ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

ZIMI LIMITED | ABN 25 113 326 524

Zimi Limited

ABN 25 113 326 524

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

Website www.zimi.life
Email: support@zimi.life

Shareholder information and enquiries

All enquiries and correspondence regarding shareholdings should be directed to Zimi Limited's share registry provider:

Automic Share Registry Services
Level 5, 191 St Georges Terrace
Perth, Western Australia, 6000
Australia

Telephone: +61 2 9698 5414
Telephone: 1300 288 664 (within Australia)

Website: www.automicgroup.com.au
Email: hello@automicgroup.com.au

Stock Exchange Listing

Zimi Limited shares are listed on the Australian Securities Exchange, code ZMM.

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

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CHAIR OF THE BOARD AND CHIEF EXECUTIVE OFFICER'S ADDRESS


Dear Shareholders,

On behalf of the Board, we are pleased to present Zimi Limited's Annual Report for the financial year ended 30 June 2024 (**FY24**).

Zimi has made significant strides this year in bringing our innovation to the market and in reaching the commercialisation phase for a number of our research and development projects. Building upon the foundations of our smart space technology, Zimi successfully launched new product lines including our Senoa and E-Door Connect ranges. These products reflect the significant work of our engineering and design teams who have been focussed on integrating convenience, functionality, connectivity, safety and aesthetic design into all of our products. We have received positive feedback from our users who have commented on our devices for their intuitive design, seamless integration and simplification they bring to everyday living.

We sold over 32,000 devices and accessories to our customers generating total sales revenue of $3,231,843 in FY24. The number of devices paired to the Zimi Cloud increased by 18,214 to 46,370 as at 30 June 2024. This represents a significant improvement to FY23's results which were impacted adversely by global disruptions in supply chains and the lingering impacts of the COVID-19 pandemic. This year's revenue results were also driven by the appointment of new major distribution partners during the year. We are proud of the Zimi team's achievements in overcoming these conditions, noting that our production pipeline is well established to meet future demand for our products.

With proven product ranges and established sales channels, we look ahead to our next phase of achieving scale and expansion. On 21 August 2024, Zimi launched a 2 for 1 renounceable entitlement offer to raise up to $2.53m (before costs). The offer has two key components being an institutional offer and a retail offer. The institutional component was finalised on 23 August with nil funds raised. The retail offer will open on 29 August 2024 and is set to close on 26 September 2024.

Funds raised under the offer will be strategically deployed to bolster several key areas of our business. Along with providing working capital to the Group, funds will also be utilised to allocate resources towards accelerating our research and development efforts, allowing us to continue to innovate and enhance our smart space technology offerings. Additionally, a portion of the capital will be earmarked for expanding our market presence, to enable us to reach new customers and capture emerging opportunities in the smart space sector. The entitlement offer represents a pivotal moment for Zimi, positioning us to capitalise on our momentum and drive sustainable long-term value for our shareholders, while solidifying our leadership in the dynamic smart space technology market.

As we look forward to the new financial year, we would like to extend our sincere gratitude to our shareholders, customers, distribution partners and employees for their continued support and dedication. All parties have played an important role in our growth journey. Together, we will continue to achieve our strategic goals, and we are confident that our collective efforts will pave the way for Zimi's future.

Simon Gerard Chair of the Board	Jordan Tentori Chief Executive Officer

DIRECTORS' REPORT

INTRODUCTION

Your Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Zimi Limited ("Zimi" or "the Company") and its controlled entities for the financial year ended 30 June 2024.

This Directors' Report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the *Corporations Act 2001*.

BOARD OF DIRECTORS

The Directors of Zimi Limited at any time during or since the end of the financial year are:

Name	Position
Simon Gerard	Chair of the Board and Non-Executive Director
Jordan Tentori	Executive Director and Chief Executive Officer (**CEO**)
Simon Beissel	Non-Executive Director
Peter Rossdeutscher	Non-Executive Director (resigned 7 August 2023)

PRINCIPAL ACTIVITIES

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

The principal activities of the Group during the year were research and development within the Internet of Things (**IoT**) market, the assessment of new investment opportunities, product commercialisation and sale of electrical devices and accessories, including switches, power points, fan/blind controllers and garage door controllers.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the period not otherwise disclosed in this Annual Report.

REVIEW AND RESULTS OF OPERATIONS

KEY ACHIEVEMENTS

The Group made a number of important achievements during FY24, including:

- Revenue of $3,231,843 generated from the sale of product and related services. Over 32,000 devices and accessories were delivered to our customers.
- Launched our full suite of premium Senoa products (including Senoa Accessibility) and our E-Door Connect.
- Appointment of two new distribution partners, Smoke Alarms Australia Pty Ltd and Lighting Illusions.
- Significant growth in device pairings on the Zimi Cloud reflecting end user adoption, with total pairings jumping to 46,370 as at 30 June 2024 (an increase of 18,277 devices from 30 June 2023).
- Secured our first customer order for our new incoming smart smoke alarm product, Smoke Connect.
- Continued to invest engineering efforts into research and development activities to expand our product offerings and deploy technological advancements to our existing product ranges.

FINANCIAL RESULTS

Zimi recorded $3,231,843 in revenue for the year ended 30 June 2024 (2023: $219,844). This is a significant increase and reflects the overcoming of FY23's adverse market conditions (including global chip shortages and supply chain disruption from the residual impacts of the COVID-19 pandemic) which delayed the Group's ability to achieve mass production out to FY24. This revenue figure reflects the sale of over 32,000 devices and accessories to our customers.

Administrative and corporate costs have reduced from the prior year as the Group remains diligent on cost control and focused on the delivery of operating efficiencies.

Employee benefits continue to primarily represent amounts incurred for the engineering staff and executive management. Employee benefits are comparable to the prior year as we have not had any notable changes in our workforce.

Depreciation and amortisation of $1,685,755 in FY24 (2023: $2,786,965) largely relates to the amortisation of identifiable intangibles recognised on the acquisition of Zimi Innovations Pty Ltd, namely capitalised development costs and sales channels, some of which were fully amortised during the year.

For the year ended 30 June 2024, the Group reports an operating loss before interest, tax, depreciation and amortisation (**EBITDA**) of $1,619,073 (2023: $2,545,252). EBITDA is a non-IFRS financial measure used by management and the Directors to assess the financial performance of the Group. The Directors believe that this non-IFRS measure assists in providing additional meaningful information for stakeholders and provides them with the ability to compare against prior periods in a consistent manner. EBITDA is unaudited but is extracted from the audited financial statements.

The Group reports a net loss after tax of $3,365,212 for the financial year ended 30 June 2024 (2023: $5,369,745). This loss is not unexpected and reflects our continuing investment into research and development activities and planned entry into new markets, including the smoke detector market in Australia. In addition to the launch of our new product ranges and re-commencement of the production of our Powermesh product range during the year, the Group continued to prioritise research and development activities. This includes investment into new products and services as well as into advancements of our existing products and our Zimi App.

CAPITAL MANAGEMENT

The Group continues to seek to maintain a sustainable balance sheet, and cashflow liquidity has been effectively managed across the business. By the end of FY24, Zimi had consolidated net assets of $1,363,279 (2023: $4,283,716), including cash and cash equivalents of $520,572 (2023: $980,126). The Group's current ratio was at 1.1 times for the year ending 30 June 2024 (2023: 2.3). Net cash outflows used in operating activities for the year were $294,956, including the receipt of $746,872 in relation to the research and development tax incentive.

CORPORATE UPDATE

Subsequent to the year ended 30 June 2024, Zimi announced a capital raising through an entitlement offer to raise up to $2.53m. Refer to 'Events Occurring After the Reporting Period' for additional details on this raising.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

KEY RISKS

The Board is cognisant of certain principal risks that may impact the ability of the Group to achieve its business objectives which include:

- Capital and funding requirements – Depending on how successfully the Group times and executes its monetisation and depending on the opportunities that arise for growth and development, additional capital may be required (beyond current ongoing capital raising activity) to support our growth and strategic plans.
- Development and commercialisation of the Group's Technology – The success of the Group will depend upon our ability to develop and commercialise its technology and intellectual property. A failure to successfully develop and commercialise the technology could lead to a loss of opportunities and impact on the Group's operating results and financial position
- Protection of intellectual property and competition – Securing and maintaining rights to intellectual property, and in particular patents, is an integral part of our ability to secure product value from the development of our Technology. Competition in retaining and sustaining of intellectual property may be complex and expensive for which there can be no guaranteed outcome. There are a number of competitors in the Internet of Things industry and there is no assurance that other parties will not successfully develop competitive products that impact our market share.
- Sales and customer risks – In order to fully commercialise our technology, the Group will need to maintain its existing and develop new relationships with our key customers. The Group generates revenue through a reseller strategy. The reseller model provides significant advantages by increasing customer reach, however, risks lie in the ability or motivation of the reseller to achieve agreed sales volumes which are not under the direct control of the Group.
- Relationships with suppliers and supply chain – The Group relies on a number of suppliers that are located in Asia and who typically charge in US dollars. Issues with supply chain management may impact lead times and costs of production. We continue to monitor and closely manage supply chain risks (which includes use of more than one key supplier for our products).
- Reliance on key personnel - The Company relies on the experience and knowledge of key members of its staff. In the event that key personnel leave and the Company is unable to recruit suitable replacements, such loss could have an adverse effect on the Company.
- Macroeconomic conditions – Economic and market risks, both in Australia and internationally, may have a direct and/or indirect impact on our ability to achieve our business objectives. These include movements in interest, inflation and currency exchange rates (as these may have an impact on supply and demand in the industry in which we operate).

The Board is responsible for setting the risk culture of the Group and is committed to maintaining a risk management framework that monitors and manages business risks.

OUTLOOK

The Board believes Zimi is well positioned to capitalise on the immense opportunities of the smart space technology market. Now with a proven suite of products and sales track record, the Group looks to the next phase of growth and expansion. Going forward, the Company will focus on achieving required scale and turnover to achieve profitability. Additionally, the Group will continue its investment into research and development to remain at the forefront of the dynamic smart space market.

SHARES UNDER OPTION

Unissued ordinary shares of Zimi Limited under option at the date of this report are as follows:

- 20,668,750 unlisted options exercisable at $0.12 expiring 18 October 2025
- 28,697,361 unlisted options exercisable at $0.08 expiring 30 June 2026

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

SHARES ISSUED ON EXERCISE OF OPTIONS

During the year ended 30 June 2024, 910,002 shares were converted through the exercise of options. These options had an original grant date of 11 December 2020 and an exercise price of $0.0015. No options were exercised between 30 June 2024 and the date of this report.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 21 August 2024, Zimi launched a 2 for 1 pro rata accelerated renounceable entitlement offer to raise up to $2.53m (before costs). Under the offer, Zimi will issue up to 253,329,430 new ordinary shares at an offer price of $0.01. The offer has two key components being an institutional component and a retail component. The institutional offer was finalised on 23 August with nil funds raised. The retail offer will open on 29 August 2024 and is set to close on 26 September 2024.

Other than the above, no other matters or circumstances have occurred subsequent to year end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

DIRECTORS AND OFFICERS

CURRENT DIRECTORS

SIMON GERARD

Non-Executive Chair of the Board
Since 16 February 2021

Non-Executive Director
11 December 2020 to 16 February 2021

Background and experience

Simon is the Managing Director of the Gerard Private Group, owner of TRADER, Australia's fastest growing brand of electrical wiring accessories and MISTRAL, one of Australia's most recognisable retail brands. He is a fourth generation of the well-respected Gerard family, founders of CLIPSAL, and a former CEO of the Gerard Lighting Group. Simon has extensive global controls experience.

JORDAN TENTORI

Executive Director and Chief Executive Officer
Since 7 February 2022

Executive Director and Chief Technology Officer
11 December 2020 to 7 February 2022

Background and experience

Jordan is the co-founder and CEO of Zimi. He was previously the EGM of Diginet, deploying innovative technology throughout the Gerard Lighting Group of companies. For the past 20 years, Jordan has successfully worked nationally and internationally within the electrical and lighting industry to evolve technologies into commercial realities.

SIMON BEISSEL

Non-Executive Director
Since 7 February 2022

Background and experience

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.

FORMER DIRECTORS

Peter Rossdeutscher resigned from the Board effective 7 August 2023. He had served as Non-Executive Chair of the Board from 9 October 2018 to 10 December 2020 and as Non-Executive Director from 11 December 2020 up the date of his resignation.

OTHER LISTED COMPANY DIRECTORSHIPS

None of the Directors have current directorships of any other listed companies, nor have they held any such directorships in the last three years.

COMPANY SECRETARIES

Catherine Grant-Edwards and **Melissa Chapman**
Since 4 May 2021

Catherine Grant-Edwards (BCom, Chartered Accountant (CA)) and Ms Melissa Chapman (BCom, Certified Practicing Accountant (CPA), AGIA/ACIS, GAICD) were appointed as Joint Company Secretaries on 4 May 2021. Catherine and Melissa are directors of Bellatrix Corporate Pty Ltd, a company that provides company secretarial and accounting services to a number of publicly listed companies. Between them, Catherine and Melissa have over 30 years of experience in the provision of accounting, finance and company secretarial services to publicly listed and private companies in Australia and the United Kingdom, and in the field of public practice within external audit.

DIRECTORS' INTERESTS

Directors' interest in ordinary shares and convertible securities of Zimi Limited as at the date of this report are set out in the table below.

	Number of securities				
Name	Ordinary shares	Options	Performance shares	Performance rights	Total securities
Simon Gerard	39,491,293	12,812,500	-	-	52,303,793
Jordan Tentori	5,376,353	312,500	-	-	5,688,853
Simon Beissel	5,413,751	1,981,667	-	-	7,395,418

Peter Rossdeutscher resigned from his role as Non-Executive Director effective 7 August 2023.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2024, and the number of meetings attended by each Director are set out below.

	Number of	
Name	Eligible meetings	Attended meetings
Simon Gerard	11	11
Jordan Tentori	11	11
Simon Beissel	11	11
Peter Rossdeutscher	-	-

COMMITTEES

The functions that would be performed by a committee are currently performed by the full Board. Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these responsibilities to a subcommittee.

OTHER ITEMS

CORPORATE GOVERNANCE STATEMENT

The Board believes that genuine commitment to good corporate governance is essential to the performance and sustainability of the Company's business. The Board has given due consideration to the ASX 'Corporate Governance Principles and Recommendations', which offer a framework for good corporate governance.

The Board has approved the Corporate Governance Statement for the year ended 30 June 2024 which can be viewed on the Company's website at https://zimi.life/investor.

ENVIRONMENTAL REGULATION

Management continues to work with local regulatory authorities to achieve, where practical, best practice environmental management to minimise risk to the environment, reduce waste and ensure compliance with regulatory requirements. The Group had no adverse environmental issues during the year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

INSURANCE OF OFFICERS AND INDEMNITIES

(A) Insurance of officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors, the Company Secretaries, and all Executive Officers of the Company and of any related body corporate against a liability incurred by a Director, Company Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*.

Details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability, costs and charges is not disclosed as such disclosure is prohibited under the terms of the contract.

