

**Connexion Telematics Ltd**  
**Appendix 4D**  
**Interim report**

**1. Company details**

Name of entity: Connexion Telematics Ltd  
ABN: 68 004 240 313  
Reporting period: For the half-year ended 31 December 2019  
Previous period: For the half-year ended 31 December 2018

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**2. Results for announcement to the market**

|  |    |       |    | \$        |
|--|----|-------|----|-----------|
| Revenues from ordinary activities  | up | >100% | to | 4,311,227 |
| Profit from ordinary activities after tax benefit attributable to the owners of Connexion Telematics Ltd | up | >100% | to | 1,571,021 |
| Profit for the half-year attributable to the owners of Connexion Telematics Ltd                          | up | >100% | to | 1,571,021 |

*Comments*

The profit for the consolidated entity after providing for income tax benefit amounted to \$1,571,021 (31 December 2018 loss: \$267,026).

Total revenues from ordinary activities for the period were \$4,311,227 (2018: \$524,822).

The working capital position of the Company at 31 December 2019 was a surplus of \$2,297,466, which was an increase from a surplus of \$988,683 at 30 June 2019.

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**3. Net tangible assets**

|   | Reporting<br>period<br>Cents | Previous<br>period<br>Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | <u>0.32</u>                  | <u>0.12</u>                 |

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Connexion Media Inc is incorporated in the United States of America. The accounting for this entity is in compliance with Australian Accounting Standards.

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**10. Audit review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The Auditor issued an unmodified review conclusion.

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**11. Signed**

Signed  \_\_\_\_\_

Guy Perkins  
**Managing Director and Chief Executive Officer**

Date: 21 February 2020

**Connexion Telematics Ltd**

**ABN 68 004 240 313**

**Interim Report**

**For the six months ended 31 December 2019**

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**Connexion Telematics Ltd**  
**Corporate directory**  
**31 December 2019**

|                             |   |
|-----------------------------|---|
| Directors                   | Mark Caruso (Non-Executive Chairman)<br>Aaryn Nania (Non-Executive Director)<br>Robert Downey (Non-Executive Director)<br>Guy Perkins (Managing Director and Chief Executive Officer) |
| Company secretary           | Peter Torre   |
| Registered office           | Level 8, 350 Collins Street<br>Melbourne, VIC 3000  |
| Principal place of business | Level 8, 350 Collins Street<br>Melbourne, VIC 3000  |
| Share register              | Boardroom Pty Limited<br>Level 12, 225 George Street<br>Sydney NSW 2000<br>Phone: +61 2 9290 9600   |
| Auditor                     | William Buck<br>Level 20, 181 William Street<br>Melbourne VIC 3000  |
| Bankers                     | Commonwealth Banking Corporation Limited<br>National Australia Bank Limited   |
| Stock exchange listing      | Connexion Telematics Ltd shares are listed on the Australian Securities Exchange<br>(ASX code: CXZ)   |
| Website                     | <a href="http://www.connexionltd.com">www.connexionltd.com</a>  |

**Connexion Telematics Ltd**  
**Directors' report**  
**31 December 2019**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the **consolidated entity**) consisting of Connexion Telematics Ltd (referred to hereafter as the **Company** or **parent entity**) and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

**Directors**

The following persons were Directors of the Company during the half year and up to the date of this report unless otherwise stated:

Mark Caruso (Non-Executive Chairman)  
Robert Downey (Non-Executive Director)  
Aaryn Nania (Non-Executive Director)  
Guy Perkins (Managing Director and Chief Executive Officer) – *appointed 5 August 2019*

**Principal activities**

During the half-year the principal activities of the consolidated entity consisted of delivering Software as a Service (**SaaS**) revenue streams from its two core SaaS products, General Motors (**GM**) Courtesy Transportation Program (**CTP**)/OnTRAC and General Motors Commercial Link (**CL**) supported by consulting development services.

**Review of operations**

The profit for the consolidated entity after providing for income tax benefit amounted to \$1,571,021 (31 December 2018 loss: \$267,026).

Total revenues from ordinary activities for the period were \$4,311,227 (2018: \$524,822).

