

Connexion Mobility Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Connexion Mobility Ltd
ABN:	68 004 240 313
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				US\$
Revenues from ordinary activities	up	126%	to	4,743,128
Profit from ordinary activities after income tax expense attributable to the owners of Connexion Mobility Ltd	up	349%	to	765,621
Profit for the half-year attributable to the owners of Connexion Mobility Ltd	up	349%	to	765,621

Comments

The profit for the consolidated entity after providing for income tax expense amounted to US\$765,621 (31 December 2022: US\$170,363).

Total revenues from ordinary activities for the period were US\$4,743,128 (2022: US\$2,101,024).

The working capital position of the Company as at 31 December 2023 was a surplus of US\$1,708,662, which was a decrease from a surplus of US\$2,388,642 as at 30 June 2023.

3. Net tangible assets

	Reporting period Cents US\$	30 June 2023 Cents US\$
Net tangible assets per ordinary security	<u>0.60</u>	<u>0.55</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned foreign entities:

Entity name	Country of incorporation	Ownership interest	
		2023 %	2022 %
Connexion Media Inc	United States of America	100	100
1125816 B.C. Ltd	Canada	100	100

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.

11. Signed

Signed



Date: 9 February 2024

Aaryn Nania
Managing Director and Chief Executive Officer

Connexion Mobility Ltd (Formerly known as Connexion Telematics Ltd)

ABN 68 004 240 313

Interim Financial Report

For the six months ended 31 December 2023

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Corporate Information

Directors

Robert Downey

Aaryn Nania

Greg Ross

Sam Baker (*appointed 1 February 2024*)

Nick Kephala (*appointed 1 February 2024*)

Simon Scalzo (*resigned 8 January 2024*)

Company secretary

Shelby Coleman (*appointed 8 January 2024*)

Registered office

Level 3, 162 Collins Street

Melbourne, VIC 3000

Principal place of business

Level 3, 162 Collins Street

Melbourne, VIC 3000

Share registry

Automic Group

Suite 5, Level 12, 530 Collins Street

Melbourne VIC 3000

Phone: 1300 288 664 (Australia) +61 2 9698 5414 (overseas)

Auditor

William Buck

Level 20, 181 William Street

Melbourne VIC 3000

Phone: +61 3 9824 8555

Bankers

National Australia Bank

Stock exchange listing

Connexion Mobility Ltd's shares are listed on the Australian Securities Exchange (ASX code: CXZ)

Website

www.connexionltd.com

Directors' Report

Your Directors present their report together with the financial statements of the consolidated entity (referred to hereafter as the 'Group' or the 'consolidated entity'), consisting of Connexion Mobility Ltd (referred to hereafter as the 'Company', the 'Parent entity' or 'Connexion') (formerly known as Connexion Telematics Ltd) and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The names of Directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated:

Robert Downey

Aaryn Nania

Greg Ross

Sam Baker (*appointed 1 February 2024*)

Nick Kephala (*appointed 1 February 2024*)

Simon Scalzo (*Resigned 8 January 2024*)

Mr Elizabeth Spooner resigned as Company Secretary effective 8 January 2024. Ms Shelby Coleman was appointed as the Company Secretary on 8 January 2024. Ms Coleman holds a Bachelor of Laws and a Bachelor of Arts from Victoria University of Wellington. She is experienced in ASX and ASIC compliance, providing advice on corporate governance and compliance issues as well as other regulatory matters. As a member of Automic Group's Company Secretary team, Ms Coleman assists a number of ASX listed, unlisted public and proprietary companies across a range of industries.

Principal activities

During the period, the principal activities of the Group were the development and commercialisation of proprietary mobility & rental management software for the automotive industry.

The accounting policies applied by the Company in these consolidated Finance Statements are consistent with those applied by the Group to the previous financial year end. The financial statements are presented in US dollars, except where otherwise indicated.

Review of operations

Operating results for the half-year

Total revenues from ordinary activities for the consolidated entity were US\$4,743,128 for the period (31 December 2022: US\$2,101,024).

Gross Profit for the period was US\$3,832,725 (31 December 2022: \$1,675,441).

Profit after providing for income tax expense amounted to US\$765,621 (31 December 2022: US\$170,363).

Directors' Report (continued)

Review of operations (continued)

The net assets of the consolidated entity as at 31 December 2023 were US\$5,530,489 (30 June 2023: US\$5,264,188), an increase of US\$266,301 from the comparable period as at 30 June 2023.