(B) Indemnity of auditors

The Company has not during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the Auditor of the Company or of any related body corporate against a liability incurred by the Auditor.

NON-AUDIT SERVICES

No non-audit services were performed by the auditor (HLB Mann Judd) during the year ended 30 June 2024. Details of amounts paid or payable to HLB Mann Judd for audit services during the year are disclosed in note F3.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest dollar.

REMUNERATION REPORT

INTRODUCTION AND REMUNERATION GOVERNANCE

This Remuneration Report provides shareholders with an understanding of our remuneration strategy and outcomes for our Key Management Personnel (**KMP**) for the year ended 30 June 2024.

This report is presented in accordance with the requirements of the *Corporations Act 2001* and its regulations. Information has been audited as required by section 308(3C) of the *Corporations Act 2001*.

KEY MANAGEMENT PERSONNEL

The KMP of the Group comprise all Directors (Executive and Non-Executive) and other members of Zimi's Executive Management who have authority and responsibility for planning, directing and controlling the activities of the Group, as follows:

Name	Position	Dates
Simon Gerard	Chair of the Board and Non-Executive Director	Full financial year
Jordan Tentori	Executive Director and CEO	Full financial year
Simon Beissel	Non-Executive Director	Full financial year
Peter Rossdeutscher	Non-Executive Director	Ceased on 7 August 2023
Rachel Tuck	Chief Financial Officer (CFO)	Full financial year

REMUNERATION STRATEGY AND OBJECTIVES

The Group acknowledges the correlation between highly engaged employees, a positive governance culture, and the growth and development of the business, all of which are aimed at increasing shareholder value. The key to the Group's success lies in retaining and attracting high performing people, and a primary focus is to build the leadership capability by identifying and retaining key talent.

The Group's remuneration objectives includes:
- Set fair and market competitive remuneration packages to attract, motivate and retain talent;
- An appropriate balance of fixed and variable components which is simple and transparent; and
- Establish appropriate performance hurdles for variable remuneration which is aligned to shareholder value.

In accordance with best practice corporate governance, the structure of Executive Management, and Non-Executive Director remuneration is separate and distinct. Executive remuneration generally consists of fixed and variable remuneration. Non-Executive Director remuneration does not include variable remuneration and is based on fixed fees reflective of the size of the Group, responsibilities of the position and within the aggregate Directors' fee pool limit.

ADDITIONAL INFORMATION

The earnings of the Group for the five years to 30 June 2024 are summarised below:

	2024 $	2023 $	2022 $	2021 $	2020 $
Sales revenue	3,231,843	219,844	3,051,534	18,244	468,989
EBITDA	(1,619,073)	(2,545,252)	(2,114,104)	(2,303,409)	(8,517,802)
Profit / (Loss) after income tax	(3,365,212)	(5,369,745)	(4,931,102)	(2,893,201)	(10,814,465)

These factors that are considered to affect shareholder wealth are summarised below:

	2024	2023	2022	2021[1]	2020[1]
Share price at balance date ($)	0.011	0.031	0.113	0.207	0.185
Basic earnings/(loss) per share (cents per share) [1]	(2.81)	(6.33)	(8.66)	(10.77)	(10.05)

[1] Earnings per share has been re-presented on an adjusted basis to include the 15:1 share consolidation which occurred on 2 June 2022.

REMUNERATION GOVERNANCE

(A) Board and management responsibilities

Given the size of the Group, the Board has an active role in reviewing new appointments and overseeing the remuneration objectives in relation to the attraction, development and retention of key employees.

The roles of the CEO and CFO include providing recommendations on remuneration design and outcomes to the Board, and to implement the remuneration strategies (e.g. execute employment agreements).

(B) Securities trading policy

The Group has adopted a Securities Trading Policy that applies to all employees of the Group including contractors, Directors and their associated persons. The policy ensures compliance with insider trading laws, to protect the reputation of the Group and maintain confidence in trading in Zimi Limited securities. The policy also prohibits specific types of transactions being made which are not in accordance with market expectations or may otherwise give rise to reputational risk.

(C) Board discretion

Our Employee Securities Incentive Plan (**Plan**) was re-approved by shareholders at the Annual General Meeting on 28 November 2022. The Plan is designed to assist in the reward, retention and motivation of eligible participants and align the reward to shareholder value creation. Awards under the Plan are issued to eligible participants by way of a security, which includes a Share, an Option or a Performance Right.

The Plan is administered by the Board and the Board retains discretion to adjust remuneration outcomes upwards or downwards to ensure incentives are not provided where it would be inappropriate or would provide unintended outcomes. The Board balances judgement on remuneration outcomes with consideration to all stakeholders.

Where a participant who holds convertible securities leaves the Group, all unvested convertible securities will automatically be forfeited by the participant, unless the Board otherwise determines in its discretion to permit some or all of the convertible securities to be retained by the participant or to vest. Examples of the circumstances when the Board may decide to exercise its discretion to permit some or all of the convertible securities to vest include where a participant leaves the Group due to death, redundancy, permanent disability, mental incapacity or retirement.

Where the Board determines that a participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested convertible securities held by that participant to have been forfeited.

(D) Remuneration consultants

The Board has access to independent external consultants to seek advice on various remuneration related matters as required. No remuneration recommendations as defined in the *Corporations Act 2001* were provided by remuneration consultants to the Board during the financial year.

EXECUTIVE REMUNERATION STRUCTURE

EXECUTIVE REMUNERATION FRAMEWORK

The executive remuneration framework is designed to support the Group's remuneration objectives, instil a strong performance culture, and provide a link between remuneration and group performance and shareholder return.

The Group's remuneration framework consists of the following:

- Total Fixed Remuneration (**TFR**): cash salary, superannuation, long-service leave and any additional benefits such as minor fringe benefits or training and development.
- Short-term Incentives (**STI**): cash or share bonuses provided on an ad-hoc basis for achievement of specific performance objectives or to attract talent (e.g., sign-on bonuses).
- Long-term Incentives (**LTI**): performance rights provided to employees to assist in attracting, motivating and retaining talent, and drive shareholder value.

Total Fixed Remuneration considers the complexity and expertise required of individual roles. To assess the competitiveness of fixed remuneration, the Board considers market data by reference to appropriate independent and externally sourced comparable benchmark information, as required.

EXECUTIVE EMPLOYMENT AGREEMENTS

Remuneration and other terms of employment for Executive KMP are formalised in employment agreements and are summarised in the table below.

Executive KMP	Base salary [1] $	Term of agreement	Notice period	Review period [2]
Jordan Tentori	275,000	Ongoing	3 months	Annually
Rachel Tuck	170,000	Ongoing	3 months	Annually

[1] Base salary excludes statutory superannuation (i.e. 11% for the year ended 30 June 2024).
[2] The review will have regard to such matters as the responsibilities, performance and remuneration of the employee.

(A) Short-term incentives

Given the Group's size and cash reserves, the Group does not currently have a formal short-term incentive program.

LONG-TERM INCENTIVES

As noted in the Remuneration Governance section above, our Employee Securities Incentive Plan was re-approved by shareholders at the Annual General Meeting on 28 November 2022. During the year, the Group issued performance rights to a number of eligible participants, including KMP. For details on the valuation of performance rights including models and assumptions used, refer to notes F1(F) and F1(G) in the Consolidated Financial Statements. The key aspects of the performance rights granted are summarised in the table below.

Purpose	Attract, motivate and retain talent which is aligned to the Group's long-term strategy and drive shareholder value.
Eligibility	LTI grants are generally offered to employees who through continuous employment and execution of business strategies can influence shareholder value. Non-Executive Directors are not eligible to participate in the LTI offer.
Instrument	In the form of performance rights which are granted by the Company for nil consideration. A performance right is a right to acquire one fully paid Zimi share provided specified performance hurdles are met. No dividends/distributions are paid on unvested LTI awards.
Allocation methodology	The number of performance rights allocated to each participant is set by the Board. Accounting standards require the estimated valuation of the grants to be recognised over the vesting period. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.
Opportunity	The quantum of performance rights is based on seniority and face value.
Performance period	The performance period commences on the date of grant of the performance rights and ends on 30 June 2024.
Performance hurdles	The Board reviews the performance conditions annually to determine appropriate hurdles based on the Group's strategy, size of the Group and prevailing market practice. The following performance measures apply to the LTI grants: ▪ 50% based on service condition: employee is continuously employed or contracted by the Company or a subsidiary until 30 June 2024; ▪ 25% based on paired devices: paired devices with the Zimi Cloud exceeds 37,500 by 30 June 2024. This criteria was met prior to its expiration date; and ▪ 25% based on paired devices: paired devices with the Zimi Cloud exceeds 75,000 by 30 June 2024. This criteria was not met by its expiration date.
Vesting and delivery	Vesting of LTI grants is dependent on achieving the performance hurdles by 30 June 2024. The performance rights will automatically vest and exercise if, and when, the Board determines the performance conditions are achieved. If the performance rights vest, entitlements may be satisfied by an allotment of new shares to participants. Any performance rights that do not vest during the performance period will lapse.
Termination and forfeiture	Employees must be employed or contracted at the time of vesting to receive an entitlement to shares. The Board has discretion on vesting of unvested performance rights where an employee leaves due to retirement, retrenchment or redundancy, or termination by mutual consent. Where an employee leaves due to resignation or termination all unvested performance rights will lapse.
Reorganisation event	If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each participant holding convertible securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.
Change of control	Notwithstanding any other provisions of the rules, if a change of control event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the participant's convertible securities will be dealt with, including, without limitation, in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

With the completion of the above incentive program on 30 June 2024, the Board will look to introduce new incentives/performance hurdles in the near future which are aligned to the strategic goals of the Zimi Group.

NON-EXECUTIVE DIRECTOR REMUNERATION STRUCTURE

POLICY AND APPROACH TO SETTING FEES

The remuneration policy for Non-Executive Directors aims to ensure the Group can attract and retain suitably skilled, experienced and committed individuals to serve on the Board and remunerate them appropriately for their time and expertise. The remuneration policy is reviewed annually by the Board, taking into consideration the size and scope of the Group's activities, the responsibilities and liabilities of Directors, and demands placed upon them.

Non-Executive Director fees are benchmarked against an appropriate group of comparator companies and determined within the aggregate Non-Executive Directors' fee pool limit of $350,000, excluding share-based payments. The fee pool limit was approved by shareholders at the Annual General Meeting held on 22 December 2016.

NON-EXECUTIVE DIRECTOR ARRANGEMENTS

Non-Executive Directors do not receive variable remuneration. Non-Executive Directors are entitled to reimbursement for reasonable business-related expenses and are covered by the Group's Directors and Officers liability insurance policy. The Group does not remunerate Directors for their additional committee responsibilities and termination benefits are not paid to Non-Executive Directors.

Set out below is the annual fee for each Non-Executive Director set for FY24.

Non-Executive Director	2024 $
Simon Gerard	53,438
Simon Beissel	53,438
Peter Rossdeutscher [1]	4,167
Total Non-Executive Director annual fees	**111,043**

[1] Peter Rossdeutscher resigned from the Board effective 7 August 2023.

LONG-TERM INCENTIVES

During the financial year ended 30 June 2019, the Company issued performance rights to Non-Executive Directors. All of these performance rights expired prior to 30 June 2024 and are no longer eligible for conversion.

Other than the above, Non-Executive Directors did not receive performance-based remuneration.

KEY MANAGEMENT PERSONNEL REMUNERATION

The table below sets out the KMP remuneration. Amounts represent remuneration relating to the period during which the individuals were KMP.

Name		Salary and fees [1] $	Non-monetary benefits [2] $	Post-employment benefits [3] $	Ordinary share settled benefits [4] $	Performance shares and rights benefits [5] $	Total remuneration $	Performance related %
Simon	FY24	-	-	-	53,438	-	53,438	0.0%
Gerard	FY23	-	-	-	45,833	-	45,833	0.0%
Jordan	FY24	286,732	-	31,540	-	63,823	382,095	16.7%
Tentori	FY23	284,407	454	28,986	-	61,802	375,649	16.5%
Simon	FY24	-	-	-	53,438	-	53,438	0.0%
Beissel	FY23	4,100	-	-	45,833	-	49,933	0.0%
Peter	FY24	-	-	-	4,167	(64,136)	(59,969)	-106.9%
Rossdeutscher [6]	FY23	6,000	-	-	45,833	13,993	65,826	21.3%
Rachel	FY24	170,419	-	18,746	-	17,414	206,579	8.4%
Tuck [7]	FY23	132,108	-	13,044	-	7,261	152,413	4.8%
Consolidated	**FY24**	**457,151**	**-**	**50,286**	**111,043**	**17,101**	**635,581**	**2.7%**
remuneration	**FY23**	**426,615**	**454**	**42,030**	**137,499**	**83,056**	**689,654**	**12.0%**

[1] Salary includes short-term absences and the movement in the provision for annual leave.
[2] Non-monetary benefits represent the effective net cost to the Group, consisting of the taxable value of fringe benefits aggregated with the associated fringe benefit tax payable on those benefits.
[3] Post-employment benefits represent superannuation.
[4] Ordinary share settled benefits represent shares issued to all Non-Executive Directors of the Company. Each of the Non-Executive Directors agreed to each receive 1,343,750 shares in lieu of cash payments for the period 1 August 2023 to 31 July 2024. This arrangement was approved by the shareholders at the 28 November 2023 annual general meeting. The shares have a deemed issue price of $0.04 and were subject to voluntary escrow until 31 July 2024.
[5] Performance shares and rights benefits represent the non-cash accounting charge to share-based payments expense in relation to performance shares and rights on issue during the year. For details on the valuation of performance shares and rights including models and assumptions used, refer to note F1 in the Consolidated Financial Statements. These values may not represent the future value that the KMP will receive, as the vesting of the performance shares and rights are subject to the achievement of certain hurdles. Performance shares and rights granted to Peter Rossdeutscher were forfeited upon his resignation. As a result, any cumulative share-based payment expense previously recognised under AASB 2 *Share-based Payment* has been reversed through the profit or loss.
[6] Peter Rossdeutscher resigned and ceased to be a Non-Executive Director on 7 August 2023
[7] Rachel Tuck was appointed as Chief Financial Officer on 10 October 2022.

EQUITY INSTRUMENTS

KEY MANAGEMENT PERSONNEL ORDINARY SHARES

Name	Opening balance 1 Jul 2023	Balance on appointment	Acquired or (disposed)	Converted during the year	Issued as share-based payments	Balance on cessation	Closing balance 30 Jun 2024
Simon Gerard [1]	38,147,543	-	-	-	1,343,750	-	39,491,293
Jordan Tentori [2]	3,501,353	-	-	1,875,000	-	-	5,376,353
Simon Beissel [3]	4,070,001	-	-	-	1,343,750	-	5,413,751
Peter Rossdeutscher [4]	869,445	-	-	-	-	(869,445)	-
Rachel Tuck [5]	-	-	-	525,000	-	-	525,000
Total ordinary shares	**46,588,342**	**-**	**-**	**2,400,000**	**2,687,500**	**(869,445)**	**50,806,397**

[1] Simon Gerard (or nominee):
- On 28 November 2023, Non Executive Director Fee shares were issued as approved by shareholders. 1,343,750 shares were issued to each of the Non-Executive Directors at an issue price of $0.04 (i.e. total value of $53,750) and relate to a period of service from 1 August 2023 to 31 July 2024. These shares were held in escrow until 31 July 2024.

