



**Zimi Limited**  
1/14 Millennium Circuit,  
Helensvale QLD 4212 Australia.

**ASX : ZMM**  
**ABN : 25 113 326 524**  
**[www.zimi.life](http://www.zimi.life)**

**Registered Office Address**  
Level 1, 2A/300 Fitzgerald Street  
North Perth WA 6006 Australia.

ASX RELEASE

9 October 2023

## Notice of Annual General Meeting

Zimi Limited (**ASX:ZMM**) ("Zimi", or the "Company"), an innovative Australian IoT company, enhancing connectivity of electrical devices from homes to high-rises, confirms release of its Notice of Annual General Meeting (**Notice**) to shareholders.

The Annual General Meeting will be held at 1:00pm (AWST) on Tuesday, 28 November 2023 at Level 1, 2A / 300 Fitzgerald Street, North Perth, Western Australia and virtually through Microsoft Teams.

A copy of the Notice is attached to this announcement.

- Ends -

This release has been approved by the Board.

### Further information:

Jordan Tentori | CEO | email: [jordan@zimi.life](mailto:jordan@zimi.life)  
phone: +61 412 589 952

### About Zimi

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

Through its long-standing working relationship with the Gerard Family, which founded Clipsal under Gerard Industries, Zimi has a strong heritage in the electrical industry.

Zimi's current product range is comprised of the Powermesh and Senoa lines, which include multi-purpose switches, light dimmers, power points, fan controllers and garage door controllers. These products can be installed by any electrician and are easily controllable by end-users via Zimi's home automation app.

Zimi is targeting a multi-billion opportunity in the Australian market through multiple leading wholesale, commercial and retail/trade sales channels such as Trader, Harvey Norman, Steel-Line, Beacon Lighting and Polyaire.

In the future, Zimi plans to expand its product line to adjacent sectors while also continuing to optimise its existing product suite. The company is also pursuing opportunities for offshore expansion via partnerships with leading global manufacturers of electrical home and commercial building appliances.

To learn more, please visit: [www.zimi.life](http://www.zimi.life)



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Level 1, 2A/300 Fitzgerald Street  
North Perth WA 6006 Australia.

Dear Shareholder,

## **ZIMI LIMITED – ANNUAL GENERAL MEETING**

Zimi Limited (**Company**) advises that its annual general meeting of shareholders (**Meeting**) will be held at 1.00pm (AWST) on Tuesday, 28 November 2023 at Level 1, 2A / 300 Fitzgerald Street, North Perth, Western Australia and virtually through Microsoft Teams.

The Company will not be dispatching physical copies of the notice of Meeting, unless a member has elected to receive a physical notice of Meeting. A copy of the Meeting materials can be viewed and downloaded online as follows:

- You can access the Meeting materials online at the Company's website: <https://zimi.life/>.
- A complete copy of the Meeting materials has been posted to the Company's ASX Market announcements page at [www.asx.com.au](http://www.asx.com.au) under the Company's ASX code "ZMM."
- If you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting materials and the voting instruction form.

Your personalised proxy form accompanies this letter. To vote by proxy, please complete and submit your proxy form by one of the following methods:

By email: [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)  
By post: Automic, GPO Box 5193, Sydney NSW 2001  
By hand: Automic, Level 5, 126 Philip Street, Sydney NSW 2000  
By fax: (02) 8583 3040 (within Australia)  
+61 2 8583 3040 (outside Australia)

Your completed proxy form must be received not later than 48 hours before the commencement of the Meeting, being **1.00pm (AWST) on Sunday, 26 November 2023**. Proxy forms received later than this time will be invalid.

The Company intends to hold a hybrid meeting. Details of how to attend the Meeting virtually are included in the notice of Meeting. The Company will notify any changes to this by way of announcement on ASX and the details will also be made available on our website.

The Meeting materials are important and should be read in their entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant, or other professional adviser.

Yours faithfully

Catherine Grant-Edwards  
Company Secretary



**Zimi Limited**  
ACN 113 326 524

**Notice of Annual General Meeting,  
Explanatory Statement and Proxy Form**

**Annual General Meeting to be held at 1.00pm (WST) on Tuesday, 28  
November 2023 as a hybrid meeting at**

**Bellatrix Corporate  
Level 1, 2A / 300 Fitzgerald Street  
North Perth, WA, 6006**

***and***

**Virtually through Microsoft Teams.**

Shareholders who wish to attend the Meeting virtually must first register their attendance with the Company by no later than **1:00pm (WST) on 27 November 2023**, the day prior to the Meeting, by email to the Company Secretary at [cath@bellatrixcorp.com.au](mailto:cath@bellatrixcorp.com.au), including the Shareholder's name, address and HIN or SRN. The Company will then email the Shareholder the details to attend the virtual Meeting via Microsoft Teams. Shareholders may logon and ask questions through an online platform, but online voting facilities will not be provided through the platform.

**Important Notice**

The Notice of Annual General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

## Important Information

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### Important dates

An indicative timetable of key proposed dates is set out below. These dates are indicative only and are subject to change.

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	1.00pm (WST) on Sunday, 26 November 2023
Snapshot date for eligibility to vote	4.00pm (WST) on Friday, 24 November 2023
Annual General Meeting	1:00pm (WST) on Tuesday, 28 November 2023

### Voting

In compliance with ASX guidelines, each Resolution will be decided by poll, based on proxy votes and by votes from Shareholders in attendance at the Annual General Meeting. Shareholders are strongly encouraged to vote by lodging the proxy form attached to this Notice of Annual General Meeting in accordance with the instructions set out on that form by no later than 1.00pm WST on Sunday, 26 November 2023.

### Defined terms

Capitalised terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary set out in the Explanatory Statement.

# Notice of Annual General Meeting

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Notice is hereby given that the Annual General Meeting of Zimi Limited ACN 113 326 524 (**Company**) will be held at **Bellatrix Corporate, Level 1, 2A / 300 Fitzgerald Street, North Perth, WA, 6006, and virtually through Microsoft Teams, on Tuesday, 28 November 2023 at 1.00pm (WST)** for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

The Explanatory Statement that accompanies and forms part of this Notice describes the various matters to be considered.

## AGENDA

### Financial Statements and Reports

To receive and consider the Financial Statements, Directors' Report, and Auditor's Report of the Company for the financial year ended 30 June 2023.