When assessing the financial outcomes of our activities, we pay most attention to growth in Diluted Maintainable Earnings Per Share ("DMEPS"), whilst targeting a neutral bottom line (NPBT). We will continue growing our reinvestment into the business, as measured by Growth Spend, provided that we see a clear path to generating an acceptable Return on Growth Spend ("RGS").

We recently updated Shareholders on our use of DMEPS and RGS as financial metrics. Further information regarding these metrics is found in the ASX announcement dated 16 October 2023.

Operational overview

Connexion continued to expand the delivery of its automotive fleet & rental management Software as a Service (SaaS) solution to automotive manufacturers and franchised dealerships in the United States, whilst investing for future growth.

From a financial performance perspective, the first half of FY24 for the 6 month period ended 31 December 2023 is best summarised through the following key trends:

1. Revenue growth from vehicle inventories
2. Revenue growth from Connexion subscriptions
3. Stable revenue from new feature delivery
4. Increased growth expenditure due to reinvestment into Team and Products

The Company presents its key economic drivers as follows:

- Team Performance → controllable
- Subscriptions → uncontrollable short-term, limited and increasing control medium to long-term
- FX → uncontrollable short-term, limited control medium to long-term

For the half year ended 31 December 2023, the Company reports on these as follows:

Team Performance –

Team performance remained strong through HY24, as shown by:

1. The release of multiple upgrades to features and products, including our new Paid Rental experience, Express Check-in, New UI, and more.
2. A full pipeline of both paid and self-funded product delivery work.
3. Team employee (FTE equivalent) expansion of nearly 20% against the comparable period, with minimal attrition. Most FTE equivalent hires were across Product and Customer, enabling our broader product suite and improved customer engagement.

Directors' Report (continued)

Review of operations (continued)

4. Advanced development of our OnDemand product, enabling seamless ridehail management from within the Connexion platform, amongst other benefits.
5. The launch of the Connexion Marketplace – a key enabler of our direct-to-dealer sales initiatives for complementary and innovative products.

Whilst the half year is too short a timeframe upon which to place much weight, it likely represents the early emergence of the flywheel concept described in prior Quarterly Updates. Increased internal investment supports increased Gross Profitability which, in turn, supports increased future internal investment.

The Company's Cash Management Strategy performed to expectation, with no material impact to earnings.

Subscriptions –

Subscription gross margin remains strong, driven by:

1. Proprietary feature delivery to existing Users. In this, we include the increased adoption of the Connexion Platform, allowing dealers to supplement their courtesy fleets with used vehicles, and perform a broader array of fleet management functions.
2. Commercial Partnership revenue grew, albeit immaterially.
3. Userbase expansion also contributed to revenue growth, albeit immaterially.

For contractual and commercial reasons, Connexion does not publish further detail around the overall level and make-up of its subscriptions.

Across our existing dealership base, our internal sales efforts are gaining traction, with dealers steadily signing up for our Toll and Shuttle Management products. Whilst direct-to-dealer revenue is immaterial today, it is growing, along with overall dealership engagement.

We expect the recent launch in January 2024 of our Marketplace to facilitate the promotion and adoption of complementary products.

We continue to focus on improving our customer concentration in four ways, by:

1. Deepening our commercial relationship with our existing OEM counterparts
2. Initiating commercial relationships within other departments of our OEM customers
3. Initiating and deepening commercial relationships directly with franchised dealerships
4. Initiating commercial relationships with OEMs outside of our existing customers

Directors' Report (continued)

Review of operations (continued)

Foreign Exchange ('FX') –

Financial impact from FX sensitivity was moderate through HY24:

1. The continued application of Connexion's FX Policy performed to expectation.
2. The FX Policy includes a natural hedge of currency-matching assets and operating expenditure to the extent of available free cash (i.e. converting excess cash into AUD).
3. The AUD:USD exchange rate fluctuated by US\$0.05 during HY24, with a rise of US\$0.015 to end HY24.

Generally speaking, an increase in the AUD:USD has the following impact:

1. An immediate positive impact to our P&L via an increase in the USD value of our AUD-oriented balance sheet.
2. A sustained negative impact to our P&L via decreased Operating Cashflow over time.

Headwinds and tailwinds come and go. Meanwhile, the Company's focus remains on executing against the strategy presented to Shareholders.

