

2023 Half Year Report

For the six months ended
September 30



connexionz
SMARTER TRANSIT SOLUTIONS

Assisting public transport
operators to manage their
day-to-day systems.



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ended 30th September 2023

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Summary of the half year

For the six months ended September 30, 2023



Revenue
\$3,019,876

Company revenue for the six months to 30th September 2023, was \$3,019,876, showing a decrease of 16% compared to the corresponding six-month period in 2022 of \$3,615,028.

The loss before tax for the six months to 30th September 2023 was \$492,702, which compares with a profit before tax of \$103,723 in the corresponding six-month period in 2022.

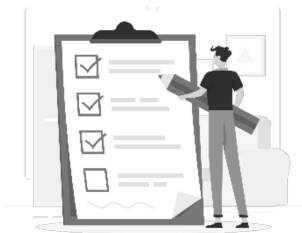
Loss
\$492,702

2023



There is a strong demand for new systems; nonetheless, trading conditions have become more difficult, with restructuring initiatives taking time to bear fruit.

Post-COVID-19 supply chain issues and inflation particularly in electronic components, wages and salaries for technical employees continue to create headwinds for Connexionz.



A contract was signed with the City of Gatlinburg, Tennessee, in April 2023. Deployment is going to plan. Since the half-year balance date, Connexionz has also won another contract for the City of Yakima.



HALF YEAR IN REVIEW

Twelve months ago, we were settling on what we believed to be realistic expectations for the financial period 2023/2024; influencers included the impact of COVID on personal health was abating, retention and the securing of qualified professionals approached levels of common sense and employment options included working from 'home' had become almost the norm. The procurement of essential components eased, although there were inflationary pressures caused by obsolescence, market competition from volume purchasers, and high demand with lengthy supply chain delays.

Further our 2022/2023 financial year was rapidly ending with a good deal of carry-over momentum that in itself gave us great confidence for the months ahead.

A steady flow of 'requests for proposal' (RFPs) in the USA was experienced through this period that kept the team extremely busy with selected responses; we were fortunate to be rewarded on numerous occasions as short-listed candidates with moderate success however; unfortunately, strong competition often spoiled the party. Successful outcomes can often take months to come to fruition and manifest the reward on the bottom line.

Three relatively new sales team members (two replacements, one new position) brought considerable pressure across the entire team as they worked diligently to familiarise themselves with our technologies, the current customer base, and new prospects. Considerable focus is on supporting the sales team's system knowledge, skills, and processes. Anticipated sales for the six months ending September 30th have, therefore, fallen to \$3,019,876, resulting in a loss of \$492,702.

In anticipation of the unlikely recovery for the final six months, the senior management team has taken the initiative to enhance our product offering and appeal by enhancing the architecture of our system and, in tandem, taking action to modify the design elements to mitigate concurrent obsolescence and supply chain delays.

It is disappointing to record that even with a number of successful sales and positive achievements in recent months, we will not be in any position to report an immediate recovery, and more to the point, working capital will become under greater pressure over the coming months.



Tony Kan - CEO



Richard Riley - Chair

The board and senior management team are committed to turning this current position around, restructuring proposals are currently under consideration; in so doing we are conscious of the need to maintain and enhance the high levels of service to our customers, continue to enhance our offering and be expansive in our processes and maintain the growth strategy.

Amongst all this, we have a solid product with happy customers in 13 different states of America from California to New York State. Our system supports over 32 million passenger trips and processes over 1.2 billion GPS locations each year.

It is noted and appreciated the loyalty shown by our stakeholders (particularly staff and shareholders) over a number of years and that with all the good-intentioned promises and ambitions of greatness yet to be fulfilled we have arrived at a point where the support of investors may be called upon to provide financial assistance to get us through this period and back on track.

Our sincerest thanks go to our team and shareholders for their commitment and support.

A handwritten signature in black ink, appearing to read 'Riley'.

Richard Riley
Chair

A handwritten signature in black ink, appearing to read 'Tony Kan'.

