



Zimi Limited
14 Millennium Circuit
Helensvale QLD 4212 Australia

ASX: ZMM
ABN: 25 113 326 524
www.zimi.life

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

ASX RELEASE – 28 MARCH 2025

Notice of General Meeting

Zimi Limited (ASX:ZMM) (“Zimi”, or the “Company”), an Australian company specialising in innovative IoT electrical devices, confirms release of its Notice of General Meeting (“**Notice**”) to shareholders.

The General Meeting will be held at 1:00pm (WST) on Monday, 28 April 2025 at Bellatrix Corporate, Level 1, 2A / 300 Fitzgerald Street, North Perth WA, and virtually through Microsoft Teams.

A copy of the Notice is attached to this announcement.

- Ends -

This release has been approved by the Company Secretary.

Further information:

Jordan Tentori | CEO | jordan@zimi.life | +61 412 589 952

Investor and Media enquiries: investors@zimi.life

About Zimi

Zimi Limited (ASX: ZMM) is an Australian technology company focused on creating smarter living and working environments by connecting everyday electrical products to the Internet and to each other. The company's product lines, including Powermesh and Senoa, feature smarter switches, light dimmers, power points, fan controllers, and garage door controllers, all of which can be installed by electricians and are effortlessly managed through Zimi's intuitive home automation app, designed to provide a seamless and highly positive user experience.

Zimi is capitalising on a multi-billion-dollar opportunity within the Australian market alone, reaching customers through leading wholesale, commercial, retail, and trade channels, with partners such as Trader, Steel-Line, Beacon Lighting, Lighting Illusions, Zencontrol and Polyaire.

Looking ahead, Zimi plans to expand its product offerings into new sectors while continuing to expand its product range. The company is also pursuing global expansion opportunities through partnerships with top manufacturers of electrical appliances for residential and commercial applications. As the Internet of Things (IoT) continues to grow, Zimi is well-positioned to tap into the vast opportunities this rapidly evolving market presents.

To learn more, please visit: www.zimi.life



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

Dear Shareholder,

ZIMI LIMITED – GENERAL MEETING

Zimi Limited (**Company**) advises that a general meeting of shareholders (**Meeting**) will be held at 1.00pm (AWST) on Monday, 28 April 2025 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 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
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 Saturday, 26 April 2025**. 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 General Meeting, Explanatory Statement and Proxy Form

**General Meeting to be held at
1:00pm (WST) on Monday, 28 April 2025
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 April 2025, the day prior to the Meeting, by email to the Company Secretary at 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 General Meeting, Explanatory Statement, Independent Expert's Report 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.

The Independent Expert has determined that the transactions the subject of Resolutions 2, 3, 4 and 5 are **fair and reasonable** to non-associated Shareholders.

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 Saturday, 26 April 2025
Snapshot date for eligibility to vote	5.00pm (WST) on Saturday, 26 April 2025
General Meeting	1:00pm (WST) on Monday, 28 April 2025

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 General Meeting. Shareholders are strongly encouraged to vote by lodging the proxy form attached to this Notice of General Meeting in accordance with the instructions set out on that form by no later than 1:00pm (WST) on Saturday, 26 April 2025.

Defined terms

Capitalised terms used in this Notice of 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 General Meeting

Notice is hereby given that a General Meeting of Zimi Limited ACN 113 326 524 (**Company**) will be held at **Bellatrix Corporate, Level 1, 2A / 300 Fitzgerald Street, North Perth, Western Australia, 6006, and virtually through Microsoft Teams**, on **Monday, 28 April 2025 at 1:00pm (WST)** for the purpose of transacting the business referred to in this Notice of General Meeting.

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

AGENDA

Resolution 1 - Approval to issue Creditor Conversion Shares to a Related Party – Gerard Private Holdings (Finance) Pty Ltd

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 40,599,717 Creditor Conversion Shares to Gerard Private Holdings (Finance) Pty Ltd or its nominee, a Related Party of the Company and a company controlled by Simon Gerard, a Director of the Company, to repay an existing creditor amount of \$405,997.17 owed by the Company to GSM Retail Australia Pty Ltd, in the manner and on the terms and conditions set out in the Explanatory Statement.”

Resolution 2 – Approval of historical sale of products to a Related Party and ratification of breach of Listing Rule 10.1 – GSM Electrical (Australia) Pty Ltd

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 10.1, the requirements of ASX and for all other purposes, Shareholders ratify and approve the sale by the Company’s subsidiary Zimi Innovations Pty Ltd of electrical products to GSM Electrical (Australia) Pty Ltd in the amount of \$2,370,209 made during the period 1 May 2023 to 30 November 2024 pursuant to the Distribution Agreement between Zimi Innovations Pty Ltd and GSM Electrical (Australia) Pty Ltd entered into on 11 December 2020 (**Historical Product Sales to GSM Electrical**), which have been determined to have been made in breach of Listing Rule 10.1, and ratify the Company’s breach of Listing Rule 10.1 constituted by the Historical Product Sales to GSM Electrical, in the manner set out in the Explanatory Statement.”*

Independent Expert’s Report: Shareholders should consider the Independent Expert’s Report prepared by RSM Corporate Australia Pty Ltd and attached at Annexure A to this Notice for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert’s Report opines on the fairness and reasonableness of the Historical Product Sales to GSM Electrical.

The Independent Expert has determined that the Historical Product Sales made to GSM Electrical is **fair and reasonable** to non-associated Shareholders.

Resolution 3 – Approval of proposed sale of products to a Related Party – Distribution Agreement with GSM Electrical (Australia) Pty Ltd

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 10.1 and for all other purposes, Shareholders approve the sale by the Company’s subsidiary Zimi Innovations Pty Ltd of electrical products to GSM Electrical

*(Australia) Pty Ltd, a Related Party of the Company, that may be made during the period 2 years after the date of the General Meeting up to a maximum cumulative amount of \$6 million, pursuant to a Distribution Agreement to be entered into between Zimi Innovations Pty Ltd and GSM Electrical (Australia) Pty Ltd (**Proposed Product Sales to GSM Electrical**), in the manner and on the terms set out in the Explanatory Statement.”*

Independent Expert’s Report: Shareholders should consider the Independent Expert’s Report prepared by RSM Corporate Australia Pty Ltd and attached at Annexure A to this Notice for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert’s Report opines on the fairness and reasonableness of the Proposed Product Sales to GSM Electrical.

The Independent Expert has determined that the Proposed Product Sales to GSM Electrical is **fair and reasonable** to non-associated Shareholders.

Resolution 4 – Approval of proposed sale of products to a Related Party – Distribution Agreement with Zencontrol Pty Ltd

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 10.1 and for all other purposes, Shareholders approve the sale by the Company’s subsidiary Zimi Innovations Pty Ltd of electrical products to Zencontrol Pty Ltd, a Related Party of the Company, that may be made during the period 2 years after the date of the General Meeting up to a maximum cumulative amount of \$6 million, pursuant to a Distribution Agreement to be entered into between Zimi Innovations Pty Ltd and Zencontrol Pty Ltd (**Proposed Product Sales to Zencontrol**), in the manner and on the terms set out in the Explanatory Statement.”*

Independent Expert’s Report: Shareholders should consider the Independent Expert’s Report prepared by RSM Corporate Australia Pty Ltd and attached at Annexure A to this Notice for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert’s Report opines on the fairness and reasonableness of the Proposed Product Sales to Zencontrol.

The Independent Expert has determined that the Proposed Product Sales to Zencontrol is **fair and reasonable** to non-associated Shareholders.

Resolution 5 – Approval of proposed purchase of manufactured products from a Related Party – Manufacturing Agreement with Zencontrol Limited

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 10.1 and for all other purposes, Shareholders approve the purchase by the Company’s subsidiary Zimi Innovations Pty Ltd of manufactured products from Zencontrol Limited, a Related Party of the Company, that may be made during the period 2 years after the date of the General Meeting up to a maximum cumulative amount of \$4 million, pursuant to a Manufacturing Agreement to be entered into between Zimi Innovations Pty Ltd and Zencontrol Limited (**Proposed Manufactured Product Purchases from Zencontrol**), in the manner and on the terms set out in the Explanatory Statement.”*

Independent Expert’s Report: Shareholders should consider the Independent Expert’s Report prepared by RSM Corporate Australia Pty Ltd and attached at Annexure A to this Notice for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert’s Report opines on the fairness and reasonableness of the Proposed Manufactured Product Purchases from Zencontrol Limited.

The Independent Expert has determined that the Proposed Manufactured Product Purchases from Zencontrol Limited is **fair and reasonable** to non-associated Shareholders.

By order of the Board

A handwritten signature in black ink, appearing to read 'C Grant Edwards', with a long horizontal flourish extending to the right.

Catherine Grant Edwards
Company Secretary

28 March 2025

Voting Prohibitions and Voting Exclusion Statements

Listing Rule voting exclusion statements

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions.

The Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons or an Associate of those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

- the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chairperson as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- a holder acting solely in a nominee, trustee, custodial, or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution	Description	Excluded Parties
Resolution 1	Issue of Creditor Conversion Shares to Gerard Private Holdings (Finance) Pty Ltd	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. This includes Gerard Private Holdings (Finance) Pty Ltd (and its nominee).
Resolution 2	Approval of historical sale of products to a Related Party and ratification of breach of Listing Rule 10.1 – GSM Electrical (Australia) Pty Ltd	For the purposes of Listing Rules 10.5.9 and 14.11, the Company will disregard any votes cast in favour of the Resolution by GSM Electrical (Australia) Pty Ltd and any other person who will obtain a material benefit as a result of the Historical Product Sales to GSM Electrical (except a benefit solely by reason of being a holder of Shares) or an 'associate' (as defined in the Listing Rules) of such person. This includes Gerard Private Holdings (Finance) Pty Ltd.

Resolution	Description	Excluded Parties
Resolution 3	Approval of proposed sale of products to a Related Party – Distribution Agreement with GSM Electrical (Australia) Pty Ltd	<p>For the purposes of Listing Rules 10.5.9 and 14.11, the Company will disregard any votes cast in favour of the Resolution by GSM Electrical (Australia) Pty Ltd and any other person who will obtain a material benefit as a result of the Proposed Product Sales to GSM Electrical (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>This includes Gerard Private Holdings (Finance) Pty Ltd.</p>
Resolution 4	Approval of proposed sale of products to a Related Party – Distribution Agreement with Zencontrol Pty Ltd	<p>For the purposes of Listing Rules 10.5.9 and 14.11, the Company will disregard any votes cast in favour of the Resolution by Zencontrol Pty Ltd and any other person who will obtain a material benefit as a result of the Proposed Product Sales to Zencontrol (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>This includes Todd Milliner and Zendo Pty Ltd.</p>
Resolution 5	Approval of proposed purchase of manufactured products from a Related Party – Manufacturing Agreement with Zencontrol Limited	<p>For the purposes of Listing Rules 10.5.9 and 14.11, the Company will disregard any votes cast in favour of the Resolution by Zencontrol Limited and any other person who will obtain a material benefit as a result of the Proposed Manufactured Product Purchases from Zencontrol Limited (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>This includes Zencontrol, Todd Milliner and Zendo Pty Ltd.</p>

Proxy Appointment and Voting Instructions

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 Sunday, 27 April 2025**, being the day prior to the Meeting, by email to the Company Secretary at 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 Saturday, 26 April 2025**, 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

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 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 Notice Date, 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 **5.00pm (WST) on Saturday, 26 April 2025**. 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@bellatrixcorp.com.au and must be received by no later than **1.00pm (WST) on Saturday, 26 April 2025**.

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.

Explanatory Statement

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

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

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

1. Resolution 1 – Approval to issue Creditor Conversion Shares to a Related Party – Gerard Private Holdings (Finance) Pty Ltd

1.1 Background

Sales and purchase of product services are provided to the Company by a number of partners, including GSM Retail (entity controlled by Simon Gerard, Director). As disclosed in the Company's 2024 Annual Report, GSM Retail has been assisting the Company in purchasing finished goods from third party manufacturers by remitting the purchase price consideration to those third party manufacturers on behalf of the Company. As at 30 June 2024, the outstanding creditor amount owed to GSM Retail in relation to such remittance was \$922,780 (**Creditor Amount**).

In order to preserve the Company's cash reserves, GSM Retail has agreed, subject to Shareholder approval under Resolution 1, to convert \$405,997.17 of the Creditor Amount (**Creditor Conversion Amount**) into Shares rather than receive a cash payment and has nominated Gerard Private to receive those Shares on its behalf. The expenses relating to the Creditor Conversion Amount were incurred by the Company during the period September 2023 – December 2023.

The proposed issue of Shares to satisfy some of the Creditor Amount owing to GSM Retail was announced by the Company to ASX on 25 October 2024.

The number of Shares to be issued to Gerard Private to repay the Creditor Conversion Amount is calculated by dividing the Creditor Conversion Amount by an issue price per Share of \$0.01.

The issue price of the Shares (\$0.01) is the same as the issue price of Shares issued by the Company under the Company's entitlement offer of Shares made to Shareholders in August 2024 and under the placement of the shortfall to the entitlement offer announced by the Company to ASX on 25 October 2024.

The number of Conversion Shares to be issued has been limited to ensure that Gerard Private or any of its associates will not breach the provisions of Chapter 6 (and specifically section 606) of the Corporations Act.

Gerard Private and its associates presently have a relevant interest in 44,866,293 Shares (11.60% of the total Shares on issue).

It is anticipated that on completion of the issue of the Conversion Shares, Gerard Private will hold 85,466,010 Shares, representing a relevant interest of 19.99% of the total Shares expected to be on issue.

1.2 Resolution

Resolution 1 is an ordinary resolution to approve the issue of 40,599,717 Shares to Gerard Private (or its nominee) in lieu of Creditor Conversion Amount to be paid for the purposes of Listing Rule 10.11 (**Creditor Conversion Shares**).

1.3 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.

Section 210 of the Corporations Act provides that one of the statutory exceptions to the requirement to obtain shareholder approval under section 208 of the Corporations Act is where the provision of the financial benefit is on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length (or on terms less favourable than arm's length).

The proposed issue of Shares to Gerard Private in lieu of cash payment of the Creditor Conversion Amount may constitute the giving of a 'financial benefit' for the purposes of section 208 of the Corporations Act.

The Directors other than Simon Gerard (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 Resolution 1, on the basis that the Creditor Conversion Shares for which approval is being sought are proposed to be issued in lieu of cash which would otherwise be payable to GSM Retail, and will not be issued in addition to the cash Creditor Conversion Amount.

Accordingly, the Directors other than Simon Gerard consider that the issue of the Shares to Gerard Private in lieu of cash payments is being made on an arm's length basis within the exception set out in section 210 of the Corporations Act.

1.4 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 a Related Party unless it obtains approval of its shareholders.

Gerard Private is a Related Party of the Company under the Listing Rules. The proposed issue of Shares to Gerard Private 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 Resolution 1 is approved, the Company will be able to proceed with the proposed issue of Creditor Conversion Shares to Gerard Private (or its nominee) in lieu of GSM Retail receiving the Creditor Conversion Amount payable. As approval is obtained under Listing Rule 10.11, the issue of Shares will not use up any of the Company's 15% issuing capacity under Listing Rule 7.1.

If Resolution 1 is not approved, the Company will not be able to proceed with the proposed issue of Creditor Conversion Shares under that Resolution and instead will be required to pay GSM Retail the Creditor Conversion Amount in cash.

1.5 Listing Rule information requirements

Listing Rule 10.13 requires that the following information be provided to Shareholders in relation to Resolution 1 for the purposes of obtaining approval under Listing Rule 10.11:

(a) Names of the Related Party and relationship requiring approval

The Creditor Conversion Shares are proposed to be issued to Gerald Private (or its nominee).

Gerard Private is a Related Party of the Company under Listing Rule 10.11.1 because it is a company controlled by Simon Gerard, a Director.

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

(b) The number and class of securities to be issued to the persons

The Company proposes to issue 40,599,717 Creditor Conversion Shares to Gerald Private (or its nominee).

The number of Shares to be issued to Gerard Private is calculated by dividing the Creditor Conversion Amount \$405,997.17) by the issue price, which will be \$0.01.

(c) Summary of material terms of securities

The Creditor Conversion Shares are fully paid ordinary shares in the Company which will, from the time of issue, rank equally with all Shares then on issue.

(d) The date or dates on which the Company will issue the securities to the persons

The Company expects to issue the Creditor Conversion Shares within 5 business days of the Meeting. In any event, the Company will not issue any Shares to Gerard Private (or its nominee) later than one month (or such later date permitted by ASX) from the date of the Meeting.

(e) The price or consideration the Company will receive for the issue

The Creditor Conversion Shares are being issued in lieu of the Creditor Conversion Amount otherwise payable to GSM Retail in cash.

No funds will be received by the Company for the issue of the Creditor Conversion Shares.

For accounting purposes, the issue price of the Creditor Conversion Shares will be \$0.01 per Share.

The issue price of the Shares (\$0.01) is the same as the issue price of Shares issued by the Company under the Company's entitlement offer of Shares made to Shareholders in August 2024 and under the placement of the shortfall to the entitlement offer announced by the Company to ASX on 25 October 2024.

(f) Funds raised and purpose of the issue

The purpose of the issue is to extinguish the Company's liability to pay the Creditor Conversion Amount payable to GSM Retail equal to \$405,997.17.

(g) Details of the Director's current remuneration package

Details of the remuneration of Simon Gerard, including his related entities, who is to receive, or whose Associate is to receive, securities under Resolution 1, for the year ended 30 June 2024, is set out below.

Director	Total Remuneration FY24
Simon Gerard	\$53,438

The Company expects the total remuneration for Simon Gerard for the year ended 30 June 2025 to be similar to that set out below in respect of the previous financial year.

(h) If the securities were or will be issued under an agreement, a summary of any other material terms of the agreement

The Creditor Conversion Shares the subject of Resolution 1 are not being issued pursuant to any agreement.

(i) **Voting exclusion statement**

A voting exclusion statement for Resolution 1 is included in the Notice preceding this Explanatory Statement.

1.6 Directors' recommendation

The Board (excluding Simon Gerard, who has a material personal interest in the outcome of the Resolution and declines to make a recommendation) considers that the compensation represented by the issue of 40,599,717 Creditor Conversion Shares is an efficient means for the Company to settle the Creditor Conversion Amount owed to GSM Retail while preserving the Company's cash reserves during this stage of the Company's development and recommend Shareholders vote in favour of Resolution 1.

2. Resolution 2 – Approval of historical sale of products to a Related Party and ratification of breach of Listing Rule 10.1 – GSM Electrical (Australia) Pty Ltd

2.1 Background

It has been determined that the Company has breached Listing Rule 10.1 by its subsidiary Zimi Innovations Pty Ltd (**Zimi Innovations**) selling electrical products to GSM Electrical (Australia) Pty Ltd (**GSM Electrical**) in the amount of \$2,370,209 during the period 1 May 2023 to 30 November 2024 (**Relevant Period**) pursuant to the Distribution Agreement between Zimi Innovations and GSM Electrical entered into on 11 December 2020 (**Historical Product Sales to GSM Electrical**).

The relevant electrical products sold as part of the Historical Product Sales to GSM Electrical constituted assets of Zimi Innovations at the relevant time, that were sold to GSM Electrical (a Related Party of the Company) without prior shareholder approval of the sale in accordance with Listing Rule 10.1.

The total value of Historical Product Sales to GSM Electrical under the Historical GSM Electrical Distribution Agreement at the prices determined under the Historical GSM Electrical Distribution Agreement during the Relevant Period after the Historical GSM Electrical Distribution Agreement was entered into has exceeded 5% of the net equity interests of the Company at any relevant time and, for the purposes of Listing Rule 10.1, the Historical Product Sales to GSM Electrical have constituted a disposal of a substantial asset by the Company. Prior to the Relevant Period the value of net equity interests of the Company (i.e. the net assets and net equity of the Company as reported in its financial statements issued before the Relevant Period) was \$9,101,000 as stated in the Company's Interim Financial Report for the Half-Year Ended 31 December 2021. 5% of the net equity interests of the Company at this time equated to \$455,050.

Effectively the sale of electrical products made pursuant to the Historical GSM Electrical Distribution Agreement of a value in excess of \$455,050 constituted sales of assets to which Listing Rule 10.1 applied and for which shareholder approval was required to be obtained beforehand (but was not obtained beforehand). After 31 December 2022, sales of electrical products to GSM Electrical exceeded in \$455,050 in value during May 2023 and continued until November 2024 when sales to GSM Electrical under the Historical GSM Electrical Distribution Agreement ceased. It is these Historical Product Sales to GSM Electrical that have constituted the sale of Company assets to a related party of the Company without shareholder approval in breach of Listing Rule 10.1.

The nature, terms and material details of the Historical GSM Electrical Distribution Agreement, and the relationship with GSM Electrical and Gerard Private, were disclosed to the Company's Shareholders in the Company's notice of meeting and explanatory statement issued for the purpose of the Company's 2021 Annual General Meeting at which the Company's Shareholders effectively approved the acquisition of Zimi Innovations and approved the issue of securities to Gerard Private by which Simon Gerard, Gerard Private and GSM Electrical became related parties and substantial (10%+) holders of the Company. However, this approval did not include

shareholder approval of all future sales of electrical products under the Historical GSM Electrical Distribution Agreement for the purposes of Listing Rule 10.1. By reason of Zimi's acquisition of Zimi Innovations and Gerard Private becoming a substantial (10%+) holder of the Company, GSM Electrical become a Related Party of the Company on the Company's acquisition of Zimi Innovations in late December 2020.

