

AGM Presentation

Melbourne Australia: Connexion Telematics Ltd (“CXZ”, “Connexion” or “the Company”) provides the attached presentation to be delivered to shareholders at the Company’s Annual General Meeting to be held virtually at 8.30am AWST today.

Ends

Issued by: Connexion Telematics Ltd

Authorised by: The CEO of Connexion Telematics Ltd

Queries:

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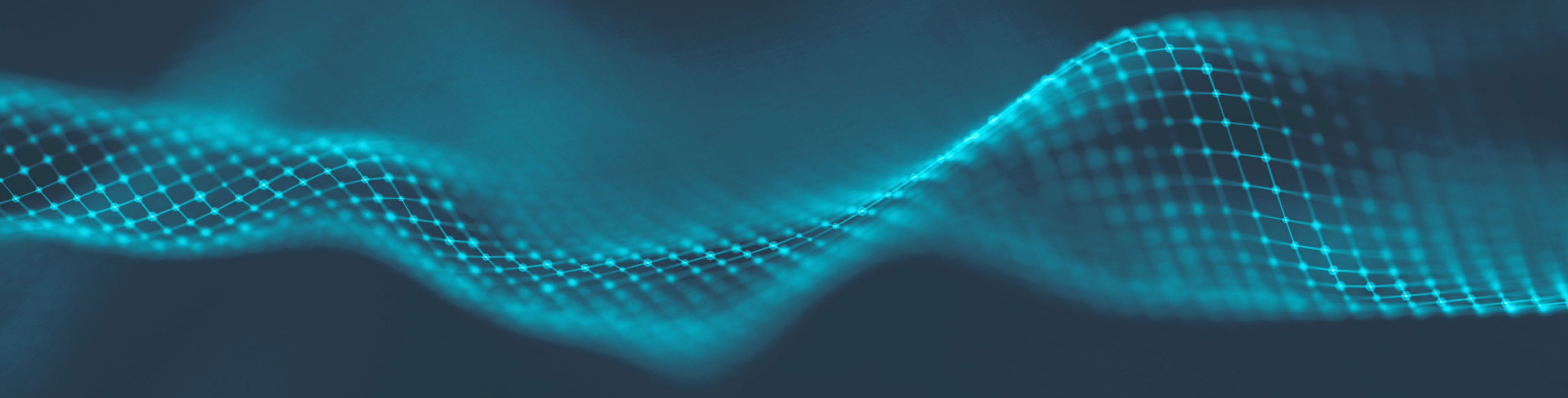
CEO and Managing Director

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CONNEXIONTM

Rental and Loaner Fleet Management Platform

2021 AGM Investor Presentation





CONNEXION

2021 AGM

INVESTOR PRESENTATION

NOVEMBER 2021

Agenda

1

Introduction

2

Products

3

Strategy

4

FY21 Results

5

Outlook

6

Summary

Who We Are

Connexion Telematics Limited is a publicly-listed Enterprise-grade software company servicing the US automotive software market.

Our software incorporates telemetry, fleet management, contract management and data analytics tools to deliver solutions to the global automotive sector.

Our cornerstone OEM client is General Motors (US), for whom we exclusively power its Courtesy Transportation Program (CTP) via our proprietary OnTRAC and CXZTRAC software.





Our Products



**Our flagship rental management
platform, customised for General Motors**

Cloud-first since launch

Ease-of-use validated by 15,000 users

Encapsulated business rules

based on GM's CTP

Solutions integrated

with other GM partners – difficult to untangle

Trusted relationship

built over many years of doing business

OEM transition cost

time, development, training, roll-out, support and
uncertainty of output/results

Risks to switch

uncertainty in output/usability/performance/reliability

Cost effectiveness

current solution is very lean



Our brand-agnostic rental management platform

Modelled on OnTRAC and launched in May 2021, CXZTRAC helps OEMs and Dealers to save time and money through:

- Quick reservations and DMS integration, reducing time to rent out a vehicle
- Affordability - lower prices compared with most competitors
- Telemetry, allowing Dealers to recoup excess fuel & toll usage from customers
- Reduced audit risk and cost
- Improved Customer Experience

CXZTRAC can help Dealers earn more money by partnering with like-minded, forward-thinking Software Vendors that help Dealers to:

- Reduce the cost of doing business
- Increase rental utilization
- Recover fleet costs such as tolling and fuel
- Drive repeat business through outstanding customer experience
- Accelerate inventory turnover upon loaner program exit



CONNEXION | S™

In development, our E-store will soon enable User access to a growing suite of the most relevant, integrated software vendors

TEKION

FORTELLIS
Automotive Commerce Exchange™



carsfast

stripe

tollaid®

Testimonials

“OnTRAC is so easy to use, and always adding new features. I’d love to have it in my Hyundai and Mazda locations.”
– Hyundai Dealer Principal

“We’ve saved so much in reducing audits and incorrect incentive payments, the program more than pays for itself.”
– GM HQ Employee

