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 – 31 JANUARY 2025

Quarterly Activities and Appendix 4C Cash Flow Report

Quarterly Highlights:

- **Total of $2.495m (gross of costs) banked in completion of Capital Raising.**
- **Appointment of Simon Beissel as Chair and new Directors join the Zimi Board.**
- **Company restructure and cost base review to yield >$400K annualised savings.**
- **New product 'Matter Connect' in certification and 'Smoke Connect' achieves production.**
- **ASX listing compliance for sales to distributor GSM Electrical (Trader).**

Zimi Limited (ASX:ZMM) ("**Zimi**", or the "**Company**"), an innovative Australian IoT technology company, enhancing connectivity of electrical devices from homes to high-rises, is pleased to provide its Appendix 4C Quarterly Cash Flow Report and Quarterly Activity Report for the period ended 31 December 2024 along with the following operational update.

Completion of Capital Raising Activities:

During the December quarter, the Company completed an entitlement offer and shortfall placement. Under these capital raising initiatives, a total of $2,495,294 was raised (gross of associated costs), with 249,529,391 ordinary shares issued to investors.

As approved at Zimi's November Annual General Meeting, 7,125,000 options were issued on 16 December 2024 to the Lead Manager to the raisings, Cerberus Advisory.

Raised funds (net of associated raising costs) have been/will be used towards working capital purposes and to facilitate growth. Zimi has begun a rollout of marketing initiatives and has continued to fund R&D projects. Funds will also allow the Company to secure its production pipeline for 2025. We have commenced working with our manufacturers to develop delivery plans for product over the forthcoming year to meet customer demands.

Board Changes:

Joshua Newell and Richard Brown joined the Board as Non-Executive Directors, with their appointments taking effect from 1 December 2024. Simon Beissel, formerly Non-Executive Director, was appointed to the position of Independent, Non-Executive Chair of the Company effective 25 October 2024. The chair role was previously held by Simon Gerard who has transitioned to the role of Non-Executive Director. The Board now consists of five directors with a broad experience skillset to navigate Zimi through its continued commercialisation and accelerated market adoption.

Company Restructure and Cost Base Review:

As part of our ongoing commitment to improving operational efficiency, Zimi has undergone a detailed cost base review and is in the process of implementing a series of cost-saving initiatives. These efforts, which include cost restructuring, redundancy, sourcing of alternative service providers and the more efficient utilisation of resources, is expected to exceed $400,000 in cost savings on an annualised basis. A number of these initiatives have already been implemented in Q3FY25, with the balance to be effective from Q4FY25 onwards.

The company remains focused on continually exploring additional opportunities to optimise our cost base and strengthen our financial position. Our goal is to ensure long-term sustainability and continue delivering value to our shareholders.

Product Manufacturing and Development Update:

The new **Zimi Matter Connect** product is currently being tested at TUV Lab for Matter certification. This product release allows Zimi's existing products to work with Matter, the new connectivity standard for smart products that allow them to work together and with the main eco-smart home systems including Amazon Alexa, Apple Home, Google Home and Samsung SmartThings.

During the quarter the pilot production for **Zimi Smoke Connect** was also completed. As previously announced, Zimi currently has $481,250 (inc. GST) in customer pre-orders for this new product which can now proceed to production with the manufacturing process validated.

ASX listing compliance for sales to distributor GSM Electrical (Trader):

As announced on 30 December 2024, the ASX have informed Zimi that sales of product to Trader, a major distributor of Zimi's products, and an associate of the Company's major shareholder Gerard Private, may have been undertaken in breach of listing rule 10.1 (which requires shareholders in a general meeting to approve agreements for the sales of assets to related parties in certain circumstances).

The sales have been made pursuant to a Distribution Agreement first entered into by the Company's subsidiary Zimi Innovations with GSM Electrical in 2020. Details of the Company's previous sales to GSM Electrical have been fully disclosed as related party transactions in the Company' annual financial statements for FY22, FY23 and FY24. All sales to GSM Electrical have been made on terms consistent with the terms of sale for all of Zimi's distributors and wholesale customers.

The Company has suspended sale of products to GSM Electrical, pending ASX's determination. The suspension of sales to GSM Electrical have had a material negative impact on the Company's revenue and earnings for the current quarter. The Company continues to be in discussions with ASX concerning the matter and will provide a further update shortly. Sales of products to Zimi's other customers and distributors are continuing.

Movement in Securities and Corporate Update:

For the quarter ended 31 December 2024, the following movement in securities occurred:

- 8 October 2024: 12,029,391 ordinary shares were issued in relation to the completion of the entitlement offer.
- 4 November 2024: 237,500,000 ordinary shares were issued in relation to the shortfall placement.
- 4 December 2024: 10,750,000 ordinary shares were issued to Non-Executive Directors (Simon Beissel and Simon Gerard or their nominees) upon receiving approval at the Annual General Meeting. These shares are escrowed until 31 July 2025.
- 16 December 2024: 7,125,000 options exercisable at $0.0125 expiring 16 December 2027 were issued to Cerberus (Lead Manager Options) upon receiving approval at the Annual General Meeting.

