
Listed Equity Strategy

Melbourne Australia: Connexion Telematics Ltd (“CXZ”, “Connexion” or “the Company”) wishes to announce that it intends to execute a suite of initiatives designed to maximise value for the Company and its Shareholders over time with respect to its public listing (together, the “Listed Equity Strategy” or “Strategy”).

The Strategy comprises three initiatives, as follows:

Part 1 – Creating Value Directly

- Minimum Holding Share Buyback
- On-Market Share Buyback

Part 2 – Creating Value Indirectly

- Loan Funded Share Plan

Minimum Holding Share Buyback

Connexion will offer to repurchase CXZ shares from Shareholders holding an ‘unmarketable parcel’, valued at \$500 or less.

This will allow the Company to reduce the administration cost associated with smaller Shareholders, permanently improve Earnings Per Share, and allow these Shareholders to exit their positions without the relatively high brokerage costs faced otherwise.

Based on the current Shareholder register, this initiative may account for up to 12m shares, or just over 1% of total shares on issue.

On-Market Share Buyback

Complementing the above, Connexion intends to seek Shareholder approval for the repurchase of up to 20% of total shares on issue over twelve months, excluding any shares repurchased through the Minimum Holding Share Buyback. The Company notes that, prior to obtaining any Shareholder approval, it is authorised to commence an On-Market Share Buyback of up to 10% of total shares on issue, and may exercise this authority without further notice.

As with the Minimum Holding Share Buyback, the On-Market Share Buyback offers Connexion the opportunity to permanently improve its Earnings Per Share.

The ongoing implementation of this initiative will continually consider Connexion’s existing and anticipated profitability as measured by Gross Profit, the strength of its balance sheet, and the pricing of its shares on the ASX. Importantly, the execution of any Buyback should not jeopardise the Company’s growth strategy. The Company commits to prioritising capital deployment within its operations ahead of any Buyback.



Loan Funded Share Plan

For a multitude of reasons, the Board considers that it is in the best interests of Shareholders for Connexion's broader team to own a meaningful number of escrowed shares in the Company.

The Board is also mindful of the Company's increasing hiring activity, along with sustained and increasing wage pressure observed throughout the Australian and global economies.

As a listed company with a strong balance sheet, Connexion has an opportunity to encourage and support wider and greater share ownership amongst its team, including all Staff, Management, Non-Executive Directors, and future members in due course (together "Participants"). Furthermore, the Company can do so in a way that offers a unique benefit to Participants and promotes loyalty to Connexion.

This initiative is expected to meaningfully align, attract and retain talent.

From the perspective of Shareholders and Participants alike, the most effective tool for this purpose is the Loan Funded Share Plan ("Plan"). It is intended that the Plan will only be offered to Participants having accrued a tenure with the Company of at least one year, and that both the asset (shares) and associated liability (loan) will have an initial value equal to 1x the Participant's Base Salary. Today, the Company's relevant Base Salary aggregate is approximately A\$1.85m. The Plan will vest over a subsequent five-year period, with the Participant only able to extract any value if they continue to remain employed by Connexion after five years from the time of their participation and the share price is higher than where it was at the time of participation. The complete Plan documentation contains terms otherwise customary for an Employee Share Scheme.

As the Plan involves the issuance of shares, the Board considers that it is important for the Company to exercise its ability to neutralise any equity dilution by way of a share buyback, when it makes sense to do so, considering the market price of equity from time to time.

The size of the proposed On-Market Share Buyback allows Connexion to potentially both neutralise any dilution arising under the Plan, and further reduce the number of shares on issue on a net basis. Again, the actual implementation of any buyback will consider numerous factors including, but not limited to, the market price of CXZ shares from time to time.

Summary

In aggregate, the Listed Equity Strategy and its three initiatives are carefully designed to improve Connexion's Earnings Per Share, corporate profile, Staff alignment and Staff loyalty.

The Board of Connexion believes that the Strategy is the most effective way to achieve these objectives, through leveraging both the Company's listed status and its Excess Capital, without taking undue risk.

Further details of each initiative will be released to the ASX in due course, along with a notice of Annual General Meeting to seek Shareholder approval of the initiatives.

Ends

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About Connexion Telematics

Connexion Telematics Ltd is a developer and owner of Software as a Service (SaaS) solutions for the global Automotive industry, notably its proprietary OnTRAC and Connexion platforms. OnTRAC is used by General Motors (GM) to exclusively manage the largest Courtesy Transportation Program (CTP) in the US, whilst the Connexion platform is built with OEM-agnostic functionality.

Connexion continues to expand its proprietary SaaS solutions. With its software used by over 1 in 5 Franchised Light-Vehicle Dealerships in the US, Connexion holds a strong strategic position from which to grow its industry-leading B2B software platform.