[2] Jordan Tentori (or nominee):
- Due to the satisfaction of a performance condition as at 31 December 2023 (Tranche 2 criteria), 625,000 performance rights were converted to ordinary shares under the terms of the performance rights agreement.
- Due to the satisfaction of a performance condition as at 30 June 2024 (Tranche 1 criteria), 1,250,000 performance rights were converted to ordinary shares under the terms of the performance rights agreement.
- Refer to page 16 within the Remuneration Report and note F1(F) in the Consolidated Financial Statements for further information regarding the performance right hurdles and other terms and conditions.

[3] Simon Beissel (or nominee):
- On 28 November 2023, Non Executive Director Fee shares were issued as approved by shareholders. 1,343,750 shares were issued to each of the Non-Executive Directors at an issue price of $0.04 (i.e. total value of $53,750) and relate to a period of service from 1 August 2023 to 31 July 2024. These shares were held in escrow until 31 July 2024.

[4] Peter Rossdeutscher (or nominee):
- Peter Rossdeutscher resigned and ceased to be a Non-Executive Director on 7 August 2023.

[5] Rachel Tuck (or nominee)
- Due to the satisfaction of a performance condition as at 31 December 2023 (Tranche 2 criteria), 175,000 performance rights were converted to ordinary shares under the terms of the Employee Securities Incentive Plan.
- Due to the satisfaction of a performance condition as at 30 June 2024 (Tranche 1 criteria), 350,000 performance rights were converted to ordinary shares under the terms of the Employee Securities Incentive Plan.
- Refer to page 16 within the Remuneration Report and note F1(G) in the Consolidated Financial Statements for further information regarding the performance right hurdles and other terms and conditions.

KEY MANAGEMENT PERSONNEL CONVERTIBLE SECURITIES (OPTIONS AND PERFORMANCE RIGHTS)

Name	Opening balance 1 Jul 2023	Granted during the year	Exercised during the year	Cancelled during the year	Balance on resignation	Closing balance 30 Jun 2024	Vested and exercisable	Unvested
Simon Gerard [1]								
- Options	14,034,723	-	-	(1,222,223)	-	12,812,500	12,812,500	-
Jordan Tentori [2]								
- Director performance rights	2,500,000	-	(1,875,000)	(625,000)	-	-	-	-
- Options	979,167	-	-	(666,667)	-	312,500	312,500	-
Peter Rossdeutscher [3]								
- Director performance shares	80,001	-	-	(80,001)	-	-	-	-
- Options	55,556	-	-	-	(55,556)	-	-	-
Simon Beissel								
- Options	1,981,667	-	-	-	-	1,981,667	1,981,667	-
Rachel Tuck [4]								
- Employee performance rights	300,000	400,000	(525,000)	(175,000)	-	-	-	-
Total convertible securities	**19,931,114**	**400,000**	**(2,400,000)**	**(2,768,891)**	**(55,556)**	**15,106,667**	**15,106,667**	**-**

[1] Simon Gerard (or nominee):
- On 31 October 2023, 1,222,223 unlisted options ($0.45 exercise price) expired and were cancelled.

[2] Jordan Tentori (or nominee):
- On 31 October 2023, 666,667 unlisted options ($0.45 exercise price) expired and were cancelled.
- Due to the satisfaction of a performance condition as at 31 December 2023 (Tranche 2 criteria), 625,000 performance rights were converted to ordinary shares under the terms of the performance rights agreement.
- Due to the satisfaction of a performance condition as at 30 June 2024 (Tranche 1 criteria), 1,250,000 performance rights were converted to ordinary shares under the terms of the performance rights agreement.
- On 30 June 2024, 625,000 performance rights lapsed as the relevant performance criteria was not met (Tranche 3 criteria) by their expiry date of 30 June 2024.
- Refer to page 16 within the Remuneration Report and note F1(F) in the Consolidated Financial Statements for further information regarding the performance right hurdles and other terms and conditions.

[3] Peter Rossdeutscher (or nominee):
- Peter Rossdeutscher resigned and ceased to be a Non-Executive Director on 7 August 2023. The 80,001 performance shares were cancelled on 7 August 2023 upon his resignation.
- On 31 October 2023, 55,556 unlisted options ($0.45 exercise price) expired and were cancelled.

[4] Rachel Tuck (or nominee):
- On 8 September 2023, the Company issued 400,000 performance rights relating to remuneration pursuant to the shareholder approved Employee Securities Incentive Plan. The vesting of the performance rights is subject to the achievement of certain hurdles.
- Due to the satisfaction of a performance condition as at 31 December 2023 (Tranche 2 criteria), 175,000 performance rights were converted to ordinary shares under the terms of the performance rights agreement.
- Due to the satisfaction of a performance condition as at 30 June 2024 (Tranche 1 criteria), 350,000 performance rights were converted to ordinary shares under the terms of the performance rights agreement.
- On 30 June 2024, 175,000 performance rights expired/lapsed as the relevant performance criteria was not met (Tranche 3 criteria) by their expiry date of 30 June 2024.
- Refer to page 16 within the Remuneration Report and note F1(G) in the Consolidated Financial Statements for further information regarding the performance right hurdles and other terms and conditions.

OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL

RELATED PARTY TRANSACTIONS

As noted in the Annual Report for the year ended 30 June 2023 (note F2), the Group disclosed transactions with GSM Electrical (Australia) Pty Ltd (**GSM Electrical or TRADER**) (Australian entity) and GSM International Limited (**GSM International**) (Hong Kong entity). These entities are related parties of KMP Simon Gerard. The nature of the transactions are predominantly for sales of product, purchase of product, quality assurance services, logistics services, management of international manufacturing and engineering resources. The relationships remained and transactions continued throughout the year ended 30 June 2024. From 1 July 2023 onwards, services previously provided by GSM International were performed by GSM Retail Australia Pty Ltd (**GSM Retail)**. GSM Retail is a related party of Simon Gerard. All services performed by GSM Retail are performed in accordance with the same terms and conditions as those previously provided by GSM International.

During the year ended 30 June 2024, the Group continued transacting with Bell Total Logistics Pty Ltd (**Bell Total Logistics**), an entity related to KMP Simon Gerard. These transactions were for logistics services and importation of product. The majority of the transactions relate to Goods and Services Tax on importation of goods, which is recoverable from the Australian Tax Office (**ATO**). There is no separate formal agreement in place with Bell Total Logistics and the Group engages their logistic services on a case-by-case basis.

During the year ended 30 June 2023, the Group engaged Harness Investment Partners (**Harness Investment Partners**), an entity related to KMP Simon Beissel. These transactions were for consulting and strategic review services. There was a formal agreement in place with Harness Investment Partners under which these services were provided. These services ended on 31 March 2023 in accordance with the terms of the agreement. Final amounts due (i.e. $33,000) in relation to these services were settled in cash during the year ended 30 June 2024.

The goods and services received or provided were on commercial arms-length terms.

RELATED PARTY TRANSACTIONS (continued)

The following table provides details of transactions during the year ended 30 June 2024, and balances as at 30 June 2024.

	Settled during 1 Jul 2023 to 30 Jun 2024		Outstanding as at 30 June 2024		Total transactions during the period 1 Jul 2023 to 30 Jun 2024 $
	Cash settled $	Equity settled [1] $	Accounts receivable $	Accounts payable or accrued $	
Transactions with GSM Electrical					
Sales of finished goods (inclusive of GST) [2]	2,368,354	-	22,054	-	2,390,408
Project and tooling contribution (inclusive of GST)	49,841	-	-	-	49,841
Personnel, engineering project costs and warehousing services [2] (inclusive of GST)	-	(85,097)	-	(140,029)	(225,126)
Net total with GSM Electrical	**2,418,195**	**(85,097)**	**22,054**	**(140,029)**	**2,215,123**
Transactions with GSM Retail					
Purchases of finished goods [3] which are to be remitted to 3rd-party manufacturers (no GST)	(1,188,580)	-	-	(922,780)	(2,111,360)
Quality assurance services (no GST)	-	(67,377)	-	(72,530)	(139,907)
Net total with GSM Retail	**(1,188,580)**	**(67,377)**	**-**	**(995,310)**	**(2,251,267)**
Transactions with Bell Total Logistics					
Freight and import duties (inclusive of GST)	(87,089)	-	-	-	(87,089)
GST on importation which is recoverable from the ATO	(280,090)	-	-	-	(280,090)
Net total with Bell Total Logistics	**(367,179)**	**-**	**-**	**-**	**(367,179)**
Transactions with Harness Investment Partners					
Consulting services (inclusive of GST)	(33,000)	-	-	-	(33,000)
Net total with Harness Investment Partners	**(33,000)**	**-**	**-**	**-**	**(33,000)**
Total related party transactions	**829,436**	**(152,474)**	**22,054**	**(1,135,339)**	**(436,323)**

[1] During the year ended 30 June 2023, shareholders approved the issuance of a further $350,000 shares in exchange for services. The amount remaining to be utilised is nil.
[2] Sales of finished goods, sales returns and warehousing services pursuant under the Distribution Agreement.
[3] Finished goods includes saleable product and engineering samples.

RELATED PARTY TRANSACTIONS (continued)

The following table provides details of transactions during the year ended 30 June 2023, and balances as at 30 June 2023.

	Settled during 1 Jul 2022 to 30 Jun 2023		Outstanding as at 30 June 2023		Total transactions during the period 1 Jul 2022 to 30 Jun 2023 $
	Cash settled $	Equity settled [1] $	Accounts receivable $	Accounts payable or accrued $	
Transactions with GSM Electrical					
Sales of finished goods (inclusive of GST) [2]	222,173	-	-	-	222,173
Prepayment of unfinished goods (inclusive of GST) [2]	330,000	-	-	-	330,000
Sales returns of finished goods (inclusive of GST) [2,3]	(330,000)	-	-	-	(330,000)
Purchases of finished goods including delivery (inclusive of GST)	(117,156)	-	-	-	(117,156)
Tooling contribution (inclusive of GST)	62,615	-	-	-	62,615
Personnel, engineering project costs and warehousing services [2] (inclusive of GST)	(4,668)	(225,126)	-	-	(229,794)
Net total with GSM Electrical	**162,964**	**(225,126)**	**-**	**-**	**(62,162)**
Transactions with GSM International					
Purchases of finished goods [4] which are to be remitted to 3rd-party manufacturers (no GST)	(7,488)	-	-	(29,123)	(36,611)
Quality assurance services (no GST)	-	(1,883)	-	-	(1,883)
Net total with GSM International	(7,488)	(1,883)	**-**	**(29,123)**	**(38,494)**
Transactions with Bell Total Logistics					
Freight and import duties (inclusive of GST)	(6,605)	-	-	-	(6,605)
GST on importation which is recoverable from the ATO	(11,678)	-	-	-	(11,678)
Net total with Bell Total Logistics	**(18,283)**	**-**	**-**	**-**	**(18,283)**
Transactions with Harness Investment Partners					
Consulting services (inclusive of GST)	(33,000)	-	-	(33,000)	(66,000)
Net total with Harness Investment Partners	**(33,000)**	**-**	**-**	**(33,000)**	**(66,000)**
Total related party transactions	**104,193**	**(227,009)**	**-**	**(62,123)**	**(184,939)**

[1] During the year ended 30 June 2023, shareholders approved the issuance of a further $350,000 shares in exchange for services. The amount settled throughout the period was $227,009. The amount remaining to be utilised as at 30 June 2023 was $163,622.
[2] Sales of finished goods, sales returns and warehousing services pursuant under the Distribution Agreement.
[3] The refund of the deposit was offset by product sales of $32,984 which are included in the sales of finished goods total above. Therefore, the actual net cash refund totalled $297,016.
[4] Finished goods includes saleable product and engineering samples.

RELATED PARTY COMMITMENTS

The following table provides the total amount of commitments with related parties.

The amounts disclosed include commitments to do something if a particular event occurs (or does not occur) in the future. The amounts disclosed relate to transactions in which neither party has performed any of their obligations, and as such, there are no associated amounts owed by or to either party.

	2024 $	2023 $
Commitments with GSM Electrical		
Sales of finished goods (inclusive of GST)	713,460	1,826,724
Net total with GSM Electrical	**713,460**	**1,826,724**
Commitments with GSM Retail		
Purchases of finished goods to be remitted to 3rd party manufacturer (no GST)	(1,276,671)	(3,338,260)
Quality assurance services (no GST)	(70,217)	(183,605)
Net total with GSM Retail	**(1,346,888)**	**(3,521,865)**
Total related party commitments	**(633,428)**	**(1,695,141)**

RELATED PARTY LOANS

As at 30 June 2024, there were no loans outstanding to related parties (2023: nil).

End of audited Remuneration Report.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Jordan Tentori
Executive Director and Chief Executive Officer

28 August 2024

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Zimi Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**L Di Giallonardo**
28 August 2024	**Partner**

hlb.com.au

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FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL REPORT

These Financial Statements are Consolidated Financial Statements of the Group consisting of Zimi Limited and its controlled entities.
A list of controlled entities is included in note E2.

The Financial Statements are presented in Australian currency.

Zimi Limited is a Company limited by shares, incorporated and domiciled in Australia.
Its registered office is Level 1, 2A / 300 Fitzgerald Street, North Perth WA 6006.

The Financial Statements were authorised for issue by the Directors on 28 August 2024.
The Directors have the power to amend and reissue the Financial Statements.

