paid ordinary shares to new and existing sophisticated and institutional investors. These shares were issued under Tranche 1 of the placement as announced on 20 August 2021 and raised \$2.26 million which will be used to continue to accelerate the Company's growth. Tranche 2 of the placement which raised \$1.5 million was finalised subsequent to the quarter. The majority of cash proceeds were received in September 2021 quarter, with a further \$0.66 million received in October 2021. This further improves the cash balance and growth runway.

In addition, on 13 August 2021, 43,619,827 listed options expired.

Appendix 4C – Quarterly cash flow report

During the quarter:

- \$531,000 in customer receipts were received, in relation to payments on sales orders (inclusive of GST);
- \$698,000 in receipts from R&D tax incentives;
- Payments for research and development of \$416,000 representing further development work on new products and enhancements, and salary allocations of Zimi team members who are 100% focused on R&D activities;
- Product manufacturing costs of \$147,000 which includes the securing of chips and electronic components during global shortages, and the continuation of production to fulfill existing orders;
- Payments for staff costs represent salaries for administration, sales and general management activities;
- Payments for administration and corporate costs represent general costs associated with running the Company, including ASX fees, audit and legal fees, rent, advertising etc; and
- The aggregate amount of payments to related parties and their associates included in the current quarter cash flows from operating activities were \$220,000, comprised of \$154,000 in Directors fees, salaries and superannuation, and \$66,000 in payments to related parties for research and development, and product manufacturing and operating costs.





The September 2021 quarter has seen continued demand for the Company's products.

Cash and cash equivalents as at 30 September 2021 were \$3,767,000. Refer to the attached Appendix 4C for further details on cash flows for the quarter.

This release has been approved by the Board.

- End -

Further information:

Brett Savill

E: Brett@zimi.life | P: +61 433 932 020

About Zimi

Zimi connects everyday electrical products to the internet and each other to create smarter living and working spaces.

Zimi Ltd	Registered Address	Registered Postal Address
14 Millennium Circuit	Bellatrix Corporate Pty Ltd	PO Box 7351 Karawara
Helensvale QLD 4212	2A/300 Fitzgerald Street	WA 6152



Appendix 4C

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

Name of entity

ZIMI LIMITED

ABN

25 113 326 524

Quarter ended ("current quarter")

30 SEPTEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	531	531
1.2 Payments for		
(a) research and development	(416)	(416)
(b) product manufacturing and operating costs	(147)	(147)
(c) advertising and marketing	(42)	(42)
(d) leased assets	(73)	(73)
(e) staff costs	(193)	(193)
(f) administration and corporate costs	(266)	(266)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	698	698
1.8 Other (provide details if material)	(167)	(167)
1.9 Net cash from / (used in) operating activities	(75)	(75)

Note: Cash outflows of \$167,000 disclosed in 1.8 Other above relates to the settlement of credit notes to a customer relating to a prior financial year.

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(53)	(53)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) investments	-	-
	(e) intellectual property	(3)	(3)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(56)	(56)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,797	2,797
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(119)	(119)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,678	2,678

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,220	1,220
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(75)	(75)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(56)	(56)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,678	2,678
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,767	3,767

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,767	1,220
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,767	1,220

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	220
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,000	151
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,000	151
7.5	Unused financing facilities available at quarter end		849
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>Currently undrawn:</p> <p>Unsecured working capital facility with Octet providing funding against sales. The interest rate is variable depending on how long the funds are drawn down for, and is circa. 2.2% monthly on drawn funds only. Funds are repaid by the customer at final due date.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(75)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,767
8.3	Unused finance facilities available at quarter end (item 7.5)	849
8.4	Total available funding (item 8.2 + item 8.3)	4,616
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	61.5
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date: 27 October 2021

Authorised by: By the Board

Notes

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