



Zimi Limited
1/14 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.

December 2021 Quarterly Update

ASX RELEASE

28 January 2022

HIGHLIGHTS

- **Delivery target of 30,000+ devices achieved**
- **Continuation of order fulfillment and revenue recognised**
- **Senoa range passed safety certification, a critical milestone to commercialisation**
- **Zimi devices now compatible with integrators, Polyaire and RTI**
- **Finalisation of capital raise to improve cash balance and support the growth runway**

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

Zimi CEO Brett Savill commented: *“It is great to finish calendar year 2021 on a high note. We have delivered on the sales target we outlined when we merged and launched a new complementary range of products. Connected homes are becoming more common in Australia and we are very well positioned to capitalise on this evolving market.”*





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Operational Update

The Company has previously communicated purchase order commitments to deliver 30,000 devices by the end of calendar year 2021. During the quarter, the target was achieved, with delivery of the 30,000 devices to Zimi's four major distribution partners, including GSM Electrical ("Trader"), Beacon Lighting Group (ASX: BLX), Steel-Line Garage Doors ("Steel-Line") and Polyaire.

Despite the global supply challenges, Zimi is delighted to have achieved this target, which represents sales revenue of approximately \$2.6 million for the half year ended 31 December 2021. During the quarter, the Company received customer receipts in excess of \$1.0 million relating to the delivery of these devices. Any outstanding customer receipts from these sales are expected to be received in the second half of financial year ending 30 June 2022.

Zimi is also pleased that the previously announced premium Senoa devices have now passed safety certification, a critical milestone to commercialisation. The new range complements the existing products and caters for a premium market from the home to high-rise apartments. It is expected to be sold through Trader to electrical wholesalers, by Harvey Normal Commercial Division and the Beacon Lighting Group. The Company already has an initial order for 5,000 Senoa devices. Some of this will be fulfilled in the coming months; the remainder is now expected to be fulfilled towards the end of 2022.

There are now over 13,000 devices paired on the Zimi cloud and the rate of pairing is expected to increase as Zimi's distribution partners sell to the end consumer.

The Company expects to fulfill the remaining outstanding orders from Trader, Beacon Lighting Group, Steel-Line and Polyaire over the second half of financial year ending 30 June 2022.

As announced on 9 November 2021, the Company received a further \$250,000 purchase order from Steel-Line for a new product type of the garage door controller. This order is expected to be delivered in the first half of financial year ended 30 June 2023. The new product has international potential and is an opportunity for Zimi to distribute globally.

In addition, all distribution partners continued their marketing campaigns. Steel-Line launched their own television commercial and digital campaign promoting a Christmas bundle showcasing the connected devices' unique benefits. Beacon Lighting Group continued their social media content and in-store promotion and events.

Zimi's products have expanded into the integrator channel and continue to be adopted in the market. During the quarter, Polyaire formally launched its enhanced Airtouch smart air conditioning system so all Polyaire customers can use this system to control Zimi devices. In addition, and as announced on 29 November 2021, the Company integrated its platform with leading custom automation provider, Remote Technologies Inc ("RTI"). Customers of RTI can now complement their home automation solutions with the complete Zimi range of devices, all of which can be controlled through the RTI platform.

Movement in Securities

On 8 October 2021, the Company issued 105,870,270 fully paid ordinary shares and 169,999,993 unlisted options at \$0.03 each expiring on 31 October 2023. The issuance of these securities completes the placement announced on 20 August 2021 and raised a further \$0.7 million in cash (after transaction costs).





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In addition, on 8 October 2021, the Company converted 1,600,000 performance shares to fully paid ordinary shares. These performance shares had vested in a prior period.

On 15 December 2021, the Company converted 110,000,000 performance rights to fully paid ordinary shares. These performance rights were issued as vendor consideration in respect to the acquisition of GSM Innovations Pty Ltd. The conversion to fully paid ordinary shares were as a result of the performance hurdles being achieved.