All press releases, financial reports and other information are available at our Investor Centre on our website:
https://zimi.life/investor

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	2024 $	2023 $
Revenue	B2	3,231,843	219,844
Cost of sales		(2,536,297)	(240,709)
Gross profit/(loss)		**695,546**	**(20,865)**
Other income	B3	746,284	829,220
Other net gains	B5	44,402	44,263
Expenses			
Administrative and corporate		(553,824)	(702,388)
Employee benefits		(2,306,566)	(2,478,538)
Occupancy		(81,006)	(76,530)
Advertising and marketing		(91,174)	(80,373)
Travel		(70,755)	(60,041)
Depreciation and amortisation	B6	(1,685,755)	(2,786,965)
Impairment charge	B7	(1,980)	-
Total expenses		**(4,791,060)**	**(6,184,835)**
Operating loss before interest and income tax		**(3,304,828)**	**(5,332,217)**
Net finance costs	B8	(60,384)	(37,528)
Loss before income tax		**(3,365,212)**	**(5,369,745)**
Income tax benefit	B9	-	-
Loss after income tax		**(3,365,212)**	**(5,369,745)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value cash flow hedges		-	(22,176)
Other comprehensive income/(loss) for the year, net of tax		**-**	**(22,176)**
Total comprehensive loss for the year		**(3,365,212)**	**(5,391,921)**

Loss per share	Notes	2024 cents	2023 cents
Basic loss per share	B4	(2.81)	(6.33)
Diluted loss per share	B4	(2.81)	(6.33)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	2024 $	2023 $
ASSETS			
Current assets			
Cash and cash equivalents	D3	520,572	980,126
Trade and other receivables	C1	814,471	1,013,111
Inventories	C2	496,133	173,763
Other assets	C3	316,003	685,323
Total current assets		**2,147,179**	**2,852,323**
Non-current assets			
Property, plant and equipment	C5	254,571	309,784
Intangible assets	C6	912,678	2,291,939
Right-of-use assets	C7	160,115	229,899
Total non-current assets		**1,327,364**	**2,831,622**
Total assets		**3,474,543**	**5,683,945**
LIABILITIES			
Current liabilities			
Trade and other payables	C8	(1,459,609)	(494,832)
Provisions	C9	(112,763)	(89,178)
Lease liabilities	C7	(102,309)	(65,857)
Unearned revenue and customer deposits		(11,209)	(153,033)
Borrowings	D4	(356,000)	(431,217)
Total current liabilities		**(2,041,890)**	**(1,234,117)**
Non-current liabilities			
Lease liabilities	C7	(69,374)	(166,112)
Total non-current liabilities		**(69,374)**	**(166,112)**
Total liabilities		**(2,111,264)**	**(1,400,229)**
Net assets		**1,363,279**	**4,283,716**
EQUITY			
Issued capital	D1	52,281,443	51,352,650
Reserves	D2	82,871	908,038
Accumulated losses		(51,001,035)	(47,976,972)
Total equity		**1,363,279**	**4,283,716**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	**48,712,769**	**846,348**	**(42,607,227)**	**6,951,890**
Loss for the year	-	-	(5,369,745)	(5,369,745)
Other comprehensive income/(loss)	-	(22,176)	-	(22,176)
Total comprehensive loss for the year	**-**	**(22,176)**	**(5,369,745)**	**(5,391,921)**
Other equity transactions				
Shares issued as part of capital raising	2,430,694	-	-	2,430,694
Transaction costs related to shares issued	(241,155)	82,872	-	(158,283)
Shares issued in exchange for services	99,728		-	99,728
Options converted to ordinary shares	147,014	(146,278)	-	736
Director and employee share-based payments	203,600	147,272	-	350,872
Total other equity transactions	**2,639,881**	**83,866**	**-**	**2,723,747**
Balance at 30 June 2023	**51,352,650**	**908,038**	**(47,976,972)**	**4,283,716**

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2023	**51,352,650**	**908,038**	**(47,976,972)**	**4,283,716**
Loss for the year	-	-	(3,365,212)	(3,365,212)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(3,365,212)**	**(3,365,212)**
Other equity transactions				
Shares issued as part of capital raising	211,091	-	-	211,091
Transaction costs related to shares issued	(18,247)	-	-	(18,247)
Shares issued in exchange for services	34,000		-	34,000
Options converted to ordinary shares	273,024	(271,659)	-	1,365
Options lapsed and transferred to accumulated losses	-	(341,149)	341,149	-
Director share-based payments	107,500	-	-	107,500
Performance rights lapsed and reversed through P&L	-	(168,361)		(168,361)
Shares issued in relation to the satisfaction of performance rights criteria	312,675	(312,675)	-	-
Employee share-based payments	8,750	268,677	-	277,427
Total other equity transactions	**928,793**	**(825,167)**	**341,149**	**444,775**
Balance at 30 June 2024	**52,281,443**	**82,871**	**(51,001,035)**	**1,363,279**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,410,477	482,077
Payments to suppliers and employees (inclusive of GST)		(4,400,619)	(3,590,640)
Receipts from government grants		746,872	869,405
Receipts from interest income		5,071	5,735
Payments for interest and other finance costs		(56,757)	(36,693)
Net cash outflows used in operating activities	D3	(294,956)	(2,270,116)
Cash flows from investing activities			
Payments for property, plant and equipment		(90,352)	(77,759)
Payments for intangible assets		(63,667)	(130,519)
Net cash outflows used in investing activities		(154,019)	(208,278)
Cash flows from financing activities			
Principal elements of lease payments		(80,955)	(96,631)
Proceeds from borrowings	D4	356,000	431,217
Repayment of borrowings	D4	(431,217)	(490,000)
Proceeds from issuance of shares		201,365	2,081,429
Payments for transaction costs related to issuance of securities		(28,691)	(130,288)
Net cash inflows provided by financing activities		16,502	1,795,727
Net decrease in cash and cash equivalents		(432,473)	(682,667)
Cash and cash equivalents, at the beginning of the financial year		980,126	1,664,307
Effects of exchange changes on the balances held in foreign currencies		(27,081)	(1,514)
Cash and cash equivalents, at the end of the financial year	D3	520,572	980,126

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A BASIS OF PREPARATION

A1 BASIS OF PREPARATION

Zimi Limited is a listed for-profit public Company incorporated and domiciled in Australia. This Consolidated Financial Report for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Board of Directors on 28 August 2024.

The Consolidated Financial Report is a general-purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, and Australian Accounting Standards and Interpretations. Compliance with Australian Accounting Standards ensures that the Consolidated Financial Report complies with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

The accounting policies and methods of computation adopted are consistent with those of the previous financial year. The Consolidated Financial Statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value. Details of the Group's material accounting policies are outlined in the following notes. The Consolidated Financial Statements are presented in Australian currency and amounts have been rounded to the nearest dollar unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.*

A2 GOING CONCERN

The Consolidated Financial Report has been prepared on a going concern basis, which assumes that the Group will be able to meet its debts as and when they become due and payable. Notwithstanding that the Group incurred an operating loss of $3,365,212 for the year ended 30 June 2024, and a net cash outflow from operating activities of $294,956, the Directors are of the opinion that the Group is a going concern for the following reasons:

- As at 30 June 2024, the Group has current assets exceeding current liabilities by $105,289, and cash and cash equivalents of $520,572.
- On 21 August 2024, the Group launched a pro rata renounceable entitlement offer (2 for 1 ordinary shares at $0.01). The offer has an institutional and a retail offer component. The institutional offer component closed on 23 August 2024 with nil proceeds raised. The retail component of the offer opens on 29 August 2024 and closes on 26 September 2024. Under the retail offer, the Group has the ability to issue up to 253,329,430 new shares to raise up to $2,533,294 (before costs).
- The Group faced a tougher than expected supply chain and production environment in the prior year which delayed the Group's ability to generate sales revenue. These difficulties have been overcome with mass production and delivery of product to our customers commencing in July 2023. The Group has sold over 32,000 devices and accessories generating $3,231,843 in revenue for the year ended 30 June 2024.
- The Group has secured additional customer orders to a value of $700,610 as at 30 June 2024, which are expected to be fulfilled in the coming months.
- The Group can undertake fund raisings to secure additional sources of funds where required, including launching additional capital raises.
- If required, the Group can flex discretionary spend or rephase the timing of product manufacturing cash outflows, in line with available funding.

The Directors have adopted cash forecasts for the next 12 months that support the ability of the Group to continue as a going concern. Sufficient cash reserves are forecast to be maintained throughout the forecast period. These cash reserves are critically reliant on the Group raising additional funding from investors through the retail component of the entitlement offer (which is yet to be secured at the date of this report), as well as generating revenues and maintaining expenditures in line with the forecast. The Group acknowledges there is inherent uncertainty in any forecast and in raising additional capital and therefore, these circumstances give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The Board believes that the range of actions available (as disclosed above) mean that the uncertainty can be managed. However, in the event the Group does not raise sufficient capital nor achieve its forecast results, it may not be able to continue its operations as a going concern and therefore, may not be able to realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in this Consolidated Financial Report.

A3 MATERIAL ACCOUNTING POLICIES

(A) Basis of consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all controlled entities of the Company as at 30 June 2024 and the results of all controlled entities for the year then ended. A list of the controlled entities is provided in note E2. Zimi Limited and its controlled entities together are referred to in this Consolidated Financial Report as the Group.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(B) Use of estimates and judgements

In preparing the Consolidated Financial Statements, the Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, revenue and expenses. The significant judgements made by the Directors in applying the Group's accounting policies and key sources of estimation uncertainty are included in the following notes:

- Note A2 - Going concern
- Note C6 – Intangible assets

The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions, and other factors that are believed to be reasonable under the circumstances, and are reviewed on a regular basis. Actual results may differ from these estimates.

(C) New and amended standards adopted by the Group

The Group has adopted all new or amended Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period. There is no material impact of the new and revised Australian Accounting Standards and Interpretations on the Group.

(D) New and amended standards not yet adopted by the Group

Certain new or amended Australian Accounting Standards and Interpretations have been published that are not mandatory for reporting periods commencing 1 July 2023 and have not been early adopted by the Group. These standards are not expected to have a material financial impact on the Group in the current or future reporting periods and on foreseeable future transactions.

B PERFORMANCE FOR THE YEAR

B1 SEGMENT INFORMATION

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports that are reviewed and used by the Chief Operating Decision Maker (**CODM**). The Board and executive management, identified as the CODM, assess the performance of the Group and determine the allocation of resources.

The Group's operating segments have been determined with reference to the monthly management accounts used by the CODM to make decisions regarding the Group's operations and allocation of working capital.

Based on the quantitative thresholds included in AASB 8 *Operating Segments*, there is only one reportable segment, being development and manufacturing and one geographical segment, namely Australia.

The revenues and results of this segment are those of the Group as a whole and are set out in the Consolidated Statement of Comprehensive Income. The assets and liabilities of the Group as a whole are set out in the Consolidated Statement of Financial Position.

B2 REVENUE

For the year ended 30 June 2024, the Group recognised revenue through the sale and delivery of finished goods to customers. The disaggregation of the Group's revenue from contracts with customers is set out below.

	2024 $	2023 $
At a point in time		
Revenue from sale of finished goods	3,231,843	219,844
Total revenue	**3,231,843**	**219,844**

(A) Major customers

During the year ended 30 June 2024, $2,173,098 of the Group's revenue was derived from sales to GSM Electrical Pty Ltd (2023: $202,000). Refer to Note F2(C) for further information.

Material accounting policy

Revenue from contracts with customers is recognised when the Group transfers control of products or provides services to a customer at the amount to which the Group expects to be entitled.

Revenue is recognised in accordance with the following five-step process:

1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

During the year ended 30 June 2024, the Group primarily recognised revenue from the sale of goods (e.g., switches, power points and garage door controllers etc). The Group's sales channels solely included Australian distributors for the year ended 30 June 2024.

Revenue is recognised when control of the goods has transferred, that is, when the goods are delivered to the customer. The transaction price at the date control passes is based on the contractually agreed price. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B3 OTHER INCOME

Other income consists of income unrelated to the Group's ordinary activities.

	2024 $	2023 $
Research and development tax incentive	695,570	744,314
Other income	50,714	84,906
Total other income	**746,284**	**829,220**

Material accounting policy

The Group engages in R&D activities with regards to its development of an intelligent, decentralised smart home ecosystem. Certain judgements are required in assessing whether the Group is eligible for the R&D tax incentive based on the activities undertaken and nature of expenditure.

Government grants (e.g., R&D tax incentive) are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The Group recognises the amount received from government grants within other income.

B4 LOSS PER SHARE

Loss per share presents the amount of loss generated for the reporting period attributable to shareholders divided by the weighted average number of shares on issue. The potential for any options, performance shares and performance rights issued by the Group to dilute existing shareholders' ownership when these instruments are exercised are also presented.

	2024 $	2023 $
Loss for the period	(3,365,212)	(5,369,745)

	2024 Shares	2023 shares
Weighted average number of shares used as denominator in calculating both basic and diluted loss per share	119,570,618	84,829,527

	2024 cents	2023 cents
Basic and diluted loss per share	(2.81)	(6.33)

Diluted loss per share adjusts the basic loss per share for the effects of any instruments that could potentially be converted into ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. As the Group is loss making, there is no dilutive effect of the potential ordinary shares.

B5 OTHER NET GAINS

	2024 $	2023 $
Loss on disposal of assets	-	(1,313)
Gain on unrealised and realised foreign exchange	44,402	36,203
Gain on AASB 16 *Leases* event	-	9,373
Total other net gains	**44,402**	**44,263**

B6 DEPRECIATION AND AMORTISATION

	2024 $	2023 $
Depreciation on property, plant and equipment	(120,289)	(202,424)
Depreciation on right-of-use assets	(100,040)	(85,558)
Amortisation on intangible assets	(1,465,426)	(2,498,983)
Total depreciation and amortisation	**(1,685,755)**	**(2,786,965)**

B7 IMPAIRMENT CHARGE

	2024 $	2023 $
Expected credit losses on trade receivables	(1,980)	-
Total impairment charge	**(1,980)**	-

B8 NET FINANCE COSTS

	2024 $	2023 $
Interest income	5,071	4,839
Interest and finance charges	(35,194)	(26,130)
Interest expense on lease liabilities	(30,261)	(16,237)
Total net finance costs	**(60,384)**	**(37,528)**

Material Accounting Policy

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs comprise interest income, interest and finance charges calculated using the effective interest method and interest expense on lease liabilities.

B9 TAXES

(A) Income tax benefit

	2024 $	2023 $
Current tax		
Current tax benefit	-	-
Total current tax benefit	-	-
Deferred tax		
Decrease / (increase) in deferred tax assets (DTA)	463,641	162,673
Increase / (decrease) in deferred tax liabilities (DTL)	(463,341)	(162,673)
Total deferred tax benefit	-	-
Income tax benefit	-	-

B9 TAXES (continued)

(B) Numerical reconciliation of income tax benefit to prima facie tax payable

	2024 $	2023 $
Loss before income tax	(3,365,212)	(5,369,745)
Tax at the Australian tax rate of 25%	**(841,303)**	**(1,342,436)**
Tax effect of amounts which are not (assessable) / deductible in calculating taxable income:		
Non-deductible expenses	147,063	272,719
R&D non-deductible expenses	378,407	406,221
Share-based payments expenses	116,353	78,343
Non-assessable income	(173,893)	(186,079)
DTA and DTL not recognised	373,373	771,232
Total adjustments	**841,303**	**1,342,436**
Income tax benefit	**-**	**-**

(C) Deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
	2024 $	2023 $	2024 $	2023 $
Other assets	-	-	(21,291)	(60,539)
Intangible assets	54,816	89,501	(145,887)	(348,813)
Right-of-use assets	-	-	(40,029)	(57,475)
Trade and other payables	2,491	32,527	-	(105,934)
Provisions	40,050	33,082	-	-
Lease liabilities	42,921	57,992	-	-
Undeducted s. 40-880 costs (profit or loss)	11,212	35,005	-	-
Undeducted s. 40-880 costs (equity)	108,334	191,459	-	-
Tax losses	5,161,826	5,091,581	-	-
Other - DTA not recognised	(5,312,530)	(4,958,386)	98,087	-
Deferred tax assets / (liabilities)	**109,120**	**572,761**	**(109,120)**	**(572,761)**
Balance at 1 July	**572,761**	**735,434**	**(572,761)**	**(735,434)**
Movement:				
To profit or loss	(463,641)	(162,673)	463,641	162,673
Balance at 30 June	**109,120**	**572,761**	**(109,120)**	**(572,761)**

B9 TAXES (continued)

(D) Unrecognised tax losses - temporary differences

	2024 $	2023 $
Unused tax losses for which no deferred tax asset has been recognised		
Unused revenue losses	20,633,415	20,366,325
Potential tax benefit at 25%	**5,158,354**	**5,091,581**
Unused capital losses	81,319	81,319
Potential tax benefit at 25%	**20,330**	**20,330**
Total potential tax benefit at 25%	**5,178,684**	**5,111,911**

In calculating income tax expense for the year ended 30 June 2024, prior year tax losses of $427,608 were utilised by Zimi Innovations Pty Ltd. No deferred tax asset had been recognised as at 30 June 2023 in relation to $31,869 of these losses.

