

## Connexion Telematics Ltd

### Appendix 4E

#### Final Report

##### 1. Company details

Name of entity: Connexion Telematics Ltd  
 ABN: 68 004 240 313  
 Reporting period: For the year ended 30 June 2021  
 Previous period: For the year ended 30 June 2020

For and on behalf of the Directors




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**Peter Torre**  
**Company Secretary**  
 Dated: 24 August 2021

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

		%		2021 US\$
2.1 Revenues from ordinary activities	Decrease of	20%	to	4,420,883
2.2 Other income	Increase of	66%	to	48,384
2.3 Profit from ordinary activities after tax attributable to the members of Connexion Telematics Ltd	Decrease of	76%	to	510,778
2.4 Profit for the year attributable to the members of Connexion Telematics Ltd	Decrease of	76%	to	510,778

##### 3. Net tangible assets per ordinary security

	Reporting Period (Cents)	Previous Period (Cents)
Net tangible assets per ordinary security	<u>0.34</u>	<u>0.27</u>

##### 4. Details of entities over which control has been gained or lost during the period

No changes from previous period.

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**5. Details of individual and total dividends or distributions and dividend or distribution payments**Nil.

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**6. Details of dividend or distribution reinvestment plans in operation**Nil.

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**7. Details of associates and joint venture entities**Nil.

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**8. 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	
		2021 %	2020 %
Connexion Media Inc	United States of America	100	100
1125816 B.C. Ltd	Canada	100	100

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**9. Accounting Standards Used**

Connexion Telematics Ltd's financial statements are prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ('IASB').

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**10. Statement relating to the status of the audit**

This report is based on audited Annual Report of Connexion Telematics Ltd for the year ended 30 June 2021. The Company received an unqualified audit report, as detailed in the Independent Auditors Report to Members contained within the Annual Report.

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# Connexion Telematics Ltd

ABN 68 004 240 313

## Annual Report

Year ended 30 June 2021

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## Corporate Information

### Directors

Robert Downey  
Aaryn Nania  
Peter Torre  
Greg Ross  
Simon Scalzo

### Company secretary

Peter Torre

### Registered office

Level 8, 350 Collins Street  
Melbourne, VIC 3000  
Phone: +61 3 9529 2655

### Principal place of business

Level 8, 350 Collins Street  
Melbourne, VIC 3000  
Phone: +61 3 9529 2655

### Share registry

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000  
Phone: +61 2 9290 9600

### Auditor

William Buck  
Level 20, 181 William Street  
Melbourne VIC 3000  
Phone: +61 3 9824 8555

### Bankers

National Australia Bank  
193 Wright Street  
Belmont WA 6104  
Phone: +61 8 9333 4122

### Stock exchange listing

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

### Website

[www.connexionltd.com](http://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 Telematics Ltd (referred to hereafter as the 'Company', the 'Parent entity' or 'Connexion') and the entities it controlled at the end of, or during, the year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### 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.

<b>Name:</b>	<b>Robert Downey</b>
Title:	Non-Executive Chairman
Experience and expertise:	Mr Downey is a qualified solicitor who has practised mainly in the areas of international resources law, corporate law and initial public offerings as well as mergers and acquisitions. He has extensive experience as an advisor, founder and director of various ASX, TSX and AIM companies. Mr Downey is currently a partner at Dominion Legal, a boutique law firm in Perth.
Current and former directorships in the last 3 years <sup>1</sup> :	Zeotech Ltd Cervantes Corporation Ltd Askari Metals Ltd RPM Automotive Group Limited ( <i>resigned</i> )
Interests in shares:	10,000,000 Fully Paid Ordinary Shares
Interests in performance rights:	Nil

<b>Name:</b>	<b>Aaryn Nania</b>
Title:	Managing Director & Chief Executive Officer
Experience and expertise:	Mr Nania co-founded Lucerne Investment Partners and is a Director of the Lucerne Composite Fund – an active, long-term investor in both listed and unlisted companies globally. Prior to this, Mr Nania was a Portfolio Manager at Canadian investment bank Canaccord Genuity (Australia) where he founded and managed the Absolute Return Portfolio. Aaryn is currently a non-executive director of Headware, an optometry group, and was previously a non-executive director of Pureprofile, an ASX-listed global data & insights company. Aaryn holds a Bachelor of Commerce from the University of Melbourne and is a Member of the Australian Institute of Company Directors.
Current and former directorships in the last 3 years <sup>1</sup> :	Pureprofile Ltd
Interests in shares:	10,000,000 Fully Paid Ordinary Shares
Interests in performance rights:	Nil

**Directors' Report** *(continued)***Directors** *(continued)*

**Name:** **Peter Torre**  
**Title:** Non-Executive Director / Company Secretary *(appointed as a director 2 October 2020)*  
**Experience and expertise:** Mr Peter Torre is the principal of Torre Corporate, a specialist corporate advisory firm which provides corporate secretarial services to a range of listed companies. Prior to establishing Torre Corporate, Peter was a partner and Chairman of the National Corporate Services Committee of an internationally affiliated firm of Chartered Accountants working within its corporate services division for over nine years. Mr Torre is also a Director of ASX Listed Companies, VEEM Ltd, Mineral Commodities Ltd and Volt Power Group Limited.  
**Current and former directorships in the last 3 years<sup>1</sup>:** Zenith Energy Limited  
**Interests in shares:** 3,001,000 Fully Paid Ordinary Shares  
**Interests in performance rights:** Nil

**Name:** **Greg Ross**  
**Title:** Non-Executive Director *(appointed 2 February 2021)*  
**Experience and expertise:** Mr Ross is currently an Investor and Advisor for several Connected Car businesses, working as an independent consultant and as Connected Car Practice Lead for the industry's premier automotive consultancy, motormindz LLC. Mr Ross is widely considered an expert in the Connected Car industry, and the activation of this technology through new and innovative business models. Greg's experience is founded on a 31-year career with General Motors, where he built and managed an extensive, multi-million-dollar global portfolio of strategic alliances for GM's Connected Car business, including Wireless Carriers, Satellite Radio Broadcasters, Insurance Carriers, Streaming Music Providers, Fleet Management companies, Car Rental companies, Car Sharing services, App Developers, and many others.  
 Greg was also instrumental in the growth and scaling of GM's OnStar business. Prior to his work in Connected Car, Greg's General Motors career included leadership roles in Corporate Strategy, Product Development, Product Marketing, and Retail Network Development. Greg holds a Master's Degree in Business Administration and a Bachelor's Degree in Economics from the University of Michigan.  
**Current and former directorships in the last 3 years<sup>1</sup>:** Nil  
**Interests in shares:** Nil  
**Interests in performance rights:** Nil

**Directors' Report (continued)****Directors (continued)**

**Name:** Simon Scalzo  
**Title:** Non-Executive Director (*appointed 2 February 2021*)  
**Experience and expertise:** Mr Scalzo has extensive experience both locally and in the USA market, founding multiple successful software businesses in the Automotive sector amongst other related industry verticals. Locally, Mr Scalzo's experience extends to founding Evoke Autopay, he then merged this business into Openpay Ltd where he led the group as CEO. Mr Scalzo was also a director of Credit Clear Ltd, where he led the group as Managing Director. Mr Scalzo holds several director roles across many different technology businesses, including Remitter.com, CarsFast.com, Spetz.app and advisory chairman of TurboPass.com. Prior to this, Mr Scalzo was a Partner & Board member at BDO Australia, leading BDO's national retail advisory practice, specialising in the retail and automotive industries.

**Current and former directorships in the last 3 years<sup>1</sup>:** Nil  
**Interests in shares:** 1,038,235 Fully Paid Ordinary Shares  
**Interests in performance rights:** Nil

**Name:** Mark Caruso  
**Title:** Non-Executive Chairman (*resigned 2 October 2020*)  
**Experience and expertise:** Mr Caruso is a successful executive and entrepreneur with a strong, transferrable business acumen. He has substantial corporate experience driving growth and creating value in small companies. Previously, Mr Caruso was the Chairman of Allied Gold Mining PLC ('AGMP') and was responsible for the delivery of the Gold Ridge Project in the Solomon Island and the Simberi Gold Project in Papua New Guinea.

**Current and former directorships in the last 3 years<sup>1</sup>:** Executive Chairman of Mineral Commodities Ltd  
 Perpetual Resources Limited (*retired June 2018*)  
**Interests in shares:** 32,319,680 Fully Paid Ordinary Shares  
**Interests in performance rights:** Nil

<sup>1</sup> Directorships only include directorships held for ASX listed companies in the 3 years immediately before the end of the financial year.