Prior to the Relevant Period until March 2022, sales of electrical products to GSM Electrical were made pursuant to the prices and terms of the Historical GSM Electrical Distribution Agreement entered into on 11 December 2020 immediately before the time before GSM Electrical became a Related Party of the Company for the purposes of Listing Rule 10.1 and did not breach Listing Rule 10.1 by reason of the exemptions in Listing Rule 10.3 (e) and (f) applying to the original terms of the Historical GSM Electrical Distribution Agreement. These sales made pursuant to the then terms of the Historical GSM Electrical Distribution Agreement entered into in December 2020 (i.e. before GSM Electrical became a Related Party of the Company) did not require shareholder approval for the purposes of Listing Rule 10.1 after GSM Electrical became a Related Party only until such time as the terms of the Historical GSM Electrical Distribution Agreement did not change.

In March 2022, the Company issued a new price list for the sale of electrical products under the Historical GSM Electrical Distribution Agreement to GSM Electrical, in the same manner and at the same prices charged to all other distributors of the Company's products. The issue of this revised price list effectively constituted a change to the prices charged to GSM Electrical under the Historical GSM Electrical Distribution Agreement and it is considered that this effectively constituted a material change to the terms of the Historical GSM Electrical Distribution Agreement, meaning the exemptions in Listing Rule 10.3 (e) and (f) applying to the original terms of the Historical GSM Electrical Distribution Agreement ceased to apply.

In effect, it is considered that in March 2022, Zimi Innovations effectively entered into a new distribution agreement with GSM Electrical and from that time, sales of electrical products could only be made without shareholder approval in compliance with Listing Rule 10.1 whilst the total value of those sales did not exceed 5% of Zimi's net equity interests at the relevant time.

In effect, the change to prices under the Historical GSM Electrical Distribution Agreement in March 2022, the Company did not appreciate the effect of this would have on continued sales to GSM Electrical other than in compliance with Listing Rule 10.1. The Company incorrectly assumed at the relevant time that sales could continue to be made without the need for shareholder approval of the sale of electrical products under the revised terms of the Historical GSM Electrical Distribution Agreement for the purposes of the Company's compliance with Listing Rule 10.1.

Sales of electrical products to GSM Electrical made since March 2022 have exceeded \$455,050 in value, with the sales in excess of \$455,050 in value commencing with sales made in May 2023 and continuing during the Relevant Period.

As a result, the Company has breached Listing Rule 10.1 and now seeks Shareholder approval to ratify and approve the Historical Product Sales to GSM Electrical and to ratify the Company's breach of Listing Rule 10.1 constituted by the Historical Product Sales to GSM Electrical.

Resolution 2 is put to Shareholders for approval in order for the Company to comply with the Listing Rules.

2.2 Resolution

Resolution 2 is an ordinary resolution to ratify and approve the Historical Product Sales to GSM Electrical and to ratify the Company's breach of Listing Rule 10.1 constituted by the Historical Product Sales to GSM Electrical.

2.3 Corporations Act requirements

An overview of section 208 and the statutory exception of section 210 of the Corporations Act is set out in Section 1.3 above.

Simon Gerard, a Director of the Company, has an indirect shareholding interest in GSM Electrical. Accordingly, he may obtain a financial benefit from the approval of the Historical Product Sales to GSM Electrical and ratification of the Company's breach of Listing Rule 10.1 constituted by the Historical Product Sales to GSM Electrical. Mr Gerard is a Related Party of the Company for the purposes of the Corporations Act by virtue of his position as Director.

The Directors other than Simon Gerard (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 Resolution 2, on the basis that the amended price list in March 2022 for the sale of electrical products under the Historical GSM Electrical Distribution Agreement to GSM Electrical was in the same manner and at the same prices charged to all other distributors of the Company's products. Accordingly, the Directors other than Simon Gerard consider that Historical Product Sales to GSM Electrical was made on an arm's length basis within the exception set out in section 210 of the Corporations Act.

2.4 Listing Rule requirements

Listing Rule 10.1 restricts an entity from acquiring or agreeing to acquire a substantial asset from, or disposing of or agreeing to dispose of a substantial asset to:

- 10.1.1 a related party;
- 10.1.2 a child entity;
- 10.1.3 a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the entity;
- 10.1.4 an associate of a person mentioned in Listing Rules 10.1.1 – 10.1.3; or
- 10.1.5 a person whose relationship to the entity or a person referred to in Listing Rules 10.1.1 – 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by security holders

Listing Rule 10.2 provides that an asset is substantial if its value or the value of the consideration being paid or received by the entity for it is, or in ASX's opinion is, 5% or more of the entity's equity interests set out in its last set of financial statements given to the ASX under the Listing Rules.

As outlined in Section 2.1 above, the total value of Historical Product Sales to GSM Electrical under the Historical GSM Electrical Distribution Agreement at the prices determined under the Historical GSM Electrical Distribution Agreement during the Relevant Period has exceeded 5% of the net equity interests of the Company at any relevant time and, for the purposes of Listing Rule 10.1, the Historical Product Sales to GSM Electrical have constituted a disposal of a substantial asset by the Company.

Listing Rule 10.3 sets out a number of exceptions to the requirement for Shareholder approval under Listing Rule 10.1. The ASX has determined that none of the exceptions within Listing Rule 10.3 apply to the Historical Product Sales to GSM Electrical.

Accordingly, the Company seeks Shareholder approval to ratify and approve the Historical Product Sales to GSM Electrical and to ratify the Company's breach of Listing Rule 10.1 constituted by the Historical Product Sales to GSM Electrical.

If Resolution 2 is approved, the Company will have retrospectively approved of the Historical Product Sales to GSM Electrical under the Historical GSM Electrical Distribution Agreement and, accordingly, will have ratified the Company's breach of Listing Rule 10.1.

If Resolution 2 is not approved, the Company's breach of Listing Rule 10.1 will not be ratified and effectively the Company will remain in a position whereby it has acted contrary to the Listing Rules. In this scenario, the Company may be subject to enforcement action by ASX for breaching the Listing Rules. It is also possible that the Company's business reputation and standing may be adversely affected.

2.5 Listing Rule information requirements

Listing Rule 10.5 requires that the following information be provided to Shareholders in relation to Resolution 2 for the purposes of obtaining approval under Listing Rule 10.1:

(a) Details of the person to whom the Company is disposing of the substantial asset

Under the Historical Product Sales to GSM Electrical, the Company disposed of a substantial asset to GSM Electrical.

GSM Electrical is a wholly-owned subsidiary of Gerard Private, which is a substantial (10%+) Shareholder of the Company. Simon Gerard is the sole director and company secretary of GSM Electrical and the ultimate controller of GSM Electrical. Simon Gerard is a Director of the Company.

(b) Category in Listing Rules 10.1.1 – 10.1.5 which GSM Electrical falls within and why

As set out in Section 2.1 above, upon Zimi's acquisition of Zimi Innovations and Gerard Private becoming a substantial (10%+) holder of the Company, GSM Electrical become a Related Party of the Company in late December 2020.

Accordingly, GSM Electrical falls within category 10.1.1 of Listing Rule 10.1.

(c) Details of the asset being disposed of

As set out in Section 2.1 above, the assets of the Company sold to GSM Electrical during the Relevant Period under the Historical GSM Electrical Distribution Agreement were electrical products.

(d) Consideration for the Historical Product Sales to GSM Electrical

As set out in Section 2.1 above, GSM Electrical paid \$2,370,209 to the Company and Zimi Innovations as consideration for the sale of electrical products under the Historical GSM Electrical Distribution Agreement during the Relevant Period.

(e) Use of funds received for the Historical Product Sales to GSM Electrical

Funds from sale of electrical products to GSM Electrical during the Relevant Period were applied to the Company's operating costs and expenses.

(f) Timetable of the Historical Product Sales to GSM Electrical

As set out in Section 2.1 above, the Company is seeking retrospective approval and ratification of the Historical Product Sales to GSM Electrical, being sales under the Historical GSM Electrical Distribution Agreement made between 1 May 2023 to 30 November 2024 (inclusive) as it is these dates that the ASX has determined the Company was in breach of Listing Rule 10.1.

(g) Summary of the material terms of the Historical GSM Electrical Distribution Agreement in respect of the Historical Product Sales to GSM Electrical

A summary of the material terms of the Historical GSM Electrical Distribution Agreement is set out at Schedule 1.

(h) Voting exclusion statement

A voting exclusion statement for Resolution 2 is included in the Notice preceding this Explanatory Statement.

(i) Independent Expert's Report on the Historical Product Sales to GSM Electrical

The Notice includes an Independent Expert's Report by the Independent Expert, RSM Corporate Australia Pty Ltd, at Annexure A in respect of the Historical Product Sales to GSM Electrical.

The Independent Expert has determined that the Historical Product Sales made to GSM Electrical was **fair and reasonable** to non-associated Shareholders.

The Independent Expert's conclusions above should be read in context with the full Independent Expert's Report at Annexure A.

2.6 Directors' recommendation

The Board (excluding Simon Gerard, who has a material personal interest in the outcome of the Resolution and declines to make a recommendation) considers that the approval and ratification of the Historical Product Sales to GSM Electrical and ratification of the Company's breach of Listing Rule 10.1 constituted by the Historical Product Sales to GSM Electrical is necessary to maintain the Company's compliance with the Listing Rules, and is therefore in the best interests of the Company.

The Board (excluding Simon Gerard) recommends that Shareholders vote in favour of Resolution 2.

The Directors recommend that Shareholders read the Independent Expert's Report in full.

3. Resolution 3 – Approval of proposed sale of products to a Related Party – Distribution Agreement with GSM Electrical (Australia) Pty Ltd

3.1 Background

As set out in Section 2.4 above, the Company requires prior Shareholder approval if the disposal of Company assets to a Related Party of the Company will exceed 5% of the net equity interests of the Company at any relevant time.

The Company intends on continuing to sell electrical goods to GSM Electrical (a Related Party to the Company) as one of its providers under a new distribution agreement between Zimi Innovations and GSM Electrical (**GSM Electrical Distribution Agreement**).

Under the GSM Electrical Distribution Agreement, subject to Shareholder approval of Resolution 3, the Company, through its subsidiary Zimi Innovations, will continue to supply and sell electrical goods to GSM Electrical as one of its distributors for a period of two years following the date of Shareholder approval and up to a maximum cumulative amount of \$6 million (**Proposed Product Sales to GSM Electrical**). The maximum cumulative amount of \$6 million is not determinative nor indicative of the actual amount or volume of product sales that may be made to GSM Electrical, nor an estimation of the actual sales, but is set as a limit on the total amount of sales that may be made to GSM Electrical over a 2 year period as approved by Shareholders.

A summary of the material terms of the GSM Electrical Distribution Agreement is set out at Schedule 2.

The total value of the Proposed Product Sales to GSM Electrical at the prices determined under the GSM Electrical Distribution Agreement is anticipated to exceed 5% of the net equity interests of the Company at any relevant time and, for the purposes of Listing Rule 10.1, the Proposed Product Sales to GSM Electrical will constitute a disposal of a substantial asset by the Company.

As none of the exceptions within Listing Rule 10.3 apply to the Proposed Product Sales to GSM Electrical, the Company seeks Shareholder approval to approve the Proposed Product Sales to GSM Electrical.

3.2 Resolution

Resolution 3 is an ordinary resolution to approve the Proposed Product Sales to GSM Electrical.

3.3 Corporations Act requirements

An overview of section 208 and the statutory exception of section 210 of the Corporations Act is set out in Section 1.3 above.

For the reasons outlined at Section 2.3 above, Simon Gerard may obtain a financial benefit from the approval of the Proposed Product Sales to GSM Electrical by reason of his indirect shareholding interest in GSM Electrical. Mr Gerard is also a Related Party of the Company for the purposes of the Corporations Act by virtue of his position as Director.

The Directors other than Simon Gerard (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 Resolution 3, on the basis that the price list of electrical products under the GSM Electrical Distribution Agreement to GSM Electrical is substantially in the same manner and at substantially the same prices charged to all other distributors of the Company's products and is considered to be no more favourable to GSM Electrical than Zimi's other commercial arrangements with non-related parties.

Accordingly, the Directors other than Simon Gerard consider that Proposed Product Sales to GSM Electrical will be made on an arm's length basis within the exception set out in section 210 of the Corporations Act.

3.4 Listing Rule requirements

An overview of Listing Rule 10.1 is set out in Section 2.4 above.

The total value of the Proposed Product Sales to GSM Electrical at the prices determined under the GSM Electrical Distribution Agreement is anticipated to exceed 5% of the net equity interests of the Company at any relevant time and, for the purposes of Listing Rule 10.1, the Proposed Product Sales to GSM Electrical will constitute a disposal of a substantial asset by the Company.

As none of the exceptions within Listing Rule 10.3 apply to the Proposed Product Sales to GSM Electrical, the Company seeks Shareholder approval to approve the Proposed Product Sales to GSM Electrical.

If Resolution 3 is approved, the Company can proceed and continue with the Proposed Product Sales to GSM Electrical under GSM Electrical Distribution Agreement.

If Resolution 3 is not approved, the Company will not be able to proceed with the Proposed Product Sales to GSM Electrical, and the sales to GSM Electrical will not be made. In that scenario, the Company will not generate revenue from the Proposed Product Sales to GSM Electrical.

3.5 Listing Rule information requirements

Listing Rule 10.5 requires that the following information be provided to Shareholders in relation to Resolution 3 for the purposes of obtaining approval under Listing Rule 10.1:

(a) Details of the person to whom the Company is disposing of the substantial asset

Under the Proposed Product Sales to GSM Electrical, the Company will dispose of a substantial asset, in the form of electrical goods, to GSM Electrical.

An overview of GSM Electrical is set out in section 2.5(a) above.

(b) Category in Listing Rules 10.1.1 – 10.1.5 which GSM Electrical falls within and why

As set out in Section 2.1 above, upon Zimi's acquisition of Zimi Innovations and Gerard Private becoming a substantial (10%+) holder of the Company, GSM Electrical become a Related Party of the Company in late December 2020.

Accordingly, GSM Electrical falls within category 10.1.1 of Listing Rule 10.1 if Shareholder approval for the Proposed Product Sales to GSM Electrical is achieved.

(c) Details of the asset being disposed of

The assets of the Company sold to GSM Electrical during the Proposed Product Sales to GSM Electrical under the GSM Electrical Distribution Agreement will be electrical products of the same nature sold under the Historical GSM Electrical Distribution Agreement.

(d) Consideration for the Proposed Product Sales to GSM Electrical

As set out in Section 3.3 above, the Company will provide the electrical goods supplied under the GSM Electrical Distribution Agreement in the same manner and at the same prices charged to all other distributors of the Company's products.

The maximum consideration under the Proposed Product Sales to GSM Electrical will be \$6 million over a 2 year period following Shareholder approval of Resolution 3.

(e) Intended use of funds received for the Proposed Product Sales to GSM Electrical

Funds from the Proposed Product Sales to GSM Electrical will form part of the Company's general operating revenue and it is anticipated those funds will be applied to the Company's costs and expenses of operations and to general working capital during the relevant period.

(f) Timetable for completing the Proposed Product Sales to GSM Electrical

As set out in Section 3.1 above, the Proposed Product Sales to GSM Electrical will be made during the period of 2 years following Shareholder approval of the Proposed Product Sales to GSM Electrical.

(g) Summary of the material terms of the GSM Electrical Distribution Agreement in respect of the Proposed Product Sales to GSM Electrical

A summary of the material terms of the GSM Electrical Distribution Agreement is set out at Schedule 2.

(h) Voting exclusion statement

A voting exclusion statement for Resolution 3 is included in the Notice preceding this Explanatory Statement.

(i) Independent Expert's Report on the Proposed Product Sales to GSM Electrical

The Notice includes an Independent Expert's Report by the Independent Expert, RSM Corporate Australia Pty Ltd, at Annexure A in respect of the Proposed Product Sales to GSM Electrical.

The Independent Expert's Report outlines and considers the advantages and disadvantages of the proposed transaction.

The Independent Expert has determined that the Proposed Product Sales proposed to be made to GSM Electrical is **fair and reasonable** to non-associated Shareholders.

The Independent Expert has considered the advantages and disadvantages of the Proposed Product Sales to be made to GSM Electrical and has concluded that if the proposed transaction is approved the position of non-associated Shareholders is more advantageous than if the proposed transaction is not approved.

The Independent Expert's conclusions above should be read in context with the full Independent Expert's Report at Annexure A.

3.6 Disclosure of sales

If Resolution 3 is approved, the product sales that may be made to GSM Electrical over the 2 year period up to a cumulative maximum amount of \$6,000,000 as approved by Shareholders will be reported by Zimi each quarter in its Quarterly Activities Reports given to ASX for the purposes of Listing Rule 4.7C, including the amount of sales for that relevant quarter and the total cumulative amount of sales under the GSM Electrical Distribution Agreement to the end of the quarter.

Any sales proposed to be made to GSM Electrical in excess of the maximum amount of \$6,000,000 would be subject to further Shareholder approval in accordance with requirements of Listing Rule 10.1 (and Zimi will breach Listing Rule 10.1 if sales are made in excess of the maximum amount without prior Shareholder approval).

3.7 Directors' recommendation

The Board (excluding Simon Gerard, who has a material personal interest in the outcome of the Resolution and declines to make a recommendation) considers that the approval of the Proposed Product Sales to GSM Electrical is in the best interests of the Company and recommend Shareholders vote in favour of Resolution 3.

The Directors recommend that Shareholders read the Independent Expert's Report in full.

4. Resolution 4 – Approval of proposed sale of products to a Related Party – Distribution Agreement with Zencontrol Pty Ltd

4.1 Background

The Company's subsidiary Zimi Innovations has entered into a distribution agreement with Zencontrol for the supply and sale to Zencontrol of Zimi's "Senoa Pro" brand electrical products (**Zencontrol Distribution Agreement**).

Under the Zencontrol Distribution Agreement, subject to Shareholder approval of Resolution 4, the Company, through its subsidiary Zimi Innovations, will supply and sell "Senoa Pro" brand electrical products to Zencontrol as an exclusive distributor on a worldwide basis for a period of 2 years following the date of Shareholder approval and up to a maximum cumulative amount of \$6 million (**Proposed Product Sales to Zencontrol**). The maximum cumulative amount of \$6 million is not determinative nor indicative of the actual amount or volume of product sales that may be made to Zencontrol, nor an estimation of the actual sales, but is set as a limit on the total amount of sales that may be made to Zencontrol over a 2 year period as approved by Shareholders.

A summary of the material terms of the Zencontrol Distribution Agreement is set out at Schedule 3.

Zencontrol is a company controlled by Todd Milliner and Zendo Pty Ltd.

Zendo Pty Ltd is a trustee of the Zendo Family Trust and is a company controlled by Joshua Newell, a Director of the Company.

Todd Milliner and Zendo Pty Ltd each hold 36,250,000 Shares (approximately 9.4% each of the total Shares on issue). They are each substantial Shareholders of the Company, with a collective relevant interest of 18.7% in Shares in the Company.

The total value of the Proposed Product Sales to Zencontrol at the prices determined under the Zencontrol Distribution Agreement is anticipated to exceed 5% of the net equity interests of the Company at any relevant time and, for the purposes of Listing Rule 10.1, the Proposed Product Sales to Zencontrol will constitute a disposal of a substantial asset by the Company.

As none of the exceptions within Listing Rule 10.3 apply to the Proposed Product Sales to Zencontrol, the Company seeks Shareholder approval to approve the Proposed Product Sales to Zencontrol.

4.2 Resolution

Resolution 4 is an ordinary resolution to approve the Proposed Product Sales to Zencontrol.

4.3 Corporations Act requirements

An overview of section 208 and the statutory exception of section 210 of the Corporations Act is set out in Section 1.3 above.

Joshua Newell, a Director of the Company, has an indirect shareholding interest in Zencontrol via his control of Zendo Pty Ltd (which holds 36,250,000 Shares). Accordingly, he may obtain a financial benefit from the approval of the Proposed Product Sales to Zencontrol constituted by the Proposed Product Sales to Zencontrol. Mr Newell is a Related Party of the Company for the purposes of the Corporations Act by virtue of his position as Director.

The Directors other than Joshua Newell (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 Resolution 4, on the basis that the proposed pricing and terms of sale of the Senoa Pro product range is a mechanism based on the Company's manufacturing cost of the product plus an agreed 33.33% mark-up and in a manner considered to be no more favourable to Zencontrol than Zimi's other commercial arrangements with other distributors who are non-related parties.

Accordingly, the Directors other than Joshua Newell consider that Proposed Product Sales to Zencontrol will be made on an arm's length basis within the exception set out in section 210 of the Corporations Act.

4.4 Listing Rule requirements

An overview of Listing Rule 10.1 is set out in Section 2.4 above.

The total value of the Proposed Product Sales to Zencontrol at the prices determined under the Zencontrol Distribution Agreement is anticipated to exceed 5% of the net equity interests of the Company at any relevant time and, for the purposes of Listing Rule 10.1, the Proposed Product Sales to Zencontrol will constitute a disposal of a substantial asset by the Company.

As none of the exceptions within Listing Rule 10.3 apply to the Proposed Product Sales to Zencontrol, the Company seeks Shareholder approval to approve the Proposed Product Sales to Zencontrol.

If Resolution 4 is approved, the Company can proceed and continue with the Proposed Product Sales to Zencontrol under the Zencontrol Distribution Agreement.