The net assets of the consolidated entity increased during the half-year by \$1,651,199 to a net asset surplus of \$3,393,093.

**Operational update:**

The Company has maintained a focus on GMs CTP/OnTRAC SaaS software program and delivering software functional updates requested by GM. The key achievements in the last six months have been optimising, maintaining and supporting GMs CTP/OnTRAC SaaS software, whilst increasing consulting revenues through change request enhancements from GMs dealer users. The revenues realised, with strict management cost oversight, maintained a reasonable operational cost in line with revenues expectations to deliver a sustainable profit.

**General Motors OnTRAC**

GM maintained the OnTRAC program for their 4,000 dealers across the USA using on board telemetric solution through Onstar to Track, Report, Analyse and manage Contracts (TRAC) for GMs CTP vehicles. The Company, through GMs CTP/OnTRAC program has consistently tracked and achieved over 70,000+ vehicles online per month over the last six months. GM's CTP/OnTRAC program, enables GM to manage dealer demonstrator vehicles to support their service and customer care processes under both the CTP and Cadillac Courtesy Transportation Alternative (**CTA**). The CTP and CTA delivers a range of benefits to 4,000 US based GM dealers. GMs CTP/OnTRAC program is a mandated program for GMs dealers to participate in.

From a product perspective, given GMs CTP/OnTRAC is an Amazon Cloud based SaaS software solution using the latest software and the Company's own unique innovative implementation and architecture, the Company will continue to improve and add more customer requested features in support of the 4,000+ dealer base with over 15,000 unique users. The user base provides a foundation for continuing to enhance CTP/OnTRAC functionality to meet growing dealer and customer needs.

## **Outlook**

The Company anticipates revenue growth due to the increasing functionality requirements through the CTP/OnTRAC program contract and also increasing functionality development and recurring revenues additional to the original OnTRAC contract.

The Company will also seek to productise GMs CTP/OnTRAC program and offer the solutions to other Original Equipment Manufacturers (**OEM**) in the automotive Industry as a whitelisted product to reduce the amortised cost per enterprise.

Furthermore, the Company will continue to seek acquisition opportunities (companies or assets) to balance the revenue portfolio with GM's contract that falls into a Platform as a Service-operating model.

## **CORPORATE**

### *Board Changes*

The following changes to the Board of Directors have occurred since the publication of the 30 June 2019 Annual Financial Statements.

Guy Perkins (Managing Director and Chief Executive Officer) – appointed 5 August 2019

### **Significant changes in the state of affairs**

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

### **Events after the reporting period**

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### **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 immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Guy Perkins  
**Managing Director and Chief Executive Officer**

21 February 2020

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CONNEXION TELEMATICS LTD**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

*William Buck*

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

*Alex Finnis*

**A. A. Finnis**  
Director

Melbourne, 21 February 2020

**ACCOUNTANTS & ADVISORS**

Level 20, 181 William Street  
Melbourne VIC 3000

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**Connexion Telematics Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2019**