**Company Secretary**

Mr Peter Torre is the principal of Torre Corporate, a specialist corporate advisory firm which provides corporate secretarial services to a range of listed companies. Prior to establishing Torre Corporate, Peter was a partner and Chairman of the National Corporate Services Committee of an internationally affiliated firm of Chartered Accountants working within its corporate services division for over nine years. Mr Torre is also a Director of ASX Listed Companies VEEM Ltd, Mineral Commodities Ltd and Volt Power Group Limited.

**Principal activities**

The principal activities of the entities within the Group during the year were the development and commercialisation of its fleet 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 in the previous year, with the exception to the change in presentational currency. The financial statements are presented in US dollars, except where otherwise indicated. Refer to note 1(b) for further details.



## Directors' Report (continued)

### Review of operations

#### Group overview

Connexion continued to provide its automotive fleet management Software as a Service (SaaS) solution to General Motors and its circa 4,000 Dealerships in the United States, whilst investing for future growth.

At the November 2020 AGM, the Company presented the key economic drivers as follows:

- FX → uncontrollable
- Subscriptions → limited control
- Team Performance → controllable

For the financial year ended 30 June 2021, the Company reports on these as follows:

**FX** – the Company incurred a negative impact to its Net Profit Before Tax (excluding balance sheet revaluations) of US\$129,920 due to adverse movement in the AUD/USD currency pair since 1 July 2020. The Company minimised the extent to which volatility in currency pairs did and will impact earnings by taking the following steps:

1. Implementing a natural hedge of currency-matching assets and operating expenditure to the extent of available free cash (i.e. converting excess cash into AUD).
2. Implementing a natural hedge of shifting AUD-denominated supply contracts into USD, where possible.
3. Changing the presentational currency of the Company to USD. From a commercial perspective, Connexion is a US-facing organisation and should be analysed as such.

Whilst currency movements will always impact the Company so long as it transacts in multiple currencies, the steps taken above have reduced the Company's FX sensitivity by approximately 50% and will continue to minimise this impact without the cost, risk and complexity of implementing synthetic hedges.

**Subscriptions** – the initial impact of COVID-19 on broad-based consumer demand saw the Company commence the financial year in July 2020 in an environment of materially reduced Dealer fleet size. In addition, and equally well-documented by both the Company and the media throughout the financial year, a global semiconductor shortage subsequently resulted in large and widespread reductions in new vehicle production globally, including for Connexion's user base of Dealerships.

As of the date of this report, Dealerships across most manufacturer brands in the US (and globally) are still observing reductions in inventory of 30-80%, with 50-60% falls being commonly cited numbers. To date, the Company notes an equivalent impact on the number of vehicles on its OnTRAC platform (i.e. "subscriptions"). As with most supply-related issues, the Company expects a resolution to be forthcoming, albeit not before the end of FY22, as of the date of this report.

**Team Performance** – the Company signed an extended five-year agreement with its main customer, General Motors, which served as a pleasing validation of the value that Connexion brings to General Motors and its Dealers each day.

As recently as May 2021, 75% of the Company's revenue was linked to its number of live subscriptions. And, by extension, the very large reductions in vehicle inventory resulted in an immediate and equally large impact on core subscription revenue for Connexion. In response, the Company swiftly countered this challenge with the successful, fast-tracked commercial launch of CXZTRAC – an OEM-agnostic platform priced per Dealer per month. As advised to the ASX on 26 May 2021, the Company expects the new gross margin generated by CXZTRAC to largely offset the material decline in revenue from its OnTRAC subscriptions during the vehicle supply shortage.

## Directors' Report *(continued)*

### Review of operations *(continued)*

In addition to the commercial launch of CXZTRAC, the team added US\$546,123 in organic top line growth during the financial year, reflecting the "Embed" component of Connexion's operating model.

Finally, Connexion grew its pipeline of upcoming work, including its first Commercial Pilot, signed subsequent to the end of the reported period.

During the financial year, this organic growth was simply outpaced by the external headwinds reported above.

Headwinds and tailwinds come and go; therefore, Connexion's organic growth should become more visible in due course. Meanwhile, the Company's focus remains on executing against the strategy presented to Shareholders.

### *Operating results for the year*

The consolidated profit for the year ended 30 June 2021, after providing for income tax was US\$510,778 (2020 profit: US\$2,161,374).

Total revenues from ordinary activities for the financial year were US\$4,420,883, a 20% decrease in revenue reported for the year ended 30 June 2020 of US\$5,494,018. In addition to total revenues, the Group also recognised gross receipts of US\$48,384 (2020: US\$143,656) relating to Government incentives.

Consolidated total assets have increased from US\$3,955,650 as at 30 June 2020 to US\$4,298,006 as at 30 June 2021. Consolidated net assets also increased from US\$3,312,498 at the prior year end, to US\$3,889,688 as at 30 June 2021. The continued improvement in the positive net asset position was a result of operational performance and strong cash management.

### *Corporate*

Following an extensive strategic review, Mr Aaryn Nania was appointed as Managing Director and Chief Executive Officer on 2 February 2021. Prior to his appointment, Mr Nania served as Interim Chief Executive Officer. Concurrently, Greg Ross and Simon Scalzo were appointed as Non-Executive Directors.

Following this, Tony Vigiletti was appointed as VP of Sales, Ben Stanyer as Group Financial Controller and Frank Chen as Lead Developer. In addition, numerous other technology-related hires were made during this period.

This investment is consistent with the Company's growth strategy of investing for the medium and long term.

### *Outlook*

The Company notes that, consistent with its recent Quarterly Updates, it continues to invest meaningfully into the growth of its operations in the form of Research and Development, with US\$577,493 invested in FY21. With much 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 years just-reported and subsequent. This is by design, and Shareholders are encouraged to carefully examine the revenue and gross profit analysis presented at Quarterly Updates.

Guidance on the quantum of Connexion's future discretionary investment is not provided, other than to say that it could potentially exceed the amount of positive operating cashflow during subsequent periods. Should this occur, however, it is unlikely to be material relative to the Company's available net cash.

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

**Directors' Report** *(continued)***Review of operations** *(continued)*

increase in investment into the business will reflect a clearly defined and examined opportunity for the Company to strengthen its competitive moat over time.

As demonstrated at the November 2020 AGM, Connexion has developed and implemented a clear operating model ("Embed, Integrate, Generate"), sales strategy, and corporate strategy ("Come for the tool, stay for the network"). The Company is committed to expanding within GM, within alternative manufacturers, to enhancing its own platform capabilities, and to integrating with complementary software partners.

As of the date of this annual report, the Company's progress remains consistent with the plan presented at last year's 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 financial year.

**Dividends**

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

**Significant events after balance date**

Other than matters already disclosed elsewhere in this Report, no matter or circumstance has arisen since 30 June 2021 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.

**Likely developments and expected results of operations**

Other than matters already disclosed in the Review of operations, pursuant to sections 299(3) and 299A(3) of the Corporations Act 2001, this Report omits information relating to likely developments in the Company's operations in the future because to do so will result, in the opinion of the Directors, in unreasonable prejudice to the consolidated entity.

**Directors' meetings**

The Directors held numerous meetings and discussions on an ongoing and regular basis. The conclusions of such meetings are recorded via circular resolutions of the Board. The number of meetings of Directors held and the number of meetings attended by each Director were as follows:

Director	Board meetings	
	Eligible	Attended
Robert Downey	5	5
Aaryn Nania	5	5
Peter Torre	4	4
Greg Ross	2	2
Simon Scalzo	2	2
Mark Caruso	1	1

**Directors' Report (continued)****Interests in the shares, options, performance rights and convertible notes of the Company and related bodies corporate**

<b>2021</b>	Fully paid ordinary shares Number	Options Number	Performance rights Number	Convertible notes Number
Robert Downey	10,000,000	-	-	-
Aaryn Nania	10,000,000	-	-	-
Peter Torre	3,001,000	-	-	-
Greg Ross	-	-	-	-
Simon Scalzo	1,038,235	-	-	-
Mark Caruso	32,319,680	-	-	-

<sup>1</sup> Mr Caruso resigned as a Director on 2 October 2020.