If Resolution 4 is not approved, the Company will not be able to proceed with the Proposed Product Sales to Zencontrol, and the sales to Zencontrol will not be made. In that scenario, the Company will not generate revenue from the Proposed Product Sales to Zencontrol.

4.5 Listing Rule information requirements

Listing Rule 10.5 requires that the following information be provided to Shareholders in relation to Resolution 4 for the purposes of obtaining approval under Listing Rule 10.1:

(a) Details of the person to whom the Company is disposing of the substantial asset

Under the Proposed Product Sales to Zencontrol, the Company will dispose of a substantial asset, in the form of electrical goods, to Zencontrol.

The shareholders of Zencontrol as at the date of this Notice are as follows:

Name	Shares	%
Todd Milliner	46,000	50%
Zendo Pty Ltd (an Associate of Joshua Newell).	46,000	50%

Messrs Milliner and Newell are the directors and shareholders (direct and indirect) of Zencontrol.

Joshua Newell is a Director of the Company.

Todd Milliner is Shareholder of Company holding 36,250,000 Shares (9.4% interest).

Joshua Newell is a director of Zendo Pty Ltd, which is a Shareholder of the Company holding 36,250,000 Shares (9.4% interest)

(b) Category in Listing Rules 10.1.1 – 10.1.5 which Zencontrol falls within and why

Zencontrol is a company controlled by Todd Milliner and Zendo Pty Ltd (which is an Associate of Joshua Newell, a Director).

Todd Milliner and Zendo Pty Ltd each holds 36,250,000 Shares in the Company representing a collective 18.7% shareholding interest in the Company.

On this basis, Zencontrol falls within the category 10.1.4 of Listing Rule 10.1, being an Associate of a Related Party of the Company, being Joshua Newell a Director.

Zencontrol is also an Associate of substantial Shareholders of the Company (Todd Milliner and Zendo Pty Ltd) who collectively may be considered to be a substantial (10%+) Shareholder of Company.

(c) Details of the asset being disposed of

The assets of the Company sold to Zencontrol during the Proposed Product Sales to Zencontrol under the Zencontrol Distribution Agreement will be electrical products of the same nature sold under the Historical GSM Electrical Distribution Agreement and GSM Electrical Distribution Agreement.

(d) Consideration for the Proposed Product Sales to Zencontrol

The Company will supply and sell “Senoa Pro” brand electrical goods (**Product**) to Zencontrol on the terms set out in the Zencontrol Distribution Agreement, which provides for pricing of the Product at a price equal to the Company’s manufacturing costs of the Product multiplied by 1.3333 (i.e. Product will be sold for prices 33.33% above Company’s manufacturing cost the Product).

The maximum consideration payable to the Company under the Proposed Product Sales to Zencontrol will be \$6 million over a 2 year period following Shareholder approval of Resolution 4.

(e) Intended use of funds received for the Proposed Product Sales to Zencontrol

Funds from the Proposed Product Sales to Zencontrol will form part of the Company's general operating revenue and it is anticipated those funds will be applied to the Company's costs and expenses of operations and to general working capital during the relevant period.

(f) Timetable for completing the Proposed Product Sales to Zencontrol

As set out in Section 4.1 above, the Proposed Product Sales to Zencontrol will be made during the period of two years following the date of Shareholder approval of the Proposed Product Sales to Zencontrol.

(g) Summary of the material terms of the Zencontrol Distribution Agreement in respect of the Proposed Product Sales to Zencontrol

A summary of the material terms of the Zencontrol Distribution Agreement is set out at Schedule 3.

(h) Voting exclusion statement

A voting exclusion statement for Resolution 4 is included in the Notice preceding this Explanatory Statement.

(i) Independent Expert's Report on the Proposed Product Sales to Zencontrol

The Notice includes an Independent Expert's Report by the Independent Expert, RSM Corporate Australia Pty Ltd, at Annexure A in respect of the Proposed Product Sales to Zencontrol.

The Independent Expert's Report outlines and considers the advantages and disadvantages of the proposed transaction.

The Independent Expert has determined that the Proposed Product Sales to be made to Zencontrol is **fair and reasonable** to non-associated Shareholders.

The Independent Expert has considered the advantages and disadvantages of the Proposed Product Sales to be made to Zencontrol and has concluded that if the proposed transaction is approved the position of non-associated Shareholders is more advantageous than if the proposed transaction is not approved.

The Independent Expert's conclusions above should be read in context with the full Independent Expert's Report at Annexure A.

4.6 Disclosure of sales

If Resolution 4 is approved, the product sales that may be made to Zencontrol over the 2 year period up to a cumulative maximum amount of \$6,000,000 as approved by Shareholders will be reported by Zimi each quarter in its Quarterly Activities Reports given to ASX for the purposes of Listing Rule 4.7C, including the amount of sales for that relevant quarter and the total cumulative amount of sales under the Zencontrol Distribution Agreement to the end of the quarter.

Any sales proposed to be made to Zencontrol in excess of the maximum amount of \$6,000,000 would be subject to further Shareholder approval in accordance with requirements of Listing Rule 10.1 (and Zimi will breach Listing Rule 10.1 if sales are made in excess of the maximum amount without prior Shareholder approval).

4.7 Directors' recommendation

The Board (excluding Joshua Newell, who has a material personal interest in the outcome of the Resolution and declines to make a recommendation) considers that the approval of the Proposed Product Sales to Zencontrol is in the best interests of the Company and recommend Shareholders vote in favour of Resolution 4.

The Directors recommend that Shareholders read the Independent Expert's Report in full.

5. Resolution 5 – Approval of proposed purchase of manufactured products from a Related Party – Manufacturing Agreement with Zencontrol

5.1 Background

The Company intends on entering into an agreement between Zimi Innovations and Zencontrol Limited of Hong Kong (**Zencontrol Limited** or **Manufacturer**) (an Associate of and an entity controlled by Zencontrol) (**Zencontrol Manufacturing Agreement**). Under the Zencontrol Manufacturing Agreement, the Company, through its subsidiary Zimi Innovations, will purchase electrical goods manufactured by Zencontrol Limited for a period of 2 years commencing the date of Shareholder approval and up to a maximum cumulative amount of \$4 million (**Manufactured Product Purchases from Zencontrol**). The maximum cumulative amount of \$4 million is not determinative nor indicative of the actual amount or volume of purchases that may be made from Zencontrol, nor an estimation of the actual purchases, but is set as a limit on the total amount of purchases that may be made from Zencontrol over a 2 year period as approved by Shareholders.

A summary of the material terms of the Zencontrol Manufacturing Agreement is set out at Schedule 4.

Zencontrol Limited is controlled by Todd Milliner and Joshua Newell (a Director). Each of Todd Milliner and Joshua Newell (through Zendo Pty Ltd) substantial Shareholders of the Company, each holding 36250,000 Shares (9.4% relevant interest), and collectively holding approximately 18.7% of the total Shares.

The total value of the Proposed Manufactured Product Purchases from the Manufacturer at the prices determined under the Zencontrol Manufacturing Agreement is anticipated to exceed 5% of the net equity interests of the Company at any relevant time and, for the purposes of Listing Rule 10.1, the Proposed Manufactured Product Purchases from Zencontrol Limited will constitute an acquisition of a substantial asset by the Company from an associate of a substantial (10%+) Shareholder of the Company (i.e. Zencontrol).

As none of the exceptions within Listing Rule 10.3 apply to the Proposed Manufactured Product Purchases from Zencontrol Limited, the Company seeks Shareholder approval to approve the Proposed Manufactured Product Purchases from Zencontrol Limited.

5.2 Resolution

Resolution 5 is an ordinary resolution to approve the Proposed Manufactured Product Purchases from Zencontrol Limited.

5.3 Corporations Act requirements

An overview of section 208 and the statutory exception of section 210 of the Corporations Act is set out in Section 1.3 above.

The Directors other than Joshua Newell (being the members of the Board ineligible to consider the matter by reason of Mr Newell's interest in Zencontrol Limited as set out in Section 5.5(b) below), consider that Shareholder approval pursuant to section 208 of the Corporations Act is not required in respect of Resolution 5, on the basis that on the basis that the proposed pricing and terms of purchase of the manufactured products to be acquired from Zencontrol Limited under the Zencontrol Manufacturing agreement is considered to be no more favourable to

Zencontrol than Zimi's other commercial arrangements with other suppliers of manufactured products who are not related parties of the Company.

Accordingly, the Directors other than Joshua Newell consider that Proposed Manufactured Product Purchases from Zencontrol Limited will be made on an arm's length basis within the exception set out in section 210 of the Corporations Act.

5.4 Listing Rule requirements

An overview of Listing Rule 10.1 is set out in Section 2.4 above.

The total value of the Manufactured Product Purchases from Zencontrol at the prices determined under the Zencontrol Manufacturing Agreement is anticipated to exceed 5% of the net equity interests of the Company at any relevant time and, for the purposes of Listing Rule 10.1, the Proposed Manufactured Product Purchases from Zencontrol will constitute an acquisition of a substantial asset by the Company.

As none of the exceptions within Listing Rule 10.3 apply to the Manufactured Product Purchases from Zencontrol, the Company seeks Shareholder approval to approve the Proposed Manufactured Product Purchases from Zencontrol.

If Resolution 5 is approved, the Company can proceed and continue with the Proposed Manufactured Product Purchases from Zencontrol.

If Resolution 5 is not approved, the Company will not be able to proceed and continue with the Proposed Manufactured Product Purchases from Zencontrol and the Company will need to source and purchase manufactured products from alternative suppliers.

5.5 Listing Rule information requirements

Listing Rule 10.5 requires that the following information be provided to Shareholders in relation to Resolution 5 for the purposes of obtaining approval under Listing Rule 10.1:

(a) Details of the person to whom the Company is acquiring the substantial asset

Under the Proposed Manufactured Product Purchases from Zencontrol Limited, the Company will acquire a substantial asset, in the form of manufactured electrical goods, from Zencontrol Limited an Associate of Zencontrol.

An overview of the shareholders and directors of Zencontrol is set out in section 4.5(a) above.

(b) Category in Listing Rules 10.1.1 – 10.1.5 which Zencontrol falls within and why

Zencontrol Limited is a Hong Kong registered entity which is controlled by Todd Milliner and Joshua Newell (a Director).

On this basis, Zencontrol Limited falls within the category 10.1.4 of Listing Rule 10.1, being an Associate of a Related Party of the Company, being Joshua Newell a Director.

Zencontrol is a company controlled by Todd Milliner and Zendo Pty Ltd (which is an Associate of Joshua Newell, a Director). Todd Milliner and Joshua Newell (through Zendo Pty Ltd) each hold 36,250,000 Shares in the Company, representing a collective 18.7% shareholding interest in the Company.

Zencontrol Limited is also an Associate of substantial Shareholders of the Company (Todd Milliner and Zendo Pty Ltd) who collectively may be considered to be a substantial (10%+) Shareholder of Company.

(c) Details of the asset being acquired

The assets to be purchased by the Company as the Proposed Manufactured Product Purchases from Zencontrol Limited under the Zencontrol Manufacturing Agreement will be manufactured electrical products as may be ordered by the Company's subsidiary Zimi Innovations from time to time.

(d) Consideration for the Proposed Manufactured Product Purchases from Zencontrol

The maximum consideration under the Proposed Manufactured Product Purchases from Zencontrol Limited will be \$4 million over a 2 year period following Shareholder approval of Resolution 5.

(e) Intended source of funds to pay for the acquisition

The Company anticipates that funds to pay for Proposed Manufactured Product Purchases from Zencontrol Limited will be raised from revenues generated by the sale of the Company's products from time to time and other available working capital over time, and not from any proposed equity capital raising or borrowing of funds specifically for the Proposed Manufactured Product Purchases.

(f) Timetable for completing the Proposed Manufactured Product Purchases from Zencontrol

The Proposed Manufactured Product Purchases from Zencontrol Limited will be made during the period of two years following the date of Shareholder approval of Resolution 5.

(g) Summary of the material terms of the Zencontrol Manufacturing Agreement in respect of the Proposed Manufactured Product Purchases from Zencontrol

A summary of the material terms of the Zencontrol Manufacturing Agreement is set out at Schedule 4.

(h) Voting exclusion statement

A voting exclusion statement for Resolution 5 is included in the Notice preceding this Explanatory Statement.

(i) Independent Expert's Report on the Proposed Manufactured Product Purchases from Zencontrol

The Notice includes an Independent Expert's Report by the Independent Expert, RSM Corporate Australia Pty Ltd, at Annexure A in respect of the Proposed Manufactured Product Purchases from Zencontrol Limited.

The Independent Expert's Report outlines and considers the advantages and disadvantages of the proposed transaction.

The Independent Expert has determined that the Proposed Manufactured Product Purchases from Zencontrol Limited is **fair and reasonable** to non-associated Shareholders.

The Independent Expert has considered the advantages and disadvantages of the proposed transaction and has concluded that if the proposed transaction is approved the position of non-associated Shareholders is more advantageous than if the proposed transaction is not approved.

The Independent's Expert's conclusions above should be read in context with the full Independent Expert's Report at Annexure A.

5.6 Disclosure of purchases

If Resolution 5 is approved, the actual manufactured product purchases that may be made from Zencontrol over the 2 year period up to a cumulative maximum amount of \$4,000,000 as approved by Shareholders will be reported by Zimi each quarter in its Quarterly Activities Reports given to ASX for the purposes of Listing Rule 4.7C, including the amount of purchases for that relevant quarter and the total cumulative amount of purchases from Zencontrol under the Zencontrol Manufacturing Agreement to the end of the quarter.

Any purchases proposed to be made from Zencontrol in excess of the maximum amount of \$4,000,000 would be subject to further Shareholder approval in accordance with requirements of Listing Rule 10.1 (and Zimi will breach Listing Rule 10.1 if purchases are made in excess of the maximum amount without prior Shareholder approval).

5.7 Directors' recommendation

The Board (excluding Joshua Newell, who has a material personal interest in the outcome of the Resolution and declines to make a recommendation) considers that the approval of the Proposed Manufactured Product Purchases from Zencontrol is in the best interests of the Company and recommend Shareholders vote in favour of Resolution 5.

The Directors recommend that Shareholders read the Independent Expert's Report in full.

Glossary

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

\$	Australian dollars.
Associate	Has the meaning given to that term in the Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	The Board of Directors of the Company.
Business Day	A day: (a) that is a business day as defined in the Listing Rules; and (b) which is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.
Chairperson or Meeting Chair	The chair of the General Meeting.
Company	Zimi Limited (ACN 113 326 524).
Company Secretary	The company secretary of the Company.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Creditor Amount	Has the meaning given to that term in section 1.1.
Creditor Conversion Amount	Has the meaning given to that term in section 1.1.
Creditor Conversion Shares	Has the meaning given to that term in section 1.2.
Director	A director of the Company.
Equity Securities	Has the meaning given to that term in the Listing Rules.
Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice.
General Meeting or Meeting	The General Meeting of Shareholders or any adjournment thereof, convened by the Notice.
Gerard Private	Gerard Private Holdings (Finance) Pty Ltd (ACN 603 283 085).
GSM Electrical	GSM Electrical (Australia) Pty Ltd (ACN 603 377 484).
GSM Electrical Distribution Agreement	Has the meaning given to that term in section 3.1.
GSM Retail	GSM Retail Australia Pty Ltd (ACN 007 682 475).
Historical GSM Electrical Distribution Agreement	A distribution agreement between Zimi Innovations and GSM Electrical entered into on 11 December 2020.
Historical Product Sales to GSM Electrical	Has the meaning given to that term in section 2.1.
Independent Expert	RSM Corporate Australia Pty Ltd (ACN 050 508 024).
Independent Expert's Report	The report of the Independent Expert at Annexure A to the Notice.
Listing Rules	The listing rules of ASX, as amended from time to time.

Notice or Notice of General Meeting	The notice of General Meeting which accompanies this Explanatory Statement.
Notice Date	The date of the Notice of General Meeting.
Proposed Manufactured Product Purchases from Zencontrol	Has the meaning given to that term in section 5.1.
Proposed Product Sales to GSM Electrical	Has the meaning given to that term in section 3.1.
Proposed Product Sales to Zencontrol	Has the meaning given to that term in section 4.1.
Proxy Form	The proxy form attached to this Notice.
Related Party	Has the meaning given to that term in the Listing Rules.
Relevant Period	Has the meaning given to that term in section 2.1.
Resolution	A resolution set out in the Notice.
Section	A section of the Explanatory Statement.
Share	A fully paid ordinary share in the Company.
Shareholder	The holder of a Share in the Company.
WST	Australian Western Standard Time, being the time in Perth, Western Australia.
Zencontrol	Zencontrol Pty Ltd (ACN 122 008 824).
Zencontrol Distribution Agreement	Has the meaning given to that term in section 4.1.
Zencontrol Limited	Zencontrol Limited (Hong Kong company number 1673609), an Associate of Zencontrol.
Zencontrol Manufacturing Agreement	Has the meaning given to that term in section 5.1.
Zimi Innovations	Zimi Innovations Pty Ltd (ACN 616 530 708).

Schedule 1 – Summary of Historical GSM Electrical Distribution Agreement

The Historical GSM Electrical Distribution Agreement (now terminated) was on the following material terms:

- (a) Zimi Innovations granted GSM Electrical the exclusive right to purchase Zimi Innovations' products (the **Products**) for resale in the market sector in the Australia and New Zealand on and subject to the terms of the Historical GSM Electrical Distribution Agreement.
- (b) The Historical GSM Electrical Distribution Agreement would continue for an initial term of 36 months and could be extended by mutual agreement for further periods of 12 months, unless terminated earlier.
- (c) The prices for Products (**Prices**):
 - (i) at the date of the Historical GSM Electrical Distribution Agreement, were as set out in a schedule thereto; and
 - (ii) were not be increased by Zimi Innovations more than once in any 12-month period, and may be increased only to account for substantiated increases in cost to Zimi Innovations of supplier input costs, with such increases to be documented and disclosed to GSM Electrical.
- (d) Changes to Prices were required to be notified by Zimi Innovations to GSM Electrical in writing at least 60 days prior to the date of the change taking effect, and the changed Price applied to all orders for Products by the GSM Electrical following the date of change.
- (e) GSM Electrical was required to send Zimi Innovations written orders for the Products that it wished to purchase from Zimi Innovations specifying each Product and the quantity of each Product required (which must be greater than a specified minimum order quantity). Zimi Innovations was required to supply and fill all of the orders made by the Distributor pursuant to the Distribution Agreement on a "free into warehouse" (FIW) basis in accordance with its normal manufacturing lead times.
- (f) GSM Electrical granted to Zimi Innovations a royalty-free licence to use specified designs owned by GSM Electrical (Designs) and the intellectual property rights in the Designs solely for the purposes of manufacturing and supplying Products to GSM Electrical and for such other purposes as GSM Electrical may approve in writing.
- (g) Zimi Innovations granted to GSM Electrical an exclusive, royalty-free licence (with no right to sublicense) to use Zimi Innovations' branding, in the form supplied by Zimi Innovations from time to time, in GSM Electrical's advertising or promotional materials for Products and on packaging of Products.
- (h) GSM Electrical could not delegate or subcontract any or all of its rights or obligations under the Distribution Agreement unless Zimi Innovations agrees in writing.

The Historical GSM Electrical Distribution Agreement otherwise contained terms and conditions considered standard for agreements of its nature.

Schedule 2 – Summary of GSM Electrical Distribution Agreement

The GSM Electrical Distribution Agreement is on the following material terms:

- (a) Zimi Innovations grants to GSM Electrical (the **Distributor**) the exclusive right to purchase Zimi Innovations' "Senoa Pro" brand products (the **Products**) for resale worldwide (**Market Sector**) on and subject to the terms of the GSM Electrical Distribution Agreement.
- (b) The agreement commences on 4 March 2025 and continues for an initial term of 24 months and may be extended for further periods, each of 24 months' duration, by the agreement of both parties, unless terminated earlier in accordance with termination provisions of the agreement (**Term**).
- (c) The sale and purchase of any Products pursuant to the agreement is conditional upon and subject to the approval of Shareholders in general meeting approving the sale in accordance with the requirements of Listing Rule 10.1 as a condition precedent.
- (d) The prices for Products (**Prices**):
 - (i) at the date of the Proposed the Distributor Distribution Agreement, are as set out in a schedule thereto; and
 - (ii) are not be increased by Zimi Innovations more than once in any 12-month period, and may be increased only to account for substantiated increases in cost to Zimi Innovations of supplier input costs, with such increases to be documented and disclosed to the Distributor.
- (e) Changes to Prices are required be notified by Zimi Innovations to the Distributor in writing at least 60 days prior to the date of the change taking effect, and the changed Price will apply to all orders for Products by the Distributor following the date of change.
- (f) The Distributor must pay Zimi Innovations' invoices for Products by electronic funds transfer within 30 days of the end of the month in which the invoice is received.
- (g) The Distributor will send Zimi Innovations written orders for the Products that it wishes to purchase from Zimi Innovations specifying each Product and the quantity of each Product required (which must be greater than a specified minimum order quantity). Zimi Innovations must supply and fill all of the orders made by the Distributor pursuant to the Distribution Agreement on a "free into warehouse" (FIW) basis in accordance with its normal manufacturing lead times.
- (h) The Distributor must submit an annual sales plan to Zimi Innovations setting out the Distributor's proposed plan for sales of Products in the forthcoming financial year, including:
 - (i) projected (non-binding) Product sales targets;
 - (ii) personnel of the Distributor who are tasked with execution of various aspects of the sales plan; and
 - (iii) quarterly marketing and promotional activities directed at exploitation of Products and proposed (non-binding) spend on those activities,(each, a **Sales Plan**). The Distributor must take into account all reasonable commercial requirements of Zimi Innovations with respect to any such Sales Plan and promptly submit a revised Sales Plan to Zimi Innovations accommodating any such requirements. The Distributor must use all reasonable commercial efforts to comply with each Sales Plan.
- (i) The Distributor must submit to Zimi Innovations on a quarterly basis a written report detailing the Distributor's progress and performance as against the Sales Plan and otherwise providing such information regarding the Distributor's performance under the agreement as Zimi Innovations may reasonably require.