Outlook

The Company notes that, consistent with recent Quarterly Updates, it continues to invest meaningfully into the growth of its operations in the form of Research & Development and Sales & Marketing, with US\$1,365,315 and US\$449,629 invested, respectively, in HY24. With virtually all of this discretionary investment expensed through the statement of profit or loss, there has been, and will continue to be, a meaningful impact on reported profitability for the financial periods just-reported and subsequent. This is by design, and Shareholders are encouraged to carefully examine the profitability analysis presented within the Quarterly Updates.

Guidance on the quantum of Connexion's future discretionary investment is not provided, other than to advise that it could potentially lead to negative operating cashflow during subsequent periods. Should this occur, however, it is unlikely to be material relative to the Company's available Net Cash & Investments.

The current Board and Management of Connexion have developed a consistent track record of tightly managing invested capital and delivering a satisfactory return on invested capital. This ethos will not change. Instead, any increase in investment into the business will reflect a clearly defined and examined opportunity for the Company to strengthen its competitive moat over time.

Connexion intends to continue growing its SaaS revenue streams via:

1. Proprietary feature delivery valued by its existing Userbase of dealerships
2. Commercial Partnerships bringing complementary functionality to this Userbase
3. Expansion of the Userbase itself to new OEMs and franchised dealerships

Directors' Report (continued)

Review of operations (*continued*)

As of the date of this interim report, the Company's progress remains consistent with the plan presented at the most recent AGM.

Significant changes in the state of affairs

Other than disclosed elsewhere in this report, there were no significant changes in the state of affairs of the consolidated entity during the half year.

Dividends

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

Significant events after reporting period

Other than matters already disclosed elsewhere in this Report, no matter or circumstance has arisen since 31 December 2023 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



Aaryn Nania
Managing Director and Chief Executive Officer

Sydney, 9 February 2024

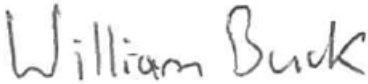
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Connexion Mobility Ltd

As lead auditor for the review of Connexion Mobility Ltd (formerly known as Connexion Telematics Ltd) for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, 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.

This declaration is in respect of Connexion Mobility Ltd and the entities it controlled during the period.



William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



R. P. Burt

Director

Melbourne, 9 February 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2023

		Consolidated	
		31 December 2023	31 December 2022
	Note	US\$	US\$
Revenue		4,743,128	2,101,024
Cost of Sales		(910,403)	(425,583)
Gross Profit		3,832,725	1,675,441
Other income		159,760	98,659
Expenses			
Research & Development		(1,365,315)	(517,637)
Sales & Marketing		(449,629)	(295,288)
Corporate and administrative expenses		(1,064,951)	(630,357)
Depreciation and amortisation expenses		(18,019)	(19,288)
Profit before income tax		1,094,571	311,530
Income tax expense		(328,950)	(141,167)
Profit after income tax for the year attributable to the owners of Connexion Mobility Ltd		765,621	170,363
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		94,548	(49,573)
Total comprehensive income attributable to the owners of Connexion Mobility Ltd		860,169	120,790
		Cents	Cents
Basic earnings per share	9	0.081	0.019
Diluted earnings per share	9	0.078	0.018

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

Consolidated Statement of Financial Position As at 31 December 2023

		Consolidated	
		31 December	30 June
		2023	2023
	Note	US\$	US\$
Assets			
Current assets			
Cash and cash equivalents		587,633	641,843
Trade and other receivables		2,553,860	2,634,549
Financial assets at fair value through profit or loss	2	3,714,691	2,811,183
Total current assets		6,856,184	6,087,575
Non-current assets			
Plant and equipment		-	1,092
Capitalised development costs		14,707	31,649
Deferred tax asset		116,082	46,015
Total non-current assets		130,789	78,756
Total assets		6,986,973	6,166,331
Liabilities			
Current liabilities			
Trade and other payables		862,841	310,962
Current tax liabilities		390,978	433,451
Employee benefits		179,012	143,337
Total current liabilities		1,432,831	887,750
Non-current liabilities			
Employee benefits		23,653	14,393
Total non-current liabilities		23,653	14,393
Total liabilities		1,456,484	902,143
Net assets		5,530,489	5,264,188
Equity			
Issued capital	3	10,574,356	11,202,610
Reserves	4	(24,913)	(153,847)
Accumulated losses		(5,018,954)	(5,784,575)
Total equity		5,530,489	5,264,188