<b>2020</b>	Fully paid ordinary shares Number	Options Number	Performance rights Number	Convertible notes Number
Robert Downey	10,000,000	-	-	-
Aaryn Nania	166,772,220	-	10,000,000	-
Peter Torre	3,001,000	-	-	-
Greg Ross	-	-	-	-
Simon Scalzo	1,038,235	-	-	-
Mark Caruso	25,319,680	-	7,000,000	-

**Shares issued during or since the end of the year as a result of exercise of an option**

As at the date of this report there are no ordinary shares issued by the Company during or since the end of the financial year as a result of the exercise of an option.

**Unissued shares under option**

As at the date of this report there are no unissued ordinary shares or interests of the Company under option.

**Remuneration report**

The Remuneration Report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of the consolidated entity for the financial year ended 30 June 2021 and is included on pages 12 to 16.

**Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Indemnification and insurance of Directors and Officers**

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Directors' Report (continued)

### Indemnification and insurance of Auditors

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the Auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the Auditor of the Company or any related entity.

### Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 21 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards), issued by the Accounting Professional & Ethical Standards Board.

### Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, William Buck, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 17 and forms part of this Directors' report for the year ended 30 June 2021.

### Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

### Corporate governance statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Connexion Telematics Ltd and its controlled entities have adopted the fourth edition of the Corporate Governance Principles and Recommendations which became effective for financial years beginning on or after 1 July 2015.

The Group's Corporate Governance Statement for the financial year ending 30 June 2021 is dated as at 24 August 2021 and was approved by the Board on the same day. The Corporate Governance Statement was announced by the Company on 24 August 2021 and is also available on the Company's website.

**Directors' Report** *(continued)*

**Corporate governance statement** *(continued)*

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



**Aaryn Nania**  
**Managing Director and Chief Executive Officer**

Sydney, 24 August 2021

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## Remuneration Report

The Remuneration Report, which is Audited, details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

### Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the consolidated entity depends on the quality of its Directors and Executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

## Remuneration Report (continued)

### Non-executive Directors remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-Executive Directors participation in any Company incentive schemes is subject to shareholder approval in accordance with the Corporation Act 2001 and the ASX Listing Rules.

ASX listing rules require the aggregate Non-Executive Directors remuneration be determined periodically by a general meeting. The current aggregate remuneration limit is A\$250,000.

### Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments where applicable
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The Company did offer a long-term incentive plan to its Key Management Personnel during the year. The Company did not offer a short incentive plan to its Directors and Key Management Personnel during the year.

### Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on key criteria. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board.

The Board is of the opinion that the continued positive results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

All amounts are presented in US Dollars unless specified.

The Groups performance and share price over the past five periods are as follows:

Year	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Profit/(Loss) US\$	(2,994,157)	255,698	333,317	2,161,374	510,118
Share Price A\$	0.027	0.004	0.013	0.015	0.015

### Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')

At the 2020 AGM, 94.28% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.



## Remuneration Report (continued)

### Details of remuneration

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total US\$
	Cash salary and fees US\$	Cash bonus US\$	Non-monetary US\$	Superannuation US\$	Long service leave US\$	Equity-settled US\$	
<i>Directors</i>							
<i>Non-Executive:</i>							
Robert Downey	22,418	-	-	2,130	-	-	24,548
Aaryn Nania	12,779	-	-	1,214	-	-	13,993
Peter Torre	17,055	-	-	1,620	-	-	18,676
Greg Ross	10,000	-	-	-	-	-	10,000
Simon Scalzo	10,000	-	-	-	-	-	10,000
Mark Caruso	5,363	-	-	509	-	-	5,872
<i>Executive:</i>							
Aaryn Nania <sup>1</sup>	102,906	-	-	9,776	-	33,341	146,023
Total	180,522	-	-	15,250	-	33,341	229,113

<sup>1</sup> Mr Nania was a Non-Executive Director and was appointed as Managing Director and Chief Executive Officer on 2 February 2021. Prior to the appointment, Mr Nania was Interim Chief Executive Officer.

2020	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total US\$
	Cash salary and fees US\$	Cash bonus US\$	Non-monetary US\$	Superannuation US\$	Long service leave US\$	Equity-settled US\$	
<i>Directors</i>							
<i>Non-Executive:</i>							
Robert Downey	20,140	-	-	1,913	-	-	22,053
Aaryn Nania	20,140	-	-	1,913	-	-	22,053
Peter Torre	-	-	-	-	-	-	-
Greg Ross	-	-	-	-	-	-	-
Simon Scalzo	-	-	-	-	-	-	-
Mark Caruso	20,140	-	-	5,756	-	-	25,896
<i>Executive:</i>							
Guy Perkins <sup>1</sup>	85,463	-	-	7,692	-	-	93,155
Total	145,883	-	-	17,274	-	-	163,157

<sup>1</sup> Mr Perkins resigned as Chief Executive Officer on 24 June 2020.

### Service agreements

Mr Nania was a Non-Executive Director of the Company until 1 February 2021 and was appointed as Managing Director and Chief Executive Officer on 2 February 2021.

**Annual salary:** A\$200,000 (excluding superannuation)

**Remuneration Report (continued)****Service agreements (continued)****Long Term Incentive:**

Subject to shareholder approval at the AGM, Mr Nania will be entitled to receive performance rights under the Employer's Incentive Performance Rights Plan ("Performance Rights").

The number of Performance Rights to be granted shall be based on the following table:

Year	1	2	3
Date	30 September 2021	30 September 2022	30 September 2023
Ordinary Shares on Issue	8,000,000	8,000,000	8,000,000

The vesting condition for each tranche of Performance Rights shall be measured against the following performance criteria, with a 25% weighting for each of the below:

- i. Renewal and subsequent maintenance of the GM OnTRAC contract of commercial terms equal to or better than the Original Contract;
- ii. Signed commercial contract with a Non-GM OEM Client;
- iii. The Company achieving NPBT against Budget for the relevant just-concluded financial year, taking into account uncontrollable items at the discretion of the Board; and
- iv. Upon the CXZ 30-day VWAP trading at or above the Performance Price in the six months preceding each respective eligible vesting date. Performance Prices are as follows:
  - a. AUD\$0.025 for a vesting date of 30 September 2021;
  - b. AUD\$0.035 for a vesting date of 30 September 2022; and
  - c. AUD\$0.045 for a vesting date of 30 September 2023.

**Share-based compensation***Issue of shares*

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

*Options*

There were no options issued, held or vested by Directors or Key Management Personnel during the year ended 30 June 2021.

*Performance Rights*

Details of Performance Rights issued to Directors or Key Management Personnel during the year ended 30 June 2021 and 30 June 2020 are detailed in the below table and the terms are described above.

## Remuneration Report (continued)

### Additional disclosures relating to key management personnel

#### Shareholdings

The number of ordinary shares in the Company, held by each Director and other members of key management personnel of the consolidated entity, including their related parties, is set out below:

<b>2021</b>	Balance at 1 July 2020	Received as part of remuneration	Exercise of performance rights	Additions	Disposal as a result of resignation	Other Disposals	Balance as at 30 June 2021
<i>Directors</i>							
Robert Downey	10,000,000	-	-	-	-	-	10,000,000
Aaryn Nania	166,772,220	-	10,000,000	-	-	(166,772,220)	10,000,000
Peter Torre	3,001,000	-	-	-	-	-	3,001,000
Greg Ross	-	-	-	-	-	-	-
Simon Scalzo	1,038,235	-	-	-	-	-	1,038,235
Mark Caruso	25,319,680	-	7,000,000	-	-	-	32,319,680

<b>2020</b>	Balance at 1 July 2019	Received as part of remuneration	Exercise of performance rights	Additions	Disposal as a result of resignation	Other Disposals	Balance as at 30 June 2020
<i>Directors</i>							
Robert Downey	-	-	10,000,000	-	-	-	10,000,000
Aaryn Nania	182,571,201	-	-	4,939,198	-	(20,738,179)	166,772,220
Peter Torre	3,001,000	-	-	-	-	-	3,001,000
Greg Ross	-	-	-	-	-	-	-
Simon Scalzo	1,038,235	-	-	-	-	-	1,038,235
Mark Caruso	68,280,640	-	-	-	-	(42,960,960)	25,319,680

#### Performance Rights

The number of Performance Rights in the Company, held by each Director and other members of key management personnel of the consolidated entity, including their related parties, is set out below:

<b>2021</b>	Balance at 1 July 2020	Received as part of remuneration	Exercise of performance rights	Additions	Forfeited as a result of resignation	Other Disposals	Balance as at 30 June 2021
<i>Directors</i>							
Robert Downey	-	-	-	-	-	-	-
Aaryn Nania	10,000,000	-	(10,000,000)	-	-	-	-
Peter Torre	-	-	-	-	-	-	-
Greg Ross	-	-	-	-	-	-	-
Simon Scalzo	-	-	-	-	-	-	-
Mark Caruso	7,000,000	-	(7,000,000)	-	-	-	-