### Resolution 1: Adoption of the Remuneration Report

To consider and, if thought fit to pass, with or without amendment, the following resolution as a **non-binding advisory resolution**:

*"That the Remuneration Report contained in the Directors' Report for the year ended 30 June 2023 be adopted by the Company."*

**Notes:** In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

### Resolution 2: Re-election of Director – Simon Gerard

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 14.4 and article 58.1 of the Constitution and for all other purposes, Mr Simon Gerard retires by rotation in accordance with article 58.3 of the Company's Constitution and being eligible offers himself for election, is re-elected as a Director."*

### Resolution 3: Ratification of Prior Issue of Shares to Propagation for services

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 592,958 Shares issued to Propagation Systems Limited for services to the Company, on the terms and conditions set out in the Explanatory Statement."*

### Resolution 4: Approval to issue Shares to Propagation for services

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 1,753,806 Shares to Propagation Systems Limited for services to the Company, on the terms and conditions set out in the Explanatory Statement."*

## **Resolution 5: Ratification of Prior Issue of Lead Manager Options – RM Corporate**

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,000,000 Lead Manager Options issued to RM Corporate Finance Pty Ltd on 9 June 2023, on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 6: Approval to issue Director Fee Shares to a related party – Simon Gerard**

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue by the Company of 1,343,750 Director Fee Shares at a deemed issue price of \$0.04 each to Simon Gerard or his nominee, a Director of the Company, in lieu of cash as satisfaction of non-executive director fees for services to the Company covering the period of 1 August 2023 to 31 July 2024 to the value of \$53,750, in the manner and on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 7: Approval to issue Director Fee Shares to a related party – Simon Beissel**

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue by the Company of 1,343,750 Director Fee Shares at a deemed issue price of \$0.04 each to Simon Beissel or his nominee, a Director of the Company, in lieu of cash as satisfaction of non-executive director fees for services to the Company covering the period of 1 August 2023 to 31 July 2024 to the value of \$53,750, in the manner and on the terms and conditions set out in the Explanatory Statement.”*

## **Resolution 8: Approval of Additional 10% Placement Facility**

To consider and, if thought fit to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, and otherwise on the terms and conditions in the Explanatory Statement.”*

**Note:** Resolution 8 is a **special resolution**. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

**By order of the Board**



**Catherine Grant-Edwards**  
Company Secretary

5 October 2023

## Voting Prohibitions and Exclusion Statements

### Corporations Act Voting Prohibitions

Resolution	Voting prohibition	Exception
Resolution 1	<p>In accordance with sections 250BD and 250R(4) of the Corporations Act, a vote on the Resolution must not be cast by:</p> <ul style="list-style-type: none"> <li>a member of Key Management Personnel the details of whose remuneration is included in the Remuneration Report or their Closely Related Parties, regardless of the capacity in which the vote is cast; or</li> <li>by a proxy for a member of Key Management Personnel at the date of the Meeting or their Closely Related Parties.</li> </ul>	<p>The prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>the vote is cast in accordance with the directions on how the proxy is to vote, as specified in the proxy appointment; or</li> <li>the appointment expressly authorises the Meeting Chair to exercise the proxy even though the Resolution is connection directly or indirectly with remuneration of a member of the Key Management Personnel.</li> </ul>

### Listing Rule voting exclusions

Resolution	Excluded parties	Exception
Resolution 3	<p>For the purposes of Listing Rules 7.5.8 and 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved, or an 'associate' (as defined in the Listing Rules) of such persons.</p> <p>In relation to Resolution 3, this includes Propagation.</p>	<p>The Company need not disregard a vote cast in favour of the Resolution if it is cast by:</p> <ul style="list-style-type: none"> <li>a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;</li> <li>the Meeting Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Meeting Chair on the Resolution as the Meeting Chair decides; or</li> <li>a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:</li> </ul>
Resolution 4	<p>For the purposes of Listing Rules 7.3.9 and 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares, or an 'associate' (as defined in the Listing Rules) of such persons.</p> <p>In relation to Resolution 4, this includes Propagation.</p>	
Resolution 5	<p>For the purposes of Listing Rules 7.5.8 and 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved, or an 'associate' (as defined in the Listing Rules)</p>	

	<p>of such persons.</p> <p>In relation to Resolution 5, this includes RM Corporate.</p>	<ul style="list-style-type: none"><li>○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an 'associate' (as defined in the Listing Rules) of a person excluded from voting, on the Resolution; and</li><li>○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li></ul>
Resolutions 6 and 7	<p>For the purposes of Listing Rules 10.13.10 and 14.11, the Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares) or an 'associate' (as defined in the Listing Rules) of such person.</p> <p>In relation to Resolution 6, this includes Simon Gerard.</p> <p>In relation to Resolution 7, this includes Simon Beissel.</p>	
Resolution 8	<p>At the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2. Accordingly, a voting exclusion statement for the purposes of Listing Rules 7.3A.7 and 14.11 does not apply to the Resolution.</p>	



# Proxy Appointment and Voting Instructions

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## Participation

The Meeting will be held as a hybrid meeting. Shareholders may attend:

- and participate (including to vote), in person at Bellatrix Corporate, Level 1, 2A / 300 Fitzgerald Street, North Perth, WA, 6006; or
- virtually through Microsoft Teams.

Shareholders may register to attend the Meeting virtually as follows:

Shareholders who wish to attend the Meeting virtually must first register their attendance with the Company by no later than **1:00pm (WST) on 27 November 2023**, being the day prior to the Meeting, by email to the Company Secretary at [cath@bellatrixcorp.com.au](mailto:cath@bellatrixcorp.com.au), including the Shareholder's name, address and HIN or SRN. The Company will then email the Shareholder the details to attend the virtual Meeting via Microsoft Teams. Shareholders may logon and ask questions through an online platform, but online voting facilities **will not** be provided through the platform. Shareholders are therefore encouraged to appoint a proxy to attend and vote at the Meeting on their behalf.

## Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address below by **1:00pm (WST) on Sunday, 26 November 2023**, being not later than 48 hours before the commencement of the Meeting. A Proxy Form received after that time will not be valid.

*By post:* Automic Group  
GPO Box 5193  
Sydney NSW 2001

*By hand:* Automic Group  
Level 5, 126 Phillip Street  
Sydney NSW 2000

*By email:* [meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

*By fax:* (02) 8583 3040 (within Australia)  
+61 2 8583 3040 (outside Australia)

## Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

If you wish to appoint the Chairperson as your proxy, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairperson, please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairperson will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning the Company Secretary on +61 8 6166 9107.