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

Consolidated Statement of Changes in Equity For the half-year ended 31 December 2023

	Consolidated					
	Issued Capital US\$	Share based payment reserve US\$	Loan Funded Share Plan Reserve US\$	Foreign currency translation reserve US\$	Accumulated losses US\$	Total equity US\$
Balance as at 1 July 2023	11,202,610	163,107	158,091	(475,045)	(5,784,575)	5,264,188
Profit for the half-year	-	-	-	-	765,621	765,621
Other comprehensive loss for the year, net of income tax	-	-	-	94,548	-	94,548
Total comprehensive loss for the year	-	-	-	94,548	765,621	860,169
Share based payments	-	91,973	97,101	-	-	189,074
Exercise of performance rights	154,688	(154,688)	-	-	-	-
On-market Share Buyback	(782,942)	-	-	-	-	(782,942)
Foreign Exchange translation costs	-	8,204	7,731	(15,935)	-	-
Balance as at 31 December 2023	10,574,356	108,596	262,923	(396,432)	(5,018,954)	5,530,489

Consolidated Statement of Changes in Equity (continued)
For the half-year ended 31 December 2023

	Consolidated						
	Issued Capital US\$	Share based payment reserve US\$	Loan Funded Share Plan Reserve US\$	Foreign currency translation reserve US\$	Accumulated losses US\$		Total equity US\$
Balance as at 1 July 2022	11,526,721	245,338	-	(297,199)	(7,559,594)		3,915,266
Profit for the half-year	-	-	-	-	170,363		170,363
Other comprehensive loss for the year, net of income tax	-	-	-	(49,573)	-		(49,573)
Total comprehensive loss for the year	-	-	-	(49,573)	170,363		120,790
Share based payments	-	24,243	74,992	-	-		99,235
Exercise of performance rights	135,352	(135,352)	-	-	-		-
On-market Share Buyback	(373,279)	-	-	-	-		(373,279)
Balance as at 31 December 2022	11,288,794	134,229	74,992	(346,772)	(7,389,231)		3,762,012

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

Consolidated Statement of Cash Flows For the half-year ended 31 December 2023

	Consolidated	
	31	31
	December	December
	2023	2022
	US\$	US\$
Cash flows from operating activities		
Receipts from customers	4,559,361	1,874,474
Payments to suppliers and employees	(3,111,166)	(1,643,494)
Research & Development and other government incentives	359,808	24,489
Interest received	5,459	-
Income tax paid	(441,490)	(2,874)
Net cash inflow from operating activities	1,371,972	252,595
Cash flows from investing activities		
Proceeds from investing portfolio	629,016	-
Payments into investing portfolio	(1,283,838)	(749,376)
Net cash outflow from investing activities	(654,822)	(749,376)
Cash flows from financing activities		
Payments for Share Buyback	(782,942)	(404,869)
Net cash inflow from financing activities	(782,942)	(404,869)
Net decrease in cash and cash equivalents	(65,792)	(901,650)
Cash and cash equivalents at the beginning of the financial year	641,843	1,178,098
Effect of exchange rates on cash and cash equivalents	11,582	(16,469)
Cash and cash equivalents at the end of the financial year	587,633	259,979

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

Notes to the Financial Statements

Note 1: Basis of preparation

(a) Basis of preparation and statement of compliance

The Company is a listed public Company, incorporated in Australia and operating in Australia, the United States of America, Canada and Mexico. The entity's principal activities are detailed in the Directors Report. Its registered office and principal place of business is:

Level 3, 162 Collins Street
Melbourne
Victoria, 3000
Australia

The accounting policies applied by the Company in these consolidated Finance Statements are consistent with those applied by the Group to the previous financial year end, with the exception to the change in presentational currency. The financial statements are presented in US dollars, except where otherwise indicated.

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 2023 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.

The financial report was authorised for issue, in accordance with a resolution of Directors, on the date of signing the Directors' Declaration, unless otherwise stated.

(b) New, revised or amending Accounting Standards and Interpretations adopted

The accounting policies adopted in the preparation of the interim half-yearly financial statements are consistent with those followed in the preparation of the consolidated entity's annual consolidated financial statements for the year ended 30 June 2023, except for the adoption of new standards effective as of 1 July 2023. The consolidated entity has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2023, but do not have a material impact on the half yearly financial statements of the consolidated entity.