|  |      | <b>Consolidated</b>         |                             |
|--|------|-----------------------------|-----------------------------|
|  | Note | <b>31 December<br/>2019</b> | <b>31 December<br/>2018</b> |
|  |      | \$                          | \$                          |
| Sales revenue  |      | 4,311,227                   | 524,822                     |
| Cost of sales  |      | (2,196,861)                 | (68,484)                    |
| <b>Gross profit</b>  |      | <u>2,114,366</u>            | <u>456,338</u>              |
| Other income   |      | -                           | 406,948                     |
| <b>Expenses</b>  |      |                             |                             |
| Administrative and corporate expenses  |      | (391,715)                   | (342,051)                   |
| Director and employee benefits expenses  |      | (384,345)                   | (471,050)                   |
| Depreciation and amortisation expense  |      | (196,850)                   | (152,545)                   |
| Marketing expenses   |      | (6,630)                     | (5,545)                     |
| Travelling expenses  |      | (98,290)                    | (91,021)                    |
| Finance costs  |      | -                           | (27,600)                    |
| Occupancy costs  |      | (33,215)                    | (40,500)                    |
| <b>Profit/(loss) before income tax benefit</b>   |      | <u>1,003,321</u>            | <u>(267,026)</u>            |
| Income tax benefit   | 4    | 567,700                     | -                           |
| <b>Profit/(loss) after income tax benefit for the half-year attributable to the owners of Connexion Telematics Ltd</b> |      | <u>1,571,021</u>            | <u>(267,026)</u>            |
| <b>Other comprehensive (expense)/income for the half-year, net of tax</b>  |      |                             |                             |
| <i>Items that may be reclassified subsequently to profit or loss</i>   |      |                             |                             |
| Foreign exchange differences   |      | (21,095)                    | 24,686                      |
| <b>Total comprehensive income /(loss) for the half-year attributable to the owners of Connexion Telematics Ltd</b>     |      | <u>1,549,926</u>            | <u>(242,340)</u>            |
| <b>Earnings/(loss) per share:</b>  |      |                             |                             |
| Basic profit/(loss) per share for the period attributable to ordinary equity holders of the parent                     | 8    | <u>0.184</u>                | <u>(0.033)</u>              |
| Diluted profit/(loss) per share for the period attributable to ordinary equity holders of the parent                   | 8    | <u>0.176</u>                | <u>(0.033)</u>              |

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Connexion Telematics Ltd**  
**Consolidated statement of financial position**  
**As at 31 December 2019**

|                                      | <b>Consolidated</b> |                  |
|--------------------------------------|---------------------|------------------|
|                                      | <b>31 December</b>  | <b>30 June</b>   |
| <b>Note</b>                          | <b>2019</b>         | <b>2019</b>      |
|                                      | <b>\$</b>           | <b>\$</b>        |
| <b>Assets</b>                        |                     |                  |
| <b>Current assets</b>                |                     |                  |
| Cash and cash equivalents            | 1,629,658           | 938,612          |
| Trade and other receivables          | 2,312,332           | 1,612,964        |
| Inventory                            | 3,962               | 3,962            |
| Current tax assets                   | 176,351             | -                |
| <b>Total current assets</b>          | <b>4,122,303</b>    | <b>2,555,538</b> |
| <b>Non-current assets</b>            |                     |                  |
| Plant and equipment                  | 8,203               | 5,270            |
| Capitalised development asset        | 599,099             | 794,483          |
| Deferred tax assets                  | 391,349             | -                |
| <b>Total non-current assets</b>      | <b>998,651</b>      | <b>799,753</b>   |
|                                      | <b>4c</b>           |                  |
| <b>Total assets</b>                  | <b>5,120,954</b>    | <b>3,355,291</b> |
| <b>Liabilities</b>                   |                     |                  |
| <b>Current liabilities</b>           |                     |                  |
| Trade and other payables             | 1,644,524           | 1,562,893        |
| Employee benefits                    | 66,444              | 50,504           |
| <b>Total current liabilities</b>     | <b>1,710,968</b>    | <b>1,613,397</b> |
| <b>Non-Current liabilities</b>       |                     |                  |
| Employee benefits                    | 16,893              | -                |
| <b>Total non-current liabilities</b> | <b>16,893</b>       | <b>-</b>         |
| <b>Total liabilities</b>             | <b>1,727,861</b>    | <b>1,613,397</b> |
| <b>Net assets</b>                    | <b>3,393,093</b>    | <b>1,741,894</b> |
| <b>Equity</b>                        |                     |                  |
| Issued capital                       | 5a 16,531,069       | 16,405,069       |
| Reserves                             | 5b 203,023          | 248,845          |
| Accumulated losses                   | (13,340,999)        | (14,912,020)     |
| <b>Total equity</b>                  | <b>3,393,093</b>    | <b>1,741,894</b> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