- (j) The Distributor grants to Zimi Innovations a royalty-free licence to use specified designs owned by the Distributor (**Designs**) and the intellectual property rights in the Designs solely for the purposes of manufacturing and supplying Products to the Distributor and for such other purposes as the Distributor may approve in writing.
- (k) Zimi Innovations grants to the Distributor an exclusive, royalty-free licence (with no right to sublicense) to use Zimi Innovations' branding, in the form supplied by Zimi Innovations from time to time, in the Distributor's advertising or promotional materials for Products and on packaging of Products.
- (l) The Distributor must not delegate or subcontract any or all of its rights or obligations under the Distribution Agreement unless Zimi Innovations agrees in writing.
- (m) Zimi Innovations may immediately terminate the agreement in any of the following circumstances:
 - (i) subject to any statutory stay on the exercise of such rights, if the Distributor is or becomes the subject of an insolvency event;
 - (ii) upon the Distributor committing a material breach of the agreement which is not capable of remedy;
 - (iii) if the Distributor commits a material breach of the agreement (other than obligations under a separate exclusivity clause) and has failed to remedy such breach within 30 days of receipt of written notice from Zimi Innovations requiring it to do so;
 - (iv) the Distributor commits any breach of the agreement three or more times in any six month period; or
 - (v) the Distributor commits any breach of the agreement and has failed to remedy such breach within 90 days of receipt of written notice from Zimi Innovations requiring it to do so.
- (n) The Distributor must inform Zimi Innovations as soon as it becomes aware it will be subject to a change in control. Zimi Innovations may then, by notice in writing to the Distributor, provide 6 months' notice to terminate the agreement.
- (o) The Distributor may, by notice in writing to Zimi Innovations terminate this Agreement in any of the following circumstances:
 - (i) without cause on not less than 6 months prior written notice;
 - (ii) subject to any statutory stay on the exercise of such rights, the Zimi Innovations is or becomes the subject of an insolvency event; or
 - (iii) Zimi Innovations is in material breach of the agreement and has failed to remedy such breach within 30 days of receipt of written notice from the Distributor requiring it to do so.

The GSM Electrical Distribution Agreement otherwise contains terms and conditions considered standard for agreements of its nature.

Schedule 3 – Summary of Zencontrol Distribution Agreement

The Zencontrol Distribution Agreement is on the following material terms:

- (a) Zimi Innovations grants to Zencontrol (the **Distributor**) the exclusive right to purchase and distribute Zimi Innovations' "Senoa Pro" brand products (the **Products**) for resale worldwide (**Territory**) on and subject to the terms of the Zencontrol Distribution Agreement.
- (b) The agreement commences on 28 February 2025 and continues for an initial term of 24 months and may be extended for further periods, each of 24 months' duration, by the agreement of both parties, unless terminated earlier in accordance with termination provisions of the agreement (**Term**).
- (c) The sale and purchase of the Products pursuant to the agreement is conditional upon and subject to the approval of Shareholders in general meeting approving the sale in accordance with the requirements of Listing Rule 10.1 as a condition precedent.
- (d) The prices for Products (**Prices**) will be an amount equal to Zimi Innovations manufacturing cost for the Products multiplied by 1.3333.
- (e) The Distributor will send Zimi Innovations written quotes and purchase orders for the Products that it wishes to purchase from Zimi Innovations specifying each Product and the quantity of each Product required.
- (f) Zimi Innovations must use reasonable endeavours supply and deliver the Products to the Distributor in a timely manner in accordance with terms of the applicable quote and purchase order from the Distributor to Zimi Innovations.
- (g) The Distributor must pay Zimi Innovations' invoices for Products on the terms of the applicable quote and purchase order by electronic funds transfer w.
- (h) The agreement is for the exclusive supply of the Products to the Distributor. Unless the Distributor otherwise agrees, Zimi Innovations will not directly or indirectly authorise anyone else to directly sell or supply products in the Territory.
- (i) The Distributor must submit an annual sales plan to Zimi Innovations setting out the Distributor's proposed plan for sales of Products in the forthcoming financial year, including:
 - (i) projected (non-binding) Product sales targets;
 - (ii) personnel of the Distributor who are tasked with execution of various aspects of the sales plan; and
 - (iii) quarterly marketing and promotional activities directed at exploitation of Products and proposed (non-binding) spend on those activities,(each, a **Sales Plan**). The Distributor must take into account all reasonable commercial requirements of Zimi Innovations with respect to any such Sales Plan and promptly submit a revised Sales Plan to Zimi Innovations accommodating any such requirements. The Distributor must use all reasonable commercial efforts to comply with each Sales Plan.
- (j) The Distributor must submit to Zimi Innovations on a quarterly basis a written report detailing the Distributor's progress and performance as against the Sales Plan and otherwise providing such information regarding the Distributor's performance under the agreement as Zimi Innovations may reasonably require.
- (k) Zimi Innovations grants to the Distributor an exclusive, royalty-free licence (with no right to sublicense) to use Zimi Innovations' branding, in the form supplied by Zimi Innovations from time to time, in the Distributor's advertising or promotional materials for Products and on packaging of Products.

- (l) The Distributor must not delegate or subcontract any or all of its rights or obligations under the Distribution Agreement unless Zimi Innovations agrees in writing.
- (m) Zimi Innovations may immediately terminate the Agreement in any of the following circumstances:
 - (i) subject to any statutory stay on the exercise of such rights, if the Distributor is or becomes the subject of an insolvency event;
 - (ii) upon the Distributor committing a material breach of the agreement which is not capable of remedy;
 - (iii) if the Distributor commits a material breach of the agreement (other than obligations under a separate exclusivity clause) and has failed to remedy such breach within 30 days of receipt of written notice from Zimi Innovations requiring it to do so; or
 - (iv) the Distributor commits any breach of the agreement and has failed to remedy such breach within 90 days of receipt of written notice from Zimi Innovations requiring it to do so.
- (n) The Distributor must inform Zimi Innovations as soon as it becomes aware it will be subject to a change in control. Zimi Innovations may then, by notice in writing to the Distributor, provide 6 months' notice to terminate the agreement.
- (o) The Distributor may, by notice in writing to Zimi Innovations terminate this Agreement in any of the following circumstances:
 - (i) without cause on not less than 6 months prior written notice;
 - (ii) subject to any statutory stay on the exercise of such rights, the Zimi Innovations is or becomes the subject of an insolvency event; or
 - (iii) Zimi Innovations is in material breach of the agreement and has failed to remedy such breach within 30 days of receipt of written notice from the Distributor requiring it to do so.

The Zencontrol Distribution Agreement otherwise contains terms and conditions considered standard for agreements of its nature.

Schedule 4 – Summary of Zencontrol Manufacturing Agreement

The Zencontrol Manufacturing Agreement contains the following material terms:

- (a) Zimi Innovations has engaged Zencontrol Limited of Hong Kong (the **Manufacturer**) such products as Zimi Innovations may request the Manufacturer to manufacture (the **Products**) on and subject to the terms of the Zencontrol Manufacturing Agreement.
- (b) The agreement commences on 4 March 2025 and continues for an initial term of 24 months and may be extended for further periods, each of 24 months' duration, by the agreement of both parties, unless terminated earlier in accordance with termination provisions of the agreement (**Term**).
- (c) The acquisition of any manufactured Products pursuant to the agreement is conditional upon and subject to the approval of Shareholders in general meeting approving the sale in accordance with the requirements of Listing Rule 10.1 as a condition precedent.
- (d) Zimi Innovations may engage others to manufacture products at its absolute discretion.
- (e) The agreement does not oblige Zimi Innovations to engage the Manufacturer to manufacture any, or any minimum number of products.
- (f) The Manufacturer must ensure that all delivered products have met and are accompanied by a written quality control report (**QC Report**) confirming that the products meet all quality control tests undertaken, and to ensure that the product complies with the outlined specifications.
- (g) If Products are delivered by or on behalf of Zencontrol without the QC Report or the QC Report indicates the Products do not conform to the specifications or the products, Zimi Innovations may, within 30 days of delivery of the products, notify the Manufacturer that it rejects those products.
- (h) Any defective products returned will be at the Manufacturer's cost. Said defective products will be either repaired or replaced at the Manufacturer's cost by a rate reasonably required by Zimi Innovations.
- (i) The prices of products are set out in the quote and Zimi Innovations purchase order. The pricing outlined on the quote will be firm and will not be subject to adjustment unless agreed otherwise in writing by the parties.
- (j) Pricing in the quote is inclusive of all costs and expenses of the Manufacturer.
- (k) Zimi Innovations will pay the amount in a duly provided invoice on the terms of the applicable quote and purchase order.
- (l) The Manufacturer warrants that for a period of 36 months from the date of receipt of products by Zimi Innovations, the products:
 - (i) will conform with their respective specifications;
 - (ii) will be free from defects;
 - (iii) will be of merchantable quality; and
 - (iv) will be free and clear of all liens, encumbrances, reservations of titles and other restrictions whatsoever.
- (m) Where the Manufacturer is in breach of warranty (as outlined above), the Manufacturer must repair or replace the products at its own cost. In addition, if the breach of warranty is greater than 3% of the products delivered under a Zimi Innovations purchase order, the Manufacturer must at its own cost:

- (i) remove those products or reimburse Zimi Innovations for the costs incurred in doing so;
and
- (ii) procure, transport and deliver to Zimi Innovations the repaired or replacement products which conform to the specifications.

Annexure A – Independent Expert’s Report

Zimi Limited

Financial Services Guide and Independent Expert's Report

March 2025

**For the purposes of Listing Rule 10.1, we have concluded that the
Proposed Transactions are fair and reasonable to the Non-
Associated Shareholders of the Company**

FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 4 of this report.

RSM Corporate Australia Pty Ltd

Level 32, Exchange Tower,
2 The Esplanade Perth WA 6000
GPO Box R 1253 Perth WA 6844
T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9199

www.rsm.com.au

24 March 2025

The Directors
Zimi Limited
14 Millennium Circuit
Helensvale QLD 4212

Dear Directors

INDEPENDENT EXPERT'S REPORT

Introduction

This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Zimi Limited ("Zimi" or "the Company") to be held on or around 28 April 2025 at which shareholder approval will be sought to ratify historic product sales made under an existing distribution agreement, approve proposed product sales under new distribution agreements and approve proposed product purchases under a new manufacturing agreement ("Proposed Transactions").

The Company has an existing distribution agreement with GSM Electrical (Australia) Pty Ltd ("GSME" or "Trader"), an associated entity of a major shareholder and Non-Executive Director, Simon Gerard. GSME has been a significant trading partner of the Company since the distribution agreement was entered into in December 2020. GSME was not considered a related party or substantial shareholder of the Company for ASX Listing Rule 10.1 purposes until immediately following the Company's 2021 Annual General Meeting, where an issue of securities was made bringing Simon Gerard's effective interest in the Company above 10%.

It has been determined by the Directors that sales made to GSME from May 2023 caused the Company to breach ASX Listing Rule 10.1 since shareholder approval had not been obtained for those sales and they exceeded the threshold of 5% of net equity interests of the Company. Following the Company's ASX announcement on 30 December 2024, all sales to GSME have been suspended indefinitely until shareholder approval is obtained for the sale of products to GSME. The suspension of sales to GSME has had a material negative impact on the Company's revenue and earnings to date in Quarter 3 2025.

The Company is seeking ratification from the Non-Associated Shareholders of the Company to approve historic sales under the existing distribution agreement with GSME and ratify the breach of ASX Listing Rule 10.1.

The Company also intends to enter into a new distribution agreement with GSME, which will replace the existing distribution agreement. Therefore, the Company is also seeking approval from the Non-Associated Shareholders of the Company for the proposed future sale of products to GSME under the new distribution agreement.

Additionally, Zimi is proposing to enter into a distribution agreement with Zencontrol Pty Ltd ("Zencontrol") and manufacturing agreement with Zencontrol Limited, a Hong Kong based entity controlled by Zencontrol. Zencontrol specialises in advanced lighting and building automation solutions. The proposed distribution agreement aligns with Zimi's strategic objective to expand into the commercial and professional lighting sector with a new product range.

The controlling shareholders and Directors of Zencontrol, Todd Milliner and Joshua Newell, are major shareholders in Zimi. Joshua Newell is also a Non-Executive Director of Zimi. The Company is therefore seeking approval from the Non-Associated Shareholders of the Company for the proposed sale of products to Zencontrol under the new distribution agreement and the proposed purchase of products from Zencontrol Limited under the new manufacturing agreement.

With reference to the Company's Notice, the Proposed Transactions are defined as follows:

Table 1 Notice Resolutions

	Description
2.	Approval of historical sale of products to a Related Party and ratification of breach of Listing Rule 10.1 – GSM Electrical (Australia) Pty Ltd
3.	Approval of proposed sale of products to a Related Party – Distribution Agreement with GSM Electrical (Australia) Pty Ltd
4.	Approval of proposed sale of products to a Related Party – Distribution Agreement with Zencontrol Pty Ltd
5.	Approval of proposed purchase of manufactured products from a Related Party – Manufacturing Agreement with Zencontrol Limited

Source: Company's Notice

Purpose of the Report

The Company is seeking shareholder approval for the purposes of ASX Listing Rule 10.1 on the basis that GSME, Zencontrol and Zencontrol Limited are related parties of Zimi and that the sale of Zimi's products to GSME and Zencontrol, as well as the purchase of products from Zencontrol Limited, are considered to be a substantial asset.

GSME is considered a related party under ASX Listing Rule 10.1 as Gerard Private, a company controlled by Simon Gerard, holds 100% of the ordinary shares of GSME. Simon Gerard is currently a Non-Executive Director of Zimi and was previously Chair of the Board.

Zencontrol and Zencontrol Limited are considered related parties under ASX Listing Rule 10.1 as Todd Milliner and Joshua Newell, the controlling shareholders and Directors of Zencontrol, are substantial holders in Zimi, holding a combined 18.7% interest of the issued capital in Zimi. Joshua Newell's interest in Zencontrol is indirectly held through Zendo Pty Ltd, a Company which he controls; Mr Newell is also a non-executive Director of Zimi.

The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transactions are fair and reasonable to shareholders not associated with the Proposed Transactions ("Non-Associated Shareholders"). RSM regularly prepares IERs for transactions requiring an independent opinion for shareholders under Corporations Act and ASX Listing Rules requirements.

The request for approval of the Proposed Transactions is included as Resolutions 2 to 5 in the Notice.

The ultimate decision whether to approve the Proposed Transactions should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transactions, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

Summary of opinion

In our opinion, and for the reasons set out in Sections 6 and 7 of this Report, Resolutions 2, 3, 4 and 5 are fair and reasonable to the Non-Associated Shareholders of Zimi.

Approach

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a related party or relevant substantial shareholder or any of its associates without the approval of holders of the entity's ordinary securities.

An asset is considered substantial if its value equals or exceeds 5% of the equity interests of the entity as set out in the latest accounts given to the ASX.

ASX Listing Rule 10.5.10 sets out the requirement for the inclusion of an independent expert's report opining on whether the transaction is fair and reasonable.

We have considered whether or not the Proposed Transactions are "fair" to the Non-Associated Shareholders by assessing the terms of the distribution and manufacturing agreements and the contractual pricing in comparison to other distributors or manufacturers, i.e. that the terms or pricing are no more favourable than other commercial arrangements with non-related parties.

We have considered whether the Proposed Transactions are "reasonable" to the Non-Associated Shareholders by undertaking an analysis of other factors relating to the Proposed Transactions which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transactions.

In our analysis, we have considered each of the agreements separately.

We have not included detailed information on pricing and margins in our Report for reasons of commercial sensitivity.

Further information on the approach we have employed in assessing whether the Proposed Transactions are "fair" and "reasonable" is set out at Sections 6 and 7 of this Report.

Fairness opinion

In assessing the fairness of the Proposed Transactions, we have had regard to the following:

1. The key terms of the historical distribution agreement, the proposed distribution agreements and the proposed manufacturing agreement;
2. A comparison of the sale price of the Company's products under the proposed distribution agreements to the pricing of the same or similar sales to unrelated customers; and
3. A comparison of the quoted price of Zencontrol Limited's products under the proposed manufacturing agreement to the price quoted by an unrelated supplier.

When considering the historical distribution agreement and the proposed distribution agreements, the main criterion we considered in coming to this conclusion was that the pricing of sales to GSME and Zencontrol is no more favourable than the pricing of sales to customers who did not or do not meet the definition of a related party.

When considering the proposed manufacturing agreement, the main criterion we considered in coming to this conclusion was that the product pricing quoted by Zencontrol Limited is no more favourable than pricing of purchases from suppliers who do not meet the definition of a related party.

Based on this assessment, we consider that the commercial substance and terms of the proposed agreements are fair.

Conclusion on fairness

In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we conclude on the fairness of the Proposed Transactions to the Non-Associated Shareholders of Zimi as follows:

Table 2 Conclusion on fairness

Description	Conclusion
Approval of historical sale of products to a Related Party and ratification of breach of Listing Rule 10.1 – GSM Electrical (Australia) Pty Ltd	The Proposed Transaction is fair to the Non-Associated Shareholders of Zimi.
Approval of proposed sale of products to a Related Party – Distribution Agreement with GSM Electrical (Australia) Pty Ltd	The Proposed Transaction is fair to the Non-Associated Shareholders of Zimi.
Approval of proposed sale of products to a Related Party – Distribution Agreement with Zencontrol Pty Ltd	The Proposed Transaction is fair to the Non-Associated Shareholders of Zimi.
Approval of proposed purchase of manufactured products from a Related Party – Manufacturing Agreement with Zencontrol Limited	The Proposed Transaction is fair to the Non-Associated Shareholders of Zimi.

Reasonableness opinion

RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer. As such, we have also considered the following factors in relation to the reasonableness aspects of each of the Proposed Transactions:

- The rationale of the Proposed Transactions and their advantages and disadvantages to Zimi shareholders;
- Future prospects of Zimi should the Proposed Transactions not proceed; and
- Alternative proposals to the Proposed Transactions.

In considering the above, we have grouped our analysis into three sections being consideration of the advantages and disadvantages of Resolutions 2, 3, the advantages and disadvantages of Resolution 4, and then the advantages and disadvantages of Resolution 5.

We consider the GSME distribution agreements to be of a similar nature and substance such that it is appropriate to group our analysis of the two Resolutions together.

Advantages and disadvantages – Resolutions 2 and 3 (GSME Distribution Agreements)

The key advantages are:

Table 3 Advantages – Resolutions 2 and 3 (GSME Distribution Agreements)

Advantage	Details
The Proposed Transactions with GSME are fair	We have assessed Resolutions 2 and 3 to be fair to the Non-Associated Shareholders. In this regard, we specifically note that the GSME terms and pricing are broadly consistent with agreements entered into with customers who are not a related party of Zimi.
Restore sales from major customer	GSME is Zimi's largest customer, accounting for ~67% of Zimi's FY24 sales, and the Company is currently unable to trade with GSME until the Proposed Transactions have been approved. If sales under the distribution agreement are not approved and trading with GSME does not resume, then solvency issues could arise if Zimi cannot find an alternative customer base to replace GSME.
Strengthens strategic relationship with key shareholder	Entering into the contractual agreements can strengthen the existing relationship with GSME by aligning business objectives and increasing collaboration.
Price adjustment clause	The distribution agreement has a clause that allows for input cost increases to be passed onto GSME.

The key disadvantages are:

Table 4 Disadvantages - Resolutions 2 and 3 (GSME Distribution Agreements)

Disadvantage	Details
Exclusivity clause	The distribution agreement grants exclusive rights to GSME to sell the Company's products as a wholesale distributor in Australia and New Zealand. This exclusivity could limit Zimi's ability to grow its sales although it is noted that GSME is a large national wholesaler and Zimi is still able to target retail distributors in the region.
Regulatory scrutiny	Transactions with related parties are often subject to higher scrutiny by regulators to ensure they are conducted at arm's length and are fair to all stakeholders. This can lead to additional compliance costs and administrative burdens.
Potential margin erosion	The proposed distribution agreement has a clause which stipulates that pricing can only be increased to account for substantiated increases in Zimi's supplier input costs. We note that this does not consider overhead cost increases which could lead to margin pressure if Zimi cannot increase its gross margin on products sold.

Advantages and disadvantages – Resolution 4 (Zencontrol Distribution Agreement)

The key advantages are:

Table 5 Advantages – Resolution 4 (Zencontrol Distribution Agreement)

Advantage	Details
The Proposed Transaction is fair	We have assessed that the Proposed Transaction is fair to the Non-Associated Shareholders. In this regard, we specifically note that the Zencontrol terms and pricing are broadly consistent with agreements entered into with customers who are not a related party of Zimi.
Access to commercial lighting sector	The proposed distribution agreement will provide Zimi with access to the commercial and professional lighting sector which is aligned with the Company's strategic objectives.
Predictability and stability	Having a major customer as a related party could provide a more stable and predictable revenue stream which can improve financial planning and resource allocation.
Strengthens strategic relationship with key shareholder	Entering into the contractual agreement can strengthen the existing relationship with Zencontrol by aligning business objectives and increasing collaboration.
Price adjustment clause	The distribution agreement has a clause that allows for input cost increases to be passed onto Zencontrol.