To appoint a second proxy you must, on each Proxy Form, state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

## Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

## Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

## Votes on Resolutions

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate boxes. If you do not mark any of the boxes next to a Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution, your vote will be invalid.

## Chairperson voting undirected proxies

If the Chairperson is your proxy, the Chairperson will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolutions, then you expressly authorise the Chairperson to vote your undirected proxies at his/her discretion.

As at the date of this Notice of Meeting, the Chairperson intends to vote undirected proxies **FOR** each of the Resolutions. In exceptional cases the Chairperson's intentions may subsequently change and in this event, the Company will make an announcement to the market.

## Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **4.00pm (WST) on Friday, 24 November 2023**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## Questions from Shareholders

Questions for the Board of Directors can be emailed to [cath@bellatrix.com.au](mailto:cath@bellatrix.com.au) and must be received by no later than **1.00pm (WST) on Sunday, 26 November 2023**.

The board of Directors will endeavour to prepare answers to these questions, where necessary they will be moderated and curated to cover business of the meeting.

The Chairperson will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.

HLB Mann Judd, as the Auditor responsible for preparing the Auditor's Report for the year ended 30 June 2023 (or its representative), will attend the Meeting. The Chairperson will allow a reasonable opportunity for the Shareholders as a whole to ask the Auditor questions at the Meeting about:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

To assist the Board and the Auditor of the Company in responding to any questions you may have, please submit any questions you may have to the address below by no later than **5.00pm (WST) on Tuesday, 21 November 2023**.

By mail: Level 4, 130 Stirling Street  
Perth WA 6000

As required under section 250PA of the Corporations Act, at the Meeting, the Company will make available those questions directed to the Auditor received in writing at least five Business Days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the Annual Financial Report for the year ended 30 June 2023. The Chairperson will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

### **Annual Report**

The Company advises that a copy of its Annual Report for the year ended 30 June 2023, is available to download at the website address, <https://zimi.life/investor#asxAnnouncements>.

When you access the Company's Annual Report online, you can view it and print a copy.

Please note that if you have elected to continue to receive a hard copy of the Company's Annual Reports, the Annual Report will accompany this Notice of Meeting or alternatively it will be mailed to you no later than 21 days before the Meeting.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Reports and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Reports, please contact the Company Secretary [cath@bellatrixcorp.com.au](mailto:cath@bellatrixcorp.com.au). We will be pleased to mail you a copy.

# Explanatory Statement

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This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting.

Capitalised terms in this Explanatory Statement are defined in the Glossary or otherwise in the Explanatory Statement.

## 1. Financial Statements and Reports

Shareholders are to receive and consider the Financial Statements, Directors' Report and the Auditor's Report of the Company for the financial year ended 30 June 2023.

Shareholders will be given the opportunity to ask questions of the Board and the Auditors in relation to the Annual Report for the financial year ended 30 June 2023 at the Meeting.

## 2. Resolution 1: Adoption of the Remuneration Report

The Remuneration Report is set out in the Directors' Report in the Company's 2023 Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. In accordance with section 250R (3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

At the Company's previous Annual General Meeting the votes against the Remuneration Report was less than 25% of the votes cast on the Resolution. As such, Shareholders do not need to consider a spill resolution at the Meeting.

A voting prohibition applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairperson and expressly authorises the Chairperson to exercise the proxy. The Chairperson will use any such proxies to vote in favour of Resolution 1.

The Company encourages all Shareholders to cast their votes on Resolution 1.

## 3. Resolution 2: Re-election of Director – Simon Gerard

### 3.1 Background

Resolution 2 seeks Shareholder approval for the re-election of Mr Simon Gerard as a Director of the Company.

In accordance with the Listing Rule 14.4 and clause 58 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election and no Director may serve office for more than 3 years without re-election.

Mr Gerard retires by rotation and, being eligible, offers himself for re-election as a Director.

If Resolution 2 is passed, Mr Gerard will be re-elected as a Director of the Company.

If Resolution 2 is not passed, Mr Gerard will no longer be a Director of the Company. The Board may consider an appointment to fill a casual vacancy pursuant to the Constitution, with ratification at the Company's next annual general meeting.

### **3.2 Qualifications and experience**

Mr Gerard is the Managing Director of the Gerard Private Group, owner of GSM Electrical Pty Ltd (trading as TRADER), Australia's fastest growing brand of electrical wiring accessories and MISTRAL, one of Australia's most recognisable retail brands. Mr Gerard is a fourth generation family member of the well-respected Gerard family, founders of CLIPSAL, and a former CEO of the Gerard Lighting Group. Mr Gerard has extensive global controls experience.

In the 3 years immediately before the end of the last financial year, Mr Gerard did not serve as a director of any other listed company.

Mr Gerard is not considered to be an independent director.

### **3.3 Board recommendation**

The Board (other than Mr Gerard) recommend that Shareholders vote in favour of Resolution 2 to re-elect Mr Gerard as director.

## **4. Resolution 3: Ratification of Prior Issue of Shares to Propagation for services**

### **4.1 Background**

On 10 January 2023, the Company announced that it had issued 592,958 Shares (**Tranche 1 Propagation Shares**) to Propagation Systems Limited (**Propagation**).

The issue of the Tranche 1 Propagation Shares was in partial satisfaction of the Company's obligations under an agreement with Propagation whereby Propagation agreed to provide IoT module and IoT gateway design and development services to the Company (**Design and Development Agreement**).

Under the Design and Development Agreement, Propagation is entitled to receive up to a total of 2,346,764 Shares as consideration for providing the services to the Company.

The Company proposes to issue a further 1,753,806 Shares, subject to receiving Shareholder approval under Resolution 4 of this Notice.

### **4.2 Resolution**

Resolution 3 is an ordinary resolution to ratify and approve the issue of the Tranche 1 Propagation Shares to Propagation, for the purposes of Listing Rule 7.4.

### **4.3 Listing Rule requirements**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12-month period.

The issue of the Tranche 1 Propagation Shares to Propagation does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Tranche 1 Propagation Shares to Propagation.