**Connexion Telematics Ltd**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2019**

| <b>Consolidated</b>  | Issued<br>Capital<br>\$ | Share<br>based<br>payment<br>reserve<br>\$ | Foreign<br>currency<br>translation<br>reserve<br>\$ | Accumulated<br>losses<br>\$ | <b>Total<br/>equity<br/>\$</b> |
|--|-------------------------|--|---|-----------------------------|--------------------------------|
| Balance at 1 July 2018                                       | 15,748,539              | -  | 32,041  | (15,378,054)                | <b>402,526</b>                 |
| Profit after income tax benefit for the half-year            | -                       | -  | -   | (267,026)                   | <b>(267,026)</b>               |
| Other comprehensive loss for the half-year, net of tax       | -                       | -  | 24,686  | -                           | <b>24,686</b>                  |
| Total comprehensive income / (loss) for the half-year        | -                       | -  | 24,686  | (267,026)                   | <b>(242,340)</b>               |
| <i>Transactions with owners in their capacity as owners:</i> |                         |  |   |                             |                                |
| Issue of shares (note 5a)                                    | 658,201                 | -  | -   | -                           | <b>658,201</b>                 |
| Issue of share-based payments (note 9)                       | -                       | 266,000                                    | -   | -                           | <b>266,000</b>                 |
| <b>Balance at 31 December 2018</b>                           | <b>16,406,740</b>       | <b>266,000</b>                             | <b>56,727</b>                                       | <b>(15,645,080)</b>         | <b>1,084,387</b>               |

| <b>Consolidated</b>  | Issued<br>Capital<br>\$ | Share<br>based<br>payment<br>reserve<br>\$ | Foreign<br>currency<br>translation<br>reserve<br>\$ | Accumulated<br>losses<br>\$ | <b>Total<br/>equity<br/>\$</b> |
|--|-------------------------|--|---|-----------------------------|--------------------------------|
| Balance at 1 July 2019                                       | 16,405,069              | 245,000                                    | 3,845   | (14,912,020)                | <b>1,741,894</b>               |
| Profit after income tax benefit for the half-year            | -                       | -  | -   | 1,571,021                   | <b>1,571,021</b>               |
| Other comprehensive loss for the half-year, net of tax       | -                       | -  | (21,095)  | -                           | <b>(21,095)</b>                |
| Total comprehensive income for the half-year                 | -                       | -  | (21,095)  | 1,571,021                   | <b>1,549,926</b>               |
| <i>Transactions with owners in their capacity as owners:</i> |                         |  |   |                             |                                |
| Issue of share-based payments (note 9)                       | -                       | 101,273                                    | -   | -                           | <b>101,273</b>                 |
| Conversion of performance rights                             | 126,000                 | (126,000)                                  | -   | -                           | <b>-</b>                       |
| <b>Balance at 31 December 2019</b>                           | <b>16,531,069</b>       | <b>220,273</b>                             | <b>(17,250)</b>                                     | <b>(13,340,999)</b>         | <b>3,393,093</b>               |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**Connexion Telematics Ltd**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2019**

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>31 December</b>  | <b>31 December</b> |
|   | <b>2019</b>         | <b>2018</b>        |
|   | <b>\$</b>           | <b>\$</b>          |
| <b>Cash flows from operating activities</b>                           |                     |                    |
| Receipts from customers   | <b>3,711,046</b>    | 381,016            |
| Payments to suppliers and employees                                   | <b>(2,998,271)</b>  | (639,383)          |
| Interest received   | -                   | 1,449              |
|   | <hr/>               | <hr/>              |
| Net cash inflow / (outflow) from operating activities                 | <b>712,775</b>      | (256,918)          |
| <b>Cash flows from investing activities</b>                           |                     |                    |
| Payments for capitalised development                                  | -                   | (314,472)          |
| Payments for property, plant and equipment                            | <b>(4,399)</b>      | -                  |
|   | <hr/>               | <hr/>              |
| Net cash outflow from investing activities                            | <b>(4,399)</b>      | (314,472)          |
| <b>Cash flows from financing activities</b>                           |                     |                    |
| Proceeds from issue of shares   | -                   | 658,201            |
| Finance costs on borrowings   | -                   | (22,500)           |
|   | <hr/>               | <hr/>              |
| Net cash inflow from financing activities                             | -                   | 635,701            |
| Net increase in cash and cash equivalents                             | <b>708,376</b>      | 64,311             |
| Cash and cash equivalents at the beginning of the financial half-year | <b>938,612</b>      | 168,052            |
| Effect of movements in foreign exchange                               | <b>(17,330)</b>     | 3,202              |
|   | <hr/>               | <hr/>              |
| Cash and cash equivalents at the end of the financial half-year       | <b>1,629,658</b>    | 235,565            |