On 22 December 2021, the Company issued 6,569,343 fully paid ordinary shares for Director remuneration, as approved in the Annual General Meeting held on 30 November 2021 ("AGM"). On the same day, the Company issued 1,897,812 fully paid ordinary shares to employees pursuant to the Employee Securities Incentive Plan as approved at the AGM.

Appendix 4C – Quarterly cash flow report

During the quarter, the Group recognised the following:

- Receipts from customers of \$1,072,000, representing cash received for delivery of products;
- Payments for research and development of \$322,000, representing further development work on new products and enhancements, and salary allocations of Zimi team members who are focused on research and development activities;
- Payments for product manufacturing and operating costs of \$1,097,000 which includes payments to manufacturers to supply products to customers and to secure electronic components;
- Payments for staff costs represent salaries for administration and general management activities;
- Payments for administration and corporate costs represent general costs associated with running the Company, including ASX fees, share registry, insurance and taxation offset by GST recovered from the ATO; and
- The aggregate amount of payments to related parties and their associates included in the current quarter cash flows from operating activities were \$1,173,000, comprised of \$209,000 in Directors fees, salaries and superannuation, and \$964,000 in payments to related parties for research and development, and product manufacturing and operating costs.

Cash and cash equivalents as at 31 December 2021 were \$3,351,000. Refer to the attached Appendix 4C for further details on cash flows for the quarter.

This release has been approved by the Board.

- End -

Further information:

Brett Savill

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About Zimi

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



Appendix 4C

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

Name of entity

ZIMI LIMITED

ABN

25 113 326 524

Quarter ended ("current quarter")

31 DECEMBER 2021

| Consolidated statement of cash flows | Current quarter | Year to date (6 months) |
|---|------------------------|------------------------------------|
| | \$A'000 | \$A'000 |
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 1,072 | 1,603 |
| 1.2 Payments for | | |
| (a) research and development | (322) | (738) |
| (b) product manufacturing and operating costs | (1,097) | (1,244) |
| (c) advertising and marketing | (36) | (78) |
| (d) leased assets ^A | (1) | (74) |
| (e) staff costs | (240) | (433) |
| (f) administration and corporate costs ^B | 16 | (250) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid ^A | (19) | (19) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | 698 |
| 1.8 Other (provide details if material) ^C | (167) | (334) |
| 1.9 Net cash from / (used in) operating activities | (794) | (869) |

Footnotes:

^A Year-to-date reclassification of \$50,000 rental payments from 1.2(d) leased assets to 1.5 Interest and other costs of finance paid and 3.9 Other: Principal elements of lease payments in accordance with AASB 16 Leases.

^B Year-to-date reclassification of \$97,000 from 1.2(f) administration and corporate costs to 2.1(c) property, plant and equipment and 2.1(e) intellectual property and development costs.

^C Cash outflows of \$334,000 disclosed in 1.8 Other (year to date) relates to the settlement of credit notes to a customer relating to a prior financial year.

| | | | |
|------------|---|--------------|--------------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | (112) | (165) |
| | (d) investments | - | - |
| | (e) intellectual property and development | (142) | (145) |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (254) | (310) |

| | | | |
|-------------|---|------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 703 | 3,500 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (36) | (155) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other: Principal elements of lease payments | (35) | (35) |
| 3.10 | Net cash from / (used in) financing activities | 632 | 3,310 |

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

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 3,767 | 1,220 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (794) | (869) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (254) | (310) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 632 | 3,310 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 3,351 | 3,351 |

| | | | |
|------------|---|------------------------------------|-------------------------------------|
| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
| 5.1 | Bank balances | 3,351 | 3,767 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 3,351 | 3,767 |

| | | |
|-----------|---|------------------------------------|
| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 1,173 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

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

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

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (794) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 3,351 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 1,000 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 4,351 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 5.5 |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i> | |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions: | |
| 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: N / A | |
| 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| Answer: N / A | |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| Answer: N / A | |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i> | |

Compliance statement

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

Date: 28 January 2022

Authorised by: By the Board

Notes

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