

Quarterly Activities Report For the quarter ended 30 June 2019

- **76k average monthly combined subscriptions of CL and CTP/CTA**
- **OnTRAC CTP commissioned and operating within contracted parameters, with subscription base consistently maintained above budgeted 70k vehicles per month**
- **\$1.7m in total revenue for the quarter ending 30 June 2019**
- **Strong free flow cash generation of \$914k for the quarter ending 30 June 2019**
- **Significant increase in the Company's cash position as at 30 June 2019 of \$939k**

Melbourne Australia: Connexion Telematics Ltd ("**CXZ**" or the "**Company**") is pleased to provide an update on its activities and cash flows for the quarter ended 30 June 2019 (Q4 FY19).

Operations Summary

The Company finalised the implementation of the Courtesy Transportation Program ("**CTP**") and Cadillac Courtesy Transportation Alternative ("**CTA**") program, which was initiated in November 2018. Previous commissioning and dealer orientation issues have reduced significantly, allowing the program to operate in a steady state during the quarter with a significant reduction in support enquiries being achieved.

OnTRAC vehicle subscriptions via the General Motors ("**GM**") dealerships peaked at 70,462. This number of revenue-paying subscriptions now represents an average vehicle subscription rate of 71,423 per month (over 3 months) for the quarter.

Customisation work to the OnTRAC program in conjunction with GM aimed at optimising the current features of the Software is ongoing. These include enhanced dealership analytics, reporting and other various user functions required by the large GM dealer network.

The Company has maintained steady growth in its Commercial Link ("**CL**") subscription base and now sits at 4,981.

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The combined revenue-generating subscriptions of CL and OnTRAC was 75,898 for the month of June which is slightly above previous quarter subscriptions.

Financial performance continued to strengthen, building on the positive momentum achieved in the previous quarter. The Company continued its return to profitability and cashflow positive operating conditions with an increase in Subscription Revenue to \$1.6m for the quarter up from \$1.3m in the previous quarter. The Company generated \$1.7m in sales revenue for the quarter, which includes \$1.6m subscription revenue and \$0.1m in OnTRAC modification requests.

Moving forward, Subscription Revenues are expected to continue with a monthly run-rate in the order of \$550k-\$600k per month with strong operating margins. In addition, the Company continues to expect to receive customisation work requests through a number of ongoing modification and feature enhancement requests for the OnTRAC program which, as well as increasing revenue, also solidifies the relationship with GM.

Cash Position

The Company's cash receipts from customers for the period totaled \$1.5m, a notable increase from \$336k in the previous quarter. This was a direct result (as reported last quarter) of the receipt of January OnTRAC subscriptions which, together with February and March 2019 subscriptions, were received in the current quarter.

The Company's cash position as at 30 June 2019 of \$939k (31 March 2019: \$191k).

The current Quarter features steady activity allowing the Company to optimise its operating costs while exploring other revenue opportunities that may exist for its products.

The Board continues to rationalise costs to enhance the Company's profitable and cashflow positive financial operating performance. The Company recorded an unaudited net profit before tax of \$448k for the quarter. Furthermore, and as announced by the Company on 31 May 2019, the Company repaid borrowings of \$150k in the current quarter and is now debt free.

Outlook

The Company will continue to build on its flagship OnTRAC B2B fleet management system within the GM dealership network

It expects revenue paying subscriptions for OnTRAC to continue to maintain the peak of circa 70,000 monthly subscriptions. Ongoing optimisation and customisation work currently in hand will continue to drive net revenue per subscription.

The Company is also actively pursuing opportunity for growth within the current GM dealership network, as well as actively looking at external applications to other OEM vehicle dealerships within the US and also Australia.

CONNEXION

The Company is well advanced in conducting a strategic review of its business operating model to investigate how best to extract further value of its telematics access and software initiatives.

Having stabilised the Company's operations under the leadership of the Management Team lead by Chief Operating Officer, Tasso Koutsovasilis, the Company now intends to appoint a suitable Executive to lead the Company into its next phase of development on the back of a solid financial and operating platform.

Ends

Queries:

Peter Torre

Company Secretary

E: enquiries@connexionltd.com

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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")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	1,531,166	2,082,939
1.2 Payments for		
(a) research and development	-	(214,897)
(b) product manufacturing and operating costs	(190,593)	(522,338)
(c) advertising and marketing	-	(92,514)
(d) leased assets	-	-
(e) staff costs	(165,458)	(496,162)
(f) administration and corporate costs (see note 4)	(260,714)	(883,363)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1,449
1.5 Interest and other costs of finance paid	(4,196)	(11,696)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	406,948
1.8 Other (provide details if material)	-	-
(a) superannuation adjustment	-	160,950
1.9 Net cash from / (used in) operating activities	910,205	431,316

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Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(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. 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)	(300,000)
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)	349,944

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Consolidated statement of cash flows	Current quarter \$A	Year to date (12 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	190,501	167,051
4.2 Net cash from / (used in) operating activities (item 1.9 above)	910,205	431,316
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(3,645)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(150,000)	349,944
4.5 Effect of movement in exchange rates on cash held	(12,094)	(6,054)
4.6 Cash and cash equivalents at end of quarter	938,612	938,612

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	938,612	190,501
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)	938,612	190,501

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	23,272
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 Director's Fees and Superannuation.

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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	77,100
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	

Payments totalling \$35,200 were paid to Mine Site Construction Services, a company related to Mr Mark Caruso, for the provision of Consulting CFO and general financial accounting services.

Payments totalling \$41,900 were paid to Dominion Legal Pty Ltd, a company related to Mr Robert Downey, for the provision of legal services.

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)	-	-
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 a 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. An interest rate of 15% per annum applied to the advance. CXZ paid \$150,000 plus \$7,500 interest in February 2019, with the balance of \$150,000 paid out on 31 May 2019.

9. Estimated cash flows for next quarter	\$A
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(840,435)
9.3 Advertising and marketing	(6,000)
9.4 Leased assets	-
9.5 Staff costs	(331,763)
9.6 Administration and corporate costs	(153,578)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,331,776)

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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:
Company secretary

Date: 26 July 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.

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