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

**Connexion Telematics Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 1. General information**

The financial statements cover Connexion Telematics Ltd (the **Company**) and the entities it controlled at the end of, or during, the period (the **consolidated entity**). The financial statements are presented in Australian dollars, which is the functional and presentation currency of all entities in this consolidated entity.

Connexion Telematics Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8, 350 Collins Street  
Melbourne, VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on the date of signing the Directors' Declaration, which forms part of this report.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

***Basis of Preparation***

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

***New, revised or amending Accounting Standards and Interpretations adopted***

***AASB 16 Leases ('AASB 16')***

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee – effectively treating all leases as finance leases. AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019. However, the impact to the consolidated entity is immaterial as it only has one lease relating to its business premises in Melbourne, Australia. The lease is for a twelve-month term, with four months remaining as at 31 December 2019.

**Note 3. Operating segments**

***Identification of reportable operating segments***

During the period ended 31 December 2019 the consolidated entity operated in one segment, specialising in developing global information technology solutions for automotive industry.

**Connexion Telematics Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 4. Income tax benefit**

**Consolidated**  
**31 Dec 2019**  
**\$**

**(a) Income tax benefit**

Current tax benefit

567,700

**(b) Numerical reconciliation of income tax benefit to prima facia tax benefit**

Profit from continuing operations before income tax benefit

1,003,321

Tax at the Australian tax rate of 27.5%

(275,913)

Non-deductible expenses

(34,041)

Initial recognition of deferred tax assets on tax losses

763,342

Other deferred tax assets and tax liabilities not recognised

(67,039)

Income tax benefit relating to R&D claim

180,212

Difference in overseas tax rates

1,139

567,700

**(c) Tax losses**

Tax losses for which a deferred tax asset has been recognised

1,423,087

Tax benefit at 27.5%

391,349

Unused tax losses for which no deferred tax asset has been recognised

3,675,594

Potential tax benefit at 27.5%

1,010,788

**Note 5a - Issued capital**

|                                   | <b>Consolidated</b> |                    |                    |                    |
|-----------------------------------|---------------------|--------------------|--------------------|--------------------|
|                                   | <b>31 Dec 2019</b>  | <b>31 Dec 2019</b> | <b>30 Jun 2019</b> | <b>30 Jun 2019</b> |
|                                   | <b>Number</b>       | <b>\$</b>          | <b>Number</b>      | <b>\$</b>          |
| <b>Fully paid ordinary shares</b> | <u>863,165,112</u>  | <u>16,531,069</u>  | <u>845,165,112</u> | <u>16,405,069</u>  |

*Movements in ordinary share capital*

| <b>Details</b>                          | <b>Date</b>             | <b>Number</b>      | <b>Issue price</b> | <b>\$</b>         |
|---|-------------------------|--------------------|--------------------|-------------------|
| Balance at the beginning of the period  | 1 July 2019             | 845,165,112        |                    | 16,405,069        |
| Conversion of performance rights        | 5 July 2019             | 5,000,000          | 0.007              | 35,000            |
| Conversion of performance rights        | 7 November 2019         | 13,000,000         | 0.007              | 91,000            |
| <b>Balance at the end of the period</b> | <b>31 December 2019</b> | <u>863,165,112</u> |                    | <u>16,531,069</u> |

**Connexion Telematics Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 5b - Reserves**

|                                      | <b>31 Dec 2019</b> | 30 Jun 2019 |
|--------------------------------------|--------------------|-------------|
|                                      | \$                 | \$          |
| Foreign currency translation reserve | <b>(17,250)</b>    | 3,845       |
| Share based payments reserve         | <b>220,273</b>     | 245,000     |
|                                      | <hr/>              | <hr/>       |
|                                      | <b>203,023</b>     | 248,845     |
|                                      | <hr/> <hr/>        | <hr/> <hr/> |

**Note 6. Fair value measurement**

The fair value of the consolidated entity's financial assets and financial liabilities approximates the carrying values.