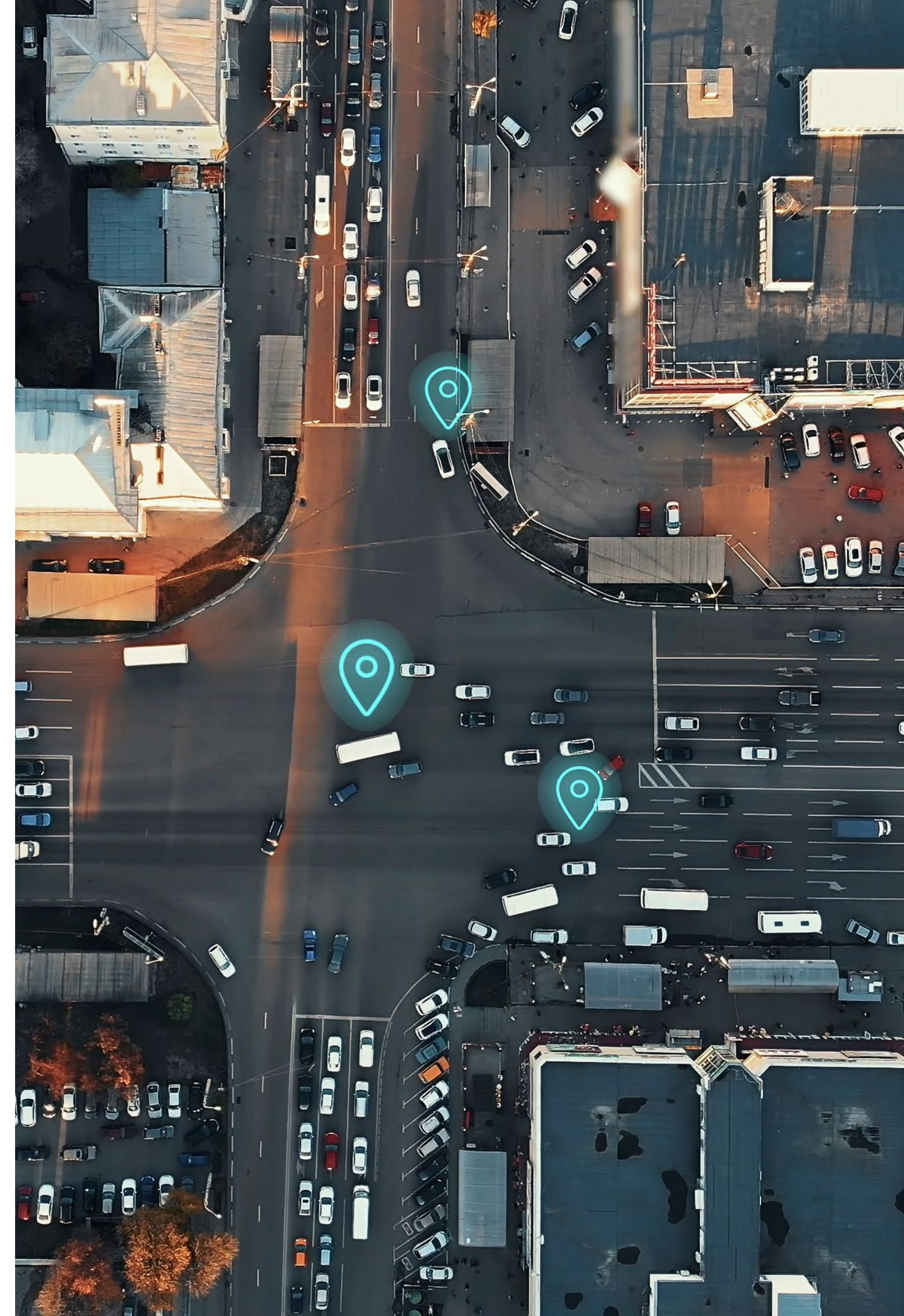
“Kudos to you for one of the most successful program/platform launches in recent history for GM. Most of the IT projects that have rolled out have been difficult challenges for the field. This has proven to be an extremely useful tool.”
– GM Fixed Ops Director

“Always appreciate the efforts you and your team make in developing great additions to OnTRAC. It’s turning out to be a really robust and useful tool.”
– GM Business Ops Manager

“It is exciting to be part of such a great team that continues to make improvements and changes to such a well-designed program!”
– GM Dealership Courtesy Vehicle Supervisor