All unused tax losses can be carried forward indefinitely subject to the loss utilisation tests and have no expiry date. The unused revenue losses for which no deferred tax asset has been recognised represent revenue and capital losses of the Company and its subsidiaries.

The unused capital losses for which no deferred tax asset has been recognised represent capital losses of the Company and its subsidiaries. Management has determined a deferred tax asset on unused capital losses should not be recognised on the basis that it is not probable that future capital gains would be available against which the capital losses can be utilised.

(E) Corporate tax rate

In accordance with the new tax legislation, the Company and its Australian subsidiaries are subject to a corporate tax rate of 25% for the year ended 30 June 2024. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised, or the liability is settled.

B9 TAXES (continued)

Material Accounting Policy

Income tax

Income tax expense in the Consolidated Statement of Comprehensive Income for the period presented comprises current and deferred tax.

Income tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax is also recognised in other comprehensive income, or directly in equity, respectively.

Current tax

Current tax expense or benefit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets or liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the balance date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

C ASSETS AND LIABILITIES

C1 TRADE AND OTHER RECEIVABLES

	2024 $	2023 $
Trade receivables	121,458	268,797
Research and development tax incentive receivable	693,013	744,314
Total trade and other receivables	**814,471**	**1,013,111**

(A) Allowance for expected credit losses

During the year ended 30 June 2024, trade receivables totalling $1,980 were written off. As at 30 June 2024, there were no remaining trade receivables which were past due but not impaired. As a result, there was no allowance for expected credit loss recognised (2023: nil).

(B) Fair value disclosure

Due to the short-term nature, the carrying amount of trade and other receivables is considered to approximate their fair value. For information about the methods and assumptions used in determining the fair value of the Group's receivables refer to note D5(D).

Material Accounting Policy

Trade and other receivables
Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss. Trade receivables are generally due for settlement within periods up to 30 days.

Allowance for expected credit losses
The Group assesses the expected credit losses associated with its trade and other receivables on a forward-looking basis. The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables that share similar credit risk characteristics and days past due are grouped and then assessed for collectability as a whole.

C2 INVENTORIES

	2024 $	2023 $
Finished goods	346,663	61,820
Components	33,948	111,943
Stock in transit	115,522	-
Total inventories	**496,133**	**173,763**

(A) Provision for inventory obsolescence

As at 30 June 2024, there were no inventory items which required a provision for inventory obsolescence (2023: nil).

C2 INVENTORIES (continued)

Material Accounting Policy
Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion necessary to make the sale. Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. Allowances are recorded against inventories for any such declines based on historical experience on obsolescence and slow-moving inventory. Costs incurred in bringing each product to its present location and condition are determined after deducting rebates and discounts received or receivable and are accounted for on an average cost basis.

C3 OTHER ASSETS

	2024 $	2023 $
Prepayments	84,141	242,156
Deposits paid on products in production	212,432	357,731
Other deposits	19,430	85,436
Total other assets	**316,003**	**685,323**

C4 OTHER FINANCIAL ASSETS

From time to time, the Group is party to derivatives in the normal course of business in order to hedge exposure to fluctuation in foreign exchange rates. In accordance with the Group's financial risk management policies, the Group does not hold or issue derivatives for trading purposes. As at 30 June 2024, the Group did not have an open foreign exchange contract.

(A) Fair value disclosure

The fair value of a hedging derivative is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. It is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

Material Accounting Policy
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its foreign exchange contract as a cash flow hedge. The Group documents its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in a hedging transaction have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

C5 PROPERTY, PLANT AND EQUIPMENT

The net book amounts and movements in property, plant and equipment are set out below.

	Plant and equipment $	Computer equipment $	Furniture and fittings $	Leasehold improvements $	Total $
2023					
Opening balances:					
Cost	585,482	62,775	73,087	73,014	794,358
Accumulated depreciation	(328,696)	(21,699)	(9,284)	(1,405)	(361,084)
Net book amount – 1 July 2022	**256,786**	**41,076**	**63,803**	**71,609**	**433,274**
Movement:					
Additions	74,844	8,439	741	2,399	86,423
Disposals	(652)	(5,130)	(1,707)	-	(7,489)
Depreciation	(166,633)	(21,327)	(12,589)	(1,875)	(202,424)
Closing net book amount – 30 June 2023	**164,345**	**23,058**	**50,248**	**72,133**	**309,784**
2024					
Opening balances:					
Cost	632,575	58,344	70,968	75,414	837,301
Accumulated depreciation	(468,230)	(35,286)	(20,720)	(3,281)	(527,517)
Net book amount – 1 July 2023	**164,345**	**23,058**	**50,248**	**72,133**	**309,784**
Movement:					
Additions	47,159	17,917	-	-	65,076
Depreciation	(97,727)	(11,849)	(8,829)	(1,885)	(120,290)
Closing net book amount – 30 June 2024	**113,777**	**29,126**	**41,419**	**70,248**	**254,571**
Cost	679,734	76,261	70,968	75,414	902,377
Accumulated depreciation	(565,957)	(47,135)	(29,549)	(5,166)	(647,806)
Net book amount – 30 June 2024	**113,777**	**29,126**	**41,419**	**70,248**	**254,571**

C5 PROPERTY, PLANT AND EQUIPMENT (continued)

Material Accounting Policy

Property, plant and equipment
Each class of property, plant and equipment is carried at cost less any accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation
Assets are depreciated from the date the asset is brought to use, or in business combinations, the date of acquisition. Depreciation is calculated on either a straight line or diminishing value basis as considered appropriate to write off the net cost of each item of plant and equipment over its expected useful life to the Group. The depreciation period and method are reviewed at each financial year-end. The expected useful lives are as follows:

- Plant and equipment: 2 to 6 years
- Computer equipment: 2 to 10 years
- Furniture and fittings: 2 to 15 years
- Leasehold improvements: 3 years

Derecognition
An item of property, plant and equipment is derecognised when it is disposed of or no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the profit or loss.

Impairment
The carrying amounts of the Group's property, plant and equipment are reviewed for impairment where there is an indication that the asset may be impaired (assessed at least at each reporting date) or when there is an indication that a previously recognised impairment may need to be reversed. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

C6 INTANGIBLE ASSETS

The net book amounts and movements in intangible assets are set out below.

	Capitalised development $	Sales channels $	Patents and trademarks $	Other intangibles $	Total $
2023					
Opening balances:					
Cost	6,305,171	2,908,770	33,485	7,995	9,255,421
Accumulated amortisation and impairment	(3,165,446)	(1,503,529)	(1,654)	-	(4,670,629)
Net book amount – 1 July 2022	**3,139,725**	**1,405,241**	**31,831**	**7,995**	**4,584,792**
Movement:					
Additions	193,678	-	10,960	-	204,638
Disposals	1,492	-	-	-	1,492
Amortisation	(1,527,188)	(969,590)	(2,205)	-	(2,498,983)
Impairment	-	-	-	-	-
Closing net book amount – 30 June 2023	**1,807,707**	**435,651**	**40,586**	**7,995**	**2,291,939**
2024					
Opening balances:					
Cost	4,457,093	2,908,770	44,445	7,995	7,418,303
Accumulated amortisation and impairment	(2,649,386)	(2,473,119)	(3,859)	-	(5,126,364)
Net book amount – 1 July 2023	**1,807,707**	**435,651**	**40,586**	**7,995**	**2,291,939**
Movement:					
Additions	77,493	-	995	10,716	89,204
Disposals	(3,039)	-	-	-	(3,039)
Amortisation	(1,026,635)	(435,651)	(2,961)	(179)	(1,465,426)
Closing net book amount – 30 June 2024	**855,526**	**-**	**38,620**	**18,532**	**912,678**
Cost	4,531,548	2,908,770	45,440	18,711	7,504,468
Accumulated amortisation and impairment	(3,676,022)	(2,908,770)	(6,820)	(179)	(6,591,790)
Net book amount – 30 June 2024	**855,526**	**-**	**38,620**	**18,532**	**912,678**

C6 INTANGIBLE ASSETS (continued)

Material Accounting Policy

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and subsequently measured at cost less accumulated amortisation and impairment losses. Where acquired in a business combination, cost represents the fair value at the date of acquisition.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortisation

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed at each financial year-end. The expected useful lives are as follows:

- Capitalised development: 4 years
- Sales channels: 3 years
- Patents: over the life of the patent
- Trademarks: indefinite trademarks, not amortised
- Other intangibles: indefinite brand name, not amortised

Derecognition

An item of intangible assets is derecognised when it is disposed of or no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the profit or loss.

Impairment

The carrying amounts of the Group's intangible assets are reviewed for impairment where there is an indication that the asset may be impaired (assessed at least at each reporting date) or when there is an indication that a previously recognised impairment may need to be reversed. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

C7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(A) Amounts recognised in the Consolidated Statement of Financial Position

	2024 $	2023 $
Right-of-use assets		
Leased properties	160,115	229,899
Total right-of-use assets	**160,115**	**229,899**
Lease liabilities		
Current	(102,309)	(65,857)
Non-current	(69,374)	(166,112)
Total lease liabilities	**(171,683)**	**(231,969)**

(B) Amounts recognised in the Consolidated Statement of Comprehensive Income

	2024 $	2023 $
Depreciation on right-of-use assets	(100,040)	(85,558)
Interest expense on lease liabilities	(30,261)	(16,237)
(Loss) / Gain on AASB 16 *Leases* event	-	(9,373)
Total amounts recognised in Consolidated Statement of Comprehensive Income	**(130,301)**	**(111,168)**

(C) Amounts recognised in the Consolidated Statement of Cash Flows

The total cash outflow for leases for the year ended 30 June 2024 was $111,216 (30 June 2023: $107,063).

C7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(D) Net book amounts and movements in right-of-use assets

	Leased properties $
2023	
Opening balances:	
Cost	252,742
Accumulated depreciation	(115,744)
Net book amount – 1 July 2022	**136,998**
Movement:	
Depreciation	(85,558)
Modification to lease terms	178,459
Closing net book amount – 30 June 2023	**229,899**
2024	
Opening balances:	
Cost	431,200
Accumulated depreciation	(201,301)
Net book amount – 1 July 2023	**229,899**
Movement:	
Depreciation	(100,040)
Modification to lease terms	30,256
Closing net book amount – 30 June 2024	**160,115**
Cost	461,456
Accumulated depreciation	(301,341)
Net book amount – 30 June 2024	**160,115**

C7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Material Accounting Policy

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of useful life and the lease term.

Right-of-use assets are tested for impairment which replaces the previous requirement to recognise a provision of onerous lease contracts. Any identified impairment loss is accounted for in line with the Group's accounting policy for property, plant and equipment which is set out in note C5.

Lease liabilities

At commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In determining the lease term, the Group applies judgement and considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

At the end of each lease term, the Group assumes the lease arrangements will be automatically renewed regardless of whether the lease is no longer enforceable. The lease will remain in effect until one of the parties gives notice to terminate with no more than an insignificant penalty.

The initial lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

C8 TRADE AND OTHER PAYABLES

	2024 $	2023 $
Trade and other payables	(1,275,674)	(291,960)
Payroll and statutory liabilities	(133,586)	(118,720)
Accrued expenses	(50,349)	(84,152)
Total trade and other payables	**(1,459,609)**	**(494,832)**

(A) Fair value disclosure

Due to the short-term nature, the carrying amount of trade and other payables is considered to approximate their fair value. For information about the methods and assumptions used in determining the fair value of the Group's payables refer to note D5(D).

Material Accounting Policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30-90 days of recognition in accordance with supplier terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

C9 PROVISIONS

	2024 $	2023 $
Annual leave	(112,763)	(89,178)
Total provisions	**(112,763)**	**(89,178)**

Material Accounting Policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable the Group will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material provisions are discounted using a rate that reflects the risk.

Annual leave
Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The provision for annual leave is presented as current, since the Group does not have an unconditional right to defer settlement. Based on the hours accrued, the Group expects all employees to take the full amount of accrued leave within the next 12 months.

Long-service leave
Long service leave includes all unconditional entitlements where employees have completed the required period of service. In calculating the provision for long-service leave, consideration is given to expected future wage and salary levels, periods of service and adjusted for the probability of likely realisation.

Long-service leave expected to be settled within 12 months of the balance date are recognised in within current liabilities. Long-service leave not expected to be settled within 12 months of the balance date are recognised in non-current liabilities. Given the period of service for all employees, the provision for long-service leave is currently nil.

D CAPITAL STRUCTURE, FINANCING AND FINANCIAL RISK MANAGEMENT

D1 ISSUED CAPITAL

	2024		2023	
	Shares	$	Shares	$
Issued ordinary shares	126,664,715	52,281,443	111,494,890	51,352,650
Total contributed equity	**126,664,715**	**52,281,443**	**111,494,890**	**51,352,650**

A reconciliation of the movement in ordinary shares is set out below.

	2024		2023	
	Shares	$	Shares	$
Issued ordinary shares at 1 July	**111,494,890**	**51,352,650**	**65,328,341**	**48,712,769**
Movement:				
Shares issued as part of capital raising	5,305,000	211,091	41,579,861	2,430,694
Transaction costs related to shares issued	-	(18,247)	-	(241,155)
Options converted to shares	910,002	1,364	490,001	736
Transfer value of options exercised from reserves	-	271,660	-	146,278
Employee share-based payments	250,000	8,750	800,000	53,600
Director share-based payments	2,687,500	107,500	1,875,000	150,000
Shares issued in relation to satisfaction of performance rights criteria	4,975,000	312,675	-	-
Shares issued to suppliers for payment of goods and/or services	1,042,323	34,000	1,421,687	99,728
Issued ordinary shares at 30 June	**126,664,715**	**52,281,443**	**111,494,890**	**51,352,650**
Total contributed equity	**126,664,715**	**52,281,443**	**111,494,890**	**51,352,650**

D1 ISSUED CAPITAL (continued)

During the year, there were a number of movements in ordinary shares as outlined below:

- In May 2023, the Company launched a capital raise through an entitlement offer to eligible shareholders of 1 new ordinary share for every 2 shares held at an issue price of $0.04. The offer had a shortfall facility which allowed any shortfall from the entitlement offer to be placed to new and existing investors. During the year ended 30 June 2024, 5,305,000 shares were issued to investors under the offer.
- 910,002 shares were converted through the exercise of options, raising $1,365 in cash.
- 250,000 shares were issued to employees under the Company's Employee Securities Incentives Plan.
- The shareholders of the Company provided approval to grant all Non-Executive Directors 1,343,750 shares each (total of 2,687,500 shares) in lieu of cash payments for Directors' fees for the 12 month period to 31 July 2024. These shares were held in escrow until 31 July 2024.
- 1,658,337 Tranche 2 performance rights held by employees and a Director met the required performance criteria (i.e. number of paired devices to the Zimi Cloud exceeded 37,500) for conversion to ordinary shares. These shares were issued to holders on 17 January 2024.
- 3,316,663 Tranche 1 performance rights held by employees and a Director met the required performance criteria (i.e. remained employed as at 30 June 2024) for conversion to ordinary shares. These shares were issued to holders on 28 June 2024.
- 1,042,323 shares were issued to third-party suppliers for the provision of services.