**Note 7. Events after the reporting period**

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 8. Profit/(loss) per share**

|   | <b>Consolidated</b>       |                    |
|---|---------------------------|--------------------|
|   | <b>31 December</b>        | 31 December        |
|   | <b>2019</b>               | 2018               |
|   | \$                        | \$                 |
| Profit/(loss) after income tax attributable to the owners of Connexion Telematics Ltd | <u><b>1,571,021</b></u>   | <u>(267,026)</u>   |
|   | <b>Number</b>             | Number             |
| Weighted average number of ordinary shares used in calculating basic loss per share   | <u><b>853,844,460</b></u> | <u>799,966,416</u> |
| Weighted average number of ordinary shares used in calculating diluted loss per share | <u><b>892,393,373</b></u> | <u>799,966,416</u> |
|   | <b>Cents</b>              | Cents              |
| Basic profit/(loss) per share   | <b>0.184</b>              | (0.033)            |
| Diluted profit/(loss) per share   | <b>0.176</b>              | (0.033)            |

During the half-year ended 31 December 2018, the options held by option holders were not included in the weighted average number of ordinary shares used in calculating dilutive earnings per share as they did not meet the requirements for inclusion as outlined in AASB 133 "Earnings per Share".

**Connexion Telematics Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2019**

**Note 9. Share-based payments**

During the period, the Company issued the following performance shares:

- 45,000,000 performance shares issued to Guy Perkins, as approved by the shareholders at 2019 Annual General Meeting.

For the performance shares issue during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Tranche   | Number of Rights | Grant date  | Expiry date  | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|-----------|------------------|-------------|--------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| Tranche 1 | 15,000,000       | 11 Nov 2019 | 30 June 2020 | \$0.025                   | \$0.030        | 153.5%              | -              | 0.82%                   | \$0.0188                 |
| Tranche 2 | 15,000,000       | 11 Nov 2019 | 30 June 2021 | \$0.025                   | \$0.040        | 143.9%              | -              | 0.88%                   | \$0.0197                 |
| Tranche 3 | 15,000,000       | 11 Nov 2019 | 30 June 2022 | \$0.025                   | \$0.060        | 140.8%              | -              | 0.86%                   | \$0.0202                 |

A total share-based payment expense of \$880,500 will be recognised in the consolidated statement of profit or loss and other comprehensive income over the maximum vesting period to 30 June 2022 in relation to the above performance shares issued. However, for the half-year ended 31 December 2019 a share-based payment expense of \$101,273 has been recognised.

Mr Perkins is also entitled to an annual bonus for the year ending 30 June 2020 of up to 5,000,000 (five million) Ordinary Shares, measured against the following criteria:

- i. Achieving revenue of AU\$10,000,000 (ten million) for the financial year ending 30 June 2020 (75% weighting); and
- ii. Achieving EBITDA against Budget taking into account uncontrollable variables, at the discretion of the Board (25% weighting).

The subsequent years following 30 June 2020 will be determined via KPIs set by the Board at the beginning of each year of subsequent employment.

No share-based payment expense has been recognised for the half-year ended 31 December 2019 in relation to short-term performance shares granted and described above. This is under the expectation that the shares are unlikely to vest.

**Connexion Telematics Ltd  
Directors' declaration  
31 December 2019**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Guy Perkins

**Managing Director and Chief Executive Officer**

21 February 2020

## Connexion Telematics Ltd

### Independent auditor's review report to members

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Connexion Telematics Ltd (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Connexion Telematics Ltd is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

### Responsibilities of the Directors' for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

#### ACCOUNTANTS & ADVISORS

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As the auditor of Connexion Telematics Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'William Buck'.

**William Buck Audit (Vic) Pty Ltd**

ABN 59 116 151 136

A handwritten signature in black ink that reads 'Alan Finniss'.

**A. A. Finniss**

Director

Melbourne, 21 February 2020

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