Appendix 4C – Quarterly Cash Flow Report:

During the quarter, the Group recorded the following:

- Receipts from customers of $93,000 from the sale of product and related services.
- Payments for product manufacturing and operating costs of $759,000 which included payments to existing creditors, manufacturers for electronic components and continuing production.
- Payments for research and development represent further development work on new products and enhancements of existing products.
- Payments for staff costs of $452,000 representing salaries for all employees, contractors and directors. This includes all staff irrespective of the nature of activity.
- 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.

- The aggregate amount of payments to related parties and their associates included in the current quarter cash flows from operating activities were $837,000. This is comprised of $133,000 for remuneration (e.g. Director fees, salaries and superannuation), $50,000 loan repayment to Simon Gerard (refer to announcement dated 16 September 2024) and $654,000 in other related party transactions for product manufacturing and operating costs. A breakdown of non-remuneration related party transactions in a similar format to the 30 June 2024 Annual Report is provided below.

During the period 1 October 2024 to 31 December 2024	Cash settled $'000
Payments to GSM Retail for product manufacturing and operating costs	
Purchases of finished goods which are to be remitted to 3rd-party manufacturers (no GST)	608
Payments to Bell Total Logistics for product manufacturing and operating costs & administration and corporate costs	
Freight, import duties & GST on importation recoverable from the ATO (inclusive of GST)	46
Payments to Simon Gerard for loan repayment	
Repayment of interest free, unsecured Director loan	50
Total related party transactions excluding remuneration	**704**

Refer to 30 June 2024 Annual Report for further information relating the nature of related party transactions. Refer to the attached Appendix 4C for further details on cash flows for the quarter.

Forward-looking statements

This announcement contains forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties that it is beyond the Company's ability to control or predict and which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

Zimi CEO, Jordan Tentori commented: "We are appreciative of the support from our new and existing shareholders who participated in this quarter's capital-raising activities. This funding marks a pivotal step in fuelling our growth and innovation, ensuring we continue delivering long-term value for our shareholders. Alongside our strategic restructure, we have extended our runway toward profitability, positioning Zimi to capitalise on the expanding smart home market.

A major milestone this quarter was our progress towards adoption of the Matter ecosystem, which is rapidly gaining traction, as highlighted at this year's CES show. I am excited to be representing Zimi at the Matter Members meeting in Chicago this March, as we position the company for expansion into global markets and continue to scale toward our vision of seamless, connected living."

- Ends -

This release has been approved by the Board.

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

Appendix 4C

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

Name of entity

ZIMI LIMITED

ABN	**Quarter ended ("current quarter")**
25 113 326 524	31 DECEMBER 2024

Consolidated statement of cash flows			Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		93	401
1.2	Payments for			
	(a)	research and development	(5)	(10)
	(b)	product manufacturing and operating costs	(759)	(771)
	(c)	advertising and marketing	(3)	(4)
	(d)	leased assets	(15)	(22)
	(e)	staff costs	(452)	(990)
	(f)	administration and corporate costs	(336)	(487)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		2	3
1.5	Interest and other costs of finance paid		(45)	(59)
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		702	702
1.8	Other (provide details if material)		-	-
1.9	**Net cash from / (used in) operating activities**		**(818)**	**(1,237)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(4)	(5)
	(d) investments	-	-
	(e) intellectual property and development	(64)	(109)
	(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**	**(68)**	**(114)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,495	2,495
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	(173)	(183)
3.5	Proceeds from borrowings	-	50
3.6	Repayment of borrowings	(406)	(406)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other: Principal elements of lease payments	(35)	(56)
3.10	**Net cash from / (used in) financing activities**	**1,881**	**1,900**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	78	521
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(818)	(1,237)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(68)	(114)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,881	1,900
4.5	Effect of movement in exchange rates on cash held	(2)	1
4.6	**Cash and cash equivalents at end of period**	**1,071**	**1,071**

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	1,071	78
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other: Restricted	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,071**	**78**

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	787
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** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other: R&D Pre-funding	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-
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.	
	N/A	

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(818)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,071
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,071
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.3

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.

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: Net operating cashflows in the next quarter will be impacted by the level of sales revenue achieved by the Company (and required payments to suppliers for stock).

Revenue results in the March quarter will be impacted by the recent suspension of sales to the Company's major distributor as announced on 30 December 2024. The Company is continuing discussions with the ASX concerning this matter.

The December quarter included payments to suppliers/existing creditors (using funds from the recent capital raise) which are not expected to continue at the same quantum in March 2025 quarter (i.e. expected to be less). Additionally, as previously announced on 25 October 2024, subject to necessary approvals, GSM Retail Australia Pty Ltd has agreed to convert up to $500,000 of its existing creditor balance with Zimi into shares.

The Company is also performing a cost review program which is focussed on reducing expenditures and cash burn in line with available working capital.

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: Recent capital raising activities were completed in the December quarter. It is further noted that the Company is currently considering its options to raise further capital noting it has placement capacity under LR7.1 and 7.1A for up to 25% of its existing capital.

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: Yes. Due to the factors outlined in 8.6.1 and 8.6.2 above, the Company expects to continue its operations to meet its business objectives. The Company will continue to manage its cashflow requirements. The Company acknowledges that ASX and shareholder approval will be required to meet certain objectives in respect of reinstating its ability to generate sales with its major distributor.

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.

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: 31 January 2025

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.