Our Strategy

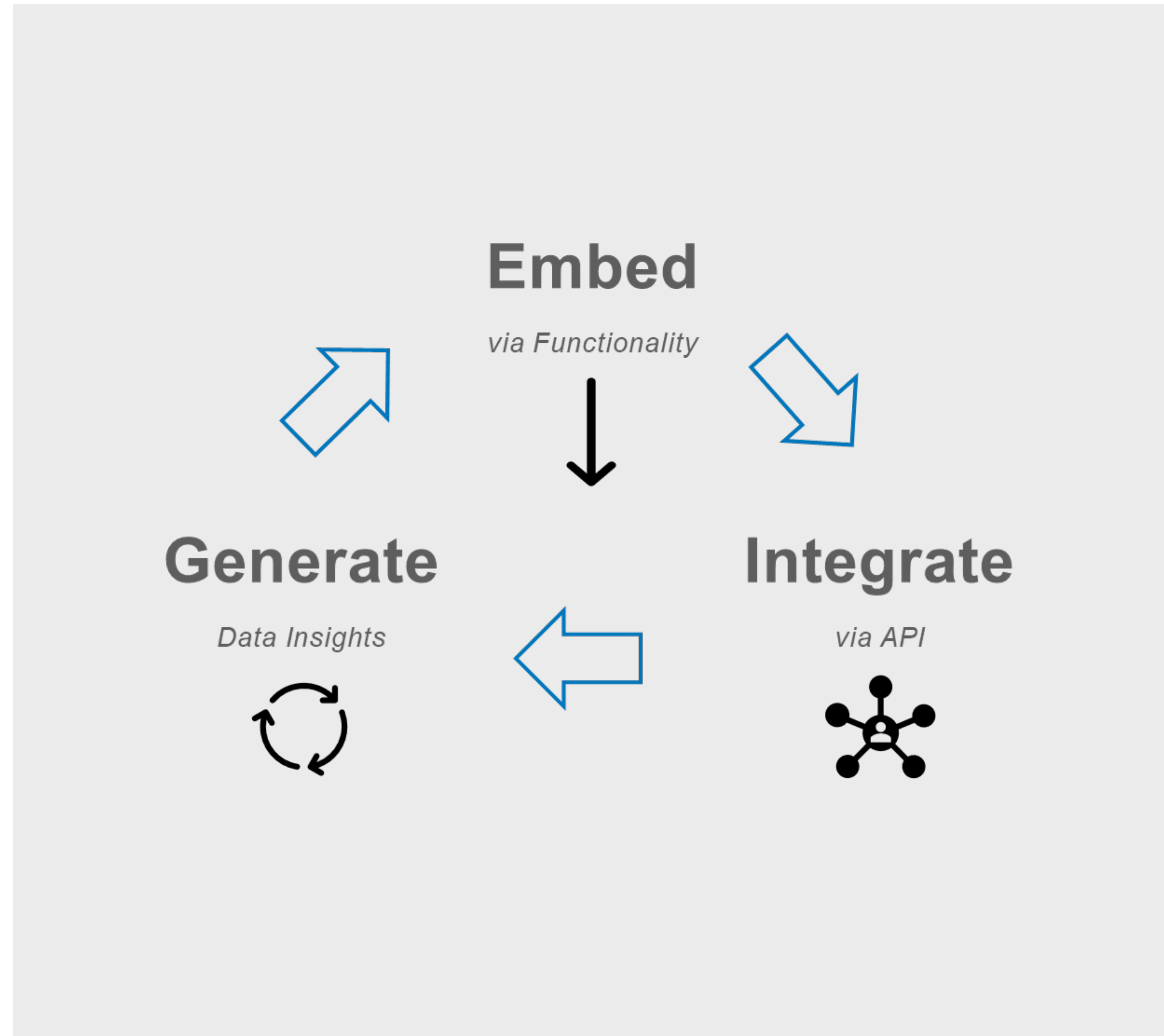
Come for the tool, stay for the network



Operating Model

Operating as a feedback loop, each step not only adds to profitability, but strengthens our moat.

In turn, this enhances our strategy of operating at the intersection of Business Process Outsourcing, Customer Experience and Sales.



Sales Model

Customer Driven Sales Strategy:

- Connexion sells to the OEM
- OEM sells to the Dealers
- Connexion sells further to the Dealers
- Dealers sell to the Consumer

OEM Sales

CXZTRAC



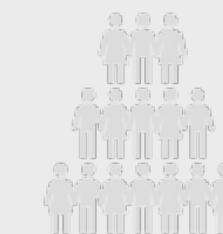
Dealership Sales

Lot Management (non-CTP), Concierge, Rental Platform etc



Consumer Sales

Consumer Apps



NOTE: At this stage, "Consumer Sales" merely represents optionality inherent in Connexion's strategy by way of its distribution network. There is no firm commitment to develop this component.

Sources of Value

Generating Economic Value

2017 Onwards.

General Motors extended for five years.

New OEM Sales – existing product.

A small number of potentially large-ticket revenue prospects.

Lumpy revenue growth.

Long lead times.

US VP of Sales appointed March 2021.

Multi-pronged sales approach implemented using existing internal product champions.

Building Strategic Value

2020 Onwards.

Building the value inherent in both our OEM and Dealership distribution channels.

Already, approximately 22% of all Light Vehicle Dealerships in the US use Connexion's software.

For context, the largest DMS provider in the US has ~45% share.

These channels are suitable for both our proprietary products, and potentially 3rd party product as well.

Commercialising Strategic Value

2021 Onwards.

Commercialising the value inherent in both our OEM and Dealership distribution channels.