Material Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

D2 RESERVES

	2024 $	2023 $
Share-based payments reserve	82,871	908,038
Total reserves	**82,871**	**908,038**

The share-based payments reserve is used to recognise the fair value of equity-settled share-based payments issued to eligible participants as part of their remuneration, or to advisors in respect of transaction costs. Further detail on the share-based payments reserve is in note F1. Equity instrument disclosures relating to key management personnel is disclosed in note F2(B) and within the Remuneration Report.

D3 CASH AND CASH EQUIVALENTS

	2024 $	2023 $
Cash and cash equivalents	520,572	980,126

(A) Reconciliation of loss for the year to net cash outflows used in operating activities

	Notes	2024 $	2023 $
Loss for the year		**(3,365,212)**	**(5,369,745)**
Adjustment for:			
Depreciation and amortisation	B6	1,685,755	2,786,965
Expected credit losses on trade receivables	C1	1,980	-
Loss on disposal of assets	B5	-	1,313
(Gain) / loss on unrealised foreign exchange		(29,981)	1,515
(Gain) / loss on AASB *Leases* event	B5	-	(9,373)
Share based payments expense	F1(C)	109,067	200,873
Share issuance in exchange for services	D1	223,075	500,000
Total adjustments		**1,989,896**	**3,481,293**
(Increase) / decrease in assets:			
Trade and other receivables		198,640	47,961
Inventories		(322,370)	118,157
Other assets		369,320	(427,243)
Total (increase) / decrease in assets		**245,590**	**(261,125)**
Increase / (decrease) in liabilities:			
Trade and other payables		953,009	(43,999)
Provisions		23,585	(23,947)
Unearned revenue and customer deposits		(141,824)	(52,593)
Total Increase / (decrease) in liabilities		**834,770**	**(120,539)**
Net cash outflows used in operating activities		**(294,956)**	**(2,270,116)**

D3 CASH AND CASH EQUIVALENTS (continued)

(B) Changes in liabilities arising from financing activities

The following table provides a reconciliation between opening and closing balances on the face of the Consolidated Statement of Financial Position arising from financing activities.

	Lease liabilities		Borrowings		Total liabilities from financing activities	
	2024 $	2023 $	2024 $	2023 $	2024 $	2023 $
Balance at 1 July	**(231,969)**	**(153,708)**	**(431,217)**	**(490,000)**	**(663,186)**	**(643,708)**
Financing cash movements:						
Principal elements of lease payments	80,955	90,909	-	-	80,955	90,909
Proceeds from borrowings	-	-	(356,000)	(431,217)	(356,000)	(431,217)
Repayment of borrowings	-	-	431,217	490,000	431,217	490,000
Total cash (inflows) / outflows provided in financing activities	**80,955**	**90,909**	**75,217**	**58,783**	**156,172**	**149,692**
Other movements:						
Non-cash AASB 16 *Leases* modification or additions	(20,669)	(169,170)	-	-	(20,669)	(169,170)
Total other movements	**(20,669)**	**(169,170)**	**-**	**-**	**(20,669)**	**(169,170)**
Balance at 30 June	**(171,683)**	**(231,969)**	**(356,000)**	**(431,217)**	**(527,683)**	**(663,186)**

Material Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

D4 BORROWINGS

	2024 $	2023 $
Current third-party borrowings	356,000	431,217

Third-party borrowings relate to the pre-funding of the R&D tax incentive from Radium Capital. The loan is secured against the R&D tax incentive receivable from the ATO, following lodgement of the tax return. The receipt of the R&D tax incentive is anticipated to be in September 2024 and the interest on the pre-funding accrues at 15% per annum.

Material Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Interest is accrued over the period it becomes due and unpaid interest is recorded as part of current trade and other payables.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Consolidated Statement of Comprehensive Income as net finance costs.

D5 FINANCIAL RISK MANAGEMENT

This section provides a summary of the Group's exposure to market, liquidity, and credit risks, along with the Group's policies and strategies in place to mitigate these risks.

The Group holds the following financial instruments:

	Notes	2024 $	2023 $
Financial assets at amortised cost			
Cash and cash equivalents	D3	520,572	980,126
Trade and other receivables	C1	814,471	1,013,111
Total financial assets		**1,335,043**	**1,993,237**
Financial liabilities at amortised cost			
Trade and other payables	C8	(1,459,609)	(494,832)
Lease liabilities	C7	(171,683)	(231,969)
Unearned revenue and customer deposits		(11,209)	(153,033)
Borrowings	D4	(356,000)	(431,217)
Total financial liabilities		**(1,998,501)**	**(1,311,051)**

(A) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and price risk.

The Group's exposure to market risk arises from adverse movements in foreign exchange which affect the Group's financial performance. The Group is not exposed to any significant interest rate risk or price risk.

D5 FINANCIAL RISK MANAGEMENT (continued)

(A) Market risk (continued)

(i) Foreign exchange risk

Foreign exchange risk is the risk that a change in foreign exchange rates may negatively impact the Group's cash flow or profitability because the Group has an exposure to a foreign currency or has foreign currency denominated obligations.

The Group's exposure to foreign exchange risk arises from its future commercial transactions, and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The following table summarises the carrying amounts of the Group's financial assets and liabilities that are denominated in other foreign currencies and discloses the sensitivity of net profit before tax to a 10% change against the foreign currency with all other variables held constant.

The Group is primarily exposed to changes in the US Dollar exchange rate. In assessing the sensitivity of the foreign currency on the loss before tax, the Group applies the exchange rate as at 30 June 2024 being 0.6624 (30 June 2023: 0.6630).

	Carrying amount		Impact of + 10% FX change on loss before tax		Impact of - 10% FX change on loss before tax	
	2024 $	2023 $	2024 $	2023 $	2024 $	2023 $
Assets						
US$ denominated cash and cash equivalents	46,367	98,825	(6,363)	(13,551)	7,778	16,562
US$ denominated trade receivables	59,481	176,491	(8,163)	(24,200)	9,977	29,578
US$ denominated assets	**105,848**	**275,316**	**(14,526)**	**(37,751)**	**17,755**	**46,140**
Liabilities						
US$ denominated trade payables	(661,472)	(32,380)	90,782	4,440	(110,955)	(5,427)
US$ denominated liabilities	(661,472)	**(32,380)**	**90,782**	**4,440**	**(110,955)**	**(5,427)**

The aggregate net foreign exchange gains / losses recognised in profit or loss were:

	Notes	2024 $	2023 $
Gain on unrealised and realised foreign exchange	B5	44,402	36,203

From time to time, the Group is party to derivatives in the normal course of business in order to hedge exposure to fluctuation in foreign exchange rates. In accordance with the Group's financial risk management policies, the Group does not hold or issue derivatives for trading purposes.

D5 FINANCIAL RISK MANAGEMENT (continued)

(A) Market risk (continued)

Material Accounting Policy
Functional presentation currency Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in Australian Dollars (**AU$**). **Transactions and balances** Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other gains and losses.

(B) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables), foreign exchange transactions and other financial instruments.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount, net of any provisions for impairment for each class of the following financial assets.

(i) Cash and cash equivalents

Credit risk from cash arises from balances held with counterparty financial institutions. Credit risk is managed by the Group's finance department which restrict the Group's exposure to financial institutions by credit rating band. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

(ii) Trade and other receivables

Credit risk arising on trade and other receivables is monitored on an ongoing basis, mitigating exposure to impairment of receivables and contract assets.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include failure to make contractual payments for a period of greater than 30 days past due. The Group does not hold any collateral in relation to these receivables.

The Group is exposed to material concentrations of credit risk due to its relatively small customer base. The Group's receivables are solely collected from Australian distributors who have strong long-term credit ratings. The Group focuses largely on experienced payment history and does not expect that these customers will fail to meet their obligations.

During the year ended 30 June 2024, the Group wrote off trade receivables of $1,980. As at 30 June 2024, the Group has not recognised an expected credit loss provision as all receivable balances are current and considered to be collectible (30 June 2023: nil).

D5 FINANCIAL RISK MANAGEMENT (continued)

(C) Liquidity Risk

Liquidity risk is the risk the Group will encounter difficulties in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, sufficient liquidity is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management monitors rolling forecasts at an operational level on a weekly basis and formally presents to the Directors on a monthly basis to ensure ongoing liquidity and prompt decision making.

(i) Maturities of financial instruments

The tables below provide an analysis of the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period between the reporting date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Within 1 year $	Between 1 and 5 years $	Over 5 years $	Total contractual cash flows $
2024				
Financial assets realisable cash flows				
Cash and cash equivalents	520,572	-	-	520,572
Trade and other receivables	814,471	-	-	814,471
Total inflow on financial assets	1,335,043	-	-	1,335,043
Financial liabilities due for payment				
Trade and other payables	(1,459,609)	-	-	(1,459,609)
Lease liabilities	(102,309)	(69,374)	-	(171,683)
Unearned revenue and customer deposits	(11,209)	-	-	(11,209)
Other financial liabilities	(356,000)	-	-	(356,000)
Total (outflow) on financial liabilities	(1,929,127)	(69,374)	-	(1,998,501)
Total (outflow) on financial instruments	**(594,084)**	**(69,374)**	**-**	**(663,458)**
2023				
Financial assets realisable cash flows				
Cash and cash equivalents	980,126	-	-	980,126
Trade and other receivables	1,013,111	-	-	1,013,111
Total inflow on financial assets	**1,993,237**	**-**	**-**	**1,993,237**
Financial liabilities due for payment				
Trade and other payables	(494,834)	-	-	(494,834)
Lease liabilities	(65,857)	(166,112)	-	(231,969)
Unearned revenue and customer deposits	(153,033)	-	-	(153,033)
Other financial liabilities	(431,217)	-	-	(431,217)
Total (outflow) on financial liabilities	**(1,144,941)**	**(166,112)**	**-**	**(1,311,053)**
Derivatives				
Foreign exchange derivative asset	-	-	-	-
Total inflow on derivative assets	-	-	-	-
Total inflow / (outflow) on financial instruments	**848,296**	**(166,112)**	**-**	**682,184**

D5 FINANCIAL RISK MANAGEMENT (continued)

(D) Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group measures certain financial instruments at fair value at each reporting date using a hierarchy based on the lowest level of input that is significant to the fair value measurement.

The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset / liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset / liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers between levels during the financial year.

(i) Carrying amounts approximate fair values

The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

The carrying amount of the Group's borrowings approximates their fair values, as commercial rates of interest are paid, and the impact of discounting is not significant.

(ii) Fair value of derivative financial instruments

The fair value of the foreign exchange forward contracts is the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current foreign exchange rates. The fair value of the foreign exchange forward contracts is calculated as the present value of the estimated future cash flows and is classified as Level 2 under the fair value hierarchy.

E GROUP STRUCTURE

E1 PARENT ENTITY INFORMATION

This section presents the stand-alone financial information of the parent entity, Zimi Limited. The financial information has been prepared on the same basis as the Consolidated Financial Statements with the exception of investments in controlled entities which are accounted for at cost less any impairment.

	2024 $	2023 $
ASSETS		
Current assets	443,882	978,606
Non-current assets	49,314	268,280
Total assets	**493,196**	**1,246,886**
LIABILITIES		
Current liabilities	(61,045)	(111,955)
Non-current liabilities	-	-
Total liabilities	**(61,045)**	**(111,955)**
Net assets	**432,151**	**1,134,931**
EQUITY		
Issued capital	52,281,443	51,352,650
Other reserves	82,871	908,038
Accumulated losses	(51,932,163)	(51,125,757)
Total equity	**432,151**	**1,134,931**
Loss for the year	(806,406)	(3,520,514)
Total comprehensive loss for the year	**(806,406)**	**(3,520,514)**

E2 INVESTMENT IN CONTROLLED ENTITIES

The Consolidated Financial Statements incorporate the assets, liabilities and results of the parent entity, Zimi Limited and the following subsidiaries in accordance with the accounting policy described in note A3(A).

			Equity holding	
	Entity type	Country of incorporation	2024 %	2023 %
Zimi Technology Pty Ltd	Body Corporate	Australia	100	100
Zimi Innovations Pty Ltd	Body Corporate	Australia	100	100

F OTHER INFORMATION

F1 SHARE-BASED PAYMENTS

(A) Share-based payments reserve in the Consolidated Statement of Financial Position

	2024 $	2023 $
Options reserve	82,271	695,680
Director performance shares reserve	-	64,136
Director performance rights reserve	-	61,802
Employee performance rights reserve	-	86,420
Total share-based payments reserve	**82,271**	**908,038**

	Options reserve $	Director performance shares reserve $	Director performance rights reserve $	Employee performance rights reserve $	Total share-based payments reserve $
Balance at 1 July 2022	**759,087**	**50,143**	**-**	**14,942**	**824,172**
Movement:			**-**		
Issued to lead manager for capital raise	82,871	-	-	-	82,871
Transfer value of options exercised to issued capital	(146,278)	-	-	-	(146,278)
Share-based payments expense through the P&L	-	13,993	61,802	71,478	147,273
Balance at 30 June 2023	**695,680**	**64,136**	**61,802**	**86,420**	**908,038**
Movement:					
Transfer value of options exercised to issued capital	(271,660)	-	-	-	(271,660)
Transfer value of performance shares converted to issued capital	-	-	(125,625)	(187,050)	(312,675)
Share-based payments expense through the P&L	-	-	105,698	167,774	273,472
Share-based payments forfeited / expired transferred to accumulated losses	(341,149)	-	-	-	(341,149)
Share-based payments forfeited / expired reversed through the P&L		(64,136)	(41,875)	(67,144)	(173,155)
Balance at 30 June 2024	**82,871**	**-**	**-**	**-**	**82,871**

F1 SHARE-BASED PAYMENTS (continued)