Notes to the Financial Statements

Note 2: Financial assets at fair value through profit or loss

	31 Dec 2023	30 Jun 2023
	US\$	US\$
<i>Current Assets</i>		
Investment in shares	3,714,691	2,811,183

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial periods are set out below:

Opening Fair value	2,811,183	1,493,754
Net additions	1,283,838	1,169,039
Net disposals	(629,016)	-
Revaluation taken to profit or loss	133,671	167,480
Net exchange difference on translation	115,015	(19,090)
Closing fair value	3,714,691	2,811,183

Refer to note 5 for further information on fair value measurement.

Note 3: Issued capital

Ordinary shares on issue

	Consolidated	
	31 Dec	31 Dec
	2023	2022
	US\$	US\$
Ordinary shares issued and fully paid	10,574,356	11,320,384
Less: Treasury Shares	-	(31,590)
	10,574,356	11,288,794

Notes to the Financial Statements

Note 3: Issued capital (*continued*)

Movement in ordinary shares on issue

Date	Detail	Number	Issue price (cents)	US\$
1 July 2022	Opening balance	881,031,779		11,595,868
26 August 2022	Conversion of performance rights	3,000,000	0.01	31,068
4 November 2022	Conversion of performance rights	10,000,000	0.01	96,671
21 November 2022	Cessation of shares	(40,124,817)		(267,826)
24 November 2022	Loan Shares – Tranche A	80,628,575		-
24 November 2022	Loan Shares – Tranche B	20,612,180		-
8 December 2022	Conversion of performance rights	750,000	0.01	7,613
23 December 2022	Cessation of shares	(21,446,912)		(143,010)
30 December 2022	Loan Shares – Tranche C	9,475,248		-
31 December 2022	Closing balance	943,566,053		11,320,384
1 July 2023	Opening balance	942,466,868		11,202,610
10 July 2023	Conversion of performance rights	4,500,000	0.01	45,220
29 September 2023	Cessation of shares	(4,820,480)		(68,315)
10 November 2023	Cessation of shares	(8,179,520)		(114,262)
24 November 2023	Conversion of performance rights	4,500,000	0.01	44,439
24 November 2023	Conversion of performance rights	300,000	0.01	2,963
24 November 2023	Conversion of performance rights	6,000,000	0.01	59,251
1 December 2023	Cessation of shares	(24,000,000)		(341,730)
28 December 2023	Cessation of shares	(18,000,000)		(258,635)
29 December 2023	Conversion of performance rights	275,000	0.01	2,815
31 December 2023	Closing balance	903,041,868		10,574,356

Notes to the Financial Statements

Note 3: Issued capital (*continued*)

Movement in treasury shares on issue

Date	Detail	Number	Purchase price (cents)	US\$
1 July 2022	Opening balance	(10,000,000)	0.007	(69,147)
July 2022	Purchase of shares through Treasury Reserve	(10,000,000)	0.007	(67,894)
August 2022	Purchase of shares through Treasury Reserve	(6,213,909)	0.007	(43,697)
October 2022	Purchase of shares through Treasury Reserve	(20,000,000)	0.007	(127,709)
November 2022	Purchase of shares through Treasury Reserve	(10,000,000)	0.007	(66,802)
November 2022	Cessation of shares	40,124,817		267,826
December 2022	Purchase of shares through Treasury Reserve	(10,000,000)	0.007	(67,177)
December 2022	Cessation of shares	21,446,912		143,010
31 December 2022	Closing balance	(4,642,180)		(31,590)
1 July 2023	Opening balance	-		-
July 2023	Purchase of shares through Treasury Reserve	(5,000,000)	0.015	(73,655)
August 2023	Purchase of shares through Treasury Reserve	(5,000,000)	0.014	(71,149)
September 2023	Cessation of shares	4,820,480	0.014	68,315
October 2023	Purchase of shares through Treasury Reserve	(3,000,000)	0.014	(41,699)
November 2023	Purchase of shares through Treasury Reserve	(24,000,000)	0.014	(335,861)
November 2023	Cessation of shares	8,179,520	0.014	114,263
December 2023	Purchase of shares through Treasury Reserve	(18,000,000)	0.014	(253,956)
December 2023	Cessation of shares	42,000,000	0.014	600,365
December 2023	Movement in foreign exchange	-		(6,623)
31 December 2023	Closing balance	-		-

Notes to the Financial Statements

Note 3: Issued capital (*continued*)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Treasury shares

Treasury shares are used to record the purchase of shares by the Company in the open market. The shares were bought back on-market value between 2.1 and 2.2 cents AUD. The account is recognised at purchase price.