If Resolution 3 is approved, the Company's issuing capacity under Listing Rule 7.1 will be restored to the extent of the Equity Securities the subject of that Resolution. This will allow the Company to issue further Equity Securities of an equivalent number (i.e. up to 592,958) in the next 12 months. However, if Resolution 3 is not approved, the Company's issuing capacity under Listing Rule 7.1 will not be restored to the extent of the Shares the subject of that Resolution.

#### **4.4 Listing Rule information requirements**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) 592,958 Shares were issued to Propagation Systems Limited;
- (b) the Tranche 1 Propagation Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Tranche 1 Propagation Shares were issued on 10 January 2023;
- (d) the Tranche 1 Propagation Shares were issued at a deemed issue price of \$0.067 per Tranche 1 Propagation Share, in consideration for IoT module and IoT gateway design and development services provided by Propagation. Accordingly, no funds were raised from the issue of the Tranche 1 Propagation Shares;
- (e) the purpose of the issue of the Tranche 1 Propagation Shares was to satisfy the Company's obligations under the Design and Development Agreement;
- (f) the material terms of the Design and Development Agreement are:
  - (i) the Company engaged Propagation to provide design and development services in relation to the Company's IoT module and IoT gateway in accordance with a project brief provided to Propagation by the Company;
  - (ii) the Company may, at its discretion, pay part of an instalment of the US\$220,000 'design and development fee' (subject to Propagation satisfying the relevant milestone) by way of Shares, at an issue price equal to the 20-day VWAP of Shares prior to the date the instalment amount is due for payment;
  - (iii) if the Company elects to partially pay an instalment by way of Shares, it must pay the remainder of the instalment to Propagation in cash; and
  - (iv) subject to certain limits, the Company must also pay Propagation a manufacturing management fee of US\$1.00 per IoT module manufactured and US\$2.00 per IoT gateway manufactured, during the specified 'Manufacturing Fee Period'; and

(g) a voting exclusion statement for Resolution 3 is included in the Notice.

#### **4.5 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3 so that the Company's 15% issuing capacity under Listing Rule 7.1 is restored. This will give the Company the flexibility to raise additional working capital through the offer and issue of Equity Securities.

### **5. Resolution 4: Approval to issue Shares to Propagation for services**

#### **5.1 Background**

As set out above at Section 4.1, the Company and Propagation entered into the Design and Development Agreement whereby Propagation would provide IoT module and IoT gateway design and development services.

Under the Design and Development Agreement, Propagation is entitled to receive up to a total of 2,346,764 Shares as consideration for providing the services to the Company.

On 10 January 2023, the Company issued 592,958 Shares to Propagation as partial satisfaction of its obligation to issue the Propagation Shares under the Design and Development Agreement, using its Listing Rule 7.1 issuing capacity. The Company now seeks Shareholder approval to issue up to the remaining 1,753,806 Propagation Shares (**Tranche 2 Propagation Shares**) under the Design and Development Agreement.

#### **5.2 Resolution**

Resolution 4 is an ordinary resolution for Shareholders to approve the issue of up to 1,753,806 Tranche 2 Propagation Shares to Propagation (or its nominee) for the purposes of Listing Rule 7.1.

#### **5.3 Listing Rule requirements**

Broadly speaking, and subject to a number of exceptions in Listing Rule 7.2, Listing Rule 7.1 limits the amount of Equity Securities that a listed entity can issue without the approval of its Shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of Tranche 2 Propagation Shares to Propagation under the Design and Development Agreement does not fall within any of the exceptions to Listing Rule 7.1, as set out in Listing Rule 7.2. While the issue of the Tranche 2 Propagation Shares does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve with issue of the Tranche 2 Propagation Shares under Listing Rule 7.2 so that it does not use any of the 15% limit on issuing Equity Securities without Shareholder approval under Listing Rule 7.1.

To this end, Resolution 4 seeks Shareholder approval to the issue of the Tranche 2 Propagation Shares under and for the purposes of Listing Rule 7.1.

If Resolution 4 is passed, the issue of the Tranche 2 Propagation Shares can proceed without using up any of the Company's 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

If Resolution 4 is not passed, the issue of the Tranche 2 Propagation Shares can still proceed but it will reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

## 5.4 Listing Rule information requirements

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) 1,753,806 Shares will be issued to Propagation Systems Limited (or its nominee);
- (b) the Tranche 2 Propagation Shares will be fully paid ordinary shares in the capital of the Company to be issued on the same terms and conditions as the Company's existing Shares;
- (c) the Company expects to issue the Tranche 2 Propagation Shares within 3 months of the Meeting. In any event, the Company will not issue any Tranche 2 Propagation Shares to Propagation (or its nominee) later than 3 months (or such later date permitted by ASX) from the date of the Meeting;
- (d) the Tranche 2 Propagation Shares will be issued at a deemed issue price equal to the VWAP of Shares traded on ASX on the 20 trading days prior to the due date for payment of the instalment payable under the Design and Development Agreement (using the AUD/USD spot exchange rate set by the forex market on the date the instalment amount is due for payment) per Tranche 2 Propagation Share, in consideration for IoT module and IoT gateway design and development services provided by Propagation. Accordingly, no funds will be raised from the issue of the Tranche 2 Propagation Shares;
- (e) the purpose of the issue of the Tranche 2 Propagation Shares is to satisfy the Company's obligations under the Design and Development Agreement;
- (f) the material terms of the Design and Development Agreement are set out in Section 4.4(f) above; and
- (g) a voting exclusion statement for Resolution 4 is included in the Notice.

## 5.5 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4 to enable the Company to comply with its contractual obligations under the Design and Development Agreement and issue the Tranche 2 Propagation Shares while preserving its 15% issuing capacity under Listing Rule 7.1.

## 6. Resolution 5: Ratification of Prior Issue of Lead Manager Options – RM Corporate

### 6.1 Background

Pursuant to a transaction-specific prospectus lodged with ASIC on 3 May 2023, the Company made a non-renounceable pro rata offer of Shares and attaching Options to certain eligible Shareholders to raise up to approximately \$1.78 million before costs (**Entitlement Offer**).

RM Corporate Finance Pty Ltd (**Lead Manager**) was appointed as sole lead manager of the capital raising under the Entitlement Offer, pursuant to a mandate dated on or around 19 April 2023 (**Lead Manager Mandate**).