(B) Convertible securities movement reconciliation

	Number of convertible securities				
	Options	Director performance shares	Director performance rights	Employee performance rights	Total convertible securities
Balance at 1 July 2022	**13,000,030**	**320,003**	**-**	**1,666,672**	**14,986,705**
Movement:					
Free-attaching options issued	41,579,861	-	-	-	41,579,861
Options issued to brokers / lead managers	2,481,250	-	-	-	2,481,250
Options exercised and converted to ordinary shares	(490,001)	-	-	-	(490,001)
Director performance rights issued	-	-	2,500,000	-	2,500,000
Employee performance rights issued	-	-	-	600,000	600,000
Employee performance rights expired / forfeited	-	-	-	(666,668)	(666,668)
Balance at 30 June 2023	**56,571,140**	**320,003**	**2,500,000**	**1,600,004**	**60,991,147**
Movement:					
Free-attaching options issued	5,305,000	-	-	-	5,305,000
Options expired and cancelled	(11,600,027)	-	-	-	(11,600,027)
Options exercised and converted to ordinary shares	(910,002)	-	-	-	(910,002)
Director performance rights converted to ordinary shares	-	-	(1,875,000)	-	(1,875,000)
Director performance rights expired / forfeited	-	-	(625,000)	-	(625,000)
Director performance shares expired / forfeited	-	(320,003)	-	-	(320,003)
Employee performance rights converted to ordinary shares	-	-	-	(3,100,004)	(3,100,004)
Employee performance rights issued	-	-	-	2,600,000	2,600,000
Employee performance rights expired / forfeited	-	-	-	(1,100,000)	(1,100,000)
Balance at 30 June 2024	**49,366,111**	**-**	**-**	**-**	**49,366,111**

F1 SHARE-BASED PAYMENTS (continued)

(B) Convertible securities movement reconciliation (continued)

	2024 number	2023 number
Options	49,366,111	56,571,140
Director performance shares	-	320,003
Director performance rights	-	2,500,000
Employee performance rights	-	1,600,004
Total convertible securities	**49,366,111**	**60,991,147**

(C) Share-based payments (expense) / reversal in the Consolidated Statement of Comprehensive Income

	2024 $	2023 $
Recognised through share-based payments reserve		
Director performance shares share-based payments (expense) / reversal	(64,136)	(13,993)
Director performance rights share-based payments (expense) / reversal	(63,823)	(61,802)
Employee performance rights share-based payments (expense) / reversal	(100,631)	(71,478)
Total recognised through share-based payment reserve	**(228,590)**	**(147,273)**
Recognised directly to issued capital		
Director share-based payments (expense) / reversal	(111,042)	(137,499)
Employee share-based payments (expense) / reversal	(8,750)	(53,600)
Total recognised directly to issued capital	**(119,792)**	**(191,099)**
Total share-based payments expense	**(348,382)**	**(338,372)**

(D) Options

(i) Broker unlisted options

In association with historical capital raises, Zimi previously granted lead manager / broker options to advisors in respect of brokerage services relating to the capital raises. Options granted to advisors for capital raising services are valued and recognised as an associated cost to issued capital. A number of options expired during the year and were subsequently cancelled. Balances associated with these cancellations were transferred to accumulated losses. No new broker options were granted during the year ended 30 June 2024.

The fair value of the lead manager unlisted options issued for brokerage services has been determined based on a Black-Scholes option pricing model. The lead manager unlisted options have no vesting conditions. The variables in the table below were used as inputs into the model to determine the fair value of the lead manager unlisted options.

Grant date	Expiry date	Number of options	Exercise price	Share price volatility	Risk-free rate	Value per options	Value of options
11 Dec 2020	10 Dec 2023 [1]	1,666,671	$0.0015	110%	0.12%	$0.2985	$497,545
8 Oct 2021	31 Oct 2023 [1]	2,777,780	$0.4500	110%	0.08%	$0.0942	$261,542
14 Oct 2022	18 Oct 2025	1,481,250	$0.1200	125%	3.45%	$0.0407	$60,231
9 June 2023	30 Jun 2026	1,000,000	$0.0800	106%	2.99%	$0.0226	$22,640
Total value of lead manager unlisted options							**$841,958**

[1] Any unexercised options relating to these two tranches expired during the year and were subsequently cancelled.

F1 SHARE-BASED PAYMENTS (continued)

(D) Options (continued)

(i) Broker unlisted options (continued)

Set out in the table below is a reconciliation of broker unlisted options.

	2024		2023	
	Number	$	Number	$
Balance at 1 July	**6,435,700**	**695,680**	**4,444,451**	**759,087**
Movement:				
Lead manager unlisted options issued	-	-	2,481,250	82,871
Exercised and converted into ordinary shares	(910,002)	(271,659)	(490,001)	(146,278)
Expired and cancelled	(3,044,448)	(341,150)	-	-
Balance at 30 June	**2,481,250**	**82,871**	**6,435,700**	**695,680**

The balance of 2,481,250 lead manager unlisted options are all exercisable at the end of the year. The weighted average exercise price for these options is $0.104.

(ii) Unlisted free-attaching options

In association with historical capital raises, there were certain arrangements whereby for every one share issued, one free-attaching option was also issued. Free-attaching options are not valued and recognised in the share-based payments reserve unless the attaching options were issued in respect of services relating to the capital raises (refer to note F1(D)(i).

Set out in the table below is a reconciliation of free-attaching options.

	2024		2023	
	Number	$	Number	$
Balance at 1 July	**50,135,440**	**-**	**8,555,579**	**-**
Movement:				
Free-attaching options issued	5,305,000	-	41,579,861	-
Free-attaching options expired / forfeited	(8,555,579)	-	-	-
Balance at 30 June	**46,884,861**	**-**	**50,135,440**	**-**

The balance of 46,884,861 free-attaching options are all exercisable at the end of the year. The weighted average exercise price for these options is $0.096.

(E) Director performance shares

In the financial year ended 30 June 2019, the Company issued three tranches totalling 1,920,003 (on a post-share consolidation basis) performance shares to Directors.

The grant date of the performance shares was 30 November 2018. The performance shares did not have an exercise price. In addition to the service period being met, the performance shares had three separate vesting conditions, as set out below.

- Tranche one – 1,600,000: Will vest immediately upon the Company securing a minimum of $3,900,000 in long-term funding prior to 31 December 2018.
- Tranche two –106,668: Will vest immediately upon the Group generating $5,000,000 in accumulated revenue between 1 October 2018 and 30 September 2021.

F1 SHARE-BASED PAYMENTS (continued)

(E) Director performance shares (continued)

- Tranche three – 213,335: Will vest immediately upon the Group achieving a share price of at least $0.45 (adjusted for the 15:1 consolidation that occurred on 2 June 2022), and a market capitalisation of at least $45,000,000, each based on the volume weighted average market price over a 20 consecutive trading day period.

The fair value of the Director performance shares was determined based on a Black-Scholes option pricing model for tranches with non-market based vesting conditions, and a barrier up and in trinomial option pricing model for tranches with market-based vesting conditions. The variables in the table below were used as inputs into the model to determine the fair value of the Director performance shares.

Grant date	Vesting date	Expiry date	Number of shares	Share price volatility	Risk-free rate	Value per share	Value of shares
30 Nov 2018	31 Dec 2018	19 Dec 2023	1,600,000	110%	2.26%	$0.1000	$160,000
30 Nov 2018	30 Sep 2021	19 Dec 2023	106,668	110%	2.26%	$1.5000	$160,000
30 Nov 2018	30 Nov 2023	19 Dec 2023	213,335	110%	2.26%	$1.3125	$280,000
Total value of Director performance shares							**$600,000**

Set out in the table below is a reconciliation of Director performance shares.

	2024		2023	
	Number	$	Number	$
Balance at 1 July	**320,003**	**64,136**	**320,003**	**50,143**
Movement:				
Director performance shares expired / forfeited and reversed through the P&L	(320,003)	(64,136)	-	-
Share-based payments expense / (reversal) through the P&L	-	-	-	13,993
Balance at 30 June	**-**	**-**	**320,003**	**64,136**

During the financial year ended 30 June 2022, Tranche one Director performance shares were converted to ordinary shares as the required conversion criteria was satisfied.

Conditions required by Tranche two and Tranche three were not met by the required vesting date. In accordance with AASB 2 *Share-based Payment*, the cumulative expense relating to that tranche was reversed through the profit or loss during the year ended 30 June 2024.

There were nil Director performance shares remaining on issue at the end of the year.

F1 SHARE-BASED PAYMENTS (continued)

(F) Director performance rights

During the year ended 30 June 2023, the Company issued 2,500,000 performance rights to Jordan Tentori (Executive Director and CEO) upon approval from shareholders. The grant date of the performance rights was 28 November 2022. The performance rights do not have an exercise price. In addition to the service period being met for all three tranches, the performance rights had three separate vesting conditions, as set out below.

- Tranche one – 1,250,000: Will vest if the employee or contractor is continuously employed or contracted by the Company or a subsidiary until 30 June 2024.
- Tranche two – 625,000: Will vest if paired devices with the Zimi Cloud exceeds 37,500 by 30 June 2024.
- Tranche three – 625,000: Will vest if paired devices with the Zimi Cloud exceeds 75,000 by 30 June 2024.

These performance conditions are consistent with those associated with the existing performance rights previously issued to employees under the Employee Securities Incentives Plan as further disclosed in this report.

The fair value of the performance rights has been determined based on the Company's share price at the date of grant, being $0.067. The total value of these rights of $167,500 were to be brought to account over the period from grant date to expiry date.

Conditions required by Tranche one and Tranche two were met on or by 30 June 2024 and were converted to ordinary shares (or recognised as shares to be issued). The condition required by Tranche three was not met by the expiry date and were subsequently cancelled.

Set out in the table below is a reconciliation of Director performance rights.

	2024		2023	
	Number	$	Number	$
Balance at 1 July	**2,500,000**	**61,802**	-	-
Movement:				
Director performance rights issued	-	-	2,500,000	-
Director performance rights converted to ordinary shares	(1,875,000)	(125,625)	-	-
Share-based payments expense through the P&L	-	105,698	-	61,802
Share-based payments forfeited / expired and trued up through the P&L	(625,000)	(41,875)		
Balance at 30 June	**-**	**-**	**2,500,000**	**61,802**

(G) Employee performance rights

At various dates between 1 July 2021 and 30 June 2044, the Company issued performance rights to employees under the Employee Securities Incentives Plan. These performance rights had three separate vesting conditions, as set out below:

- Tranche one – 50%: Will vest if the employee or contractor is continuously employed or contracted by the Company or a subsidiary until 30 June 2024.
- Tranche two – 25%: Will vest if paired devices with the Zimi Cloud exceeds 37,500 by 30 June 2024.
- Tranche three – 25%: Will vest if paired devices with the Zimi Cloud exceeds 75,000 by 30 June 2024.

F1 SHARE-BASED PAYMENTS (continued)

(G) Employee performance rights (continued)

Details of these performance rights are set out in the below table.

Grant date	Expiry date	Tranche 1 no.	Tranche 2 no.	Tranche 3 no.	Total no. issued	Value per right	Total value of right
7 Apr 2022	30 Jun 2024	833,334	416,669	416,669	1,666,672 [1]	$0.1350	$225,000
5 Dec 2022	30 Jun 2024	300,000	150,000	150,000	600,000 [2]	$0.0670	$40,200
28 Aug 2023	30 Jun 2024	1,300,000	650,000	650,000	2,600,000 [3]	$0.0320	$83,200
Total value of employee performance rights							**$348,400**

[1] 333,334 of these performance rights were issued to a member of key management personnel, Stephanie Voulcaris (CFO). These performance rights were forfeited and cancelled upon her resignation on 7 October 2022.
[2] 300,000 of these performance rights were issued to a member of key management personnel, Rachel Tuck (CFO).
[3] 400,000 of these performance rights were issued to a member of key management personnel, Rachel Tuck (CFO).

The fair value of the performance rights has been determined based on the Company's share price at the date of grant. The total value of the rights was to be brought to account over the period from grant date to expiry date, with adjustments made where an employee does not meet the required service condition or where acceleration criteria is met.

During the year ended 30 June 2024, conditions required by Tranche one and Tranche two were met on or by their expiry date and were converted to ordinary shares.

The condition required by Tranche three was not met by the expiry date and were subsequently cancelled with the balance transferred to accumulated losses.

Set out in the table below is a reconciliation of employee performance rights.

	2024		2023	
	Number	$	Number	$
Balance at 1 July	**1,600,004**	**86,420**	**1,666,672**	**14,942**
Movement:				
Employee performance rights issued	2,600,000	-	600,000	-
Employee performance rights converted to ordinary shares	(3,100,004)	(187,050)	-	-
Share-based payments expense through the P&L	-	167,773	-	77,455
Share-based payments forfeited and reversed through the P&L upon departure of employee	(66,667)	(4,793)	(666,668)	(5,977)
Share-based payments forfeited / expired and trued up through the P&L	(1,033,333)	(62,350)	-	-
Balance at 30 June	**-**	**-**	**1,600,004**	**86,420**

The were nil employee performance rights remaining on issue as at 30 June 2024.

F1 SHARE-BASED PAYMENTS (continued)

(G) Employee performance rights (continued)

Material Accounting Policy

The cost of share-based payments are determined on the basis of the fair value of the equity instrument at grant date. The grant date for valuation purposes is generally the relevant approval date, such as shareholder or Board approval date.

Determining the fair value assumes choosing the most suitable valuation model for these equity instruments, by which the characteristics of the grant have a decisive influence. The input into the valuation model includes relevant judgments such as the estimated probability of vesting and the volatility of the underlying share.

The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions is calculated at the date of grant using relevant models such as a barrier up and in trinomial option pricing model or Monte Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions and service conditions are calculated using a Black-Scholes option pricing model.

At each Statement of Financial Position date, the entity revises its estimate of the number of convertible securities that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

F2 RELATED PARTY DISCLOSURES

(A) Parent entity and subsidiaries

The ultimate holding entity is Zimi Limited. Information about the Group's structure, including details of the controlled entities and holding company are set out in note E2.

(B) Key management personnel remuneration

The total remuneration for KMP of the Group is set out below:

	2024 $	2023 $
Salary and fees	457,151	476,718
Non-monetary benefits	-	641
Post-employment benefits	50,286	47,192
Ordinary share settled benefits	111,043	137,499
Performance share and rights benefits [1]	17,101	80,067
Total key management personnel remuneration	**635,581**	**742,117**

[1] The performance share and rights benefits for the year ended 30 June 2024 includes write-backs (of accounting expense recognised in prior periods). The probability of the related performance conditions being satisfied is assessed at the end of each reporting period to reflect the most current expectation of vesting i.e. either the service condition or a re-assessment that the relevant non-market performance hurdle will not be achieved.

Detailed remuneration disclosures and information regarding compensation of individual KMP are provided in the Remuneration Report on pages 12 to 24.

(C) Related party transactions

As noted in the Annual Report for the year ended 30 June 2023 (note F2), the Group disclosed transactions with GSM Electrical (Australia) Pty Ltd (**GSM Electrical or TRADER**) (Australian entity) and GSM International Limited (**GSM International**) (Hong Kong entity). These entities are related parties of KMP Simon Gerard. The nature of the transactions are predominantly for sales of product, purchase of product, quality assurance services, logistics services, management of international manufacturing and engineering resources. The relationships remained and transactions continued throughout the year ended 30 June 2024. From 1 July 2023 onwards, services previously provided by GSM International were performed by GSM Retail Australia Pty Ltd (**GSM Retail)**. GSM Retail is a related party of Simon Gerard. All services performed by GSM Retail are performed in accordance with the same terms and conditions as those previously provided by GSM International.