Value can be commercialised organically or via channel partnerships in either direction.

A larger number of small-ticket revenue prospects.

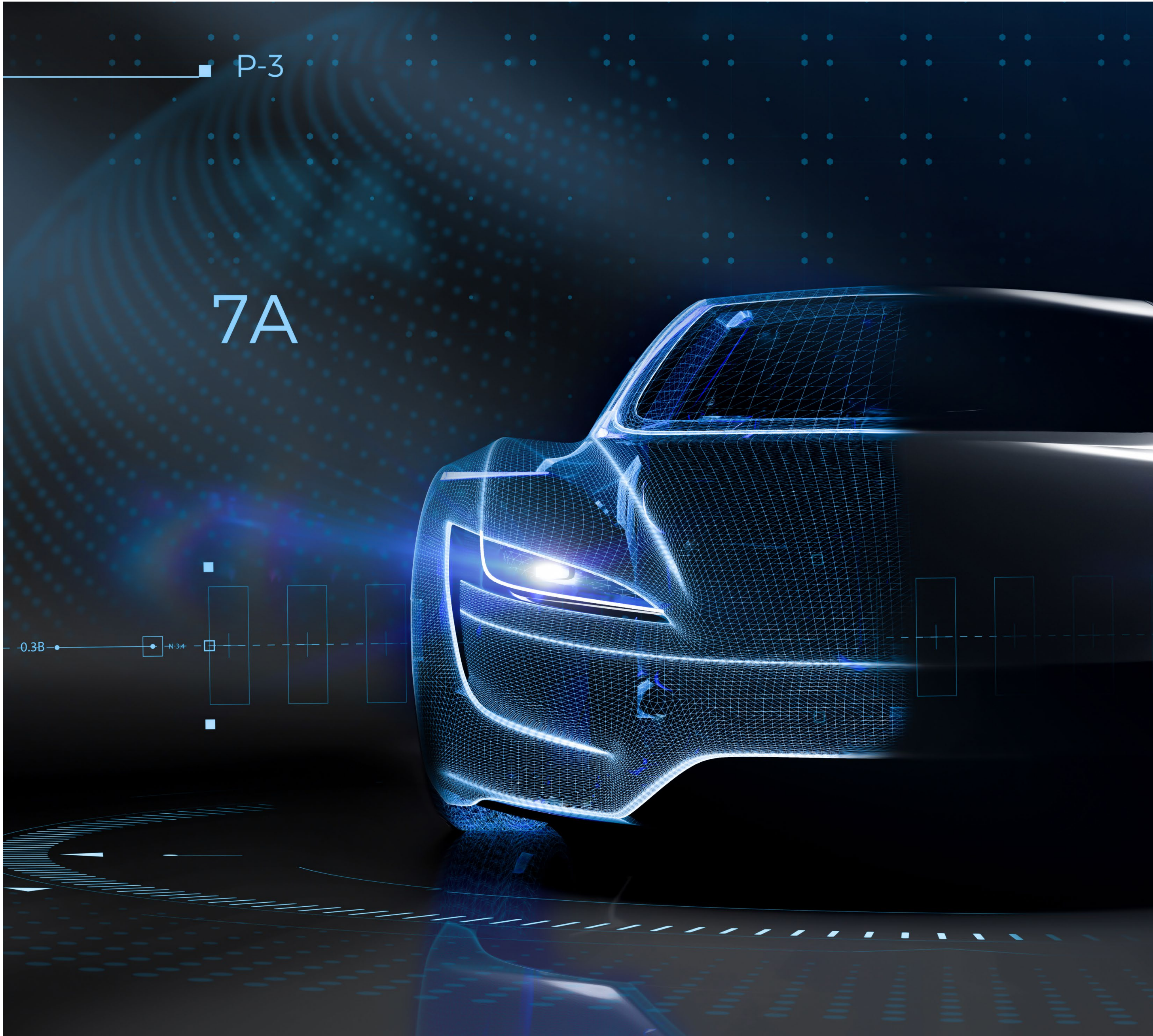
Incremental revenue growth.

First two Commercial Pilot signed.