Under the Lead Manager Mandate, the Lead Manager was entitled to receive the following remuneration in relation to the Entitlement Offer:

- a corporate retainer fee of \$10,000 (plus GST) per month for three months following the execution of the Lead Manager Mandate;
- a lead manager fee equal to 1% of the total dollar amount raised in the Entitlement Offer on all funds raised;



- a shortfall placement fee equal to 5% of the total dollar amount raised in the placement of the shortfall to the Entitlement Offer on all funds raised; and
- an offer to subscribe for 1,000,000 Lead Manager Options.

The Lead Manager Options each have an exercise price of \$0.08 and expire at 5.00pm (WST) on 30 June 2026. A summary of the material terms of the Lead Manager Options is set out at Schedule 1 to this Explanatory Statement.

On 9 June 2023, the Company issued 1,000,000 Lead Manager Options to the Lead Manager.

## 6.2 Resolution

Resolution 5 is an ordinary resolution to ratify and approve the issue of the Lead Manager Options to the Lead Manager, for the purposes of Listing Rule 7.4.

## 6.3 Listing Rule requirements

An overview of Listing Rules 7.4 and 7.1 is set out in Section 4.3 above.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Lead Manager Options to the Lead Manager.

If Resolution 5 is approved, the Company's issuing capacity under Listing Rule 7.1 will be restored to the extent of the Equity Securities the subject of that Resolution. This will allow the Company to issue further Equity Securities of an equivalent number (i.e. up to 1,000,000) in the next 12 months. However, if Resolution 5 is not approved, the Company's issuing capacity under Listing Rule 7.1 will not be restored to the extent of the Shares the subject of that Resolution.

## 6.4 Listing Rule information requirements

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) the Lead Manager Options were issued to RM Corporate Finance Pty Ltd;
- (b) the Company issued 1,000,000 Lead Manager Options;
- (c) each Lead Manager Option has an exercise price of \$0.08 and expires on 30 June 2026, a summary of the material terms of the Lead Manager Options is set out at Schedule 1 to this Explanatory Statement;
- (d) the Lead Manager Options were issued on 9 June 2023;
- (e) the Lead Manager Options were issued pursuant to the Lead Manager Mandate for nil cash consideration. If all of the Lead Manager Options are exercised before their expiry date, the Company will raise \$80,000 in exercise price payments;
- (f) the Lead Manager Options were issued as remuneration for the Lead Manager's services acting as the lead manager to the Entitlement Offer. The Company intends to apply any funds raised on exercise of the Lead Manager Options towards general working capital requirements at that time;
- (g) the material terms of the Lead Manager Mandate are:
  - (i) **Management of Entitlement Offer:** the Lead Manager will, on a best endeavours basis, manage the Entitlement Offer.

- (ii) **Fees and reimbursement:** the Company will pay the Lead Manager the following remuneration in relation to the Entitlement Offer:
  - (A) a corporate retainer fee of \$10,000 (plus GST) per month for three months following the execution of the Lead Manager Mandate;
  - (B) a lead manager fee equal to 1% of the total dollar amount raised in the Entitlement Offer on all funds raised, to be paid within 7 days of completion of the same;
  - (C) a shortfall placement fee equal to 5% of the total dollar amount raised in the placement of the shortfall to the Entitlement Offer on all funds raised, to be paid within 7 days of completion of the Entitlement Offer;
  - (D) an offer to subscribe for 1,000,000 Lead Manager Options; and
  - (E) the Company must pay or reimburse the Lead Manager for its reasonable costs, professional fees and expenses in relation, and incidental, to the Entitlement Offer.
- (iii) **Term and termination of mandate:** the mandate will continue until 19 August 2023 or completion of the Entitlement Offer, whichever is the earlier. Either party may terminate with cause on 14 days' notice to the other party.

(h) a voting exclusion statement for Resolution 5 is included in the Notice.

## 6.5 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5 so that the Company's 15% issuing capacity under Listing Rule 7.1 is restored. This will give the Company the flexibility to raise additional working capital through the offer and issue of Equity Securities.

## 7. Resolutions 6 and 7: Approval to issue Director Fee Shares to related parties

### 7.1 Background

On 23 August 2023, the Company announced that Non-Executive Directors of the Company, Simon Gerard and Simon Beissel, have agreed to each receive 1,343,750 Shares (total of 2,687,500 Shares) in lieu of cash payment for Director's fees covering the twelve-month period of service from 1 August 2023 to 31 July 2024, subject to receipt of Shareholder approval (**Director Fee Shares**). The number of Director Fee Shares has been determined in reference to the director fees that each Non-Executive Director is entitled to receive (\$53,750 each, \$107,500 in total), at a deemed issue price of \$0.04 per share. It is proposed that the Director Fee Shares will be subject to voluntary escrow to 31 July 2024.

### 7.2 Resolutions

Resolution 6 is an ordinary resolution to approve the issue of 1,343,750 Director Fee Shares to Simon Gerard (or his nominee) in lieu of Directors' fees to be paid to Mr Gerard in cash for the purposes of Listing Rule 10.11.

Resolution 7 is an ordinary resolution to approve the issue of 1,343,750 Director Fee Shares to Simon Beissel (or his nominee) in lieu of Directors' fees to be paid to Mr Beissel in cash for the purposes of Listing Rule 10.11.

### 7.3 Corporations Act requirements

Section 208(1) of the Corporations Act (set out in Chapter 2E) requires a public company to obtain the approval of its shareholders before providing a financial benefit to a 'related party' of

the company for the purposes of the Corporations Act (e.g. a Director), unless giving the financial benefit falls within a statutory exception. Any financial benefit approved by shareholders must be provided within 15 months of the approval.

The proposed issue of Director Fee Shares to Simon Gerard and Simon Beissel may constitute the giving of a 'financial benefit' for the purposes of section 208 of the Corporations Act.

The Directors to which Director Fee Shares are not proposed to be issued in respect of each Resolution (being the members of the Board eligible to consider the matter) consider that Shareholder approval pursuant to section 208 of the Corporations Act is not required in respect of the relevant Resolution, on the basis that the giving of such financial benefit is reasonable given the Company's circumstances and circumstances of each Director proposed to be issued Director Fee Shares.

#### **7.4 Listing Rule requirements**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to (among others) a related party, including a director and a person who was a director at any time in the 6 months before the issue of agreement, unless it obtains approval of its shareholders.

Simon Gerard and Simon Beissel are each 'related parties' of the Company under the Listing Rules. The proposed issue of Director Fee Shares to those parties falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires approval of Shareholders under Listing Rule 10.11.