Tony Kan
Chief Executive Officer



Statement of profit or loss & other comprehensive income

(Unaudited)

For the six months ended September 30, 2023

	Six Months to 30 Sept. 2023 (Unaudited)	Six Months to 30 Sept. 2022 (Unaudited)
	\$	\$
Revenue	3,019,876	3,615,028
Other Gains & (Losses)	1,978	244,410
Raw Materials and Consumables Used	(1,074,942)	(1,105,408)
Depreciation and Amortisation Expenses	(124,966)	(160,641)
Employee Benefits Expense	(1,806,178)	(1,849,730)
Finance Costs	(27,580)	(2,751)
Consulting Expense	(18,750)	(52,265)
Other Expenses	(462,140)	(584,949)
Profit/(Loss) Before Tax	(492,702)	103,723
Income Tax (Expense)/Benefit	137,240	(32,282)
Deferred Tax Asset (Not Recognised)/Recognised	(137,240)	32,282
PROFIT/(LOSS) FOR THE PERIOD attributed to Shareholders	(492,702)	103,723
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD attributed to Shareholders	(492,702)	103,723
Earnings per Share		
Basic (cents per share)	(0.91)	0.19
Diluted (cents per share)	(0.85)	0.18



Statement of financial position

(Unaudited)

For the six months ended September 30, 2023

	30 Sept. 2023 (Unaudited)	31 March 2023	30 Sept. 2022 (Unaudited)
	\$	\$	\$
Assets			
<i>Current Assets</i>			
Cash and Cash Equivalents	862,599	159,501	1,071,092
GST and Sales Tax Payable	31,807	18,284	44,879
Inventories	826,350	896,175	796,750
Trade and Other Receivables	579,628	1,058,824	1,200,117
Contract Asset (Accrued Income and Retentions)	20,259	39,995	303,323
Prepayments	475,123	115,296	367,753
Total Current Assets	2,795,767	2,288,076	3,783,913
<i>Non-Current Assets</i>			
Deferred Taxation	-	-	-
Property, Plant and Equipment, ROUA (Property Lease)	711,480	652,395	75,457
Intangible Assets	679,115	477,081	298,630
Total Non-Current Assets	1,390,595	1,129,475	374,086
Total Assets	4,186,362	3,417,551	4,158,000
Equity and Liabilities			
<i>Current Liabilities</i>			
Cash and cash equivalents	-	387,618	-
Employee Benefits	242,896	227,868	214,296
GST and Sales Taxes Payable	556	-	16,704
Contract Liability (Revenue in Advance)	2,378,201	495,201	1,499,553
Lease Liability	131,790	56,563	42,001
Trade and Other Payables	382,827	800,476	767,698
Total Current Liabilities	3,136,270	1,967,726	2,540,252
<i>Non-Current Liabilities</i>			
Lease Liability	588,656	575,829	8,753
Contract Liability (Income in Advance)	253,194	150,131	284,594
Total Non-Current Liabilities	841,850	725,960	293,347
Total Liabilities	3,978,121	2,693,686	2,833,599
<i>Equity</i>			
Share Capital	5,354,385	5,354,385	5,354,385
Accumulated Loss	(5,146,144)	(4,630,520)	(4,029,985)
Total Equity	208,241	723,865	1,324,400
Total Equity and Liabilities	4,186,362	3,417,551	4,158,000



Statement of changes in equity

(Unaudited)

For the six months ended September 30, 2023

Company	Share Capital	Accumulated Loss	Total
	\$	\$	\$
Balance at 1st April 2022	5,354,385	(4,110,785)	1,243,600
Profit (Loss) for the Period	-	103,723	103,723
Other Comprehensive Income for the Period	-	-	-
<i>Total Comprehensive Income for the Period</i>	-	103,723	103,723
<i>Transactions with Owners in their Capacity as Owners</i>			
Payment of Preference Share Dividends	-	(22,797)	(22,797)
Balance at 30th September 2022	5,354,385	(4,029,859)	1,324,526
Profit (Loss) for the Period	-	(577,738)	(577,738)
Other Comprehensive Income for the Period	-	-	-
<i>Total Comprehensive Income for the Period</i>	-	(577,738)	(577,738)
<i>Transactions with Owners in their Capacity as Owners</i>			
Accrued Preference Share Dividends yet to be declared	-	(22,923)	(22,923)
Balance at 31st March 2023	5,354,385	(4,630,520)	723,865
Profit (Loss) for the Period	-	(492,702)	(492,702)
Other Comprehensive Income for the Period	-	-	-
<i>Total Comprehensive Income for the Period</i>	-	(492,702)	(492,702)
<i>Transactions with Owners in their Capacity as Owners</i>			
Accrued Preference Share Dividends yet to be declared	-	(22,923)	(22,923)
Balance at 30th September 2023	5,354,385	(5,146,144)	208,241