The key disadvantages are:

Table 6 Disadvantages – Resolution 4 (Zencontrol Distribution Agreement)

Disadvantage	Details
Regulatory scrutiny	Transactions with related parties are often subject to higher scrutiny by regulators to ensure they are conducted at arm's length and are fair to all stakeholders. This can lead to additional compliance costs and administrative burdens.
Potential margin erosion	The distribution agreement has a clause which stipulates that pricing can only be increased to account for substantiated increases in Zimi's supplier input costs. We note that this does not consider overhead cost increases which could lead to margin pressure if Zimi cannot increase its gross margin on products sold.
Potential profit leakage	The distribution agreement's pricing clause could potentially lead to a profit leakage if Zencontrol were also the supplier of the same products. Manipulation by way of reducing the cost price at which Zencontrol Limited sells goods to Zimi (under Resolution 5) would reduce the ultimate profit that Zimi could earn on sales back to Zencontrol, as the gross profit margin is fixed at cost plus 33.33%. However, management has noted that there would be a corresponding margin improvement across the business for sales of Senoa products to other distributors.

Advantages and disadvantages – Resolution 5 (Zencontrol Limited Manufacturing Agreement)

The key advantages are:

Table 7 Advantages – Resolution 5 (Zencontrol Limited Manufacturing Agreement)

Advantage	Details
The Proposed Transaction is fair	We have assessed that the Proposed Transaction is fair to the Non-Associated Shareholders. In this regard, we specifically note that the terms and pricing of quotes are consistent with those entered into with suppliers who are not related parties of Zimi.
Strengthen existing relationship with key shareholder	Having a supplier as a related party can provide greater certainty and transparency of supply, as well as aligning business objectives for increasing market demand / share.
Technology synergies	Zencontrol Limited supplies software and cloud infrastructure for Zimi. As Zencontrol Limited is an established company within the commercial lighting and smart appliances industry, Zimi can potentially leverage this technological expertise and advantages when developing new products.
Indirect cost savings	<p>The Directors have advised us of the following indirect cost savings:</p> <ul style="list-style-type: none"> No longer requiring the services of a production manager to oversee production with Zimi's Existing Supplier. These services will be provided in-house by Zencontrol Limited at no additional cost, saving Zimi approximately \$6,222 per month. Zencontrol Limited's quoted Non-Recurring Engineering ("NRE") costs are expected to be significantly less than the Existing Supplier's costs. <p>We have not made an independent assessment of the validity of these cost savings. The information required to quantify these potential savings will not be available until after the agreement has been formally finalised with Zencontrol Limited.</p>

Quality improvements

Management has advised us that they observed higher quality processes and organisation at Zencontrol Limited's facilities in China in comparison to their current suppliers, noting that Zencontrol Limited is ISO:9001 accredited.

The key disadvantages are:

Table 8 Disadvantages - Resolution 5 (Zencontrol Limited Manufacturing Agreement)

Disadvantage	Details
Uncertainty of quoted pricing	We note that the manufacturing agreement does not definitively state the product pricing, but references individual quotes and purchase orders. The manufacturing agreement specifies that parties may vary any quote or purchase order by mutual agreement in writing. Therefore, there is a risk that the quoted pricing and attached terms we have assessed could change at any time, subject to the parties' mutual agreement.
Regulatory scrutiny	Transactions with related parties are often subject to higher scrutiny by regulators to ensure they are conducted at arm's length and are fair to all stakeholders. This can lead to additional compliance costs and administrative burdens.

Future prospects of Zimi should the Proposed Transactions not proceed

The Directors of Zimi have advised us that the failure to approve transactions under the proposed agreements would pose significant risks to Zimi's business operations, financial stability, and growth strategy. Each agreement is designed to secure critical sales channels, improve supply chain efficiency, and enhance profitability. Non-approval could result in revenue disruptions, margin erosion, and increased operational uncertainty.

Specifically, the proposed GSME distribution agreement represents a critical sales channel of Zimi's business model. Without the ability to trade under this agreement, Zimi would lose access to a key segment of the electrical wholesaler market. The loss of GSME as a primary sales channel would materially impact revenue and could affect the ability of Zimi to continue as a going concern.

In the event that transactions under the proposed Zencontrol distribution agreement are not approved, the Directors see this as losing an opportunity to enter the commercial lighting and professional integration market, delaying Zimi's diversification into this sector. The delay in accessing this commercial sector and increased costs associated with building an alternative channel could negatively affect Zimi's revenue growth and profitability.

Alternative proposals

We understand that if the proposed Zencontrol Limited manufacturing agreement was not approved, Zimi would continue manufacturing with existing third-party suppliers. We are not aware of any alternative proposals which may provide a greater benefit to Non-Associated Shareholders at the date of this Report.

Conclusion on reasonableness

Where the Proposed Transactions are fair, the Proposed Transactions are also reasonable. In our opinion, the position of the Non-Associated Shareholders of Zimi if each of the Proposed Transactions are approved is more advantageous than if the Proposed Transactions are not approved. Therefore, in the absence of any other relevant information, we consider that all of the Proposed Transactions are **reasonable** for the Non-Associated Shareholders of Zimi.

General

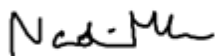
This Report represents general financial product advice only and has been prepared without taking into consideration the individual circumstances of the Non-Associated Shareholders.

The ultimate decision whether to approve the respective Proposed Transactions should be based on Non-Associated Shareholders' assessment of their circumstances. Shareholders should read and have regard to the contents of the Notice of Meeting and Explanatory Statement which has been prepared by the Directors and Management of Zimi. Non-Associated Shareholders who are in doubt as to the action they should take with regard to the Proposed Transactions and/or the matters dealt with in this Report, should seek independent professional advice.

This summary should be considered in conjunction with the detail contained in the following sections of this Report.

Yours faithfully,

RSM CORPORATE AUSTRALIA PTY LTD

A handwritten signature in black ink, appearing to read "Nadine Marke".

Nadine Marke
Director – Corporate Finance

A handwritten signature in black ink, appearing to read "Justin Audcent".

Justin Audcent
Director – Corporate Finance

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1. Summary of Proposed Transactions

1.1 Overview – GSM Electrical (Australia) Pty Ltd Transaction

Zimi and related party GSME entered into a distribution agreement on 11 December 2020, which remains in place at the date of this Report. Zimi distributes its Powermesh and Senoa ranges to GSME, which are sold to electrical wholesalers.

The key terms of the Distribution Agreement are detailed below.

1.2 Key terms of the GSM Electrical (Australia) Pty Ltd Distribution Agreement

Historical Agreement Summary

Zimi entered into a distribution agreement with GSME on 11 December 2020.

Contract Term

- The agreement had an initial term of 36 months, with an option to be extended for further periods of 12 months' duration by agreement of both parties which we understand has been exercised.

Termination

- The Company may immediately terminate the Agreement in any of the following circumstances:
 - i) subject to any statutory stay on the exercise of such rights, if GSME is or becomes the subject of an insolvency event;
 - ii) upon GSME committing a material breach of the agreement which is not capable of remedy;
 - iii) if GSME commits a material breach of the agreement (other than obligations under a separate exclusivity clause) and has failed to remedy such breach within 30 days of receipt of written notice from the Company requiring it to do so;
 - iv) GSME commits any breach of the agreement three or more times in any six month period; or
 - v) if GSME commits any breach of the agreement and has failed to remedy such breach within 90 days of receipt of written notice from the Company requiring it to do so.
- If GSME is aware it will be subject to a change in Control, the Company may then provide 6 months notice to terminate the Agreement.
- GSME may, by notice in writing to the Company, immediately (or, if clauses (ii) or (iii) below apply, by giving up to six months' notice) terminate the agreement in any of the following circumstances:
 - i) without cause on not less than 6 months prior written notice;
 - ii) subject to any statutory stay on the exercise of such rights, the Company is or becomes the subject of an insolvency event; or
 - iii) the Company is in material breach of the agreement and has failed to remedy such breach within 30 days of receipt of written notice from GSME requiring it to do so.

Pricing

- The pricing schedule is analysed in detail in Section 6.2 of this report.
- Prices must not be increased by the Company more than once in any given 12-month period and may be increased only to account for substantiated increases in cost to the Company of supplier input costs.

Payment Terms

- GSME must pay the Company's invoices for products by electronic funds transfer to the bank account nominated by the Company within 30 days of the end of the month in which the Company's invoice is received. From our discussions with the CFO and example invoices provided, we note the Company has traded with GSME under credit terms of net 30 days.

Exclusivity

- Unless GSME agrees otherwise in writing, the Company will not appoint or authorise anyone else, directly or indirectly within the Market Sector (being electrical wholesalers who trade in any electrical wiring accessories) in Australia or New Zealand ("the Territory"), to:
 - (i) sell or supply products; or
 - (ii) use any Company branding for or in connection with electrical wiring accessories.

Delivery

- The Products are supplied to GSME on a "free into warehouse" (FIW) basis. The Company is responsible for, and will bear all costs of and risks involved in:
 - (i) importing the products into the Territory, including managing and arranging customs clearances;
 - (ii) delivery of the product, including all freight and shipping costs, to GSME's nominated warehouses in the Territory;
 - (iii) duties, tariffs, taxes and customs clearance fees payable on or in respect of importation of the Products into the Territory; and
 - (iv) insurance of the Products until delivery of the Products to GSME's nominated warehouses in the Territory.

Future Agreement

A revised distribution agreement is pending finalisation and subject to shareholder approval being obtained at the General Meeting in March 2025.

With respect to the revised Distributor Agreement, we have not noted any material changes with the key clauses outlined above. The initial term of the new agreement is 24 months from the commencement date with an option to extend for further periods, each of 24 months' duration, by agreement of both parties.

Sales Threshold for Shareholder Approval

- A maximum cumulative threshold of \$6.0 million in product sales will apply for the two years following shareholder approval. Any sales proposed to be made to GSME in excess of the \$6.0 million would be subject to a further shareholder approval process.
- The maximum cumulative amount of \$6.0 million is not determinative nor indicative of the actual amount or volume of product sales that may be made to GSME, nor an estimation of the actual sales, but is set as a limit on the total amount of sales that may be made to GSME over the 2-year period as approved by shareholders.

1.3 Overview – Zencontrol Transaction

Zencontrol is a proposed supplier (through Zencontrol Limited) and distributor for Zimi for specific product lines. Zimi has entered into an exclusive partnership with Zencontrol to provide the Senoa Pro range of products. The Senoa Pro range is a distinct range, separate from the standard Senoa range of products. Management has advised it they will supply the hardware and Zencontrol will manage the software and cloud integration. This strategic partnership will give Zimi access to a new commercial market.

The key terms of the Manufacturing and Distribution Agreements are detailed below, with both agreements subject to shareholder approval being obtained at the General Meeting in March 2025.

1.4 Key terms of the Zencontrol and Zencontrol Limited Agreements

Proposed Distribution Agreement

Contract Term

- The agreement proposes an initial term of 24 months, with an option to be extended for further periods of 24 months duration pending the agreement of both parties.

Termination

- The Company may immediately terminate the Agreement in any of the following circumstances:
 - subject to any statutory stay on the exercise of such rights, if Zencontrol is or becomes the subject of an insolvency event;
 - upon Zencontrol committing a material breach of the agreement which is not capable of remedy;
 - if Zencontrol commits a material breach of the agreement (other than obligations under a separate exclusivity clause) and has failed to remedy such breach within 30 days of receipt of written notice from the Company requiring it to do so;
 - Zencontrol commits any breach of the agreement three or more times in any six month period; or
 - if Zencontrol commits any breach of the agreement and has failed to remedy such breach within 90 days of receipt of written notice from the Company requiring it to do so.
- If Zencontrol is aware it will be subject to a change in Control, the Company may then provide 6 months notice to terminate the Agreement.
- Zencontrol may, by notice in writing to the Company, immediately (or, if clauses (ii) or (iii) below apply, by giving up to six months' notice) terminate the agreement in any of the following circumstances:
 - without cause on not less than 6 months prior written notice;
 - subject to any statutory stay on the exercise of such rights, the Company is or becomes the subject of an insolvency event; or
 - the Company is in material breach of the agreement and has failed to remedy such breach within 30 days of receipt of written notice from Zencontrol requiring it to do so.

Pricing

- The price of each product will be equal to Zimi's total manufacturing cost of the product ("Manufacturing Cost"), plus an amount equal to 33.33% of the manufacturing cost.
- The product price is exclusive of goods and services tax, value added tax, and any other similar taxes imposed from time to time by reason of the supply of Products ("Sales Tax"). If any sales tax is or becomes payable by Zimi, Zencontrol must pay Zimi an amount equal to that Sales Tax at the time which the products are collected by Zencontrol.

Payment Terms

- Zencontrol must pay Zimi's invoices for Products on the terms of the applicable quote or distributor purchase order for that quote.
- All invoices issued under the proposed Agreement are to be issued and paid in US dollars by electronic funds transfer to the bank account nominated by Zimi.

Exclusivity

- Unless Zencontrol agrees otherwise in writing, the Company will not directly or indirectly, and will not appoint or authorise anyone else to directly or indirectly, sell or supply Senoa Pro products worldwide.

Delivery

- The Products are to be delivered to Zencontrol in accordance with and under the terms specified in the applicable quote and Distributor Purchase Order for that quote.

Sales Threshold for Shareholder Approval

- A maximum cumulative threshold of \$6.0 million in product sales will apply for the two years following shareholder approval. Any sales proposed to be made to Zencontrol in excess of the \$6.0 million would be subject to a further shareholder approval process.
- The maximum cumulative amount of \$6.0 million is not determinative nor indicative of the actual amount or volume of product sales that may be made to Zencontrol, nor an estimation of the actual sales, but is set as a limit on the total amount of sales that may be made to Zencontrol over the 2-year period as approved by shareholders.

Proposed Manufacturing Agreement

Non-Exclusivity

- Zimi may engage others to manufacture Products at its absolute discretion.
- The Manufacturing Agreement does not obligate Zimi to engage Zencontrol Limited to manufacture any, or any minimum number of products.

Acceptance and Rejection of Products

- Zencontrol Limited must ensure that all delivered products have met and are accompanied by a written quality control report ("QC Report") confirming that the products meet all quality control tests undertaken, and to ensure that the product complies with the outlined specifications.
- If Products are delivered by or on behalf of Zencontrol Limited without the QC Report or the QC Report indicates the Products do not conform to the specifications or the products, Zimi may, within 30 days of delivery of the products, notify Zencontrol Limited that it rejects those products.
- Any defective products returned will be at Zencontrol Limited's cost. Said defective products will be either repaired or replaced at Zencontrol Limited's cost by a rate reasonably required by Zimi.

Pricing and Payments

- The prices of products are set out in the quote and Zimi purchase order. The pricing outlined on the quote will be firm and will not be subject to adjustment unless agreed otherwise in writing by the parties.
- Pricing in the quote is inclusive of all costs and expenses of the manufacturer.
- Zimi will pay the amount in a duly provided invoice on the terms of the applicable quote and purchase order.

Manufacturer Warranties

- Zencontrol Limited warrants that for a period of 36 months from the date of receipt of products by Zimi, the products:
 - will conform with their respective specifications;
 - will be free from defects;
 - will be of merchantable quality; and
 - will be free and clear of all liens, encumbrances, reservations of titles and other restrictions whatsoever.
- Where Zencontrol Limited is in breach of warranty (as outlined above), Zencontrol Limited must repair or replace the products at its own cost. In addition, if the breach of warranty is greater than 3% of the products delivered under a Zimi purchase order, Zencontrol Limited must at its own cost:

- Remove those products or reimburse Zimi for the costs incurred in doing so; and
- Procure, transport and deliver to Zimi the repaired or replacement products which conform to the specifications.

Purchase Threshold for Shareholder Approval

- A maximum cumulative threshold of \$4.0 million in product purchases will apply for the two years following shareholder approval. Any purchases proposed to be made from Zencontrol Limited in excess of the \$4.0 million would be subject to a further shareholder approval process
- The maximum cumulative amount of \$4.0 million is not determinative nor indicative of the actual amount or volume of purchases that may be made from Zencontrol Limited, nor an estimation of the actual purchases, but is set as a limit on the total amount of purchases that may be made from Zencontrol Limited over the 2-year period as approved by shareholders.

1.5 Rationale for the Proposed Transactions

The Directors' rationale for entering each of the Proposed Transactions is as follows:

GSME Distribution Agreement

- **Market Position & Historical Relationship**

GSME is an established participant in the electrical wholesaler market, with a national presence. The proposed agreement will enable Zimi to recommence the sales channel that existed both before and after the company's public listing. This channel remains integral to Zimi's business model.

- **Access to Established Sales Network**

The agreement will allow Zimi to leverage GSME's existing relationships with electrical wholesalers across Australia, providing immediate access to a broad customer base via GSME's national distribution network.

- **Product Familiarity & Sales Competency**

GSME's workforce is well-acquainted with Zimi's product suite, having previously distributed and supported this product range. The Directors note GSME's existing knowledge and sales capability position them as the most effective partner to drive marketing and sales efforts. Replicating this level of expertise with an alternative distributor of comparable scale would require significant time and investment.

- **Synergies & Proven Demand**

GSME has historically been Zimi's largest customer, and the resumption of this relationship is expected to result in strong commercial synergies. This Directors note this agreement is anticipated to accelerate revenue growth while minimising the costs and uncertainties associated with developing an alternative distribution arrangement.

Zencontrol Distribution Agreement

The proposed distribution agreement with Zencontrol is aligned with Zimi's strategic objective to expand into the commercial and professional lighting sector, supported by the following factors:

- **Access to Commercial Market**

Zencontrol is established in the professional lighting industry with a national and international presence. The proposed agreement provides Zimi with an entry point into the commercial market, complementing its existing residential and wholesale channels.

- **Integrated Product Offering**

Zencontrol intends to incorporate Zimi's product range into its system, integrating it with their proprietary software. Zencontrol will be responsible for customer support and service delivery, utilising its own resources and absorbing the associated costs. Management expects this arrangement will reduce Zimi's operational burden while enabling product adoption within complex commercial projects.

- **Revenue Growth Potential**

Zencontrol primarily sells to integrators and supports large-scale commercial projects involving sophisticated infrastructure. The agreement is expected by Management to open a new sales channel capable of driving incremental revenue and profitability for Zimi.

Zencontrol Limited Manufacturing Agreement

The Directors have performed an evaluation process which indicated Zencontrol Limited's capability to deliver superior outcomes compared to alternative suppliers:

- **Competitive Pricing & Cost Efficiency**

Zencontrol Limited as an additional supplier may lead to more favourable product pricing, enabling Zimi to enhance its gross margins and maintain competitive pricing in the market.

- **Quality Control & Production Flexibility**

Zencontrol Limited has demonstrated superior quality control standards, shorter lead times, and increased flexibility in accommodating smaller production runs (Minimum Order Quantities – MOQs). These attributes align closely with Zimi's operational requirements.

- **Supplier Evaluation & On-Site Verification**

In December 2024, Zimi representatives, including its Principal Engineer and Project Portfolio Manager, conducted an on-site inspection of Zencontrol Limited's manufacturing facility in China. Their assessment confirmed that Zencontrol Limited's processes, management systems, and engineering support capabilities are of a notably higher standard than those observed at alternative suppliers.

- **Future Engineering Collaboration**

Zencontrol Limited has the capacity to support ongoing product development by providing engineering services to optimise design and component selection, further reducing production costs over time.

- **Benchmark for Procurement**

The agreement establishes a benchmark for manufacturing costs and forms part of Zimi's broader procurement strategy, which involves obtaining and evaluating quotations from multiple suppliers. This process ensures that Zimi secures competitive pricing while maximising quality and profitability for shareholders.

2. Scope of the Report

2.1 Purpose of this Report

The Directors of Zimi have requested RSM, being independent and qualified for the purpose, to express an opinion as to whether the Proposed Transactions are fair and/or reasonable to Non-Associated Shareholders. Accordingly, this Report has been prepared to accompany the Notice of Meeting which will be provided to Zimi Shareholders in relation to the Proposed Transactions.

2.2 ASX Listing Rules

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.

A substantial shareholder is a shareholder who owns at least 10% of the issued capital of a company. Simon Gerard, a Non-executive Director of Zimi and controlling shareholder of GSME, holds an 11.6% interest of the issued capital in Zimi. The Directors of Zencontrol, Joshua Newell and Todd Milliner, hold a combined 18.7% of the issued capital in Zimi. Joshua Newell is also a non-executive Director of Zimi. Therefore, for the purposes of the ASX Listing Rules, GSME, Zencontrol and Zencontrol Limited are substantial shareholders and thus are related parties of the Company.

An asset is considered substantial if its value equals or exceeds 5% of the equity interests of the entity as set out in the latest accounts given to the ASX. The proposed quantum of sales to be made by the Company to GSME and Zencontrol, and the purchases to be made from Zencontrol Limited, represent a significant component of the assets of the Company, and therefore more than \$68,164, being 5% of the equity interest of the Company according to its consolidated statement of financial position as at 30 June 2024.

ASX Listing Rule 10.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.5 must include a report on the transaction from an independent expert. The report must state whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.

Accordingly, Zimi is to hold a meeting of its Shareholders where it will seek approval for the Proposed Transactions, and the Company has engaged RSM to prepare a report which sets out our opinion as to whether the Proposed Transactions are fair and reasonable to Non-Associated Shareholders.