During the year ended 30 June 2024, the Group continued transacting with Bell Total Logistics Pty Ltd (**Bell Total Logistics**), an entity related to KMP Simon Gerard. These transactions were for logistics services and importation of product. The majority of the transactions relate to Goods and Services Tax on importation of goods, which is recoverable from the Australian Tax Office (**ATO**). There is no separate formal agreement in place with Bell Total Logistics and the Group engages their logistic services on a case-by-case basis.

During the year ended 30 June 2023, the Group engaged Harness Investment Partners (**Harness Investment Partners**), an entity related to KMP Simon Beissel. These transactions were for consulting and strategic review services. There was a formal agreement in place with Harness Investment Partners under which these services were provided. These services ended on 31 March 2023 in accordance with the terms of the agreement. Final amounts due (i.e. $33,000) in relation to these services were settled in cash during the year ended 30 June 2024.

The goods and services received or provided were on commercial arms-length terms.

F2 RELATED PARTY DISCLOSURES (continued)

(C) Related party transactions (continued)

The following table provides details of transactions during the year ended 30 June 2024, and balances as at 30 June 2024.

	Settled during 1 Jul 2023 to 30 Jun 2024		Outstanding as at 30 June 2024		Total transactions during the period 1 Jul 2023 to 30 Jun 2024 $
	Cash settled $	Equity settled [1] $	Accounts receivable $	Accounts payable or accrued $	
Transactions with GSM Electrical					
Sales of finished goods (inclusive of GST) [2]	2,368,354	-	22,054	-	2,390,408
Project and tooling contribution (inclusive of GST)	49,841	-	-	-	49,841
Personnel, engineering project costs and warehousing services [2] (inclusive of GST)	-	(85,097)	-	(140,029)	(225,126)
Net total with GSM Electrical	**2,418,195**	**(85,097)**	**22,054**	**(140,029)**	**2,215,123**
Transactions with GSM Retail					
Purchases of finished goods [3] which are to be remitted to 3rd-party manufacturers (no GST)	(1,188,580)	-	-	(922,780)	(2,111,360)
Quality assurance services (no GST)	-	(67,377)	-	(72,530)	(139,907)
Net total with GSM Retail	**(1,188,580)**	**(67,377)**	**-**	**(995,310)**	**(2,251,267)**
Transactions with Bell Total Logistics					
Freight and import duties (inclusive of GST)	(87,089)	-	-	-	(87,089)
GST on importation which is recoverable from the ATO	(280,090)	-	-	-	(280,090)
Net total with Bell Total Logistics	**(367,179)**	**-**	**-**	**-**	**(367,179)**
Transactions with Harness Investment Partners					
Consulting services (inclusive of GST)	(33,000)	-	-	-	(33,000)
Net total with Harness Investment Partners	**(33,000)**	**-**	**-**	**-**	**(33,000)**
Total related party transactions	**829,436**	**(152,474)**	**22,054**	**(1,135,339)**	**(436,323)**

[1] During the year ended 30 June 2023, shareholders approved the issuance of a further $350,000 shares in exchange for services. The amount remaining to be utilised is nil.
[2] Sales of finished goods, sales returns and warehousing services pursuant under the Distribution Agreement.
[3] Finished goods includes saleable product and engineering samples.

F2 RELATED PARTY DISCLOSURES (continued)

(C) Related party transactions (continued)

The following table provides details of transactions during the year ended 30 June 2023, and balances as at 30 June 2023.

	Settled during 1 Jul 2022 to 30 Jun 2023		Outstanding as at 30 June 2023		Total transactions during the period 1 Jul 2022 to 30 Jun 2023
	Cash settled $	Equity settled [1] $	Accounts receivable $	Accounts payable or accrued $	$
Transactions with GSM Electrical					
Sales of finished goods (inclusive of GST) [2]	222,173	-	-	-	222,173
Prepayment of unfinished goods (inclusive of GST) [2]	330,000	-	-	-	330,000
Refund of deposits (inclusive of GST) due to manufacturing delays [2,3]	(330,000)	-	-	-	(330,000)
Deposits required by and remitted to 3rd-party manufacturers to secure production (no GST)	(117,156)	-	-	-	(117,156)
Project and tooling contribution (inclusive of GST)	62,615	-	-	-	62,615
Personnel, engineering project costs and warehousing services [2] (inclusive of GST)	(4,668)	(225,126)	-	-	(229,794)
Net total with GSM Electrical	**162,964**	**(225,126)**	**-**	**-**	(62,162)
Transactions with GSM International					
Purchases of finished goods [4] which are to be remitted to 3rd-party manufacturers (no GST)	(7,488)	-	-	(29,123)	(36,611)
Quality assurance services (no GST)	-	(1,883)	-	-	(1,883)
Net total with GSM International	**(7,488)**	**(1,883)**	**-**	**(29,123)**	**(38,494)**
Transactions with Bell Total Logistics					
Freight and import duties (inclusive of GST)	(6,605)	-	-	-	(6,605)
GST on importation which is recoverable from the ATO	(11,678)	-	-	-	(11,678)
Net total with Bell Total Logistics	**(18,283)**	**-**	**-**	**-**	**(18,283)**
Transactions with Harness Investment Partners					
Consulting services (inclusive of GST)	(33,000)	-	-	(33,000)	(66,000)
Net total with Harness Investment Partners	**(33,000)**	**-**	**-**	**(33,000)**	**(66,000)**
Total related party transactions	**104,193**	**(227,009)**	**-**	**(62,123)**	**(184,939)**

[1] During the year ended 30 June 2023, shareholders approved the issuance of a further $350,000 shares in exchange for services. The amount settled throughout the period was $227,009. The amount remaining to be utilised as at 30 June 2023 was $163,622.
[2] Sales of finished goods, sales returns and warehousing services pursuant under the Distribution Agreement.
[3] The refund of the deposit was offset by product sales of $32,984 which are included in the sales of finished goods total above. Therefore, the actual net cash refund totalled $297,016.
[4] Finished goods includes saleable product and engineering samples.

F2 RELATED PARTY DISCLOSURES (continued)

(D) Related party commitments

The following table provides the total amount of commitments with related parties.

The amounts disclosed include commitments to do something if a particular event occurs (or does not occur) in the future. The amounts disclosed relate to transactions in which neither party has performed any of their obligations, and as such, there are no associated amounts owed by or to either party.

	2024 $	2023 $
Commitments with GSM Electrical		
Sales of finished goods (inclusive of GST)	713,460	1,826,724
Net total with GSM Electrical	**713,460**	**1,826,724**
Commitments with GSM International		
Purchases of finished goods to be remitted to 3rd party manufacturer (no GST)	(1,276,671)	(3,338,260)
Quality assurance services (no GST)	(70,217)	(183,605)
Net total with GSM International	**(1,346,888)**	**(3,521,865)**
Total related party commitments	**(633,428)**	**(1,695,141)**

(E) Related party loans

As at 30 June 2024, there were no loans outstanding to related parties (2023: nil).

F3 AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by HLB Mann Judd.

	2024 $	2023 $
Audit and review of financial statements - Group	67,694	79,783
Total auditor's remuneration	**67,694**	**79,783**

There were no fees paid or payable in respect of non-audit services.

F4 COMMITMENTS AND CONTINGENCIES

(A) Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities are set out below.

	2024 $	2023 $
Property, plant and equipment	-	9,879
Intangible assets	365,324	253,126
Total capital commitments	**365,324**	**263,005**

Of the above commitments for intangible assets, an amount of between $84,596 and $159,596 will be payable in ordinary share consideration. Inventory commitments are not required to be disclosed under Australian Accounting Standards. For operating inventory commitments with related parties, refer to note F2(D).

F4 COMMITMENTS AND CONTINGENCIES (continued)

(B) Contingent liabilities

The Group has no contingent liabilities as at 30 June 2024 (2023: nil).

(C) Contingent assets

The Group has no contingent assets as at 30 June 2024 (2023: nil).

F5 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 21 August 2024, Zimi launched a 2 for 1 pro rata accelerated renounceable entitlement offer to raise up to $2.53m (before costs). Under the offer, Zimi will issue up to 253,329,430 new ordinary shares at an offer price of $0.01. The offer has two key components being an institutional component and a retail component. The institutional offer was finalised on 23 August with nil funds raised. The retail offer will open on 29 August 2024 and is set to close on 26 September 2024.

Other than the above, no other matters or circumstances have occurred subsequent to year end that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

For the year ended 30 June 2024

Entity name	Entity type	Country of incorporation	Tax residency	Equity holding 2024 %	Equity holding 2023 %
Zimi Limited (parent)	Body Corporate	Australia	Australian	N/A	N/A
Zimi Technology Pty Ltd	Body Corporate	Australia	Australian	100	100
Zimi Innovations Pty Ltd	Body Corporate	Australia	Australian	100	100

DIRECTORS' DECLARATION

In the opinion of the Directors of Zimi Limited (the Company):

(a) the attached Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  (ii) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

(b) subject to the matters disclosed at note A2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) note A1 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(d) the attached consolidated entity disclosure statement is true and correct.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

Jordan Tentori
Executive Director and Chief Executive Officer

28 August 2024

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the Members of Zimi Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Zimi Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note A2 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition Refer to Note B2	
The Group generates revenue predominantly from the sale of products. The Group recognised sales revenue of $3,231,843 for the year. Revenue recognition is considered to be a key audit matter given the significance of revenue to the Group's results as well as the fraud risk around cut-off including: - An overstatement of revenues through premature revenue recognition or recording of fictious revenues. - Revenue not being recognised when control is transferred to the customer, resulting in revenue not being recognised in the correct accounting period. Revenue is recognised when control is transferred to the customer and the amount of revenue can be reliably determined.	Our audit procedures included but were not limited to the following: - We evaluated management's processes and key controls regarding accounting for the Group's revenue; - We ensured that recognition of revenue is consistent with the requirements of AASB 15 *Revenue from Contracts with Customers*; - We performed testing over revenue to supporting evidence; - We considered management's assessment of the status of contracts; and - We ensured that the disclosures required by AASB 15 were made in the financial report.
Carrying value of intangible assets Refer to Note C6	
In accordance with AASB 136 *Impairment of Assets*, the Group was required to assess at balance date whether there was any indication that the intangible assets may have been impaired. If any such indication existed, the Group was required to estimate the recoverable amount of the asset. We focused on this area as the intangible assets represent significant assets of the Group. We planned our work to address the audit risk that the intangible assets may have been impaired.	Our procedures included, but were not limited to the following: - We reviewed management's assessment of whether any impairment indicators existed that would require the assets to be tested for impairment, as well as performing our own assessment; - We performed substantive testing over additions, agreeing amounts recognised to supporting evidence and ensured these items could be capitalised under AASB 138 *Intangible Assets*; - We ensured that the Group's policy on amortisation of its intangible assets had been applied appropriately; and - We ensured that the disclosures required by AASB 138 were made in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

(b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(b) the consolidated entity disclosure statement that is true and correct and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Zimi Limited for the year ended 30 June 2024 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 August 2024

Giallonardo

L Di Giallonardo
Partner

OTHER INFORMATION

ASX ADDITIONAL INFORMATION

In accordance with the ASX Listing Rules, the following information as at 12 August 2024, is provided:

SUBSTANTIAL HOLDERS

Set out below are all substantial holders who have a holding of more than 5% of a Company's voting rights (as per notice given):

	Number of shares held	% of total shares held
GERARD PRIVATE HOLDINGS (FINANCE) PTY LTD AND ITS ASSOCIATES	38,147,543	31.18%
PERENNIAL VALUE MANAGEMENT LIMITED	7,700,000	6.24%
SMART SAFETY & SECURITY PTY LTD <SMART SAFETY & SECURITY UNIT TRUST> AND ITS ASSOCIATES	11,189,000	9.29%

DISTRIBUTION OF EQUITABLE SECURITIES

	Number of holders	Number of shares held	% of total shares held
1 - 1,000	82	12,329	0.01%
1,001 - 5,000	115	421,996	0.33%
5,001 - 10,000	192	1,319,280	1.04%
10,001 - 100,000	325	10,538,944	8.32%
100,001 and over	108	114,372,166	90.30%
Total equitable securities	**822**	**126,664,715**	**100.00%**

There were 575 shareholders with less than a marketable parcel totalling 4,792,345 shares.

UNQUOTED EQUITY SECURITIES

There are 20,668,750 options exercisable at $0.12 expiring 18 October 2025 (with the potential to take up ordinary shares) issued to 33 holders. Names of security holders holding more than 20% of this class of security are as follows:

- Gerard Private Holdings (Finance) Pty Ltd (holding of 4,375,000 options)

There are 28,697,361 options exercisable at $0.08 expiring 30 June 2026 (with the potential to take up ordinary shares) issued to 77 holders. Names of security holders holding more than 20% of this class of security are as follows:

- Smart Safety and Security Pty Ltd <Smart Safety & Security A/C> (holding of 10,000,000 options)
- Gerard Private Holdings (Finance) Pty Ltd (holding of 7,500,000 options)

There are no voting rights attached to the unquoted equity securities.

QUOTED EQUITY SECURITIES

As at 12 August 2024 there were 924 individual holders.

The voting rights attaching to the ordinary shares are:
(a) On a show of hands every shareholder present at a meeting in person or by proxy shall have one vote; and
(b) Upon a poll, each share shall have one vote.

For details of registered office and share registry details refer to Shareholder Information and Enquiries on page 2 of this Annual Report.

SECURITIES SUBJECT TO ESCROW

There were nil securities subject to escrow as at 12 August 2024.

TOP 20 SHAREHOLDERS

	Number of shares held	% of total shares held
GERARD PRIVATE HOLDINGS (FINANCE) PTY LTD	34,013,889	26.85%
SMART SAFETY & SECURITY	10,000,000	7.89%
HSBC CUSTODY NOMINEES	8,434,293	6.66%
FINCLEAR SERVICES PTY LTD	6,319,280	4.99%
SHIRLEY ROAD CUSTODIANS PTY LTD	4,070,001	3.21%
MADURTA PTY LTD	3,448,654	2.72%
JAYTEETEE PTY LTD	3,208,334	2.53%
HEBERT FAMILY SUPERFUND A/C	2,700,000	2.13%
MADURTA INVESTMENTS PTY LTD	1,968,750	1.55%
BUTTONWOOD NOMINEES PTY LTD	1,856,861	1.47%
WALNOR PTY LTD	1,500,000	1.18%
SHIRLEY ROAD CUSTODIANS PTY LTD	1,343,750	1.06%
REDORBLACK PTY LTD	1,333,334	1.05%
MR LIGANG ZHU	1,255,987	0.99%
10 BOLIVIANOS PTY LTD	1,250,000	0.99%
ALISTER M MACDONALD S/F A/C	1,189,000	0.94%
DOUBLE OR NOTHING INVESTMENTS PTY LTD	1,111,111	0.88%
MR JONATHAN BERNARD SINGER	1,030,000	0.81%
THE REALLY USEFUL IDEAS COMPANY PTY LTD	1,000,000	0.79%
MR GUANG LI	900,000	0.71%
Total top 20 holders of fully paid ordinary shares	**87,933,244**	**69.42%**

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