If either of Resolutions 6 or 7 is approved, the Company will be able to proceed with the proposed issue of Director Fee Shares to the relevant Director or their respective nominees. As approval is obtained under Listing Rule 10.11, the issue of the Director Fee Shares will not use up any of the Company's 15% issuing capacity under Listing Rule 7.1.

If either of Resolutions 6 or 7 is not approved, the Company will not be able to proceed with the proposed issue of the relevant Director Fee Shares under that Resolution.

#### **7.5 Listing Rule information requirements**

The following information is provided in relation to Resolutions 6 and 7, as required by Listing Rule 10.13:

**(a) Names of persons to whom the Company will issue securities**

Resolution 6 – Simon Gerard (or his nominee).

Resolution 7 – Simon Beissel (or his nominee).

**(b) Category of related party**

Simon Gerard and Simon Beissel are both Directors and therefore a 'related party' under Listing Rule 10.11.1.

Any nominees who receive Director Fee Shares may constitute 'associates' for the purposes of Listing Rule 10.11.4.

**(c) Number and class of securities the Company will issue**

A total of 2,687,000 Director Fee Shares as follows:

- Resolution 6 – up to 1,343,750 Director Fee Shares to Simon Gerard (or his nominee); and

- Resolution 7 – up to 1,343,750 Director Fee Shares to Simon Beissel (or his nominee).

(d) **Summary of material terms of securities**

The Director Fee Shares are fully paid ordinary shares in the Company.

(e) **Date(s) on or by which the Company will issue the securities**

The Company expects to issue the Director Fee Shares within 5 business days of the Meeting. In any event, the Company will not issue any Director Fee Shares to the Directors or their nominees later than 1 month (or such later date permitted by ASX) from the date of the Meeting.

(f) **Price or other consideration the Company will receive for the securities**

Nil. The Director Fee Shares are being issued at a deemed issue price of \$0.04 per Director Fee Share in lieu of Directors' fees owing to Simon Gerard and Simon Beissel for the period from 1 August 2023 to 31 July 2024.

The deemed issue price of the Director Fee Shares aligns with the issue price of Shares issued under the Company's Entitlement Offer, which was announced to ASX on 3 May 2023, being \$0.04.

(g) **Purpose of the issue and intended use of any funds raised**

No funds will be raised from the issue of the Director Fee Shares, except that the liability of the Company to pay Simon Gerard and Simon Beissel's Directors' fees will be extinguished.

(h) **Remuneration package of related parties**

Related party	Current financial year	Financial year ended 30 June 2023
Simon Gerard <sup>1</sup>	\$53,438	\$50,000
Simon Beissel <sup>2</sup>	\$53,438	\$50,000

<sup>1</sup> Effective from 1 August 2023, Mr Gerard is entitled to receive non-executive director fees of \$53,750 p.a. (previously \$50,000 p.a.). The amount shown in the above table includes Mr Gerard's entitlement to non-executive director fees for the year ending 30 June 2024; of which \$49,271 (for the period 1 August 2023 to 30 June 2024) is proposed to be settled via the issue of Director Fee Shares the subject of Resolution 6) in lieu of cash; and \$4,167 being the value of shares previously issued to Mr Gerard in respect of services provided in July 2023. Mr Gerard received \$45,833 of his Directors' fees for the financial year ended 30 June 2023 by way of Director Fee Shares in lieu of cash, approved by Shareholders at the Company's 2022 annual general meeting.

<sup>2</sup> Effective from 1 August 2023, Mr Beissel is entitled to receive non-executive director fees of \$53,750 p.a. (previously \$50,000 p.a.). The amount shown in the above table includes Mr Beissel's entitlement to non-executive director fees for the year ending 30 June 2024; of which \$49,271 (for the period 1 August 2023 to 30 June 2024) is proposed to be settled via the issue of Director Fee Shares the subject of Resolution 7) in lieu of cash; and \$4,167 being the value of shares previously issued to Mr Beissel in respect of services provided in July 2023. Mr Beissel received \$45,833 of his Directors' fees for the financial year ended 30 June 2023 by way of Director Fee Shares in lieu of cash, approved by Shareholders at the Company's 2022 annual general meeting.

(i) **Voting exclusion statement**

A voting exclusion statement for Resolutions 6 and 7 is included in the Notice.

**7.6 Directors' recommendation**

(a) **Resolution 6**

The Directors (excluding Simon Gerard who has a material personal interest in the outcome of the Resolution) recommend that Shareholders vote in favour of Resolution 6 to permit the issue of Director Fee Shares to Mr Gerard (or his nominee) in lieu of cash payment for Directors fees in order to preserve the Company's cash reserves.

(b) **Resolution 7**

The Directors (excluding Simon Beissel who has a material personal interest in the outcome of the Resolution) recommend that Shareholders vote in favour of Resolution 7 to permit the issue of Director Fee Shares to Mr Beissel (or his nominee) in lieu of cash payment for Directors fees in order to preserve the Company's cash reserves.

**8. Resolution 8 – Approval of Additional 10% Placement Facility**

**8.1 Background**

Resolution 8 seeks Shareholder approval for an additional issuing capacity under Listing Rule 7.1A (**Additional Placement Facility**).

If approved, Resolution 8 will enable the Company to issue additional Equity Securities (calculated below) over a 12-month period without having to obtain Shareholder approval. If Resolution 8 is not approved, the Company's ability to issue Equity Securities without Shareholder approval will remain limited to the amount permitted under Listing Rule 7.1.

Resolution 8 is a special resolution. It must be passed by at least 75% of the votes cast by Shareholders present and entitled to vote on the Resolution.

**8.2 Applicable Listing Rules**

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting, to allow it to issue Equity Securities totalling up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (i.e. the Additional Issuance Capacity). This capacity is in addition to the 15% annual issuance capacity under Listing Rule 7.1.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company meets the requirements of an eligible entity for this purpose because it is not included in the S&P/ASX 300 Index and has a market capitalisation of less than \$300 million.

Based on the latest available closing market price of the Company's Shares prior to the date of this Notice, the Company's current market capitalisation is approximately \$4.67 million based on a market price of \$0.040/Share. The Company is therefore an eligible entity for these purposes.

**8.3 Information on Additional Placement Facility**

(a) **Quoted securities**

Any Equity Securities issued under the Additional Placement Facility must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has one class of Equity Securities quoted on ASX, being its fully-paid ordinary Shares.