2.3 Basis of evaluation

In determining whether the Proposed Transactions are "fair" and "reasonable" we have given regard to the views expressed by the ASIC in RG 111.

RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a Proposed Transaction is fair and reasonable.

RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared: and
- the substance of the transaction rather than the legal mechanism used to achieve it.

RG 111 states that in relation to a related party transaction the expert's assessment of fair and reasonable should not be applied as a composite test – that is, there should be a separate assessment of whether the transaction is "fair" and "reasonable" as in a control transaction.

Consistent with the guidelines in RG 111, in assessing whether the Proposed Transactions are fair and reasonable to the Non-Associated Shareholders, the analysis which we have undertaken are as follows:

- Assessing the terms of the trading agreements (Distributor Agreements and Manufacturing Agreement) in comparison to other distributors or manufacturers, to determine whether the terms are more favourable than other commercial arrangements with non-related parties.

The other significant factors to be considered include:

- the future prospects of the Company if the Proposed Transactions do not proceed; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transactions proceeding.

Our assessment of the Proposed Transactions is based on economic, market and other conditions prevailing at the date of this Report.

3. Profile of Zimi Limited

3.1 Background

Zimi Limited is an Australian public company listed on the ASX and headquartered on the Gold Coast, Queensland. Zimi is a technology company that specialises in connecting everyday electrical products to the Internet and each other, with the aim of creating smarter living and working spaces. Its product range includes smart lighting, power points, and other home automation solutions designed to enhance convenience and energy efficiency. The Company aims to make homes and workplaces more intelligent and interconnected through its product offerings.

In recent years, Zimi Limited has focused on expanding its product portfolio and market presence through continual research and development. In FY24 the Company recorded revenue of \$3.23m and a net loss of \$3.365 million, and has yet to generate a profit.

3.2 Product Range

Zimi's product range includes:

1. **Smart Switches and Dimmers:** These allow users to control lighting through the Zimi app or smart home ecosystems (i.e. Google Home, Alexa).
2. **Smart Power Points:** Enable remote control and monitoring of power usage for connected devices.
3. **Fan, Light, Blind, and Door Controllers:** Provide smart control over various home appliances and fixtures.
4. **Smoke Connect:** A smart smoke detector that integrates with the Zimi ecosystem for increased safety.

Zimi's product range is split into its 'Powermesh' and 'Senoa' product ranges:

Powermesh

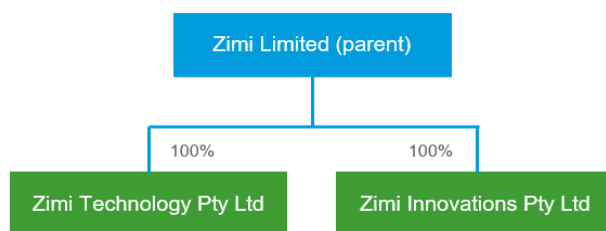
- Powermesh products are designed to upgrade traditional electrical devices with smart capabilities, including switches, dimmers, power points, fan controllers, and garage door controllers. They can be controlled via the Zimi app, voice commands, or traditional switches, and can be installed into existing electrical installations.

Senoa

- The Senoa range is designed and marketed as a 'premium' smart home experience with more advanced features and design. It includes smart switches, dimmers, power points, and blind controllers, featuring touch-sensitive glass facias, customisable icons, and colour schemes. Senoa products provide enhanced control options, such as proximity illumination, auto-off timers, energy monitoring, and behaviour linking for multiway control without extra wiring, all controllable via the Zimi app and smart home ecosystems.

3.3 Corporate Structure

Figure 1 Corporate Structure



Source: Zimi Annual Report for the year ended 30 June 2024

3.4 Directors and Key Management

The directors of Zimi are summarised in the table below.

Table 9 Zimi's Board of Directors

Name	Title	Experience
Jordan Tentori	Executive Director and	Jordan is the co-founder and CEO of Zimi. He was previously the EGM of Diginet, Chief Executive Officer deploying innovative technology throughout the Gerard Lighting Group of companies. For the past 20 years, Jordan has worked nationally and internationally within the electrical and lighting industry to evolve technologies into commercial realities.
Simon Gerard	Non-Executive Director	Simon is the Managing Director of the Gerard Private Group, owner of Trader (the trading name of GSM Electrical), and Mistral, an Australian retail brand. He is a fourth generation member of the Gerard family, founders of Clipsal, and a former CEO of the Gerard Lighting Group.
Simon Beissel	Independent, Non-Executive Chair of the Company	Simon has board experience with a number of industrial and financial services companies including ATF Services Pty Ltd, Lighting Investments Australia Holdings Pty Ltd, Investec Credit Funds Management Pty Ltd and SMEBL. He is an experienced senior banker who was previously Head of Corporate Lending at Investec Australia. Prior to that, Simon held senior roles at St. George Bank.
Joshua Newell	Non-Executive Director	Joshua has over 18 years of experience in leadership roles, holding the managing director role at Zencontrol and Evolt, and previously the Chief Technology Officer at Maco Lighting.
Richard Brown	Non-Executive Director	Richard has over 20 years of experience building brands and scaling high-growth companies, specialising in data-driven strategies and cross-border trade. Richard is a founder of multiple companies, including VENQAC Holdings, Browns Professional and Browns English Language School.

Source: Zimi Annual Report for the year ended 30 June 2024

3.5 Financial information of Zimi

The information in the following section provides a summary of the consolidated financial performance of Zimi for the years ended 30 June 2022 ("FY22"), 30 June 2023 ("FY23") and 30 June 2024 ("FY24"), extracted from the audited consolidated financial statements of the Company. We note that the Company reports its financial statements in Australian dollars.

The auditors of Zimi, HLB Mann Judd, drew attention to a material uncertainty related to going concern in the FY24 Annual Report but did not qualify their opinion.

3.6 Financial performance

The following table sets out a summary of the financial performance of Zimi for the three years ended 30 June 2024.

Table 10 Zimi's Financial Performance

\$'000		Year ended 30 June 2022	Year ended 30 June 2023	Year ended 30 June 2024
	Ref	Audited	Audited	Audited
Revenue	1.	3,052	220	3,232
Cost of Sales		(2,966)	(241)	(2,536)
Gross Profit		85	(21)	696
Other income				
Research and development tax incentive	2.	869	744	696
Other income		-	85	51
Other net gains		281	44	44
Total Other Income		1,151	873	791
Expenses				
Administrative and corporate		(776)	(702)	(554)
Advertising and marketing		(51)	(80)	(91)
Depreciation and amortisation	3.	(2,776)	(2,787)	(1,686)
Employee benefits	4.	(2,367)	(2,479)	(2,307)
Impairment charge		(33)	-	(2)
Occupancy		(77)	(77)	(81)
Other gains and losses		-	-	-
Travel		(46)	(60)	(71)
Total expenses		(6,127)	(6,185)	(4,791)
Operating Loss before interest and income tax		(4,891)	(5,332)	(3,305)
Total Finance Costs		(40)	(38)	(60)
Loss before income tax	5.	(4,931)	(5,370)	(3,365)
Other Comprehensive Income				
Items that could be transferred to profit or loss in future:		-	-	-
Changes in fair value cash flow hedges		22	(22)	-
Total comprehensive loss for the year	5.	(4,909)	(5,392)	(3,365)

Source: ZIMI Annual Reports for the years ended 30 June 2023 and 2024.

We note the following in relation to Zimi's financial performance:

1. Revenue was severely impacted in FY23 by disruptions to Zimi's supply chain caused by the global chip shortages. This ultimately limited Zimi's production capacity and thus delayed sales revenue.
2. Zimi claims Research & Development tax incentives for costs associated with the development of new technologies and products in relation to its smart home ecosystem.
3. Depreciation and amortisation expenses primarily comprise amortisation of intangible assets, being capitalised development costs and acquired sales channels.
4. The majority of Zimi's costs relate to employee costs, including performance rights issued to the CEO and key employees of which \$273,472 was expensed in the year ended 30 June 2024.
5. ZIMI recorded losses before income tax of \$4.93 million, \$5.37 million and \$3.37 million in FY22, FY23 and FY24 respectively.

3.7 Financial position

The table below sets out a summary of the financial position of Zimi as at 30 June 2023 and 30 June 2024.

Table 11 Zimi's Financial Position

\$'000	Ref	30 June 2023 Audited	30 June 2024 Audited
Current Assets			
Cash and cash equivalents	1.	980	521
Trade and other receivables	2.	1,013	814
Inventories		174	496
Other current assets	3.	685	316
Total Current Assets		2,852	2,147
Non-Current Assets			
Property, plant and equipment		310	255
Intangible assets	4.	2,292	913
Right-of-use assets		230	160
Total Non-Current Assets		2,832	1,327
Total Assets		5,684	3,475
Current Liabilities			
Trade and other payables	5.	495	1,460
Provisions		89	113
Short-term lease liabilities		66	102
Unearned revenue and customer deposits		153	11
Borrowings	2.	431	356
Total Current Liabilities		1,234	2,042
Non-Current Liabilities			
Long-term lease liabilities		166	69
Total Non-Current Liabilities		166	69
Total Liabilities		1,400	2,111
Net Assets	6.	4,284	1,363
Equity			
Contributed equity		51,353	52,281
Other reserves		908	83
Accumulated losses		(47,977)	(51,001)
Total Equity		4,284	1,363

Source: Zimi Annual Reports for the years ended 30 June 2023 and 2024.

We note the following in relation to Zimi's financial position:

1. The cash balance was \$0.52 million at 30 June 2024, with ongoing trading losses being offset by capital raises to result in an overall decrease of \$0.46 million for the year.
2. Trade and other receivables balance was \$0.81 million as at 30 June 2024, and comprised research and development tax incentives receivables of \$0.69 million and trade receivables of \$0.12 million. A corresponding loan of \$0.36 million relates to pre-funding of the R&D Incentive from Radium Capital as at 30 June 2024.

3. Other current assets as at 30 June 2024 was \$0.32 million and comprised deposits paid on products in production, prepayments and other deposits.
4. The closing net book amount for intangible assets was \$0.91 million as at 30 June 2024, and predominantly comprised of capitalised development costs of \$0.86 million, with the remainder constituting patents and trademarks and other intangibles.
5. Trade and other payables as at 30 June 2024 was \$1.46 million and predominantly comprised of trade and other payables of \$1.28 million, with the balance split between payroll and statutory liabilities and accrued expenses.
6. ZIMI's net assets decreased by \$2.92 million from 30 June 2023 to 30 June 2024, with a closing position of \$1.36 million.

3.8 Cashflow Statement

The table below sets out a summary of the cashflow of Zimi for the three financial years ended 30 June 2022, 2023 and 2024.

Table 12 Zimi's Statement of Cashflows

	Ref	Year ended 30 June 2022 Audited	Year ended 30 June 2023 Audited	Year ended 30 June 2024 Audited
Cash flows from operating activities				
Receipts from customers (inclusive of GST)		2,793	482	3,410
Payments to suppliers and employees (inclusive of GST)		(6,271)	(3,591)	(4,401)
Receipts from government grants		698	869	747
Receipts from interest income		0	6	5
Payments for interest and other finance costs		(32)	(37)	(57)
Net cash outflows used in operating activities	1.	(2,812)	(2,270)	(295)
Cash flows from investing activities				
Payments for property, plant and equipment		(241)	(78)	(90)
Payments for intangible assets		(263)	(131)	(64)
Net cash outflows used in investing activities	2.	(504)	(208)	(154)
Cash flows from financing activities				
Principal elements of lease payments		(74)	(97)	(81)
Proceeds from borrowings		490	431	356
Repayment of borrowings		-	(490)	(431)
Proceeds from issuance of shares		3,500	2,081	201
Payments for transaction costs related to issuance of securities		(155)	(130)	(29)
Net cash inflows provided by financing activities	3.	3,761	1,796	17
Net increase / (decrease) in cash and cash equivalents		445	(683)	(432)
Cash and cash equivalents (beginning of financial year)		1,220	1,664	980
Exchange fluctuations of balances held in foreign currency		(1)	(2)	(27)
Cash and cash equivalents (end of financial year)	4.	1,664	980	521

Source: Zimi Annual Reports for the years ended 30 June 2023 and 2024.

We note the following in relation to Zimi's cashflow statement:

1. Cash receipts from customers saw a decline in the year ended 30 June 2023 due to disruptions in Zimi's supply chain caused by the global chip shortage. This ultimately constrained Zimi's production capacity and thus reduced cash flows derived from customers.
2. We understand that Zimi often purchases products in large production runs as this is most cost effective. This can lead to large timing differences between the cash outflows for the production run and cash from the associated product sales, particularly during the period from FY22 to FY23 when the supply chain was disrupted.
3. Share issues were the major source of financing income over the period of review, however we note that this has been decreasing year-on-year.
4. Cash and cash equivalents has been decreasing year-on-year over the review period. We note that Zimi is yet to generate a profit and has been reliant on cashflow from share issuance and government grants to sustain operations. In FY24, operating cashflow was negative \$295k a significant improvement on prior years however we note that FY25 will be impacted by the suspension of sales to GSME until shareholder approval is obtained for the Proposed Transactions.

3.9 Capital Structure

The Company has 386.94 million ordinary shares on issue as at the date of this Report. The top 20 shareholders of Zimi as at 10 January 2025 are set out below:

Table 13 Top 20 Shareholders

Shareholder Name	No Shares	%
TODD MILLINER	36,250,000	9.4%
ZENDO PTY LTD AS	36,250,000	9.4%
RJ18 SMSF PTY LTD	35,000,000	9.0%
GERARD PRIVATE HOLDINGS	34,013,889	8.8%
SCINTILLA STRATEGIC	24,967,000	6.5%
MR CRAIG GRAEME CHAPMAN	15,000,000	3.9%
MR CRAIG GRAEME CHAPMAN & MRS JOANNE CHAPMAN	10,000,000	2.6%
LACE POP PTY LTD	10,000,000	2.6%
SMART SAFETY & SECURITY	10,000,000	2.6%
MADURTA INVESTMENTS PTY LTD	7,343,750	1.9%
CHEMBANK PTY LIMITED	7,000,000	1.8%
CHIFLEY PORTFOLIOS PTY LIMITED	7,000,000	1.8%
SHIRLEY ROAD CUSTODIANS PTY	6,570,001	1.7%
DR JAMES ANTHONY MULLINS	6,500,000	1.7%
FINCLEAR SERVICES PTY LTD	6,390,235	1.7%
BUTTONWOOD NOMINEES PTY LTD	5,011,027	1.3%
A G & E JENZEN PTY LTD	5,000,000	1.3%
MR ALLAN GRAHAM JENZEN & MRS ELIZABETH JENZEN	5,000,000	1.3%
MR ALLAN JOHN HEBERT & MRS PRUE NATALIE HEBERT	3,500,000	0.9%
MADURTA PTY LTD	3,508,654	0.9%
Total top 20 shareholders	274,304,556	70.9%
Other shareholders	112,639,550	29.1%
Total	386,944,106	100.0%

Source: Zimi Share Register as at 10 January 2025

Simon Gerard, a Non-Executive Director of Zimi, has an interest in 44.87 million ordinary shares in Zimi, as at 10 January 2025. Mr Gerard is a related party through his shareholding in Gerard Private Holdings, which in turn owns 100% of the ordinary shares of GSM Electrical (Australia) Pty Ltd.

Table 14 Related Party Holdings - GSME

Shareholder	Shares	%
GERARD PRIVATE HOLDINGS	34,013,889	8.8%
MADURTA PTY LTD	3,508,654	0.9%
MADURTA INVESTMENTS PTY LTD	7,343,750	1.9%
Total	44,866,293	11.6%

Source: Zimi Share Register as at 10 January 2025

Directors and co-owners of Zencontrol Pty Ltd, Todd Milliner and Joshua Newell (indirectly through Zendo Pty Ltd), each hold 36.25 million ordinary shares in Zimi each, respectively. Zendo Pty Ltd is a company controlled by Joshua Newell. This gives Zencontrol an 18.7% interest in Zimi as at 10 January 2025.

Table 15 Related Party Holdings - Zencontrol

Shareholder	Shares	%
TODD MILLINER	36,250,000	9.4%
ZENDO PTY LTD	36,250,000	9.4%
Total	72,500,000	18.7%

Source: Zimi Share Register as at 10 January 2025

3.10 Share price performance

The figure below sets out a summary of Zimi closing share prices and trading volumes for the period from 16 January 2024 to 16 January 2025, with identified significant announcements in Figure 2 below.

Figure 2 Zimi Daily Closing Share Price and Trading Volumes



Source: S&P Capital IQ & ASX

In the 180 trading days prior to announcement of the Listing Rules Compliance Notification on 30 December 2024, 8.92% of Zimi shares were traded. The Listing Rules Compliance Notification announced the suspension of sales to GSM Electrical (Australia) Pty Ltd. The average daily trading volume over the past 12 months was 150,421. Over that 12 month period, 21 June 2024 had the highest trading volume of 8.56 million, following a period of on-market selling by a substantial holder Perennial Value Management.

Zimi shares traded at between \$0.040 and \$0.008 per Share during the year from 16 January 2024 to 16 January 2025, with a general downward trend.

The largest close-to-close increase in share price was from 7 to 8 November 2024, when the share price increased from \$0.013 to \$0.017. The Company's Quarterly Activities Report and Appendix 4C was released on October 31 2024, which outlined the completion of the capital raise in which the Directors of Zencontrol took up a substantial shareholding and also entered into a Memorandum of Understanding with Zimi.

Significant announcements made by the Company over the period are summarised below.

Table 16 Significant Announcements

No	Date	Announcement
1	29/01/2024	Zimi achieves customer receipts of \$1,875,000 and appoints new distribution partners in the December Quarter.
2	23/02/2024	Interim financial report for the half-year ended 31 December 2023.
3	26/04/2024	Zimi achieves ongoing product delivery and continued growth with strategic advancements.
4	31/07/2024	Accelerated growth quarter for device pairings and significant FY24 revenue growth.
5	21/08/2024	Pro rata accelerated renounceable entitlement offer, with retail rights trading to raise up to \$2.53 million.
6	23/08/2024	Completion of institutional component of pro rata accelerated renounceable entitlement offer.
7	28/08/2024	Preliminary final report for the year ended 30 June 2024.
8	29/08/2024	Pro rata accelerated renounceable entitlement offer, with retail rights trading.
9	3/10/2024	Valid applications in respect to 12,029,391 new shares were received to raise \$120,294, leaving a total of 241,300,039 not taken up. Surplus offered under the retail shortfall bookbuild.
10	25/10/2024	Shortfall placement fully subscribed, with introduction of substantial shareholders including Zencontrol and expanded Board of Directors.
11	31/10/2024	Capital raise completed and R&D funding received, placing Zimi in a stronger financial position to fund growth.
12	30/12/2024	Listing rules compliance notification, in relation to the potential breach of ASX listing rule 10.1

Source: ASX

4. Profile of GSM Electrical (Australia) Pty Ltd.

4.1 Background

GSME, known for its 'Trader' brand, is a South Australian based company. The company provides a range of electrical accessories to the trade sector.

GSME serves wholesalers and contractors across Australia. The company's product range includes switches and sockets, dimmers, first fix accessories, weatherproof and industrial products, smoke alarms, sensors, lighting, and air movement solutions.

We note that 100% of the ordinary shares on issue of GSME are owned by Gerard Private Holdings Pty Ltd, a related party of Simon Gerard. Simon Gerard also holds an 8.8% stake in Zimi through Gerard Private Holdings, and another 2.8% through other holdings as at 10 January 2025.

4.2 Directors and management

The directors and key management of GSME are as follows:

Table 17 GSME Board of Directors

Name	Position
Simon Charles Gerard	Director
Matthew Leith Johnson	Director
Gary Savage	Director and Secretary

Source: ASIC – Current Company Extract for GSM Electrical (Australia) Pty Ltd

5. Profile of Zencontrol Pty Limited

5.1 Background

Zencontrol Pty Ltd is a company specialising in advanced lighting and building automation solutions. It is headquartered in Salisbury, Queensland. Zencontrol Limited is a Hong Kong registered entity which is controlled by Zencontrol Pty Ltd. Zencontrol's operations focus on the development and implementation of smart lighting control systems that enhance energy efficiency and user convenience in both commercial and residential settings.

The company's product offerings include a range of lighting control solutions designed to integrate seamlessly with modern building management systems. Zencontrol operates in the smart building industry through strategic partnerships and continuous innovation. The company is committed to providing high quality, reliable products that meet the evolving needs of the market.

Zencontrol's ordinary shares on issue are owned equally between Joshua Newell and Todd Milliner. Mr Newell and Mr Milliner personally hold a combined 18.7% interest in Zimi as at 10 January 2025.

5.2 Directors and management

The directors and key management of Zencontrol are as follows:

Table 18 Zencontrol Board of Directors

Name	Position
Todd Milliner	Director
Joshua Newell	Director and Secretary

Source: ASIC – Current Company Extract for Zencontrol Pty Ltd

6. Are the Proposed Transactions Fair to Non-Associated Shareholders?

6.1 Approach

In relation to assessing the fairness of a transaction with a person in a position of influence that requires member approval under ASX Listing Rule 10, RG 111 requires the expert to compare the value of the financial benefit to be given and the value of the consideration to be received by the entity.

Approach for GSME Agreements

In assessing the fairness of the historical and proposed distribution agreements with GSME, we have considered the following:

1. The key terms of the historical and proposed distribution agreements; and
2. A comparison of the selling prices of the Company's products under the historical and proposed distribution agreements with GSME to the selling prices to non-related parties over the period 1 May 2023 to 28 January 2025.

