

## Quarterly Activities Report For the period ended 31 December 2018

### Summary:

- **Key milestone achieved with our proprietary OnTRAC fleet management system for General Motors (GM) Courtesy Transportation Program (CTP).**
- **69,905 vehicles across 3,666 registered dealers onboarded to OnTRAC as active revenue subscriptions under CTP during the quarter.**
- **Commercial Link Fleet Management (CL) subscription base increased by 31% during the quarter as a direct result of positive GM dealer exposure.**
- **96% growth in revenue-generating vehicle subscribers during the quarter with a GM registration and subscription revenue base of 71,024+ vehicles through CTA/CTP and Commercial Link Telematics software systems.**
- **Change of Name to Connexion Telematics Ltd approved by shareholders.**

**Melbourne Australia:** Connexion Telematics Ltd ("CXZ") is pleased to provide an update on its activities and cash flows for the quarter ended 31 December 2018 (Q2FY19).

During the quarter, the Company achieved a key milestone with its local development team working alongside the US GM dealer network to successfully rollout the proprietary OnTRAC fleet management system for General Motors (GM) CTP.

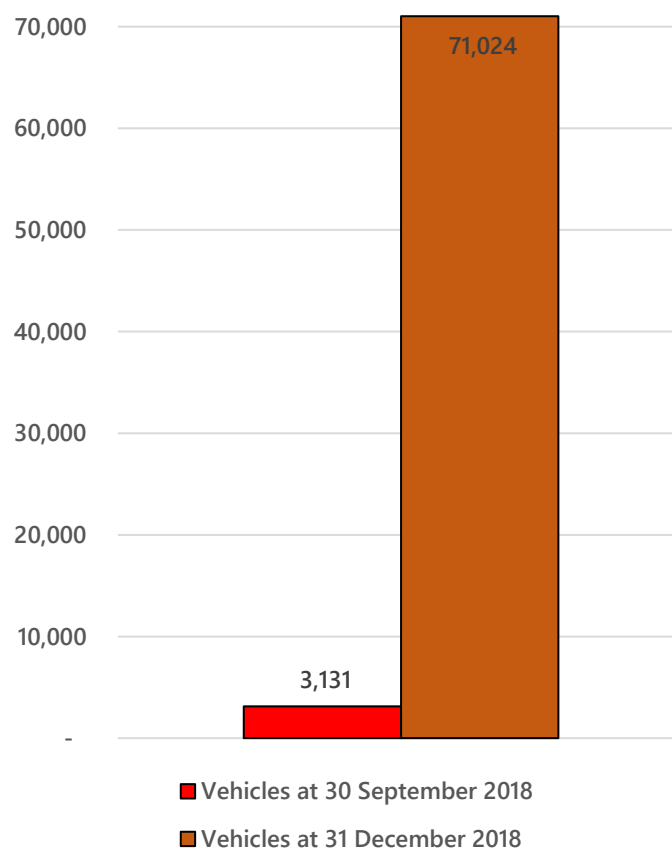
OnTRAC, a B2B fleet management system locally developed by CXZ, enables GM to manage US dealers' (dealers) demonstrator vehicles to support their service and customer care processes under the CTP and Cadillac Courtesy Transportation Alternative (CTA). The CTP and CTA delivers a range of benefits to its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

After a successful trial in November, GM mandated compulsory subscription to OnTRAC for participation in the 2019 Courtesy Transportation programs commencing January 2019. In line with this mandate OnTRAC subscriptions reached almost 70,000 registrations in December. This includes subscriptions for the GM CTP and the Cadillac CTA program which was announced early in the quarter. This uptake of registrations during the quarter is significantly accelerated from the October announced forecast of 23,000+ vehicle subscriptions.