(b) **Formula for Additional Placement Facility**

Listing Rule 7.1A.2 provides that the Company may issue or agree to issue a number of Equity Securities calculated in accordance with the following formula under the Additional Issuance Capacity:

$$\text{Additional Placement Capacity} = (A \times D) - E$$

where:

A = the number of fully-paid ordinary securities on issue at the commencement of the relevant period:

- plus the number of fully-paid ordinary securities issued in the relevant period under an exception in ASX Listing Rule 7.2 other than exception 9, 16, or 17;
- plus the number of fully-paid ordinary securities issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
  - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully-paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
  - the agreement was entered into before the commencement of the relevant period; or
  - the agreement or issue was approved, or taken under the Listing Rules to have been approved under Listing Rule 7.1 or 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or ASX Listing Rule 7.4;
- plus the number of partly-paid ordinary securities that became fully-paid in the relevant period;
- less the number of fully-paid ordinary securities cancelled in the relevant period;

D = 10%; and

E = the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

(c) **Interaction with Listing Rule 7.1**

Listing Rule 7.1 limits the number of Equity Securities that an entity may issue without the approval of its shareholders over any 12 month period to 15% of the fully-paid ordinary shares it had on issue at the start of that period, subject to certain exceptions.

The Additional Issuance Capacity under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

## 8.4 Listing Rule information requirements

In accordance with Listing Rule 7.3A, the following information is provided in relation to Resolution 8:

### (a) Period for which the approval will be valid

The Additional Placement Facility would commence on the date of the Meeting and expire on the first to occur of the following:

- the date that is 12 months after this Meeting (i.e. 28 November 2024);
- the time and date of the Company's next annual general meeting; or
- the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

### (b) Minimum price at which equity securities may be issued

Any Equity Securities issued under the Additional Placement Facility must be in an existing quoted class of the Company's securities and issued for cash consideration per security which is not be less than 75% of the VWAP for securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within 10 trading days of the above date, the date on which the securities are issued.

### (c) Use of funds raised under the Additional Placement Facility

The Company may seek to issue Equity Securities under the Additional Placement Facility for cash consideration to fund business growth, to acquire new assets or make investments, to develop the Company's existing assets and operations, and for general working capital and corporate purposes.

### (d) Risk of economic and voting dilution

If Resolution 8 is passed and the Company issues securities under the Additional Placement Facility, there will be a risk to existing Shareholders of economic and voting dilution, including the risk that:

- (i) the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date of this Meeting; and
- (ii) the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date.

The table below identifies the potential dilution to existing Shareholders following the issue of Equity Securities under the Additional Placement Facility (based on the formula set out above) using different variables for the number of issued Shares and the market price of Shares.

The numbers are calculated on the basis of the latest available market price of Shares before the date of this Notice and the current number of Shares on issue.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the Additional Placement Facility.

Number of Shares on issue	Share price	New Shares issued	Funds raised	Voting dilution	Economic dilution
<b>116,799,890</b> (Shares currently on issue / current variable 'A' in Listing Rule 7.1A)	<b>\$0.040</b> (current market price)	11,679,989	\$467,199.56	10.00%	0.00%
	<b>\$0.030</b> (25% decrease)	11,679,989	\$350,399.67	10.00%	2.27%
	<b>\$0.020</b> (50% decrease)	11,679,989	\$233,599.78	10.00%	4.55%
<b>175,199,835</b> (50% increase)	<b>\$0.040</b> (current market price)	17,519,984	\$700,799.34	10.00%	0.00%
	<b>\$0.030</b> (25% decrease)	17,519,984	\$525,599.51	10.00%	2.27%
	<b>\$0.020</b> (50% decrease)	17,519,984	\$350,399.67	10.00%	4.55%
<b>233,599,780</b> (100% increase)	<b>\$0.040</b> (current market price)	23,359,978	\$934,399.12	10.00%	0.00%
	<b>\$0.030</b> (25% decrease)	23,359,978	\$700,799.34	10.00%	2.27%
	<b>\$0.020</b> (50% decrease)	23,359,978	\$467,199.56	10.00%	4.55%

**Notes:** The above table has been prepared on the following assumptions:

1. the current market price is the closing price at which Shares were traded on 3 October 2023 (being \$0.040);
2. the current Shares on issue are the Shares at 3 October 2023 (being 116,799,890);
3. the Company issues the maximum number of Equity Securities available under the Additional Issuance Capacity;
4. existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the Additional Issuance Capacity;
5. the Company issues Shares only and does not issue other types of Equity Securities (such as Options) under the Additional Issuance Capacity;
6. the impact of placements under Listing Rule 7.1 or following the conversion of convertible securities (e.g. Options) is not included in the calculations; and



7. economic dilution (**ED**) is calculated using the following formula:

$$ED = (MP - (NMC / TS)) / MP$$

where:

- MP** = the market price of shares traded on ASX, expressed in dollars;
- MC** = market capitalisation prior to issue of Equity Securities, being the MP multiplied by the number of shares on issue;
- NMC** = notional market capitalisation, being the market capitalisation plus the NSV;
- NSV** = new security value, being the number of new Equity Securities multiplied by the issue price of those Equity Securities; and
- TS** = total shares on issue following new Equity Security issue.

(e) **Allocation policy**

The recipients of the Equity Securities to be issued under the Additional Placement Facility have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate and other advisors.

(f) **Previous issues under Listing Rule 7.1A in previous 12 months**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 28 November 2022 (**Previous Approval**).

The Company has not issued any Shares under Listing Rule 7.1A pursuant to the Previous Approval.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 8 is included in the Notice.