<b>2020</b>	Balance at 1 July 2019	Received as part of remuneration	Exercise of performance rights	Additions	Forfeited as a result of resignation	Other Disposals	Balance as at 30 June 2020
<i>Directors</i>							
Robert Downey	10,000,000	-	(10,000,000)	-	-	-	-
Aaryn Nania	10,000,000	-	-	-	-	-	10,000,000
Peter Torre	-	-	-	-	-	-	-
Greg Ross	-	-	-	-	-	-	-
Simon Scalzo	-	-	-	-	-	-	-
Mark Caruso	7,000,000	-	-	-	-	-	7,000,000

**This concludes the Remuneration Report, which has been audited.**

**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 year ended 30 June 2021 there have been:

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

*William Buck*

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

*Alan Finnis*

**A. A. Finnis**  
Director

Melbourne, 24 August 2021

**ACCOUNTANTS & ADVISORS**

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Melbourne VIC 3000

Telephone: +61 3 9824 8555

**[williambuck.com](http://williambuck.com)**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2021**

	Note	Consolidated 2021 US\$	2020 US\$
Revenue	4	4,420,883	5,494,018
Cost of Sales		(2,692,080)	(3,026,872)
<b>Gross Profit</b>		<b>1,728,803</b>	2,467,146
Other income	4	48,384	143,656
<b>Expenses</b>			
Corporate and administrative expenses	5	(1,000,066)	(916,415)
Depreciation and amortisation expenses		(157,065)	(265,334)
Impairment charge		-	(60,927)
<b>Profit before income tax</b>		<b>620,056</b>	1,368,126
Income tax	6	(109,278)	793,248
<b>Profit after income tax for the year attributable to the owners of Connexion Telematics Ltd</b>		<b>510,778</b>	2,161,374
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(1,660)	(61,016)
<b>Total comprehensive income attributable to the owners of Connexion Telematics Ltd</b>		<b>509,118</b>	2,100,358
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	0.06	0.25
Diluted earnings per share	8	0.06	0.25

*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 30 June 2021

	Note	Consolidated 2021 US\$	2020 US\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	2,330,463	1,679,383
Trade and other receivables	10	1,066,171	1,253,396
Inventory		2,972	2,731
Total current assets		3,399,606	2,935,510
<b>Non-current assets</b>			
Plant and equipment		9,822	8,589
Capitalised development costs	11	187,850	205,448
Deferred tax asset	6	700,728	806,103
Total non-current assets		898,400	1,020,140
<b>Total assets</b>		<b>4,298,006</b>	<b>3,955,650</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	324,834	570,036
Employee benefits		68,210	59,775
Total current liabilities		393,044	629,811
<b>Non-current liabilities</b>			
Employee benefits		15,274	13,341
Total non-current liabilities		15,274	13,341
<b>Total liabilities</b>		<b>408,318</b>	<b>643,152</b>
<b>Net assets</b>		<b>3,889,688</b>	<b>3,312,498</b>
<b>Equity</b>			
Issued capital	13	11,586,366	11,503,558
Reserves	14	8,072	24,468
Accumulated losses		(7,704,750)	(8,215,528)
<b>Total equity</b>		<b>3,889,688</b>	<b>3,312,498</b>

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 2021**

	Issued Capital US\$	Share based payment reserve US\$	Consolidated Foreign currency translation reserve US\$	Accumulated losses US\$	<b>Total equity US\$</b>
Balance as at 1 July 2020	11,503,558	82,808	(58,340)	(8,215,528)	<b>3,312,498</b>
Profit for the year	-	-	-	510,778	<b>510,778</b>
Other comprehensive loss for the year, net of income tax	-	-	(1,660)	-	<b>(1,660)</b>
Total comprehensive income for the year	-	-	(1,660)	510,778	<b>509,118</b>
Share based payments	-	68,072	-	-	<b>68,072</b>
Exercise of performance rights	82,808	(82,808)	-	-	-
<b>Balance as at 30 June 2021</b>	<b>11,586,366</b>	<b>68,072</b>	<b>(60,000)</b>	<b>(7,704,750)</b>	<b>3,889,688</b>

	Issued Capital US\$	Share based payment reserve US\$	Consolidated Foreign currency translation reserve US\$	Accumulated losses US\$	<b>Total equity US\$</b>
Balance as at 1 July 2019	11,415,877	170,489	2,676	(10,376,902)	<b>1,212,140</b>
Profit for the year	-	-	-	2,161,374	<b>2,161,374</b>
Other comprehensive loss for the year, net of income tax	-	-	(61,016)	-	<b>(61,016)</b>
Total comprehensive income for the year	-	-	(61,016)	2,161,374	<b>2,100,358</b>
Share based payments	-	-	-	-	-
Exercise of performance rights	87,681	(87,681)	-	-	-
<b>Balance as at 30 June 2020</b>	<b>11,503,558</b>	<b>82,808</b>	<b>(58,340)</b>	<b>(8,215,528)</b>	<b>3,312,498</b>

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

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**Consolidated Statement of Cash Flows**  
**For the year ended 30 June 2021**

	Note	Consolidated 2021 US\$	2020 US\$
<b>Cash flows from operating activities</b>			
Receipts from customers		4,762,841	5,367,781
Payments to suppliers and employees		(3,987,066)	(4,501,967)
Research & Development and other government incentives		48,301	154,548
Interest received		83	3
Income tax paid		-	(12,855)
Net cash inflow from operating activities	9	<u>824,159</u>	<u>1,007,510</u>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(6,474)	(7,860)
Payments for capitalised development costs		(116,561)	-
Net cash outflow from investing activities		<u>(123,035)</u>	<u>(7,860)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares, net of costs		-	-
Repayment of borrowings, net of costs		-	-
Net cash inflow from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		701,124	999,650
Cash and cash equivalents at the beginning of the financial year		1,679,383	658,481
Effect of exchange rates on cash and cash equivalents		(50,044)	21,252
Cash and cash equivalents at the end of the financial year	9	<u>2,330,463</u>	<u>1,679,383</u>

*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

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for-profit orientated entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. ("IASB").

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 8, 350 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 in the previous year, with the exception to the change in presentational currency. The financial statements are presented in US dollars, except where otherwise indicated. Refer to note 1(b) for further details.

The financial report was authorised for issue on 24 August 2021.

#### (b) Change in presentation currency

The Company has progressed in securing its position in the US market with majority of revenue received in US Dollars. On this basis, the parent entity and all the subsidiaries have changed their presentation currency from Australian Dollars to US Dollars, effective 1 July 2020. Financial information for prior periods have been restated from Australian Dollars to US Dollars in accordance with AASB 121 The effects of changes in foreign exchange rates and AASB 108 Accounting Policies, changes in Accounting Estimates and Errors.

Assets and liabilities were translated into US Dollars using the closing rate as at 30 June 2020. Income, expenses and cashflow recognised in the period were translated at an average US Dollar exchange rate each month for the period and equity was translated at historical rates at the date of transaction. Resulting exchange differences were reflected as currency translation adjustments and included in the cumulative foreign currency translation reserve.

In order to derive the US Dollars equivalent for the consolidated financial statements, the Group has accounted for this change in presentation currency using the following exchange rates:

- Income and expenses for the year ended 30 June 2021 at an average rate of A\$1 = US\$0.7473, approximating actual exchange rates for the date of transactions,
- Balance sheet at 30 June 2021 at a rate of A\$1 = US\$0.7499, being the exchange rate at 30 June 2021
- Income and expenses for the year ended 30 June 2020 at an average rate of A\$1 = US\$0.6713, approximating actual exchange rates for the date of transactions,
- Balance sheet at 30 June 2020 at a rate of A\$1 = US\$0.6891, being the exchange rate at 30 June 2020
- Equity and reserves (except foreign currency translation reserve) have been restated using historical rates, approximating the date of the transactions with the rates in the range of A\$1 = US\$0.6774 to US\$0.7405, with the translations differences recorded in the foreign currency translation reserve.