Statement of cash flows

(Unaudited)

For the six months ended September 30, 2023

	Six Months to 30 Sept. 2023 (Unaudited) \$	Six Months to 30 Sept. 2022 (Unaudited) \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	6,001,400	5,105,221
Interest Received	649	40
Payments to Suppliers and Employees	(4,563,343)	(4,820,595)
Interest and Other Finance Costs Paid	(5,538)	-
Lease Interest	(22,042)	(2,751)
Income Tax Paid	-	-
Net Cash (used in)/ Provided by Operating Activities	1,411,127	259,117
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property Plant and Equipment	(1,609)	(14,422)
Purchase of Intangible Assets	(256,415)	-
Proceeds from Disposal of Assets	-	16,350
Net Cash Used in Investing Activities	(258,024)	1,928
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Lease Liability	(62,387)	(58,488)
Dividends Paid to Preference Share Holders	-	(22,797)
Net Cash Provided by/ (Used in) Financing Activities	(62,387)	(81,285)
Net Increase (Decrease) in Cash and Cash Equivalents	1,090,716	202,557
Cash and Cash Equivalents as at Beginning of Period	(228,117)	868,535
Cash and Cash Equivalents as at End of Period	862,599	1,071,092



Notes to the financial Statements

For the six months ended September 30, 2023

1. Accounting Policies

Reporting Entity

Connexionz Limited (“the Company”) is a profit-oriented entity incorporated and domiciled in New Zealand, registered under the Companies Act 1993.

The Company is an FMCA Reporting Entity under the Financial Markets Conduct Act 2013.

Basis of preparation

The unaudited interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with the New Zealand Equivalent to International Reporting Standards (NZ IFRS). The financial statements comply with International Financial Reporting Standards. The financial statements have been prepared in accordance with the Financial Reporting Act of 2013.

The financial statements for the six months ended 30th September 2023 are unaudited.

These financial statements have been prepared under the same accounting policies and method of computation as the Company’s Annual Report as at 31st March 2023 and should be read in conjunction with the financial statements and related notes included in the Company’s Annual Report for the year ended 31st March 2023.

The financial statements were approved by the Board of Directors on 24th November 2022. The information is presented in New Zealand dollars.

2. Seasonality or Cyclicity

Seasonality or cyclicity had no significant impact on the interim results.

3. Unusual Transactions Due to Nature, Size or Incidence That Affects Accounts

There were no unusual transactions due to nature, size or incidence that affected the interim results.



4. Changes in Estimates or Amounts Reported in Prior Periods

There have been no changes in estimates or amounts reported in prior years that would have a material effect on the amounts reported in the current interim period.

5. Net Cash Flows from Operating Activities

	Six Months to 30 Sept. 2023 (Unaudited) \$	Six Months to 30 Sept. 2022 (Unaudited) \$
Reconciliation of Profit/(Loss) For the Period to Net Cash Flows from Operating Activities:		
Profit (Loss) After Tax for the Period	(492,702)	103,723
Adjustment for Non-Cash Items:		
Depreciation of Property, Plant and Equipment	70,585	65,354
Amortisation of Other Intangible Assets	54,380	95,286
Right of Use Asset	(128,062)	(2,695)
Recognition of Income Tax Benefit of Deferred Tax Asset from Accumulated Losses	-	-
Changes in Net Assets and Liabilities:		
Decrease/ (Increase) In Assets:		
Trade and Other Receivables (Current)	479,195	(750,848)
Inventories	69,825	(116,589)
Accrued Income and Retentions	19,736	497,118
Tax Refunds Due	13,072	
Prepayments	(386,422)	(272,653)
Increase/(Decrease) In Liabilities:		
Trade and Other Payables	714,779	641,397
Revenue Received in Advance	878,648	-
Employee Entitlements	15,028	21,946
Contract Income in Advance	103,063	-
Net Cash Inflow /(Outflow) From Operating Activities	1,411,127	282,039

6. Dividends Paid

A dividend on preference shares yet to be declared, at the rate of 12% per share amounting to a total dividend of \$22,923 has been accrued. No dividends were paid on ordinary shares during the period.



7. Material Events Subsequent to the Interim Period

No significant events have occurred subsequent to the reporting date.

8. Changes in Contingent Assets, Liabilities Since Last Annual Balance Date

No changes in contingent assets or contingent liabilities have occurred since the last balance date.

Directory

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