

Quarterly Activities Report For the period ended 31 March 2019

- **OnTRAC maintains a subscription base around 70,000 vehicles per month.**
- **Commercial Link Fleet Management subscription base increased a further 10% during the quarter.**
- **Subscription Revenue totalling \$1.3m for the quarter ending 31 March 2019**
- **Unaudited Net Profit before Tax of \$220k for the quarter ended 31 March 2019**

Melbourne Australia: Connexion Telematics Ltd ("CXZ") is pleased to provide an update on its activities and cash flows for the quarter ended 31 March 2019 (Q3 FY19).

Operations Summary

During the quarter, the Company continued its return to profitability and cash positive operating conditions with Subscription Revenue totalling \$1.3m and Net Cash Inflows from Operating activities totalling \$101,225. Cash flows for the quarter were affected by delays with receipts relating to the January OnTRAC subscriptions. This delay has been rectified with a payment of approximately \$729k expected in early May. Once received, payment terms will be in line with contractual arrangements.

Subscription Revenue is expected to continue with a monthly run rate in the order of \$550k-\$600k per month and a Gross Margin of approximately 30%. In addition, the Company is still experiencing a number of modification requests adding to revenue for this financial year.

The current Quarter did experience some additional activity and costs relating to the OnTRAC system implementation but these are now reducing, allowing the Company to optimise its operating costs while also exploring other revenue opportunities that may exist for its products.

For personal use only

CONNEXION

CXZ's flagship product, OnTRAC, a B2B fleet management system locally developed by CXZ, enables General Motors to manage US dealers' (Dealers) demonstrator vehicles to support their service and customer care processes under the Courtesy Transportation Program (CTP) and Cadillac Courtesy Transportation Alternative (CTA). The CTP and CTA delivers a range of benefits to its Dealers. OnTRAC is the exclusive fleet management software for CTP and CTA.

After a successful trial in November 2018 GM mandated US Dealers to compulsory subscribe to OnTRAC for participation in the CTP. In line with this mandate, OnTRAC subscriptions reached almost 70,000 by December 2018, and have continued to maintain similar monthly subscription numbers in the March quarter.

CXZ also delivered further growth in its Commercial Link ("CL") subscription base, which increased by 10% during the March quarter and now sits at 4,803. Recent verbal advice from GM indicates that they will be insourcing this product in the near future. Discussions will continue with GM on this potential decision and the Directors will also be exploring other opportunities for this software to offset any reduction in future revenue.

Cash Position

The Company's cash position as at 31 March of \$190,501 is lower than expectation due to the delay in receipts of January OnTRAC subscriptions. As noted above, this has since been rectified with receipts expected in early May. Cash receipts from operations in Q3FY19 were \$336,016, compared to \$119,609 for Q2. This increase in cash receipts includes some of the first subscription receipts from the OnTRAC software.

During the quarter the company also received a Research and Development Grant (R&D) Rebate of \$406,949.

The company repaid borrowings of \$150,000 in the current quarter with an additional \$150,000 due 31 May 2019, to extinguish all borrowings by 30 June 2019.

In line with revenue forecasts, although the Appendix 4C lodged with this update notes expenditure in the coming quarter of approximately \$1.6m, the Company also expects revenue to largely offset this cost. This will put the Company in an enviable position of being debt free and generating sustainable positive cashflows into the new financial year.

Ends

Queries:

Peter Torre
Company Secretary
E: enquiries@connexionltd.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Connexion Telematics Limited

ABN

68 004 240 313

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A	Year to date (9 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	336,016	551,773
1.2 Payments for		
(a) research and development	-	(214,897)
(b) product manufacturing and operating costs	(284,381)	(331,745)
(c) advertising and marketing	-	(92,514)
(d) leased assets	-	-
(e) staff costs	(97,561)	(330,704)
(f) administration and corporate costs (see note 4)	(252,297)	(622,649)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1,449
1.5 Interest and other costs of finance paid	(7,500)	(7,500)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	406,948	406,948
1.8 Other (provide details if material)	-	-
(a) superannuation adjustment	-	160,950
1.9 Net cash from / (used in) operating activities	101,225	(478,889)

For personal use only

Consolidated statement of cash flows	Current quarter \$A	Year to date (9 months) \$A
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3,645)	(3,645)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(3,645)	(3,645)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	658,200
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(8,256)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(150,000)	(150,000)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(150,000)	499,943

For personal use only

Consolidated statement of cash flows	Current quarter \$A	Year to date (9 months) \$A
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	233,570	167,051
4.2 Net cash from / (used in) operating activities (item 1.9 above)	101,225	(478,889)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3,645)	(3,645)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(150,000)	499,943
4.5 Effect of movement in exchange rates on cash held	9,351	6,042
4.6 Cash and cash equivalents at end of quarter	190,501	190,501

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A	Previous quarter \$A
5.1 Bank balances	190,501	233,570
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	190,501	233,570

6. Payments to directors of the entity and their associates	Current quarter \$A
6.1 Aggregate amount of payments to these parties included in item 1.2	25,200
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment of Board and Director's Fees

For personal use only

7. Payments to related entities of the entity and their associates	Current quarter \$A
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	150,000	150,000
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

David E Yalda provided cash advance of \$300,000 on 20 January 2013 for working capital to fund proposed acquisition of Mi Media holdings and Essential Digital Group Pty Ltd. Interest rate is 15% per annum. CXZ paid \$150,000 plus \$7,500 interest in February 2019 and has agreed to pay out the remaining \$150,000 on 31 May 2019.

9. Estimated cash flows for next quarter	\$A
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(961,278)
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(213,597)
9.6 Administration and corporate costs	(228,774)
9.7 Other (provide details if material) Repayment of Loan	(150,000)
9.8 Total estimated cash outflows	(1,553,649)

For personal use only

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 30 April 2019

Print name: .Peter Torre

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

For personal use only