## Notes to the Financial Statements

### Note 1: Basis of preparation (continued)

#### (b) Change in presentation currency (continued)

The Consolidated Statements of Profit or Loss and Other Comprehensive Income and Financial Position in Australian Dollars and US Dollars are stated as below:

#### Consolidated Statement of Profit or Loss and Other Comprehensive Income

	30 June 2020 Previously reported A\$	30 June 2020 Restated US\$
Revenue	8,201,207	5,494,018
Cost of Sales	<u>(4,519,683)</u>	<u>(3,026,872)</u>
<b>Gross Profit</b>	3,681,524	2,467,146
Other income	230,216	143,656
<b>Expenses</b>		
Corporate and administrative expenses	(1,361,687)	(916,415)
Share based payment expenses	-	-
Depreciation and amortisation expenses	(395,292)	(265,334)
Impairment charge	<u>(105,577)</u>	<u>(60,927)</u>
<b>Profit from operating activities</b>	2,049,184	1,368,126
Finance costs	-	-
<b>Profit before income tax benefit</b>	2,049,184	1,368,126
Income tax benefit	<u>1,150,600</u>	<u>793,248</u>
<b>Profit after income tax benefit for the year attributable to the owners of Connexion Telematics Ltd</b>	<u>3,199,784</u>	<u>2,161,374</u>
<b>Other Comprehensive Income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of overseas subsidiaries	<u>(128,706)</u>	<u>(61,016)</u>
<b>Total comprehensive income attributable to the owners of Connexion Telematics Ltd</b>	<u>3,071,078</u>	<u>2,100,358</u>
	Cents	Cents
Basic earnings per share	0.37	0.25
Diluted earnings per share	0.35	0.25

## Notes to the Financial Statements

### Note 1: Basis of preparation (continued)

(b) Change in presentation currency (continued)

#### Consolidated Statement of Financial Position

	30 June 2020 Previously reported A\$	30 June 2020 Restated US\$	1 July 2019 Previously reported A\$	1 July 2019 Restated US\$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,443,088	1,679,383	938,612	658,481
Trade and other receivables	1,818,875	1,253,396	1,612,964	1,127,746
Inventory	3,962	2,731	3,962	2,757
<b>Total current assets</b>	<b>4,265,925</b>	<b>2,935,510</b>	<b>2,555,538</b>	<b>1,788,984</b>
<b>Non-current assets</b>				
Plant and equipment	12,462	8,589	5,270	3,667
Capitalised development costs	298,129	205,448	794,483	552,861
Deferred tax asset	1,169,748	806,103	-	-
<b>Total non-current assets</b>	<b>1,480,339</b>	<b>1,020,140</b>	<b>799,753</b>	<b>556,528</b>
<b>Total assets</b>	<b>5,746,264</b>	<b>3,955,650</b>	<b>3,355,291</b>	<b>2,345,512</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	827,192	570,036	1,562,893	1,087,578
Employee benefits	86,740	59,775	50,504	35,144
<b>Total current liabilities</b>	<b>913,932</b>	<b>629,811</b>	<b>1,613,397</b>	<b>1,122,722</b>
<b>Non-current liabilities</b>				
Employee benefits	19,360	13,341	-	-
<b>Total non-current liabilities</b>	<b>19,360</b>	<b>13,341</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>933,292</b>	<b>643,152</b>	<b>1,613,397</b>	<b>1,222,790</b>
<b>Net assets</b>	<b>4,812,972</b>	<b>3,312,498</b>	<b>1,741,894</b>	<b>1,212,140</b>
<b>Equity</b>				
Issued capital	16,531,069	11,503,558	16,405,069	11,415,877
Reserves	(5,861)	24,468	248,845	173,165
Accumulated losses	(11,712,236)	(8,215,528)	(14,912,020)	(10,376,902)
<b>Total equity</b>	<b>4,812,972</b>	<b>3,312,498</b>	<b>1,741,894</b>	<b>1,212,140</b>

## Notes to the Financial Statements

### Note 1: Basis of preparation (continued)

#### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 30 June 2021.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

## Notes to the Financial Statements

### Note 1: Basis of preparation *(continued)*

#### (d) Foreign currency translation

The functional currency of Connexion Telematics Ltd and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and is transferred to the presentational currency of US Dollars in the same method as note 1(b).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to the partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences are recognised in other comprehensive income

### Note 2: Significant accounting policies

#### (a) Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity:

## Notes to the Financial Statements

### Note 2: Significant accounting policies *(continued)*

#### (a) Revenue from contracts with customers *(continued)*

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price, which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration with the transaction price, if any, reflects concessions provided to the customer such as discounts, any potential add-ons or bonuses from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate liability.

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or hourly rate.

#### (b) Other income and expenses

##### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

##### *Government grants*

Grants from the government, including Research and Development (R&D) tax incentive income, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

#### (c) Income tax expense

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

## Notes to the Financial Statements

### Note 2: Significant accounting policies (continued)

#### (c) Income tax expense (continued)

The current income tax charge 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 and 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 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 liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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 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 (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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.

## Notes to the Financial Statements

### Note 2: Significant accounting policies (continued)

#### (c) Income tax expense (continued)

##### Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Connexion Telematics Ltd.

#### (e) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

#### (f) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.



## Notes to the Financial Statements

### Note 2: Significant accounting policies *(continued)*

#### (g) Cash and cash equivalents

Cash comprises cash at bank and in hand.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowances for expected credit loss ("ECL"). Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime credit loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. As the Group only has one customer and has historically always received payment in full no ECL has been recorded in this report.

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each balance date to reflect changes in credit risk since initial recognition of the financial asset. AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime ECL if the credit risk on the instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

The amount of the impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within other expenses.

When a trade receivable, for which an impairment allowance had been recognised, becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

#### (i) Inventories

Inventory consists of sophisticated telemetry devices and is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (j) Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives which are in between 3 - 10 years.

## Notes to the Financial Statements

### Note 2: Significant accounting policies (continued)

#### (k) Capitalised development costs

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the assets; the Company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years. Research costs are expensed in the period in which they are incurred.

#### *Impairment of non-financial assets*

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual internal review as to whether an indicator of impairment exists at each balance date. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to dispose or its value in use. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

#### (l) Trade and other payables

##### *Trade and other payables*

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

##### *Employee leave benefits*

Wages, salaries, annual leave and sick leave Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

#### (m) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the balance date, the loans or borrowings are classified as non-current.

## Notes to the Financial Statements

### Note 2: Significant accounting policies (continued)

#### (n) Finance costs

Finance costs are expensed in the year that they are incurred.

#### (o) Share-based payments

##### *Equity settled transactions*

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). There is currently one plan in place to provide these benefits, being the Performance Rights Plan ('PRP'), which provides benefits to Directors and other Key Management Personnel.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### (p) Parent entity disclosures

The financial information for the parent entity, Connexion Telematics Ltd, has been prepared on the same basis as the consolidated financial statements.

## Notes to the Financial Statements

### Note 2: Significant accounting policies (continued)

#### (q) Issued capital

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.

### Note 3: Significant accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Capitalisation of internally developed software*

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

#### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model, using the assumptions detailed in Note 16.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

### Note 4: Revenue and other income

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>
<b>Revenue</b>		
Revenue from contracts with customers	<b>4,420,883</b>	<b>5,494,018</b>
<b>Other income</b>		
Interest income	<b>83</b>	<b>3</b>
Governments grants – R&D refund	<b>-</b>	<b>112,101</b>
Government incentives – Covid-19 cashflow boost	<b>48,301</b>	<b>31,552</b>
	<b>48,384</b>	<b>143,656</b>

## Notes to the Financial Statements

### Note 5: Expenses

Corporate and administrative expenses include the following specific expenses:

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Wages and salaries	<b>291,063</b>	222,252
Consulting fees	<b>9,459</b>	105,680
Share based payments	<b>68,072</b>	-
Superannuation expense	<b>71,883</b>	56,885

### Note 6: Income tax expense

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
<b>(a) Income tax expense</b>		
Current tax expense	<b>109,278</b>	(793,248)
<b>(b) Numerical reconciliation of income tax to prima facie tax benefit</b>		
Profit from continuing operations before income tax	<b>620,056</b>	1,368,126
Tax at the Australian tax rate of 26% (2020: 27.5%)	<b>161,215</b>	376,235
Non-deductible expenses	<b>17,699</b>	852
R&D refundable rebate	-	(30,828)
Non-assessable income	<b>(10,400)</b>	(8,677)
Recoupment of tax losses not previously recognised	-	(413,724)
Initial recognition of deferred tax assets on tax losses	-	(808,874)
Other deferred tax assets and tax liabilities not recognised	<b>(75,610)</b>	71,777
Differences in tax rates of subsidiaries operating in different jurisdictions	<b>4,426</b>	(847)
Adjustments recognised in the current year in relation to the current tax of prior years	<b>11,948</b>	20,838
Current tax benefit	<b>109,278</b>	(793,248)
<b>(c) Tax losses</b>		
Tax losses for which a deferred tax asset has been recognised	<b>2,802,911</b>	2,941,360
Tax benefit at 25% (2020: 27.5%)	<b>700,728</b>	808,874
<b>(d) Deferred tax asset</b>		
Deferred tax asset	<b>700,728</b>	808,874
Set-off current tax liability against deferred tax asset	-	(2,771)
Net deferred tax asset	<b>700,728</b>	806,103

## Notes to the Financial Statements

### Note 7: Segment reporting

#### *Identification of reportable operating segments*

During the year ended 30 June 2021 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 year ended 30 June 2021 all of its sales revenue was from one customer located in the USA (2020: one customer). All revenue is recorded over time for rendering of services.

