

Quarterly Activities Report For the quarter ended 30 September 2019

- **OnTRAC CTP/CTA subscription base consistently maintained at over 72k vehicles per month**
- **Total group subscription base of 77,634 vehicles**
- **Customisation improvement work for GM at \$221k for the quarter**
- **16% increase in total revenues to \$1.8m for the quarter ending 30 September 2019**
- **Continued strong free flow cash generation of \$520k for the quarter ending 30 September 2019**
- **60% increase in the Company's cash position as at 30 September 2019 to \$1.5m**
- **Experienced CEO Mr Guy Perkins appointed**

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 September 2019 (Q1 FY20).

Operations Summary

The Company continues to provide the Software as a Service (SaaS) solution for the Courtesy Transportation Program ("**CTP**") and Cadillac Courtesy Transportation Alternative ("**CTA**"), OnTRAC for General Motors ("**GM**"). Total YTD customisation and improvements work for the program is \$316k. The program has strong support from GM, with customisation and improvements work to the OnTRAC program continuing in the current quarter generating revenue of \$221k. This is being driven by the 4,000+ GM dealer network, which will generate additional consulting fees and recurring revenues.

OnTRAC vehicle subscriptions via the GM dealerships averaged over 72,000 for the quarter ending 30 September 2019. As more customisation work, driven by the 4,000+ dealer Network, drives requirements, we expect the subscription rate to gradually increase over the coming months with increasing awareness and ease of use of the OnTRAC program.

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The Company has maintained steady usage in its Commercial Link (“CL”) subscription base and now sits over 5,000 vehicles. However, this program is expected to be phase out in Calendar year 2020 with GM’s focus turning to OnTRAC.

The financial position and performance of the Company continues to strengthen, building on the positive momentum achieved in the previous quarters. The Company continues to be profitable and cashflow positive with an increase of 19% in cash receipts from customers in the quarter to \$1.8m compared to \$1.5m in the previous quarter.

The subscription revenues are expected to continue with a monthly run-rate in the order of \$550k-\$600k per month with strong operating margins. Additionally, the Company is confident to receive additional 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 GM’s OnTRAC program for the period totaled \$1.8m. The Company’s cash position increased by 59% during the quarter to \$1.5m as at 30 September 2019 (30 June 2019: \$939k).

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 across the 4,000+ GM and Cadillac dealers network.

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 \$567k for the quarter.

Outlook

The Company will continue to build on its flagship OnTRAC SaaS CTP/CTA program solution within the GM 4,000+ dealership network. The OnTRAC program currently has over 10,000 unique users accessing the system which consolidates its use across the GM dealer network.

The Company expects revenue paying subscriptions for OnTRAC to continue to maintain usage of over 70,000 monthly subscriptions. Ongoing optimisation and customisation work currently in hand will continue to drive both consulting and recurring revenues.

The Company continues to actively pursue opportunity for growth within the current GM dealership network, as well as actively looking at external applications to other manufacturer vehicle dealerships within the USA and Australia.

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In addition, the Company has commissioned a Market Research Study by leading accounting firm Ernst and Young to look at the opportunities of integrating vehicle telematics into the Green Economy.

The Company appointed Guy Perkins as Managing Director of the CXZ Board on 5 August and he commenced work in the Company's Melbourne office as Chief Executive Officer on 2 September.

Ends

Queries:

Guy Perkins
Chief Executive Officer and Managing Director
E: guy.perkins@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 Ltd

ABN

68 004 240 313

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	1,819,900	1,819,900
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(765,954)	(765,954)
(c) advertising and marketing	(1,200)	(1,200)
(d) leased assets	-	-
(e) staff costs	(270,145)	(270,145)
(f) administration and corporate costs (see note 4)	(262,157)	(262,157)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	520,444	520,444

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2,945)	(2,945)
(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	(2,945)	(2,945)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
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	-	-

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 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	938,612	938,612
4.2 Net cash from / (used in) operating activities (item 1.9 above)	520,444	520,444
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,945)	(2,945)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	38,421	38,421
4.6 Cash and cash equivalents at end of quarter	1,494,532	1,494,532

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	1,494,532	938,612
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)	1,494,532	938,612

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	31,165
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, Director's Salary and Superannuation.

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	47,741
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 \$35,526 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 \$12,215 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.		

9. Estimated cash flows for next quarter	\$A
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(1,195,829)
9.3 Advertising and marketing	(6,330)
9.4 Leased assets	-
9.5 Staff costs	(289,477)
9.6 Administration and corporate costs	(350,961)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,842,597)

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: 24 October 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.