Sources of Value



*"OEM Sale" refers to a sale of our current platforms – OnTRAC and CXZTRAC



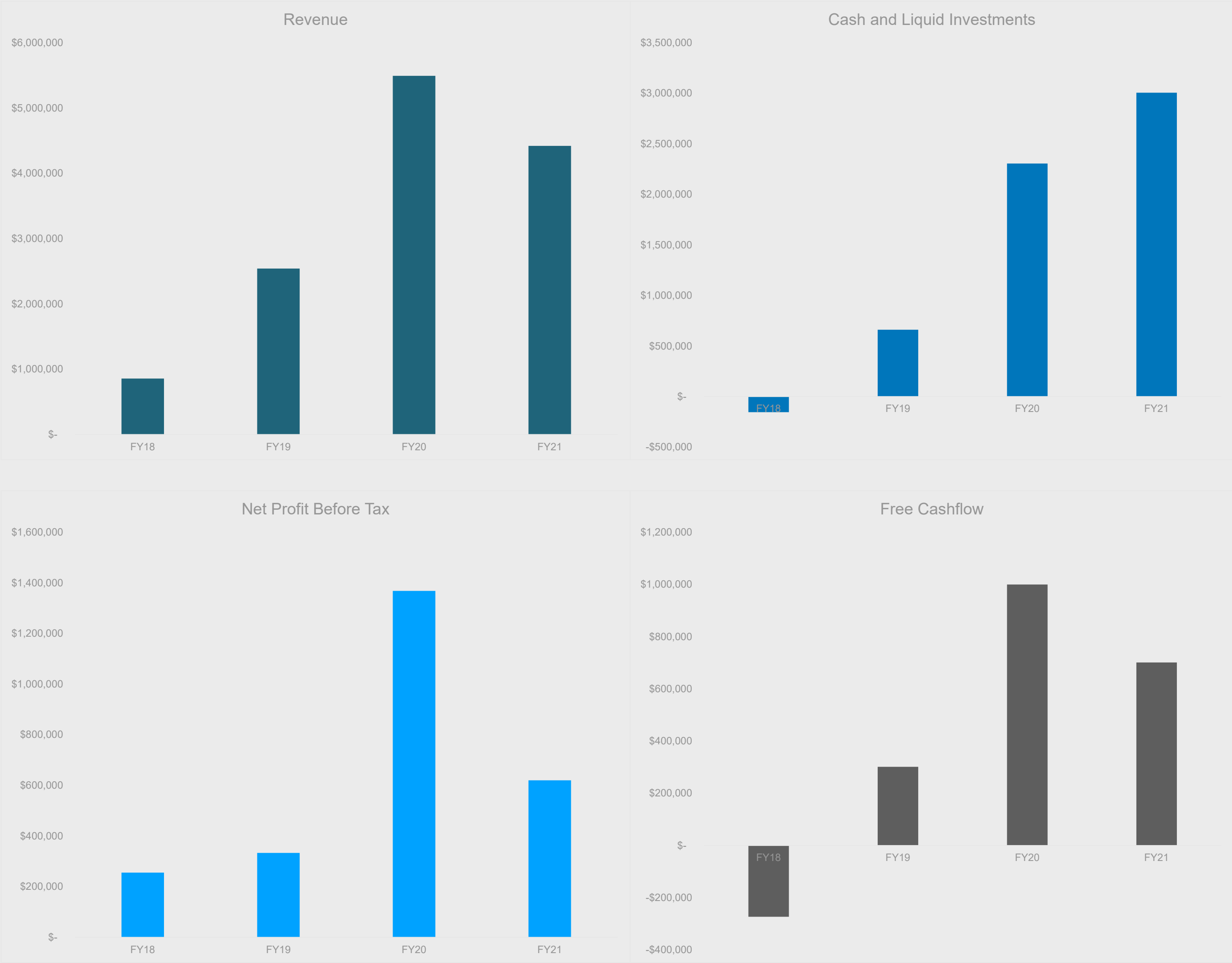
FY21 Results

FY21 Highlights

Our P&L exhibits strong operating leverage typical of a SaaS company at an early stage of profitability.

Strong balance sheet, with no debt and strong free cashflow conversion.

Our growing cash balance offers both optionality and defensive characteristics.