### Note 8: Earnings per share

#### *Basic and diluted earnings per share*

	<b>Consolidated 2021</b>	2020
From continuing operations		
• Basic earnings per share (cents per share)	<b>0.06</b>	0.25
• Diluted earnings per share (cents per share)	<b>0.06</b>	0.25

#### *Earnings*

Earnings used in the calculation of basic and diluted earnings per share is as follows:

	<b>Consolidated 2021</b>	2020
	<b>US\$</b>	US\$
Earnings from continued operations used in the calculation of basic earnings per share	<b>510,778</b>	2,161,374

#### *Weighted average number of ordinary shares*

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share is as follows:

	<b>Consolidated 2021</b>	2020
	<b>Number</b>	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>873,393,134</b>	858,515,797
Shares deemed to be issued for no consideration in respect of:		
• Performance shares	<b>6,771,978</b>	49,512,329
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>880,165,112</b>	908,028,126

## Notes to the Financial Statements

### Note 9: Cash and cash equivalents

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Cash at bank and on hand	<b>2,330,463</b>	1,679,383

Cash at bank earns interest at floating rates based on daily bank deposit rates.

#### *Reconciliation to the Statement of Cash Flows*

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position.

#### *Reconciliation of profit for the year to net cash flows from operating activities*

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Profit after income tax expense for the year	<b>510,778</b>	3,199,784
Foreign currency translation reserve	<b>30,719</b>	(140,596)
Equity settled share-based payment	<b>68,072</b>	-
Depreciation and amortisation	<b>157,065</b>	395,292
Impairment charge	-	105,577
<i>(Increase) / decrease in assets:</i>		
Trade and other receivables	<b>186,984</b>	(205,911)
Deferred tax asset	<b>105,375</b>	(1,169,748)
<i>Increase / (decrease) in liabilities:</i>		
Trade and other payables	<b>(245,202)</b>	(735,701)
Employee benefits	<b>10,368</b>	55,596
Net cash from operating activities	<b>824,159</b>	1,504,293

## Notes to the Financial Statements

### Note 10: Trade and other receivables

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Trade receivables	<b>1,028,244</b>	1,208,974
Less: allowance for credit losses	-	-
	<b>1,028,244</b>	1,208,974
Other receivables	<b>37,927</b>	44,422
	<b>1,066,171</b>	1,253,396

- (i) Trade receivables are non-interest bearing and are generally on terms of 30 days to 90 days. All amounts are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value.
- (ii) Note 18 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

#### Aged receivables

The aging of trade receivables as at 30 June 2021 and 30 June 2020 is detailed in the table below:

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Current	<b>323,728</b>	751,525
1 month	<b>348,991</b>	405,738
2 months	<b>355,525</b>	-
3 months	-	6,884
Older	-	44,827
	<b>1,028,244</b>	1,208,974

### Note 11: Capitalised development costs

#### Carrying value

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Development asset – cost	<b>563,732</b>	842,927
Development asset – accumulated amortisation	<b>(375,882)</b>	(576,552)
Development asset – impairment charge <sup>1</sup>	-	(60,927)
Carrying value	<b>187,850</b>	205,448

<sup>1</sup> During the prior period, the Company ceased providing usage of its CL subscription solution to GM in the US, Canada and Mexico. The program was phased out during the 3<sup>rd</sup> quarter with GM's focus turning to OnTRAC. Consequently, the remaining capitalised development costs relating the CL product, which totalled \$60,927 as at 31 March 2020, were fully impaired.



## Notes to the Financial Statements

### Note 11: Capitalised development costs (continued)

#### Reconciliation

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
<i>Cost</i>		
Opening balance as at 1 July	<b>842,927</b>	842,927
Additions	<b>116,561</b>	-
Removal of fully amortised Capital Development	<b>(432,030)</b>	-
Net exchange difference on translation	<b>36,274</b>	-
Closing balance as at 30 June	<b>563,732</b>	842,927
<i>Amortisation</i>		
Opening balance as at 1 July	<b>576,552</b>	314,212
Amortisation charge	<b>151,824</b>	262,340
Removal of fully amortised Capital Development	<b>(371,103)</b>	-
Net exchange difference on translation	<b>18,609</b>	-
Closing balance as at 30 June	<b>375,882</b>	576,552
<i>Impairment charge</i>		
Opening balance as at 1 July	<b>60,927</b>	-
Impairment charge	-	60,927
Removal of fully amortised Capital Development	<b>(60,927)</b>	-
Closing balance as at 30 June	-	60,927
Carrying value	<b>187,850</b>	205,448

From 1 July 2017, the Company recognised developed intangible assets in terms of its AusIndustry and Australian Tax Office Research & Development tax incentive programme. These intangible assets comprised the key technologies developed for use in the Company's operations – telematics and wireless communications.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the assets; the Company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years. Research costs are expensed in the period in which they are incurred.

The total R&D tax incentive receivable is apportioned between other income and the capitalised development asset based on the split of expenditure in the claim.

## Notes to the Financial Statements

### Note 12: Trade and other payables

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Trade payables	<b>255,437</b>	500,484
Other payables	<b>69,397</b>	69,552
	<b>324,834</b>	570,036

- (i) Trade payables are non-interest bearing and are normally settled on a 30 to 90-day term. All amounts are short term. The net carrying value of trade payables is considered a reasonable approximation of fair value.
- (ii) For terms and conditions relating to related party payables refer to Note 18.

### Note 13: Issued capital

#### Ordinary shares on issue

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Ordinary shares issued and fully paid	<b>16,531,069</b>	16,405,069

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.

#### Movement in ordinary shares on issue

<b>Date</b>	<b>Detail</b>	<b>Number</b>	<b>Issue price (cents)</b>	<b>US\$</b>
1 July 2019	Opening balance	845,165,112		11,415,877
5 July 2019	Conversion of performance rights	5,000,000	0.005	24,356
7 November 2019	Conversion of performance rights	13,000,000	0.005	63,325
<b>30 June 2020</b>	<b>Closing balance</b>	<b>863,165,112</b>		<b>11,503,558</b>
23 November 2020	Conversion of performance rights	17,000,000	0.005	82,808
<b>30 June 2021</b>	<b>Closing balance</b>	<b>880,165,112</b>		<b>11,586,366</b>

#### 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.

## Notes to the Financial Statements

### Note 13: Issued capital (continued)

#### Movement in performance rights

Date	Detail	Number	Fair value at grants date (cents)	US\$
1 July 2019	Opening balance	35,000,000		-
5 July 2019	Conversion of performance rights	(5,000,000)	0.005	(24,356)
7 November 2019	Conversion of performance rights	(13,000,000)	0.005	(63,325)
<b>30 June 2020</b>	<b>Closing balance</b>	<b>17,000,000</b>		<b>82,808</b>
23 November 2020	Conversion of performance rights	(17,000,000)	0.005	(82,808)
3 March 2021	Issue of performance rights	49,000,000	0.005	68,072
<b>30 June 2021</b>	<b>Closing balance</b>	<b>49,000,000</b>		<b>68,072</b>

The establishment of the above PRP was approved by shareholders at the Company's AGM held on 26 November 2018. Each performance right vests on the closing share price reaching \$0.005 and remaining at or above this price for a period of 5 consecutive trading days. The performance rights expire on 26 November 2023.

### Note 14: Reserves

#### Nature and purpose of reserves

##### Share-based payments reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

##### Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising from the translation of subsidiaries with a functional currency other than USD.