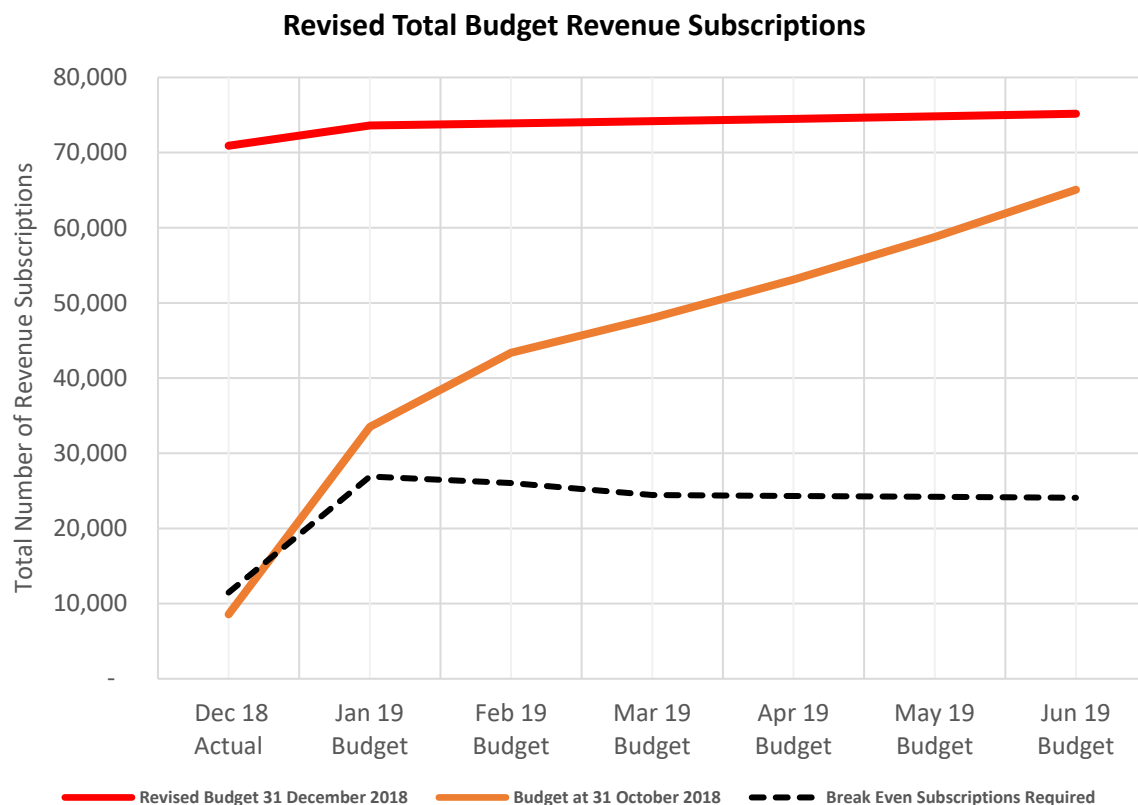
With the increased GM dealer exposure, CXZ has also enjoyed newly invigorated growth in CL subscription base. The growth of CL has increased by 31% since October and now sits at 4,350 subscriptions.

The Company now has a projected subscription revenue base of 74,000+ vehicles through its CTA/CTP and Commercial Link GM Telematics software programs.

## Vehicle Subscriber Growth



Subscription revenue from the GM CTP OnTRAC program commenced in December and on the current run rate should provide positive operating cash flows into the 2<sup>nd</sup> half of FY19.



## Corporate and Financial Information

At the Company's Annual General Meeting held in November 2018, shareholders approved the change of name of the Company to "Connexion Telematics Ltd". The Directors are of the view that the name change better reflects the Company's products and potential markets.

The meeting approved the re-election of Mr Caruso and confirmed Mr Aaryn Nania's appointment as directors. Shareholders approved the adoption of a performance rights incentive plan which the Company can use to appropriately incentivise its officers and staff for their efforts in restructuring the Company's operational financial performance.

On 11 December 2018, the Company announced a share sale facility for holders of less than a marketable parcel (defined in the ASX Listing Rules as a parcel of securities with a market value of less than A\$500, Less Than Marketable Parcel (LTMP)) of the Company's shares.

## Cash Position

The Company's cash position is in line with expectation, with a cash balance as at 31 December of \$233,570. Cash receipts in Q2FY19 were \$119,609, compared to \$96,148 for Q1. This increase in cash receipts reflects the steady increase in Commercial Link subscriber numbers. First receipts from the CTP are expected in February 2019.

# CONNEXION

During the quarter the company lodged a Research and Development Grant (R&D) with a total amount of \$406,949 which has subsequently received in January.

The expected increase in cash flow from the CTP software has also allowed the Company to commence negotiations for the repayment of the remaining borrowings totaling \$300,000 by 30 June 2019.

**Ends**

**Queries:**

Peter Torre

Company Secretary

E: [enquiries@connexionltd.com](mailto: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 December 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A</b>	<b>Year to date (6 months) \$A</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	119,609	215,757
1.2 Payments for		
(a) research and development	(187,375)	(214,897)
(b) product manufacturing and operating costs	(16,329)	(47,364)
(c) advertising and marketing	(81,238)	(92,514)
(d) leased assets	-	-
(e) staff costs	(151,321)	(233,143)
(f) administration and corporate costs (see note 4)	(197,462)	(370,352)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1,449
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)	-	-
(a) superannuation adjustment	-	160,950
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(514,117)</b>	<b>(580,115)</b>

Consolidated statement of cash flows		Current quarter \$A	Year to date (6 months) \$A
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	(8,256)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(8,256)</b>	<b>649,943</b>

Consolidated statement of cash flows		Current quarter \$A	Year to date (6 months) \$A
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	760,783	167,051
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(514,117)	(580,114)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(8,257)	649,943
4.5	Effect of movement in exchange rates on cash held	(4,839)	(3,310)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>233,570</b>	<b>233,570</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	<b>233,570</b>	<b>760,783</b>
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>233,570</b>	<b>760,783</b>

**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	30,936
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

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A</b>
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	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A</b>	<b>Amount drawn at quarter end \$A</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	300,000	300,000
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, and has been paid for 12 months in advance as at 27 February 2018.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A</b>
9.1 Research and development	(200,500)
9.2 Product manufacturing and operating costs	(273,985)
9.3 Advertising and marketing	(12,349)
9.4 Leased assets	-
9.5 Staff costs	(196,164)
9.6 Administration and corporate costs	(384,006)
9.7 Other (provide details if material) Repayment of Loan	(157,500)
<b>9.8 Total estimated cash outflows</b>	<b>(1,224,504)</b>



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: 30 January 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.