Performance rights

The Company has established a Performance Rights Plan ('PRP') under which ordinary shares may be issued to certain Directors, Key Management and Employees, on conversion of the Performance Rights. During the period to 31 December 2023, 15,575,000 of performance rights were converted into ordinary shares.

Note 4: Reserves

	31 Dec 2023	30 Jun 2023
	US\$	US\$
Share based payments reserve	108,596	163,107
Loan Funded Share Plan reserve	262,923	158,091
Foreign currency translation reserve	(396,432)	(475,045)
	(24,913)	(153,847)

Note 5: Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Notes to the Financial Statements

Note 5: Fair value measurement (*continued*)

Fair value hierarchy (continued)

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset of liability.

Consolidated – 31 December 2023

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Listed ordinary shares	3,714,691	-	-	3,714,691
Unlisted ordinary shares	-	-	-	-
Total assets	3,714,691	-	-	3,714,691

Consolidated – 30 June 2023

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Listed ordinary shares	2,811,183	-	-	2,811,183
Unlisted ordinary shares	-	-	-	-
Total assets	2,811,183	-	-	2,811,183

There were no transfers between levels during the financial period.

The carrying amounts of trade and other receivables, trade and other payables and other financial liabilities approximate their fair values due to their short-term nature.

Note 6: Segment reporting

Identification of reportable operating segments

During the half year ended 31 December 2023 the Group operated in one segment, specialising in developing global information technology solutions for automotive industries in Australia, the United States of America, Canada and Mexico. For the half year ended 31 December 2023 all of its sales revenue was located in the USA (2022: all sales revenue in the USA). All revenue is recorded over time for rendering of services.

Notes to the Financial Statements

Note 7: Share-based payment plans

Movement in performance rights

Date	Detail	Number	Fair value at grants date	US\$
1 July 2022	Opening balance	48,144,324		245,338
26 August 2022	Conversion of performance rights	(3,000,000)	0.011	(31,068)
3 November 2022	Forfeiture of performance rights	(3,841,667)		(11,637)
4 November 2022	Conversion of performance rights	(10,000,000)	0.011	(96,671)
8 December 2022	Conversion of performance rights	(750,000)	0.011	(7,612)
31 December 2022	Vesting charge of performance rights	-		35,879
31 December 2022	Closing balance	20,441,667		134,229
1 July 2023	Opening balance	19,866,668		163,107
10 July 2023	Conversion of performance rights	(4,500,000)	0.01	(45,220)
24 November 2023	Forfeiture of performance rights	(3,841,667)		-
24 November 2023	Conversion of performance rights	(4,500,000)	0.01	(44,439)
24 November 2023	Conversion of performance rights	(300,000)	0.01	(2,963)
24 November 2023	Conversion of performance rights	(6,000,000)	0.01	(59,251)
15 December 2023	Issue of performance rights	11,415,839		-
15 December 2023	Issue of performance rights	17,376,078		-
29 December 2023	Conversion of performance rights	(275,000)	0.01	(2,815)
31 December 2023	Vesting charge of performance rights	-		91,973
31 December 2023	Foreign exchange translation costs	-		8,204
31 December 2023	Closing balance	29,241,918		108,596

Notes to the Financial Statements

Note 7: Share-based payment plans (*continued*)

Performance Rights Plan ("PRP")

During the period, the Company executed a PRP to senior executives, which was approved by shareholders at the Company's Annual General Meeting, held on 16 November 2023.

As approved by shareholders, the Company issued the following performance rights under the PRP:

- 17,376,078 performance rights to other Officers and Employees of the Company; and
- 11,415,839 performance rights to Aaryn Nania (or his nominee/s).

The fair value of the performance rights issued were valued by an external valuer using a Binominal Option Valuation model. The key inputs to the valuation were the following: Grant date 16 November 2023 and 28 November 2023, expiry date of 31 August 2029, exercise price of A\$nil, volatility of 110.98% and 113.3% and a risk free rate of 4.21% and 4.24%, and a value per right ranging between A\$0.0196 and A\$0.0213.