We note that Zimi supplies products to different categories of customers. Zimi has grouped its customers into either distributor, integrator or direct-to-consumer ("D2C") groups, and offers different pricing schedules and terms to each respective customer group. Product pricing for integrators and D2C customers are higher than for distributors which we note as being standard industry practice, thus we have only compared GSME sales to those from Zimi's unrelated distributor customers.

Zimi's unrelated distributor customers ("Other Distributors") include:

- Beacon Lighting Wholesale,
- Steel-Line Garage Doors Australia,
- Polyaire; and
- Lighting Illusions.

Refer to 6.2 and 6.3 for our analysis and conclusion on the fairness of the historical and proposed distribution agreements with GSME.

Approach for Zencontrol and Zencontrol Limited Agreements

In assessing the fairness of the proposed manufacturing and distribution agreements with Zencontrol Limited and Zencontrol, we have considered the following:

1. The key terms of the proposed manufacturing and distribution agreements;
2. For the manufacturing agreement, a comparison of the purchase prices quoted by Zencontrol Limited under the proposed agreement to the prices quoted from non-related parties; and
3. For the distribution agreement, a comparison of the proposed selling prices of the Company's products to Zencontrol with the selling prices to non-related parties

We understand that Zimi's Existing Supplier is the only other supplier that has provided Zimi with a quote for the specific product ranges which Zencontrol Limited has offered to supply Zimi. Thus, we have assessed the fairness of product pricing from the comparison of Zencontrol Limited's and the Existing Supplier's quoted prices.

We note that there are differences in commercial terms between the Zencontrol Limited and the Existing Supplier proposals which we cannot quantify or assess. This is discussed further at 6.5.

Refer to 6.4 and 6.5 for our analysis and conclusion on the fairness of the proposed transactions with Zencontrol and Zencontrol Limited.

6.2 Historical Distribution Agreement – GSME

Under the historical distribution agreement, Zimi agreed to make available to sell and deliver to GSME its range of electrical and lighting accessory products. We have compared the key commercial terms outlined in the Distribution Agreement with Zimi's dealings with other distributor group customers:

Table 19 Historical Distribution Agreement - Commercial Terms

Category	Historical Distribution Agreement with GSME	Other Distributor Terms
Invoice Terms	Net 30-days	Net 30-days
Price Escalation	Prices must not be increased by Zimi more than once in any given 12-month period and may be increased only to account for substantiated increases in cost to Zimi of supplier input costs.	Although Zimi does not hold formal contracts with its other customers, we did not note any increases in prices passed on to Other Distributors over the period of review.
Exclusivity	Zimi will not appoint or authorise anyone else to sell or supply products or use any company branding in connection with electrical wiring accessories in the wholesale market sector within Australia and New Zealand.	As Zimi does not hold formal contracts with any other customers, it does not hold any other exclusivity clauses with its other customers. We note Zimi's other distributor customers participate in the retail market sector, so are not impacted by the GSME exclusivity clause.
Delivery	Products supplied to GSME will be on a 'free into warehouse' ("FIW") basis. Thus, Zimi will bear all costs and risks involved in importation, delivery, duties, tariffs, taxes and customs fees.	Zimi supplies all other customers' products on a FIW basis. However, we note that Zimi does not usually incur delivery costs to GSM, as their respective warehouses are adjacent to each other.

Source: GSME Historical Distribution Agreement & RSM Analysis

We have assessed the key commercial terms on which Zimi conducted trade with GSME and its Other Distributors over the historical period, and consider that the terms on which Zimi conducted trade with GSME are no more favourable than Zimi's other commercial arrangements with non-related parties with the exception of exclusivity in the wholesale distributor market.

Pricing

For each product sold to GSME, we analysed and grouped each product into one of the following four categories:

1. No comparable product pricing

In the case where a product was only sold to GSME, we assessed the fairness of these products with reference to the average unit prices of similar products sold to Other Distributors.

In the absence of similar product sales to Other Distributors which we could reference, we considered whether the gross margin of the product was in line with Management's targeted gross margin for the respective product range (e.g. Senoa or Powermesh) and comparable with the overall gross margin achieved from Zimi's sales to Other Distributors.

Refer to specific commentary in our analysis over each year of the review period below.

2. Same product - GSME pricing consistent with Other Distributor pricing

Through analysis of sales to Zimi's Other Distributors, we concluded that the average unit price of a specific product was consistent with the price at which Zimi sold the same product to GSME.

In these instances, we note the pricing is not disadvantageous to Zimi's Shareholders or Other Distributors and therefore consider the pricing of these products to be fair.

3. Same product - GSM pricing less than Other Distributor pricing

Through analysis of sales to Zimi's Other Distributors, we concluded that the average unit price for a specific product sold to Other Distributors exceeded the price at which Zimi sold the same product to GSME.

In these instances, further explanation was sought from Management to explain the difference in pricing. Refer to specific commentary in each year of analysis below. In the absence of further explanation, such a transaction would be

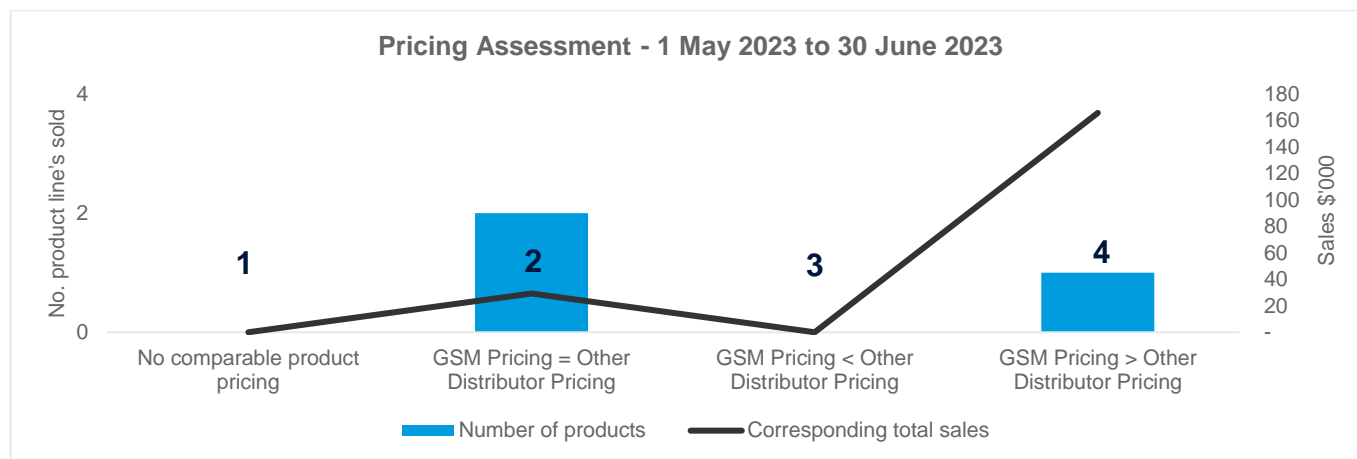
deemed advantageous to GSME, and thus not fair. For the avoidance of doubt, we did not find any such incidences over the period of review.

4. Same product - GSM pricing exceeds Other Distributor pricing

Through analysis of sales to Zimi's Other Distributors, we concluded that the average unit price for a specific product sold to Other Distributors was less than the price at which Zimi sold the same product to GSME.

In these instances, we note the pricing is not disadvantageous to Zimi's Shareholders or Other Distributors and therefore consider the pricing of these products to be fair.

Figure 3 Pricing Assessment - Period 1 May 2023 to 30 June 2023



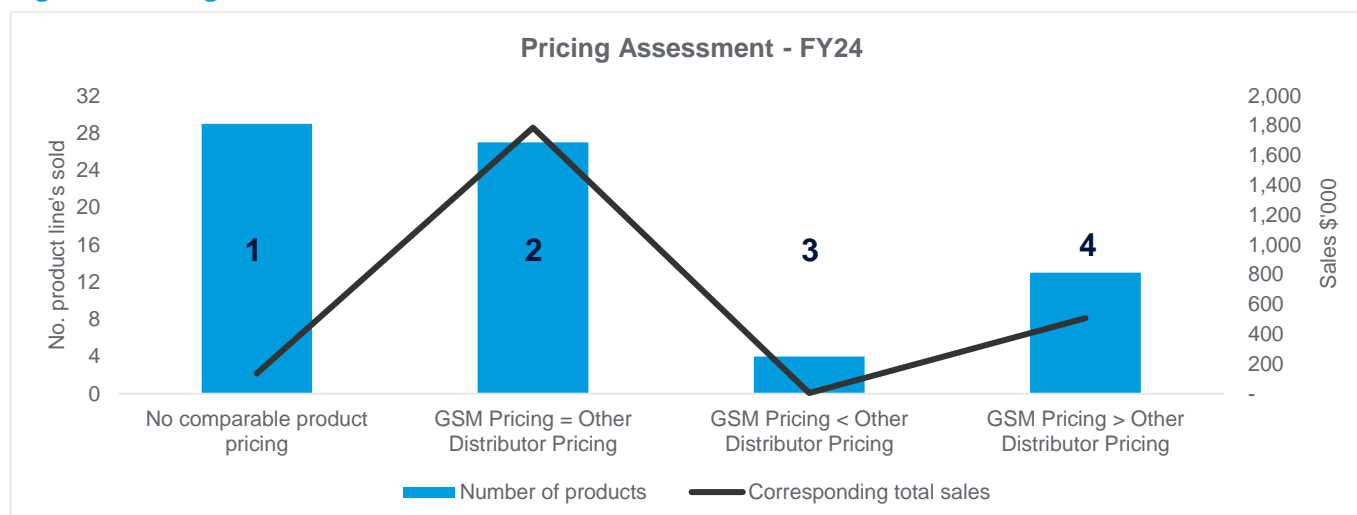
Source: RSM Analysis

Assessment:

1. There were no sales during the period where a product sold to GSME had no comparable product pricing.
2. The average unit price for two product lines sold to GSME was comparable to the average unit price Zimi charged Other Distributors.
3. There were no sales during the period where the product price sold to GSME was less than the average unit price charged to Other Distributors.
4. For one product line GSME paid a higher unit price than the Other Distributors.

We have not identified any sales between Zimi and GSME over the period 1 May 2023 to 30 June 2023 where product pricing was disadvantageous to Zimi's Other Distributors.

Figure 4 Pricing Assessment – FY24



Source: RSM Analysis

Assessment:

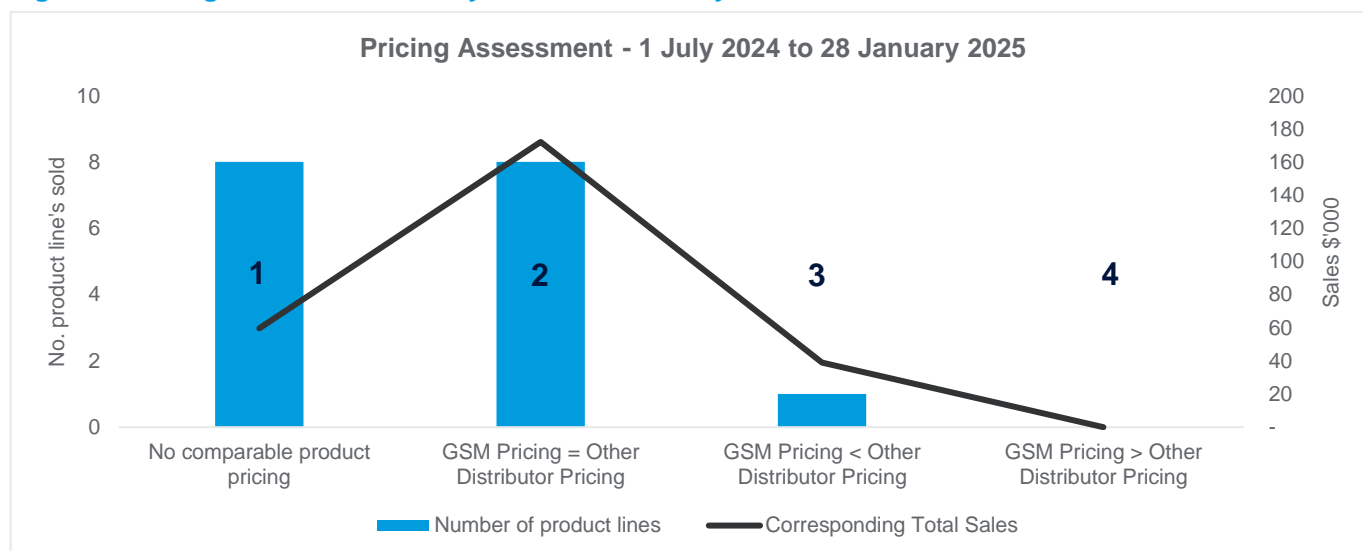
1. Twenty-nine product lines were sold only to GSME during FY24. We have determined that the gross margin achieved on these products is consistent with the gross margin Zimi achieved on similar products sold to Other Distributors.
2. Twenty-seven product lines were sold to GSME at the same average unit price paid by Zimi's Other Distributors.
3. There were four product lines sold to GSME at a ~31% discount compared to Other Distributors.

Further investigation revealed that this pricing discrepancy does not represent a discount given to GSME. Instead, prices charged to the Other Distributors were at a premium due to Zimi passing on shipping costs for a low volume order. The product lines in question are low-value and, after accounting for shipping costs, are unprofitable unless sold in large volumes. We note that GSME ordered 1,150 units, whilst the Other Distributor only purchased 150 units during the year. To make the transaction profitable for Zimi, shipping costs were included in the product pricing to the Other Distributor. After adjusting for the freight costs, we concluded that the Other Distributor unit price for all four flagged product lines was in line with the unit price paid by GSME.

4. For a number of product lines, GSME paid a higher unit price than the Other Distributors.

We have not identified any sales between Zimi and GSME during FY24 where product pricing was disadvantageous to Zimi's Other Distributors.

Figure 5 Pricing Assessment - 1 July 2024 to 28 January 2025



Source: RSM Analysis

Assessment:

1. Eight product lines were sold only to GSME. We have determined that the gross margin achieved on these products is consistent with the gross margin Zimi achieves on similar products sold to its Other Distributors.
We note this includes a transaction where GSME paid Zimi a reimbursement for marketing samples. We deem this to be reasonable as Zimi regularly offered Other Distributors marketing samples for free during the year.
2. The average unit price of eight product lines sold to GSME were identical to the average unit price for Other Distributors.
3. One product line sold to GSME had a ~3% discount when compared to Other Distributors, however this was confirmed to be the result of an invoice issued in USD and the impact of foreign exchange on our analysis in AUD.
4. There were no sales during the period where the product price sold to GSME was greater than the average unit price charged to Other Distributors.

We have not identified any sales between Zimi and GSME over the period 1 July 2024 to 28 January 2025 where product pricing was disadvantageous to Zimi's Other Distributor customers.

Refer to 6.6 for our conclusion on the GSME historical distribution agreement.

6.3 Proposed Distribution Agreement – GSME

Background

Zimi is proposing to enter into a new distribution agreement with GSME. The agreement will be in place for an initial term of 24 months once the commencement date is agreed upon. The agreement may be extended for further periods, each of 24 months duration, pending mutual agreement from both Zimi and GSME.

Commercial Terms

Our review did not note any material differences in the commercial terms between the new agreement and the historic agreement (as discussed in section 6.2). Only minor differences were noted, including:

- the addition of a new term under the exclusivity clause, which ratifies that GSME must submit quarterly reports to Zimi detailing their progress and performance against their sales plan, replacing a similar term which required yearly sales information from GSM.

We do not deem this addition to be significant in altering the current relationship between Zimi and GSME, and nor does it give GSME more favourable terms compared to Zimi's Other Distributor Customers.

Pricing

The proposed distribution agreement contains a product list with pricing. We compared the product list against the historical March 2024 product list, per section 6.2, for any changes in price or new additions to Zimi's product range. Our comparison identified five new products and sixteen products which had price adjustments. All remaining products are consistent with the March 2024 product list.

Of the products that are new or have price changes, we have calculated an expected gross margin and compared this against the Company's historical gross profit margin when transacting with Other Distributor Customers. Our analysis did not identify any favourable treatment to GSME with the re-pricing of these products.

Of the products that have remained consistent with the March 2024 product price list, we are satisfied with the fairness of these items based on our testing in section 6.2.

Refer to 6.6 for our conclusion on the GSME proposed distribution agreement.

6.4 Proposed Distribution Agreement – Zencontrol

Background

Zimi is proposing to enter into a distribution agreement with Zencontrol to sell Zimi's range of 'Senoa Pro' products. The new relationship is aligned with Zimi's strategic objective to expand into the commercial and professional lighting sector.

Commercial Terms

Under the proposed distribution agreement, Zimi agrees to make available to sell and deliver to Zencontrol specific electrical and lighting accessory products. We have compared the key commercial terms outlined in the distribution agreement with Zimi's dealings with other Distributor Customers:

Table 20 Zencontrol Distribution Agreement - Commercial Terms

Category	Proposed Agreement with Zencontrol	Other Customer Terms
Invoice Terms	As per the terms of the applicable quote or distributor purchase order for the quote.	Net 30-days
Price Escalation	As per the product pricing terms outlined in the agreement, the price of each product will be equal to Zimi's total manufacturing cost of the product ("Manufacturing Cost"), plus an amount equal to 33.33% of the manufacturing cost. This allows Zimi to pass on increases to its input costs to Zencontrol.	Zimi does not hold formal contracts with its other customers therefore no specific terms exist in regard to price escalations.
Exclusivity	Zimi will not appoint or authorise anyone else to sell or supply the 'Senoa Pro' product range globally.	As Zimi does not hold formal contracts with any other customers, it does not have any other exclusivity clauses with its other customers.
Delivery	Products are to be delivered to Zencontrol in accordance with and under the terms of the Incoterms specified in the applicable quote and Distributor Purchase Order for that quote.	Zimi supplies all other customers' products on a FIW basis.

Source: Zencontrol Distribution Agreement & RSM Analysis

Pricing

Per the Distribution Agreement with Zencontrol, the proposed pricing for the Senoa Pro product range is a mechanism which allows Zimi to charge Zencontrol its Manufacturing Costs, plus an agreed 33.33% mark-up on the Manufacturing Costs.

Our analysis in section 6.2 allowed us to calculate an average historical gross profit margin percentage for the Senoa product range.

We have compared the gross profit markup percentage in the new distribution agreement with the calculated historical gross profit margin percentage on the Senoa product range.

We note that Zimi's historic gross margin on Senoa range products is approximately equal to the proposed margin for the Senoa Pro range to be sold to Zencontrol.

Refer to 6.6 for our conclusion on the Zencontrol proposed distribution agreement.

6.5 Proposed Manufacturing Agreement – Zencontrol Limited

Background

Zimi is proposing to enter into a manufacturing agreement with Zencontrol Limited which will provide an alternative supply chain option for the Company. Management expects this to enable more favourable pricing, superior quality control, shorter lead times and more flexibility for smaller production runs. We understand the products proposed to be manufactured through Zencontrol Limited will form an exclusive line of products within the Senoa range.

Commercial Terms

We understand that Zimi does not have formal manufacturing agreements in place with its other suppliers. To assess the fairness of the proposed manufacturing agreement, we have compared the commercial terms of a quote from Zencontrol Limited and their Existing Supplier for a product from the 'Senoa Pro' product range.

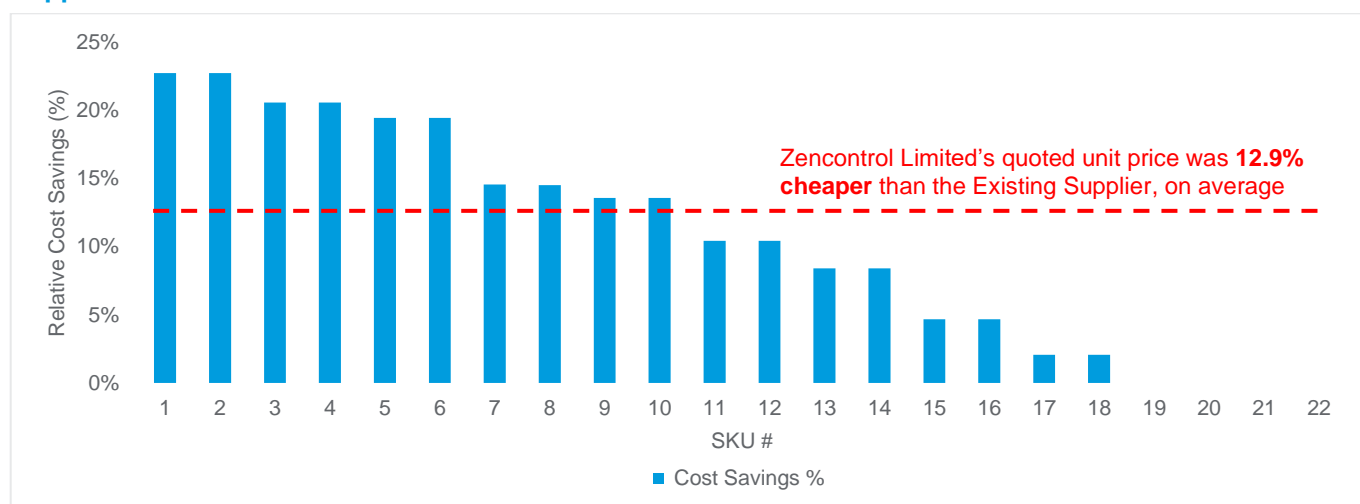
Table 21 Manufacturing Quotes – Commercial Terms Comparison

Category	Zencontrol Limited Quote	Existing Supplier Quote
Payment Terms	<ul style="list-style-type: none"> • Initial non-refundable commitment payment of 10% due prior to Zencontrol Limited commencing industrialisation and procurement. • Order deposit of 20% due upon order confirming the Proforma Invoice. • Payment of 30% upon shipment. • Payment of 40% (balance) net 30 days. 	<ul style="list-style-type: none"> • No deposit, 100% 60 days from shipping to US\$600k credit limit. • Amounts over the credit limit will require a 20% deposit and 80% payment upon shipment.
Production Time	<ul style="list-style-type: none"> • 12 weeks quoted lead time. 	<ul style="list-style-type: none"> • Previous lead time of 26 weeks, however management noted that some orders took 40 weeks.
Excess Material Charges	<ul style="list-style-type: none"> • Surplus materials not used for production to be charged to Zimi at purchase value, capped at \$10k USD. We note that this is based on the current ordering proposal and may be revised upon additional orders and quantity changes. 	<ul style="list-style-type: none"> • ~ \$46k of excess material charges incurred
Delivery	<ul style="list-style-type: none"> • FOB for consignment value exceeding \$30k USD. • All goods ship within 14 calendar days of production completion. 	<ul style="list-style-type: none"> • We did not note any specific delivery terms.