### Note 15: Share-based payment plans

#### Performance Rights Plan ("PRP")

The Company established a PRP, which was approved by shareholders at the Company's AGM, held on 25 November 2020.

Following approval by shareholders, the Company is proposing the following performance rights under the PRP:

- 25,000,000 performance rights to other Officers and Employees of the Company; and
- 24,000,000 performance rights to Aaryn Nania (or his nominee/s).

Whilst the performance rights noted above have not been formally granted at 30 June 2021 as the participants of the plan have provided services to the Company from the issue date. AASB 2 – Share based payments requires the Company to estimate the expected fair value of the performance rights that will be recorded on the formal grant date. Upon formal grant date the Company will perform a reassessment of the fair value of the performance rights with any subsequent difference being recorded through the statement of profit or loss and other comprehensive income.

## Notes to the Financial Statements

### Note 15: Share-based payment plans (continued)

#### Performance Rights Plan ("PRP") (continued)

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:

Year	1	2	3
Date	30 September 2021	30 September 2022	30 September 2023
Ordinary Shares on Issue	16,333,334	16,333,333	16,333,333

The vesting condition for each tranche of Performance Rights shall be measured against the following performance criteria, with a 25% weighting for each of the below:

- i. Renewal and subsequent maintenance of the GM OnTRAC contract of commercial terms equal to or better than the Original Contract;
- ii. Signed commercial contract with a Non-GM OEM Client;
- iii. The Company achieving NPBT against Budget for the relevant just-concluded financial year, taking into account uncontrollable items at the discretion of the Board; and
- iv. Upon the CXZ 30-day VWAP trading at or above the Performance Price in the six months preceding each respective eligible vesting date. Performance Prices are as follows:
  - a. AUD\$0.025 for a vesting date of 30 September 2021;
  - b. AUD\$0.035 for a vesting date of 30 September 2022; and
  - c. AUD\$0.045 for a vesting date of 30 September 2023.

As at 30 June 2021 no performance rights had vested. The fair value of each performance right was 1.5 cents, being the share price on the day of issue. This value was confirmed by an independent valuation.

### Note 16: Financial instruments

#### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains largely unchanged from the previous period.

The capital structure of the Group consists of cash and cash equivalents, borrowings (currently none) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings/accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as general administrative outgoings.

## Notes to the Financial Statements

### Note 16: Financial instruments (continued)

#### Exposure to currency risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The consolidated entity is most exposed to fluctuations in the USD to AUD foreign exchange rate. Should this rate increase or decrease by 10% it would increase or decrease the loss after tax for the year by \$63,864.

The group's exposure to foreign currency risk at the reporting date was as follows, based on notional amounts:

2021	AUD	USD	CAD	Total
	US\$	US\$	US\$	
Cash and cash equivalents	1,880,074	413,497	36,892	2,330,463
Trade and other receivables	1,066,171	-	-	1,066,171
Trade and other payables	(324,564)	(270)	-	(324,834)
Balance sheet exposure	<u>2,621,681</u>	<u>413,227</u>	<u>36,892</u>	<u>3,071,800</u>
2020	AUD	USD	CAD	Total
	US\$	US\$	US\$	
Cash and cash equivalents	616,772	1,028,940	33,671	1,679,383
Trade and other receivables	1,244,630	8,766	0	1,253,396
Trade and other payables	(564,862)	(1,500)	(3,674)	(570,036)
Balance sheet exposure	<u>1,296,540</u>	<u>1,036,206</u>	<u>29,997</u>	<u>2,362,743</u>

The following significant exchange rates (US\$1.00) applied during the period.

	Average rate		Year-end date spot rate	
	12 months ended	12 months ended	30 June	30 June
	30 June 2021	30 June 2020	2021	2020
AUD	1.3382	1.4896	1.3335	1.4512
CAD	1.2407	1.3611	1.2812	1.3416

#### Financial risk management objectives

The Group is exposed to (i) market risk (which includes foreign currency exchange risk and interest rate risk), (ii) credit risk, and (iii) liquidity risk.

The consolidated entity's overall risk management program focuses on the management of these risks through cashflow forecasting capital management.

Risk management is carried out by the Board and Management informally on a frequent periodic basis. The process includes identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

#### Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Group does not enter into any derivative financial instruments, including foreign exchange forward contracts, to manage its exposure to or to hedge against foreign currency exchange rate fluctuations. There has been no change to the Group's exposure to market risks through the instruments above. The Group has reduced its foreign exchange risk through initiatives mentioned in the Review of operations in the Directors Report.

## Notes to the Financial Statements

### Note 16: Financial instruments (continued)

#### Interest rate risk

The Group is not exposed to any interest rate risk.

#### Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via holding funds only with major reputable financial institutions.

The Group continuously monitors the credit quality of customers and to deal only with credit worthy counterparties. The credit terms range between 30 and 90 days. The ongoing credit risk is managed through regular review of ageing analysis. Trade receivables mainly consist of debts due from its largest customer.

#### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### Non-derivative financial liabilities

The following tables detail the Group's expected contractual maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay. The below tables include both interest and principal cash flows:

2021	Weighted average interest rate %	Between 0 – 6 months US\$	Between 6 – 12 months US\$	Between 1 – 2 years US\$	Between 2 – 5 years US\$	Over 5 years US\$	Remaining contractual maturities US\$
<b>Non-derivatives</b>							
<i>Non-interest bearing</i>							
Trade and other payables	0%	324,834	-	-	-	-	324,834
Total non-derivatives		<u>324,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,834</u>

2020	Weighted average interest rate %	Between 0 – 6 months US\$	Between 6 – 12 months US\$	Between 1 – 2 years US\$	Between 2 – 5 years US\$	Over 5 years US\$	Remaining contractual maturities US\$
<b>Non-derivatives</b>							
<i>Non-interest bearing</i>							
Trade and other payables	0%	570,036	-	-	-	-	570,036
Total non-derivatives		<u>570,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,036</u>

## Notes to the Financial Statements

### Note 16: Financial instruments (continued)

#### Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2021 and 30 June 2020:

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
<b>Assets</b>		
Cash and cash equivalents	<b>2,330,463</b>	1,679,383
Trade and other receivables	<b>1,066,171</b>	1,253,396
<b>Total assets</b>	<b>3,396,634</b>	2,932,779
<b>Liabilities</b>		
Trade and other payables	<b>324,834</b>	570,036
<b>Total liabilities</b>	<b>324,834</b>	570,036

### Note 17: Contingent liabilities and assets

The Group has no contingent liabilities and assets as at 30 June 2021 (2020: nil).

### Note 18: Related party disclosure

#### Key Management Personnel

The following persons were Directors of Connexion Telematics Ltd during the financial year and are also identified as Key Management Personnel ("KMP"):

- Robert Downey
- Aaryn Nania
- Peter Torre
- Greg Ross
- Simon Scalzo
- Mark Caruso (*resigned 2 October 2020*)

#### Transactions with KMP

The aggregate compensation made to Directors and other KMP of the Group is set out below:

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Short-term employee benefits	<b>180,522</b>	145,883
Post-employment benefits	<b>15,250</b>	17,274
Share-based payments	<b>87,013</b>	48,204
	<b>282,785</b>	211,361

## Notes to the Financial Statements

### Note 18: Related party disclosure (continued)

#### Other transactions with KMP

No member of KMP appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

The Group used the legal services of Dominion Legal Pty Ltd during the year, a legal firm associated with Robert Downey. The amounts billed related to this legal service amounted to US\$16,170 excluding GST (2020: \$12,014 excluding GST), based on normal market rates and no amounts remained unpaid at the balance date.

The Group used CFO consulting and general accounting services of Mine Site Construction Services Pty Ltd during the previous year, a company associated with Mark Caruso. The amounts billed in 2020 related to this service amounted to US\$5,371 excluding GST (2021: nil), based on normal market rates and no amounts remained unpaid at the balance date.

The Group also used the consulting services of Puggle Media Holdings during the previous year, a consulting firm associated with Mark Caruso. The amounts billed in 2020 related to these consulting services amounted to US\$13,279 excluding GST (2021: nil), based on normal market rates and no amounts remained unpaid at the balance date.

There were no loans to/from related parties during the current or previous reporting period.