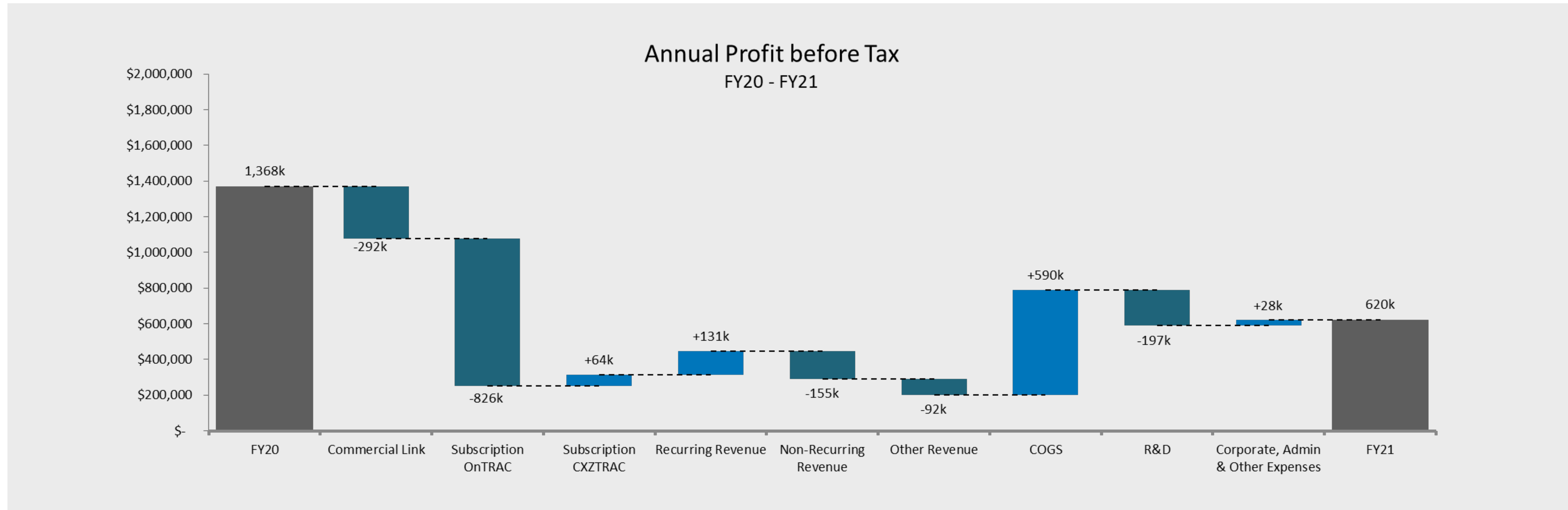
Key Trends

Four key trends influenced our FY21 results, continuing into FY22:

1. Revenue deterioration from plunging global vehicle inventories (semiconductor chip shortage)
2. Revenue growth from CXZTRAC subscriptions
3. Revenue growth from feature-enhancement delivery
4. Expenditure growth from reinvestment into our Team and Products



FY21 Vs FY20



- FY20 was the prior comparable period, and a record year in virtually all respects.
- FY20 included numerous one-off revenue items, record pre-COVID subscriptions levels and the discontinued Commercial Link contract.
- FY21 shows growing Recurring Revenue, materially increased R&D expenditure, the first two months of CXZTRAC revenue and disciplined G&A.

True SaaS

In years prior, Connexion derived a larger percentage of its revenue from one-off “Services” activity.

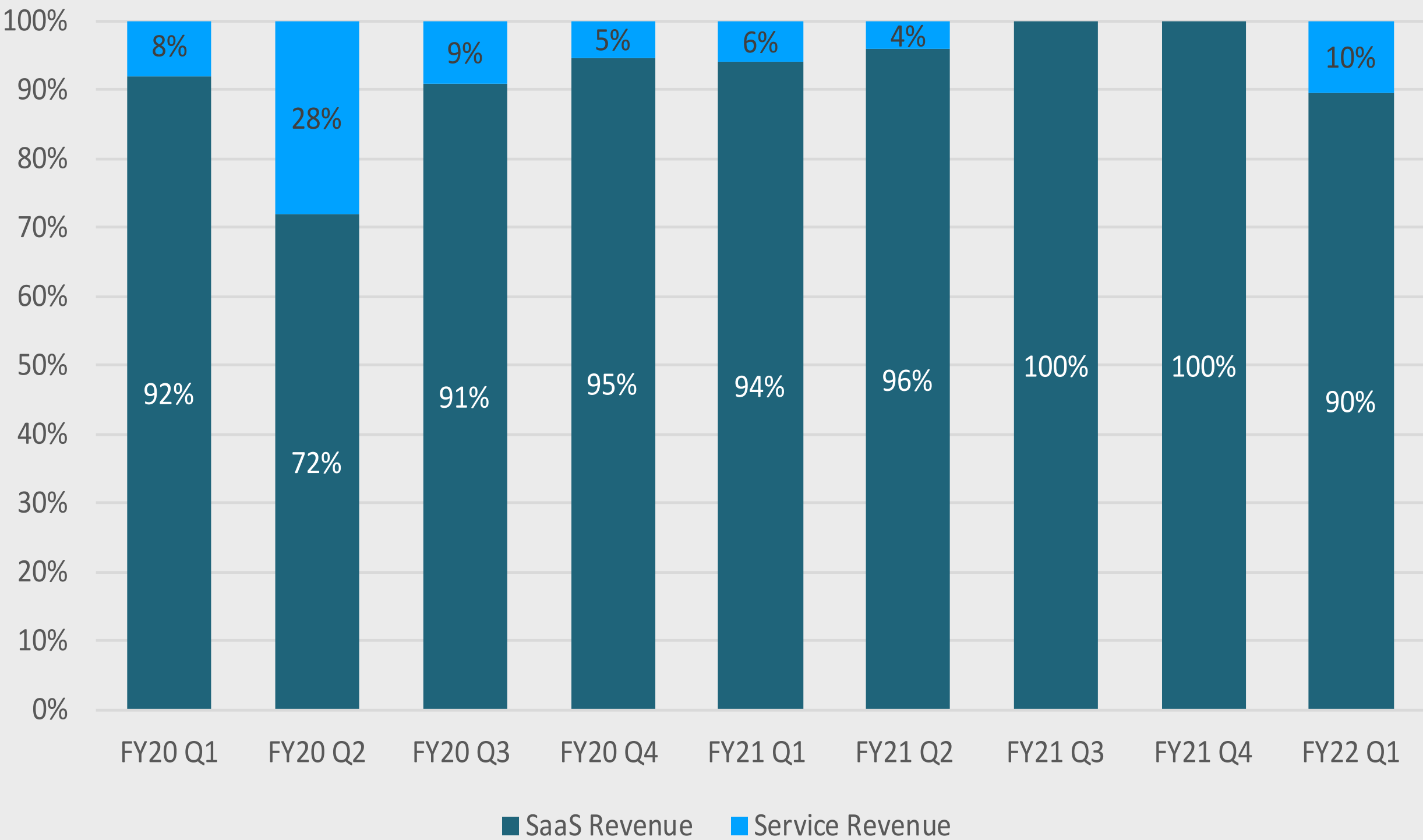
This was a tactic successfully employed by the Company to repair its balance sheet without diluting Shareholders.