## Glossary

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In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

<b>\$</b>	Means Australian dollars.
<b>Annual General Meeting or Meeting</b>	The annual general meeting of Shareholders or any adjournment thereof, convened by the Notice.
<b>ASIC</b>	Means the Australian Securities & Investments Commission.
<b>Associate</b>	Has the meaning given to that term in the Listing Rules.
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange operated by ASX Limited, as the context requires.
<b>Board</b>	The Board of Directors of the Company.
<b>Business Day</b>	A day: <ul style="list-style-type: none"><li>(a) that is a business day as defined in the Listing Rules; and</li><li>(b) which is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.</li></ul>
<b>Chairperson</b>	The chair of the Annual General Meeting.
<b>Closely Related Party</b> of a member of the Key Management Personnel	Means: <ul style="list-style-type: none"><li>(a) a spouse or child of the member;</li><li>(b) a child of the member's spouse;</li><li>(c) a dependent of the member or the member's spouse;</li><li>(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;</li><li>(e) a company the member controls; or</li><li>(f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.</li></ul>
<b>Company</b>	Zimi Limited (ACN 113 326 524).
<b>Company Secretary</b>	The company secretary of the Company.
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company.
<b>Director Fee Shares</b>	Has the meaning given to that term in Section 7.1.
<b>Design and Development Agreement</b>	The design and development agreement between the Company and Propagation dated on or around 5 January 2023.
<b>Equity Securities</b>	Includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.
<b>Explanatory Statement</b>	This explanatory statement which accompanies and forms part of the Notice.

<b>Key Management Personnel</b>	Has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
<b>Lead Manager</b>	Has the meaning given to that term in Section 6.1
<b>Lead Manager Option</b>	Options issued to the Lead Manager which have an exercise price of \$0.08 and expire at 5.00pm (WST) on 30 June 2026.
<b>Listing Rules</b>	The listing rules of ASX, as amended from time to time.
<b>Notice Date</b>	The date of the Notice of Annual General Meeting.
<b>Notice or Notice of Annual General Meeting</b>	The notice of annual general meeting which accompanies this Explanatory Statement.
<b>Option</b>	An option to acquire a Share.
<b>Option Holder</b>	The holder of an Option.
<b>Propagation</b>	Propagation Systems Limited.
<b>Proxy Form</b>	The proxy form accompanying the Notice.
<b>Related Party</b>	Has the meaning given to that term in the Listing Rules.
<b>Remuneration Report</b>	Means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2023.
<b>Resolution</b>	A resolution set out in the Notice.
<b>RM Corporate</b>	RM Corporate Finance Pty Ltd (ACN 108 084 386).
<b>Section</b>	A section of the Explanatory Statement.
<b>Share</b>	A fully paid ordinary share in the Company.
<b>Shareholder</b>	The holder of a Share in the Company.
<b>Tranche 1 Propagation Shares</b>	Has the meaning given to that term in Section 4.1.
<b>Tranche 2 Propagation Shares</b>	Has the meaning given to that term in Section 5.1.
<b>Variable A</b>	Means "A" as set out in the formula in Listing Rule 7.1A.2.
<b>VWAP</b>	Volume weighted average price.
<b>WST</b>	Means Western Standard Time as observed in Perth, Western Australia.

## Schedule 1 – Terms and Conditions of Lead Manager Options

The key terms of the Lead Manager Options are as follows:

- (a) **Entitlement:** Each Lead Manager Option entitles the holder (**Option Holder**) to subscribe for one fully paid ordinary Share in the Company.
- (b) **No payment on grant:** The Option Holder is not required to pay any amount on the grant of an Option.
- (c) **Exercise price:** The exercise price of each Lead Manager Option is \$0.08 (**Exercise Price**).
- (d) **Expiry date:** Each Lead Manager Option may be exercised at any time before 5.00pm (WST) on or before 30 June 2026 (**Expiry Date**). Any Lead Manager Option not exercised by the Expiry Date will automatically expire.
- (e) **Certificate or Holding Statement:** The Company must give the Option Holder a certificate or Holding Statement stating:
  - (i) the number of Lead Manager Options issued to the Option Holder;
  - (ii) the Exercise Price of the Lead Manager Options; and
  - (iii) the date of issue of the Lead Manager Options.
- (f) **Transfer:**
  - (i) The Lead Manager Options are transferable, subject to applicable law.
  - (ii) Subject to the Listing Rules and the Corporations Act, the Option Holder may transfer some or all of the Lead Manager Options at any time before the Expiry Date by:
    - A. a proper ASTC regulated transfer (as defined in the Corporations Act) or any other method permitted by the Corporations Act; or
    - B. a prescribed instrument of transfer.
  - (iii) An instrument of transfer of a Lead Manager Option must be:
    - A. in writing;
    - B. in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
    - C. subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
    - D. delivered to the Company, at the place where the Company's register of option holders is kept, together with the certificate (if any) of the Lead Manager Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Lead Manager Option, the right of the transferor to transfer that Lead Manager Option and the proper execution of the instrument of transfer.
- (g) **Quotation of Shares:** The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Lead Manager Options.
- (h) **New issues:** The Option Holder is not entitled to participate in any new issue to Shareholders of Securities in the Company unless it has exercised its Lead Manager Options before the record date for determining entitlements to the new issue of Securities and participate as a result of holding Shares.

- (i) **Bonus issues:** If the Company makes a bonus issue of Shares or other Securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Lead Manager Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Lead Manager Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Lead Manager Option before the record date for determining entitlements to the issue.
- (j) **Reorganisation:**
  - (i) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Lead Manager Options to which the Option Holder is entitled to and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
  - (ii) Any calculations or adjustments which are required to be made will be made by the Company's Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
  - (iii) The Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Lead Manager Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of a Lead Manager Option.
- (k) **Exercise of Lead Manager Options:**
  - (i) To exercise Lead Manager Options, the Option Holder must give the Company or its Share Registry, at the same time:
    - A. a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Lead Manager Options being exercised and Shares to be issued;
    - B. payment of the Exercise Price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by the Company; and
    - C. any certificate for the Lead Manager Options.
  - (ii) The Option Holder may only exercise Lead Manager Options in multiples of 10,000 Lead Manager Options unless the Option Holder exercises all Options held by the Option Holder.
  - (iii) Lead Manager Options will be deemed to have been exercised on the date the exercise notice and Exercise Price are received by the Company.
  - (iv) If the Option Holder exercises less than the total number of Lead Manager Options registered in the Option Holder's name:
    - A. the Option Holder must surrender their Lead Manager Option certificate (if any); and
    - B. the Company must cancel the Lead Manager Option certificate (if any) and issue the Option Holder a new certificate or Holding Statement stating the remaining number of Lead Manager Options held by the Option Holder.
- (l) **Issue of Shares on exercise of Lead Manager Options:**
  - (i) Within five Business Days after receiving an application for exercise of Lead Manager Options and payment by the Option Holder of the Exercise Price, the Company must issue the Option Holder the number of Shares specified in the application.

- (ii) Subject to the Constitution, all Shares issued on the exercise of Lead Manager Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.
- (m) **Governing law:** These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.