### Note 19: Interest in subsidiaries

Connexion Telematics Ltd is the ultimate Australian parent entity and ultimate parent of the Group. The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in Note 1:

Entity name	Country of incorporation	Ownership interest	
		2021 %	2020 %
Flexvs Pty Ltd	Australia	100	100
miRoamer Pty Ltd	Australia	100	100
Connexion Media Inc	United States of America	100	100
Connexion LLC	United States of America	100	100
1125816 B.C. Ltd	Canada	100	100
CXZ Mexico	Mexico	100	100



## Notes to the Financial Statements

### Note 20: Parent entity disclosures

#### Statement of profit or loss and other comprehensive income

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Profit for the year	<b>477,240</b>	1,894,031
Other comprehensive income	-	-
Total comprehensive income	<b>477,240</b>	1,894,031

#### Statement of financial position

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
Current assets	<b>2,949,217</b>	1,864,133
Non-current assets	<b>1,130,505</b>	1,902,546
Current liabilities	<b>(390,435)</b>	(624,637)
Non-current liabilities	<b>(15,274)</b>	(13,341)
Net assets	<b>3,674,013</b>	3,128,701
Equity		
Issued capital	<b>11,586,366</b>	11,503,558
Share-based payment reserve	<b>68,072</b>	82,808
Accumulated losses	<b>(7,980,425)</b>	(8,457,665)
Total equity	<b>3,674,013</b>	3,128,701

#### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

#### Contingent liabilities of the parent entity

As at 30 June 2021 Connexion Telematics Ltd has no contingent liabilities (2020: nil).

### Note 21: Auditors remuneration

The Auditor of Connexion Telematics Ltd is William Buck.

During the financial year the following fees were paid or payable for services provided by William Buck:

	<b>Consolidated</b>	
	<b>2021</b>	2020
	<b>US\$</b>	US\$
<i>Audit services - William Buck</i>		
Audit or review of the financial statements	<b>28,770</b>	24,839
<i>Other services - William Buck</i>		
Other assurance services, including taxation	<b>374</b>	-
	<b>29,144</b>	24,839

## Notes to the Financial Statements

### Note 22: Significant events after balance date

Other than disclosed elsewhere in the Annual 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.

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## Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Aaryn Nania**  
**Managing Director and Chief Executive Officer**

Sydney, 24 August 2021

## Connexion Telematics Ltd

Independent auditor's report to members

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Connexion Telematics Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as a 30 June 2021, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) 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 confirm that we have complied with the independence requirements of the *Corporations Act 2001*.

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

#### 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.

#### ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

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## CAPITALISATION OF DEVELOPMENTS COSTS

Area of focus Refer also to notes 2 & 11	How our audit addressed it
<p>At 30 June 2021 the Group has capitalised development costs of \$0.2 million which are held on the consolidated statement of financial position.</p> <p>Determining that the requirements of <i>AASB 138 Intangible Assets</i> are met is complex and requires significant judgement by the Directors and Group management, specifically in determining that the specific criteria, for capitalisation, stipulated by AASB 138 are addressed.</p> <p>As a consequence, we have determined this to be a key area of focus in the current year.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Reviewing management's internal documentation and policy in respect of development costs;</li> <li>• Assessing that only development costs are captured in accordance with Group policies;</li> <li>• Performing detailed testing over the development cost balance at 30 June 2021; and</li> <li>• Assessing that the impairment and amortisation charge recorded for the year was consistent with the Group policy.</li> </ul> <p>We also assessed the adequacy of the Group's disclosures in respect of the capitalised development costs in the financial report.</p>

## SHARE BASED PAYMENTS

Area of focus Refer also to notes 2, 3, 14, 15 and the Remuneration Report	How our audit addressed it
<p>In the current year the Group has issued performance rights to the CEO and other officers and employees of the Group. The performance rights plan includes service-based, market and non-market vesting conditions.</p> <p>Each of the arrangements which form part of the plan required significant judgments and estimations by management, including the following:</p> <ul style="list-style-type: none"> <li>• Determination of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the Group as at that grant date;</li> <li>• The evaluation of the vesting charge taken to the profit and loss in-respect of the vesting conditions attached to those share-based payment arrangements; and</li> <li>• The evaluation of key inputs into the binomial and Monte Carlo simulation models, including the significant judgment of</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating the fair values of share-based payment arrangements by agreeing assumptions to third party evidence. In determining the grant dates, we evaluated what were the most appropriate dates based on the terms and conditions of the arrangements;</li> <li>• Evaluating the progress of the vesting of share-based payments within the service period; and</li> <li>• For the specific application of the binomial and Monte Carlo models, we assessed the experience of the expert used to advise the value of the arrangement. We retested some of the assumptions used in the model and recalculated those fair values.</li> </ul> <p>We also considered the adequacy of the Group's disclosures in the notes to the financial report.</p>

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## SHARE BASED PAYMENTS (CONTINUED)

the forecast volatility of the performance right over its exercise period.

The value of these share-based payment arrangements materially affects the disclosures in the financial report, including disclosures of key management personnel remuneration and has been deemed a key area of focus for our audit.

## CHANGE OF PRESENTATION CURRENCY TO UNITED STATES DOLLARS

**Area of focus**  
Refer also to Note 1

**How our audit addressed it**

During the year ended 30 June 2021 the Group elected to change the presentation currency in the financial report from Australian Dollars ("A\$") to United States Dollars ("US\$").

In management's view given its current and future strategy presenting the financial results in US\$ gives shareholders a more transparent view of the Group's performance.

As a result of this change both current and comparative financial data was restated to be presented in US\$ in the financial report and thus this was a key area of focus for our audit.

Our audit procedures included:

- Recalculating the arithmetic accuracy of the change in presentation currency and verifying that appropriate foreign exchange rates have been used.

We also considered the adequacy of the Group's disclosures in the notes to 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 2021 but does not include the financial report and the 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 the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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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 has 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 the 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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf) .

This description forms part of our independent auditor's report.

## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Connexion Telematics Ltd, for the year ended 30 June 2021, 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.



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



**A. A. Finnis**  
Director  
Melbourne, 24 August 2021

## Shareholder Information

The shareholder information set out below was applicable as at 22 August 2021.

### Equity security holders

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

No.	Holder	Shares	%
1	MR VAUGHAN THALES KENT	46,226,257	5.25%
2	GRAHAM NEWMAN PTY LTD	42,000,000	4.77%
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> MR NICHOLAS MICHAEL KEPHALA & MS VIRGINIA LOUISE WALLACE	28,366,046	3.22%
4	<BERKSHIRE SUPERFUND A/C>	25,000,000	2.84%
5	ZURICH BAY HOLDINGS PTY LTD	20,000,000	2.27%
6	MR ROBERT CAMERON GALBRAITH	19,227,092	2.18%
7	MR GREGORY PETER WILSON	16,200,000	1.84%
8	MR TAN CHING KHOON	12,198,517	1.39%
9	KASSETT PTY LTD <JR ZITO DISCRETIONARY NO 2>	12,000,000	1.36%
10	MRS STELLA EMILY DOWNEY	10,000,000	1.14%
11	SECOND LAGOON PTY LTD <SECOND LAGOON A/C>	10,000,000	1.14%
12	MR MARTIN DOWLING	9,871,380	1.12%
13	MR ROBERT GALBRAITH	9,300,000	1.06%
14	MR MICHAEL ANTHONY SMITH	8,102,347	0.92%
15	INTERNATIONAL MINING SERVICES LIMITED	7,660,000	0.87%
16	KASSETT PTY LTD <THE JOSEPH ZITO SUPER A/C>	7,450,000	0.85%
17	NOMMACK SALES PTY LTD	7,000,004	0.80%
18	MR MARK CARUSO	7,000,000	0.80%
19	MR STEFAN MITRIK	6,159,855	0.70%
20	REGIONAL MANAGEMENT PTY LTD <MVC A/C>	6,071,740	0.69%
	Total Securities of Top 20 Holdings	309,833,238	5.25%
	<b>Total of Securities</b>	<b>880,165,112</b>	



**Shareholder Information (continued)****Distribution of equity securities**

Analysis of number of equity security holders by size of holding:

	<b>Number of holders of ordinary shares</b>
1 to 1,000	11,822
1,001 to 5,000	77,775
5,001 to 10,000	253,346
10,001 to 100,000	38,359,062
100,001 and over	<u>841,463,107</u>
	<u>880,165,112</u>
Holding less than a marketable parcel	<u>272</u>

**Substantial holders**

The following one shareholder is considered substantial holders in the Company based on their holding and interest in other holdings.

<b>Holder</b>	<b>Shares</b>	<b>% IC</b>
Graham Newman Pty Ltd & Associates	63,152,500	7.17%
Mr Vaughan Thales Kent	46,226,257	5.25%

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Restricted securities**

There are no restricted securities.