This tactic is no longer used actively, with Services activity being restricted to the improvement of customer satisfaction and stickiness.

Connexion’s prime focus is growing its “true” SaaS business, which is scalable.

Correspondingly, Connexion’s “flywheel” is beginning to emerge, with increased Gross Profit reinvested into further growth initiatives.

Revenue Split



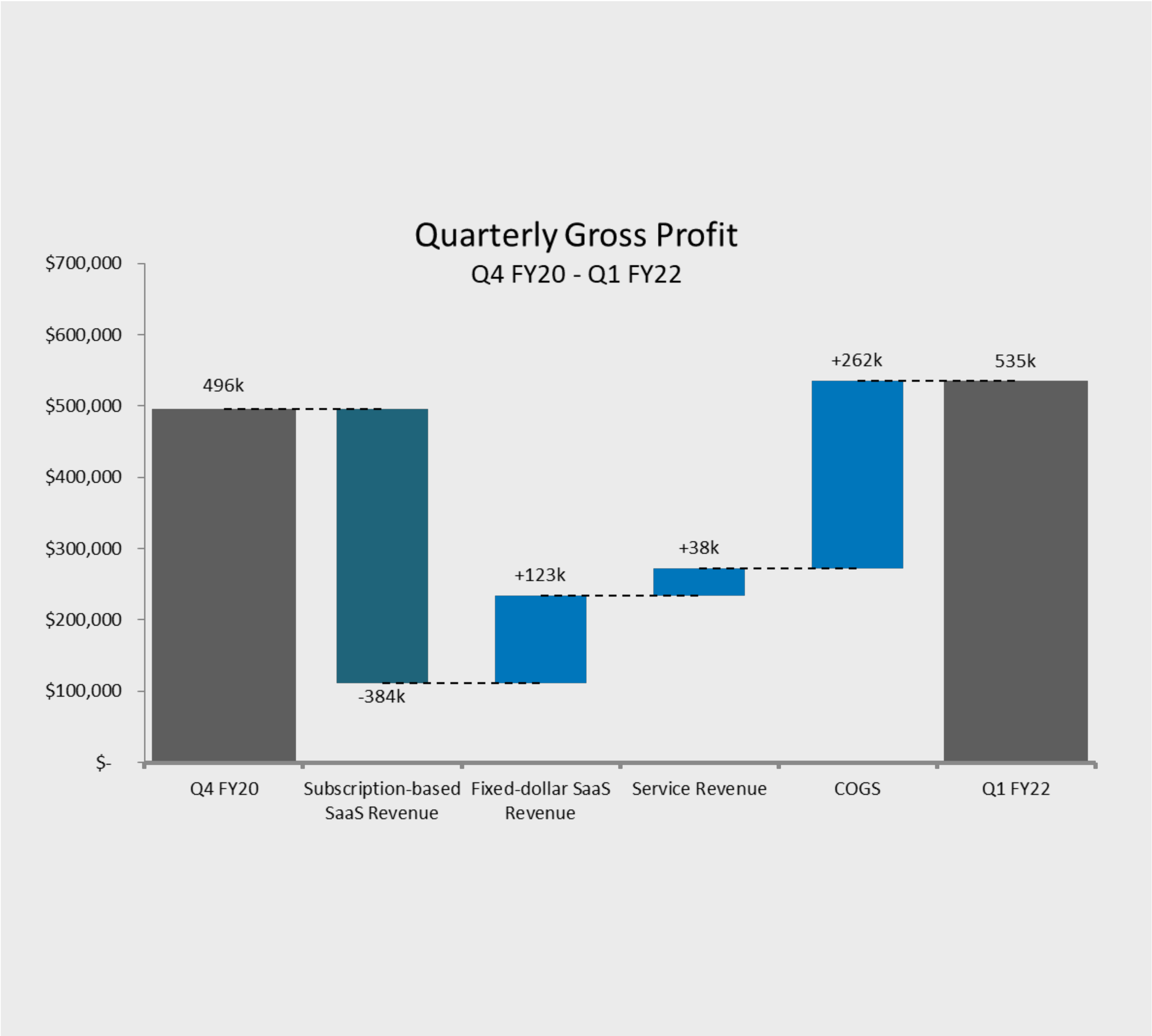
Gross Profit

Conservative accounting treatment means that increasing investment into R&D and Sales & Marketing will weigh on Net Profit for the foreseeable future.