Pricing

We have been provided with a unit price quotation schedule from Zencontrol Limited, and from Zimi's Existing Supplier. We have compared the quotation schedules to calculate a relative cost saving percentage between the two suppliers for each SKU:

Figure 6 Relative Quoted Unit Price Comparison – Zencontrol Limited discount compared to the Existing Supplier



Source: RSM analysis

We have compared the quoted unit pricing for 22 unique SKUs and note that Zencontrol Limited offered a lower price per unit for 18 of the SKU's. The Existing Supplier did not provide a quote for the 4 remaining SKU's. On average, the Zencontrol Limited quoted unit price was 12.9% cheaper than the Existing Supplier.

Management advised us that historically with the Existing Supplier, Zimi has paid an additional quality assessment and control levy of 5.5% (which has been included in the above analysis) to another Gerard Private entity, GSM Retail Australia Pty Ltd. This levy would not be required if production was moved to Zencontrol Limited, as quality assessment and control services are integrated in Zencontrol Limited's pricing and they are ISO:9001 certified to ensure correct quality control procedures are in place.

We have not considered or assessed the potential quality differences between suppliers for the quoted products.

Refer to 6.6 for our conclusion on the Zencontrol Limited proposed manufacturing agreement.

6.6 Conclusion on Fairness

In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we conclude on the fairness of the Proposed Transactions to the Non-Associated Shareholders of Zimi as follows:

Table 22 Conclusion on fairness

Description	Conclusion
Approval of historical sale of products to a Related Party and ratification of breach of Listing Rule 10.1 – GSM Electrical (Australia) Pty Ltd	The Proposed Transaction is fair to the Non-Associated Shareholders of Zimi.
Approval of proposed sale of products to a Related Party – Distribution Agreement with GSM Electrical (Australia) Pty Ltd	The Proposed Transaction is fair to the Non-Associated Shareholders of Zimi.
Approval of proposed sale of products to a Related Party – Distribution Agreement with Zencontrol Pty Ltd	The Proposed Transaction is fair to the Non-Associated Shareholders of Zimi.
Approval of proposed purchase of manufactured products from a Related Party – Manufacturing Agreement with Zencontrol Limited	The Proposed Transaction is fair to the Non-Associated Shareholders of Zimi.

Source: RSM analysis

7. Are the Proposed Transactions reasonable to Non-Associated Shareholders?

7.1 Approach

RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair, it may still be reasonable after considering the specific circumstances applicable to the offer.

In our assessment of reasonableness, we have considered the following factors:

- The rationale of the Proposed Transactions and their advantages and disadvantages to Zimi shareholders;
- Future prospects of Zimi should the Proposed Transactions not proceed; and
- Alternative proposals to the Proposed Transactions.

7.2 Advantages and disadvantages

In considering the above, we have grouped our analysis into three sections being consideration of the advantages and disadvantages of Resolutions 2, 3, the advantages and disadvantages of Resolution 4, and then the advantages and disadvantages of Resolution 5.

We consider the GSME distribution agreements to be of a similar nature and substance such that it is appropriate to group our analysis of the two Resolutions together.

Advantages and disadvantages – Resolutions 2 and 3 (GSME Distribution Agreements)

The key advantages are:

Table 23 Advantages – Resolutions 2 and 3 (GSME Distribution Agreements)

Advantage	Details
The Proposed Transactions with GSME are fair	We have assessed Resolutions 2 and 3 to be fair to the Non-Associated Shareholders. In this regard, we specifically note that the GSME terms and pricing are broadly consistent with agreements entered into with customers who are not a related party of Zimi.
Restore sales from major customer	GSME is Zimi's largest customer, accounting for ~67% of Zimi's FY24 sales, and the Company is currently unable to trade with GSME until the Proposed Transactions have been approved. If sales under the distribution agreement are not approved and trading with GSME does not resume, then solvency issues could arise if Zimi cannot find an alternative customer base to replace GSME.
Strengthens strategic relationship with key shareholder	Entering into the contractual agreements can strengthen the existing relationship with GSME by aligning business objectives and increasing collaboration.
Price adjustment clause	The distribution agreement has a clause that allows for input cost increases to be passed onto GSME.

Source: RSM analysis

The key disadvantages are:

Table 24 Disadvantages - Resolutions 2 and 3 (GSME Distribution Agreements)

Disadvantage	Details
Exclusivity clause	The distribution agreement grants exclusive rights to GSME to sell the Company's products as a wholesale distributor in Australia and New Zealand. This exclusivity could limit Zimi's ability to grow its sales although it is noted that GSME is a large national wholesaler and Zimi is still able to target retail distributors in the region.
Regulatory scrutiny	Transactions with related parties are often subject to higher scrutiny by regulators to ensure they are conducted at arm's length and are fair to all stakeholders. This can lead to additional compliance costs and administrative burdens.
Potential margin erosion	The proposed distribution agreement has a clause which stipulates that pricing can only be increased to account for substantiated increases in Zimi's supplier input costs. We note that this does not consider overhead cost increases which could lead to margin pressure if Zimi cannot increase its gross margin on products sold.

Source: RSM analysis

Advantages and disadvantages – Resolution 4 (Zencontrol Distribution Agreement)

The key advantages are:

Table 25 Advantages – Resolution 4 (Zencontrol Distribution Agreement)

Advantage	Details
The Proposed Transaction is fair	We have assessed that the Proposed Transaction is fair to the Non-Associated Shareholders. In this regard, we specifically note that the Zencontrol terms and pricing are broadly consistent with agreements entered into with customers who are not a related party of Zimi.
Access to commercial lighting sector	The proposed distribution agreement will provide Zimi with access to the commercial and professional lighting sector which is aligned with the Company's strategic objectives.
Predictability and stability	Having a major customer as a related party could provide a more stable and predictable revenue stream which can improve financial planning and resource allocation.
Strengthens strategic relationship with key shareholders	Entering into the contractual agreement can strengthen the existing relationships with Zencontrol by aligning business objectives and increasing collaboration.
Price adjustment clause	The distribution agreement has a clause that allows for input cost increases to be passed onto Zencontrol.

Source: RSM analysis

The key disadvantages are:

Table 26 Disadvantages – Resolution 4 (Zencontrol Distribution Agreement)

Disadvantage	Details
Regulatory scrutiny	Transactions with related parties are often subject to higher scrutiny by regulators to ensure they are conducted at arm's length and are fair to all stakeholders. This can lead to additional compliance costs and administrative burdens.
Potential margin erosion	The distribution agreement has a clause which stipulates that pricing can only be increased to account for substantiated increases in Zimi's supplier input costs. We note that this does not consider overhead cost increases which could lead to margin pressure if Zimi cannot increase its gross margin on products sold.
Potential profit leakage	The distribution agreement's pricing clause could potentially lead to a profit leakage if Zencontrol were also the supplier of the same products. Manipulation by way of reducing the cost price at which Zencontrol sells goods to Zimi (under Resolution 5) would reduce the ultimate profit that Zimi could earn on sales back to Zencontrol, as the gross profit margin is fixed at cost plus 33.33%. However management has noted that there would be a corresponding margin improvement across the business for sales of Senoa products to other distributors.

Source: RSM analysis

Advantages and disadvantages – Resolution 5 (Zencontrol Limited Manufacturing Agreement)

The key advantages are:

Table 27 Advantages – Resolution 5 (Zencontrol Limited Manufacturing Agreement)

Advantage	Details
The Proposed Transaction is fair	We have assessed that the Proposed Transaction is fair to the Non-Associated Shareholders. In this regard, we specifically note that the terms and pricing of quotes are consistent with those entered into with suppliers who are not a related party of Zimi.
Strengthen existing relationship with key shareholders	Having a supplier as a related party can provide greater certainty and transparency of supply, as well as aligning business objectives for increasing market demand / share.
Technology synergies	Zencontrol Limited supplies software and cloud infrastructure for Zimi. As Zencontrol Limited is an established company within the lighting and smart appliances industry, Zimi can potentially leverage this technological expertise and advantages when developing new products.
Indirect cost savings	<p>The Directors have advised us of the following indirect cost savings:</p> <ul style="list-style-type: none"> No longer requiring the services of a production manager to oversee production with Zimi's Existing Supplier. These services will be provided in-house by Zencontrol Limited at no additional cost, saving Zimi approximately \$6,222 per month. Zencontrol Limited's quoted Non-Recurring Engineering ("NRE") costs are expected to be significantly less than the Existing Supplier's costs. <p>We have not made an independent assessment of the validity of these cost savings. The information required to quantify these potential savings will not be available until after the agreement has been formally finalised with Zencontrol Limited.</p>

Quality improvements

Management has advised us that they observed higher quality processes and organisation at Zencontrol Limited's facilities in China in comparison to their current supplier, noting that Zencontrol is ISO:9001 accredited.

Source: RSM analysis

The key disadvantages are:

Table 28 Disadvantages - Resolution 5 (Zencontrol Limited Manufacturing Agreement)

Disadvantage	Details
Uncertainty of quoted pricing	We note that the manufacturing agreement does not definitively state the product pricing, but references individual quotes and purchase orders. The manufacturing agreement specifies that parties may vary any quote or purchase order by mutual agreement in writing. Therefore, there is a risk that the quoted pricing and attached terms we have assessed could change at any time, subject to the parties' mutual agreement.
Regulatory scrutiny	Transactions with related parties are often subject to higher scrutiny by regulators to ensure they are conducted at arm's length and are fair to all stakeholders. This can lead to additional compliance costs and administrative burdens.

Source: RSM analysis

7.3 Future prospects of Zimi should the Proposed Transactions not proceed

The Directors of Zimi have advised us that the failure to approve transactions under the proposed agreements would pose significant risks to Zimi's business operations, financial stability, and growth strategy. Each agreement is designed to secure critical sales channels, improve supply chain efficiency, and enhance profitability. Non-approval could result in revenue disruptions, margin erosion, and increased operational uncertainty.

Specifically, the proposed GSME distribution agreement represents a critical sales channel of Zimi's business model. Without the ability to trade under this agreement, Zimi would lose access to a key segment of the electrical wholesaler market. The loss of GSME as a primary sales channel would materially impact revenue and could affect the ability of Zimi to continue as a going concern.

In the event that transactions under the proposed Zencontrol distribution agreement are not approved, the Directors see this as losing an opportunity to enter the commercial lighting and professional integration market, delaying Zimi's diversification into this sector. The delay in accessing this commercial sector and increased costs associated with building an alternative channel would likely negatively affect Zimi's revenue growth and profitability.

7.4 Alternative proposals

We understand that if the proposed Zencontrol Limited manufacturing agreement was not approved, Zimi would continue manufacturing with existing third-party suppliers. We are not aware of any alternative proposals which may provide a greater benefit to Non-Associated Shareholders at the date of this Report.

Conclusion on Reasonableness

Where the Proposed Transactions are fair, the Proposed Transactions are also reasonable. In our opinion, the position of the Non-Associated Shareholders of Zimi if each of the Proposed Transactions are approved is more advantageous than if the Proposed Transactions are not approved. Therefore, in the absence of any other relevant information, we consider that all of the Proposed Transactions are **reasonable** for the Non-Associated Shareholders of Zimi.

An individual shareholder's decision in relation to the Proposed Transactions may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Appendices

A. Declarations and Disclaimers

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which it is licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Nadine Marke and Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Nadine and Justin are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transactions. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by Zimi Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transactions, except that RSM Corporate Australia Pty Ltd is expected to receive a fee of approximately \$32,500 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Zimi Limited receives Shareholder approval for the Proposed Transactions, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. Sources of Information

In preparing this Report we have relied upon the following principal sources of information:

- Annual Report for Zimi Limited for the year ended 30 June 2022;
- Annual Report for Zimi Limited for the year ended 30 June 2023;
- Annual Report for Zimi Limited for the year ended 30 June 2024;
- Distributor Agreements from Zimi Limited;
- Example invoices from Zimi Limited;
- Zimi Limited's submissions to the ASX;
- Historical Product Price Lists from Zimi Limited;
- Management Accounts from Zimi Limited;
- Sales breakdowns for Zimi Limited;
- ASX announcements of Zimi Limited;
- S&P Capital IQ database;
- IBIS World Industry Report – C2432 – Electric Lighting Equipment Manufacturing in Australia (issued September 2024);
- Zimi Limited and GSM Electrical (Australia) Pty Ltd websites;
- Discussions with Directors, Management, and staff of Zimi Limited; and
- Shareholder information provided by Zimi Limited.

C. Glossary of Terms

Term or Abbreviation	Definition
\$	Australian dollar
Act	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Company (or Zimi)	Zimi Limited
D2C	Direct-to-consumer
Directors	Directors of the Company
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FIW	Free Into Warehouse
FSG	Financial Services Guide
FYxx	The financial year ending 30 June 20xx
GSME or Trader	GSM Electrical (Australia) Pty Ltd
IER	This Independent Expert Report
Manufacturing Cost	Zimi's total manufacturing cost
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
NRE	Non-Recurring Engineering
Other Distributors	Zimi's non-related party distributor customers, including Beacon Lighting, Steel-Line Garage Doors Australia, Polyaire and Lighting Illusions
Products	Any goods which Zimi manufactures, distributes or sells
Proposed Transactions	Resolution 2,3,4 and 5, as per the Notice
QC Report	Quality Control Report
Report	This Independent Expert's Report prepared by RSM dated 24 March 2025
Resolution	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
Sales Tax	Goods and services tax, value added tax, and any other similar taxes imposed from time to time by reason of the supply of Products
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Share or Zimi Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of a Zimi Share
Trader	GSM Electrical (Australia) Pty Ltd
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
VWAP	Volume weighted average share price
Zencontrol	Zencontrol Pty Ltd

D. Industry Overview

Electric Lighting Equipment Manufacturing in Australia

Firms within this industry (as defined by IBISWorld) primarily manufacture lighting products such as fixtures, luminaires, fittings, related components and electric signs. The industry does not include any automotive components or parts.

The increasing penetration of imported products is challenging the industry, forcing domestic firms to shift into producing more niche and premium products to differentiate themselves from low-cost importers. Imports comprised 60% of domestic demand in the industry over 2024-25, driven by lower overhead costs for overseas manufacturers which allows them to produce higher volumes of products and offer lower pricing. Additionally, manufacturers have recently faced weak demand from the construction sector, however growing environmental consciousness is expected to drive demand and growth in high quality, energy efficient product offerings.

In the home renovation space, falling real household discretionary income over the last three years through to 2023-24 has reduced industry demand as homeowners have delayed upgrading their lighting and other household fixtures. Additionally, inflation pressures and the cost-of-living crisis have encouraged households to purchase cheaper products, which are predominantly imported from foreign suppliers.

Government support and stimulus for new housing construction will provide demand-side growth for the industry. The Federal Government's Budget for 2024-25 allocates \$6.2 billion for housing, which will stimulate demand for industry products. Additionally, household discretionary incomes are expected to grow in the coming years as inflationary pressures subside, encouraging homeowners to engage in renovations and home improvements. Coupled with increasing environmental consciousness, consumer preferences are expected to shift towards more expensive, energy efficient lighting equipment and products.

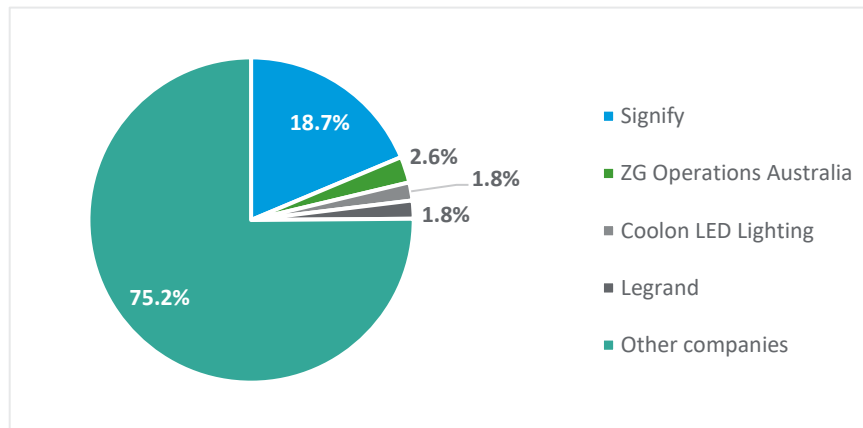
Smart lighting is a new addition to the smart home ecosystem which is becoming increasingly popular among retail consumers. A key success factor for industry firms going forward is undertaking technical research and development in LED luminaires and smart lighting to align their products with shifting consumer preferences. These often highly specialised and customisable products can provide higher margins and a unique selling point for industry firms.

Industry competition is forecast to continually increase, as imports are expected to gain more of the industry's market share. Large manufacturers will turn to acquisitions to attain higher levels of economies of scale and scope to remain competitive.

Industry External Drivers

- Demand from building construction;
- Real household discretionary income;
- Trade-weighted index; and
- Public concern over environmental issues.

Figure 7 Major Industry Firms by Revenue

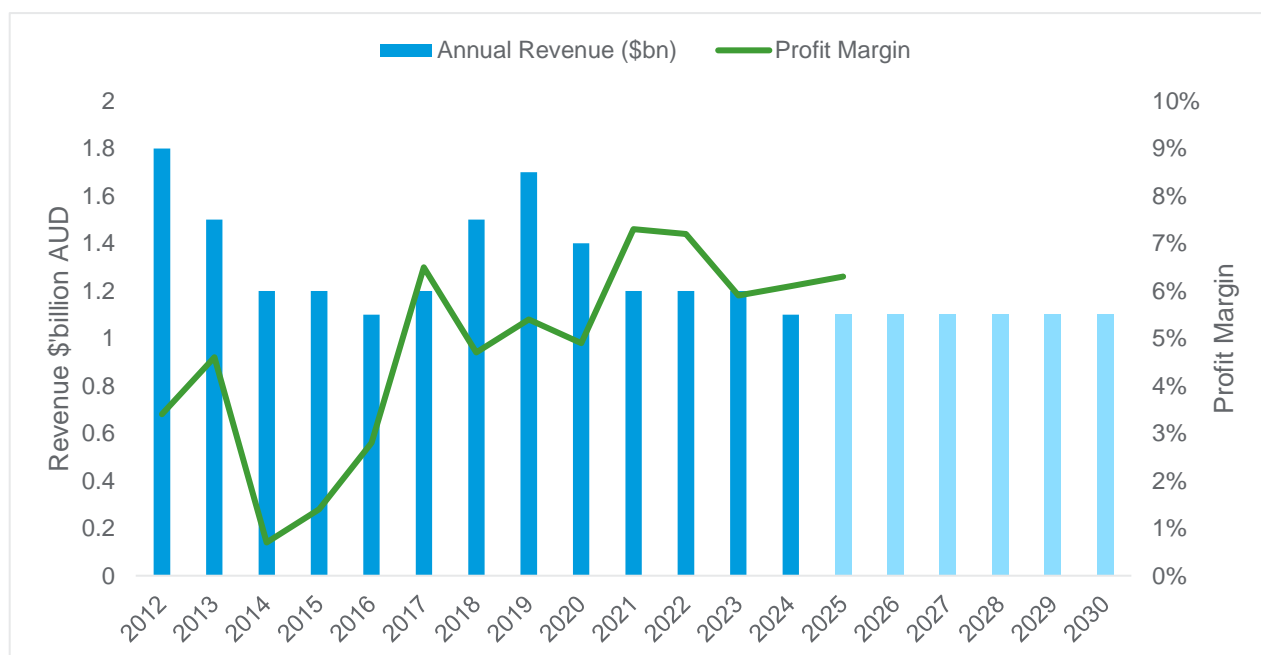


Source: IBISWorld Industry Report : C2432 – Electric Lighting Equipment Manufacturing in Australia

Industry Outlook

Industry revenue is forecast to decrease by 4% in 2025. However, moderate growth is forecast for the industry over the next five years, with industry revenue expected to have a CAGR of 0.5%, reaching aggregate revenue of \$1.1 billion by 2030. Industry firms are expected to further consolidate through acquisitions, decreasing the total number of businesses by 1.2% per year from 2025 through to 2030.

Figure 8 Electrical Lighting Equipment Manufacturing Industry Performance



Source: IBISWorld Industry Report : C2432 – Electric Lighting Equipment Manufacturing in Australia

RSM Corporate Australia Pty Ltd

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