The above performance rights each convert into one (1) ordinary share for no consideration on exercise by the holder once vested. The total number of Performance Rights to be granted shall be based on the following table:

Tranche	1	2	3
Vesting Date	31 August 2024	31 August 2025	31 August 2026
Ordinary Shares	9,597,306	9,597,306	9,597,305

The vesting condition for each tranche of Performance Rights shall be measured against the following performance criteria:

- Up to 75% of each tranche of the Performance Rights will vest subject to the Company achieving the Diluted Maintainable Earnings Per Share (DMEPS) target for FY24 in accordance with;

Threshold	DMEPS outcome	% of Performance Rights vested	# of Performance Rights vested
Failed	Below 10% on PY	0%	-
Part-Success	10% - 20% on PY	40%	8,637,579
Target	20% - 30% on PY	80%	17,275,158
Stretch	30%+ on PY	100%	21,593,948

Note: PY means prior financial year being for the year ended 30 June 2023.

Notes to the Financial Statements

Note 7: Share-based payment plans (*continued*)

Performance Rights Plan ("PRP") (continued)

- ii. Up to 25% of each tranche of the Performance Rights will vest subject to the Company achieving the Return on Growth Spend (RGS) target for FY24 in accordance with;

Threshold	DMEPS outcome	% of Performance Rights vested	# of Performance Rights vested
Failed	Below 25%	0%	-
Part-Success	25% - 50% on PY	40%	2,879,188
Target	50% - 75% on PY	80%	5,758,375
Stretch	75%+ on PY	100%	7,197,969

Further, the vesting of any Performance Rights is conditional on the Employees continued employment with the Company on the relevant Vesting Date (unless the Board determines otherwise).

DMEPS and RGS are financial metrics, designed to measure performance with greater scrutiny. Both DMEPS and RGS are explained in further detail, as announced to the ASX on 16 October 2023 in our Performance Reporting update.

As at 31 December 2023, no vesting conditions were met for the performance rights. The fair value of each performance right is A\$0.0196 and A\$0.0213. This value was confirmed by an independent valuation. The total expense in the period to 31 December 2023 of the newly issued performance rights was US\$80,150.

Employee Share Scheme ("ESS")

The Company established an ESS, which was approved by shareholders at the Company's AGM, held on 17 November 2022. This ESS includes a Loan Funded Share Plan for Australian based participants and the US Equity Option Plan for participants based in the USA.

Movement in loan shares

During the period no loan shares were granted to staff pursuant to the Loan Funded Share Plan ('LFSP'). No loan shares were exercised in the period.

Movement in options

During the period no option shares were issued to staff pursuant to the US Equity Option Plan and none were exercised in the period. This plan is only offered to USA based staff, as they are ineligible for the LFSP.

Notes to the Financial Statements

Note 7: Share-based payment plans (*continued*)

Expenses arising from share-based payments

The current period share based payment expense arising from share-based payment transactions recognised during the period was US\$189,074 (31 Dec 22: US\$105,834). The expenses were comprised of US\$91,973 for PRP inclusive of US\$80,150 for the newly issued PRP and US\$97,101 for the existing LFSP and the US Equity Options Plan.

Note 8: Events after the reporting period

Other than disclosed elsewhere in the Interim Report, there has been no additional matter or circumstance that has arisen after balance date that has 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 future financial periods.

Note 9: Earnings per share

	Consolidated	
	31 Dec	31 Dec
	2023	2022
	US\$	US\$
Profit after income tax expense attributable to the owners of Connexion Mobility Ltd	<u>765,621</u>	<u>170,363</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>939,986,921</u>	<u>896,976,046</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>983,432,218</u>	<u>927,339,650</u>
	Cents	Cents
Basic earnings per share	0.081	0.019
Diluted earnings per share	0.078	0.018

Note 10: Contingent liabilities and assets

The Group has no contingent liabilities and assets as at 31 December 2023 (2022: nil).

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards 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 2023 and of its performance for the financial 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



Aaryn Nania
Managing Director and Chief Executive Officer

Sydney, 9 February 2024

Independent auditor's review report to the members of Connexion Mobility Ltd

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Connexion Mobility Ltd (the Company) (formerly known as Connexion Telematics Ltd), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including a summary of significant accounting policies and other explanatory information/material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 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*.

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.

William Buck

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



R. P. Burt

Director

Melbourne, 9 February 2024