The single best metric to track the performance of such investment over time is Gross Profit.

Gross Profit is the “engine” of the business, from which cashflow can be subsequently allocated to its highest and best use.

Connexion’s Gross Profitability is approaching all-time highs, with the last Quarter (Q1 FY22) only surpassed by Q2 FY20 – a period boosted by an unusually large amount of one-off revenue.



Economic Drivers

At last year's AGM, we advised of the three Economic Drivers affecting Connexion in order of influence.

These were firstly FX, followed by Subscriptions and then Team Performance.

We are pleased to report that the order of influence is now reversed, with Connexion substantially more resilient to externalities than it was twelve months ago.



Team Performance



Subscriptions



FX

Economic Drivers



Team Performance

Team performance remains strong:

1. Extended five-year agreement signed with General Motors, serving as a pleasing validation of the daily value that Connexion brings to General Motors and its Dealers.
2. Rapid and successful pivot undertaken through early CXZTRAC launch to avoid the bulk of the economic calamity otherwise faced by the global vehicle inventory shortage.
3. In addition, the team added US\$546k in organic top line growth in FY21, reflecting the “Embed” component of Connexion’s operating model.
4. Finally, Connexion grew its pipeline of upcoming feature enhancement work, including its first two Commercial Pilots, signed subsequent to the end of FY21.
5. During the financial year, this organic growth was simply outpaced by the external headwinds named below.

Economic Drivers



Subscriptions

Vehicle subscriptions materially impacted:

1. Vehicle inventory materially impacted by the combination of demand-side followed by supply-side constraints resulting from COVID-19 and the global semiconductor chip shortage.
2. Dealerships across most manufacturer brands in the US (and globally) are still observing severe reductions in inventory of 50-90%, with 70-80% falls being commonly cited numbers.
3. As with most supply-related issues, the Company expects a resolution to be forthcoming, albeit not before the end of FY22, as of the date of this report.

Economic Drivers



FX

Ongoing FX sensitivity reduced by circa 50% through:

1. Implementing a natural hedge of currency-matching assets and operating expenditure to the extent of available free cash (i.e. converting excess cash into AUD).
2. Implementing a natural hedge of shifting AUD-denominated supply contracts into USD, where possible.
3. Changing the presentational currency of the Company to USD. From a commercial perspective, Connexion is a US-facing organisation and should be analysed as such.

Corporate



Team Growth

1. Managing Director appointed February 2021, concurrent with a strengthening of the Board with two new Independent Directors.
2. VP of Sales, Group Financial Controller and Lead Developer subsequently appointed.
3. In addition, numerous other technology-related hires since made.
4. Two thirds of Connexion's team has joined in the past 18 months.
5. This investment is consistent with the Company's growth strategy of investing for the medium and long term.



Outlook

Connexion continues to invest meaningfully in R&D, with the US\$577k invested in FY21 expected to increase meaningfully in FY22.

Virtually all of this R&D investment is expensed through the P&L, lowering reported profitability for the financial years just-reported and subsequent.

Shareholders are encouraged to carefully examine the revenue and gross profit analysis presented in Quarterly Updates, noting controllable and uncontrollable items.

For limited periods, Connexion's future discretionary investment may potentially exceed the amount of positive operating cashflow. Should this occur, however, it is unlikely to be material relative to the Company's available net cash.

In recent years, Connexion has developed a consistent track record of tightly managing, and delivering satisfactory returns on, invested capital. This ethos will not change.

The Company's progress remains consistent with the multi-year plan presented at the 2020 AGM.



CONNEXION

2021 AGM

INVESTOR PRESENTATION

NOVEMBER 2021

Summary

- Fourth consecutive profitable year, with record net cash balance
- General Motors CTP contract renewed for five years
- Overall revenues and profits materially impacted by global semiconductor shortage
- Further material earnings impact successfully mitigated through Team responsiveness
- Improved earnings quality from organic Recurring Revenue growth
- Net growth in product and feature request pipeline
- Material investments made, strengthening Board, Management, Developer and Sales capabilities
- First Commercial Pilots signed with Software Vendors
- First DMS integrations complete and in use
- Robust corporate strategy, operating model and sales model developed to guide execution
- Execution remains consistent with the multi-year strategy presented to Shareholders in November 2020

Our Commitment to Shareholders



To Consolidate and deepen our existing commercial relationships



To Extend and commercialise new relationships across the global Automotive OEM market



To Manage Company growth in line with revenue expectations, delivering profitable business outcomes on an underlying basis



To Increase shareholder value by delivering increasing revenues at strong margins



To Create technologies that improve daily lives



To Foster a rewarding and innovative working environment for our team

Thank You

Shareholder Q&A



CONNEXION™

Rental and Loaner Fleet Management Platform

Trusted by thousands of dealers, processing millions of contracts annually

