CONNEXION

ASX Announcement
17 November 2022

2022 Annual General Meeting Presentation

Melbourne, Australia: Connexion Telematics Ltd ("CXZ", "Connexion" or "the Company") provides the attached presentation to be delivered to shareholders at the Company's 2022 Annual General Meeting presentation to be held at Level 3, 162 Collins Street, Melbourne, Victoria 3000 and Virtually at 9.30am (AEDT) today.

Ends

Issued by: Connexion Telematics Ltd.
Authorised by: The Board of Connexion Telematics Ltd

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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.

CONNEXION™

Rental and Loaner Fleet Management Platform

2022 Annual General Meeting

CONNEXION

GROUP

AGM PRESENTATION

NOVEMBER 2022

Agenda

Introduction

Connexion Telematics is a publicly-listed, enterprise-grade software company servicing the US automotive industry, with a focus on courtesy transportation.

Our proprietary OnTRAC and Connexion platforms incorporate telemetry, fleet management, contract management and data analytics tools to deliver seamless transportation solutions for OEMs and dealerships.

Connexion powers courtesy transportation for thousands of dealerships across the US, maximising asset utilisation whilst elevating the end-customer experience.

CONNEXION™

What Do We Do?

CONNEXION™

Our OEM-agnostic rental management platform

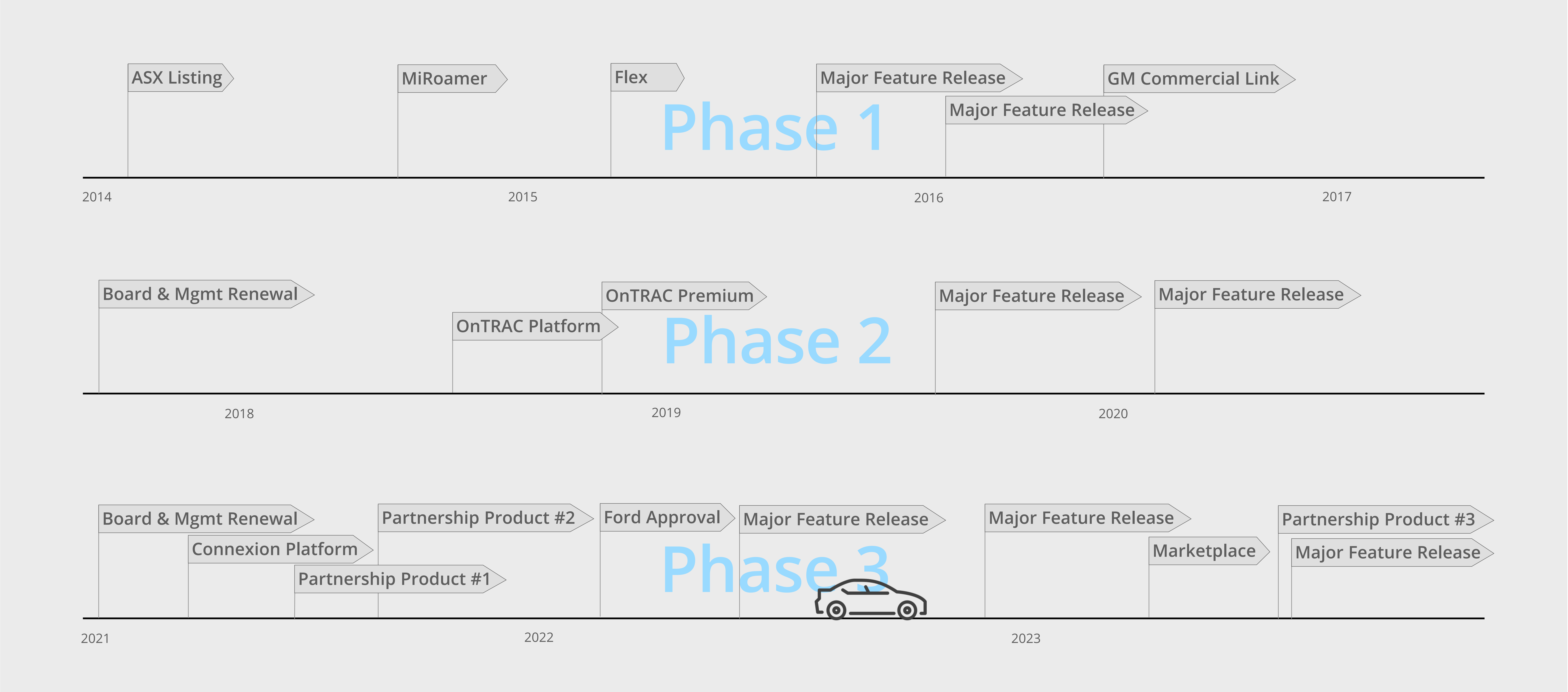
Our fleet & rental management software helps OEMs and Dealers to supply courtesy transportation to their service customers. Our customers benefit from:

- Quick reservations and DMS integration, reducing time to rent out a vehicle
- Telemetry, allowing Dealers to recoup excess fuel & toll usage from customers
- Reduced audit risk and cost
- Comprehensive reporting and analytics
- Affordability - lower prices compared with many competitors
- Improved end-customer experience

Connexion supports Dealers' businesses further by integrating with other forward-thinking Software Vendors that enable:

- Reduced cost of doing business
- Increased rental utilization
- Recovery fleet costs such as tolling and fuel
- Repeat business through outstanding customer experience
- Accelerated inventory turnover upon loaner program exit

Connexion's Journey



Connexion’s Journey

	Roadmap Balance of Control	Favoured Pricing Approach	Concentration Risk Trend	Balance Sheet Tactics
Phase 1	External	One-off	Increasing (small number of OEMs)	Aggressive investment, heavy cash burn
Phase 2	External	One-off	Increasing (small number of OEMs)	Investment minimisation, balance sheet rehabilitation, strongly positive cash flow
Phase 3	Internal	Recurring	Decreasing (large number of dealerships)	Controlled investment, neutral-to-positive cash flow

Customer Landscape

- Fleet Owners mostly operate a variety of commercial fleets
- Connexion focuses on a specific type of fleet owner, being the **Franchised Automotive Dealership** (as franchisee), along with the **Manufacturer** (as franchisor)
- The US is home to circa 17,000 franchised dealerships

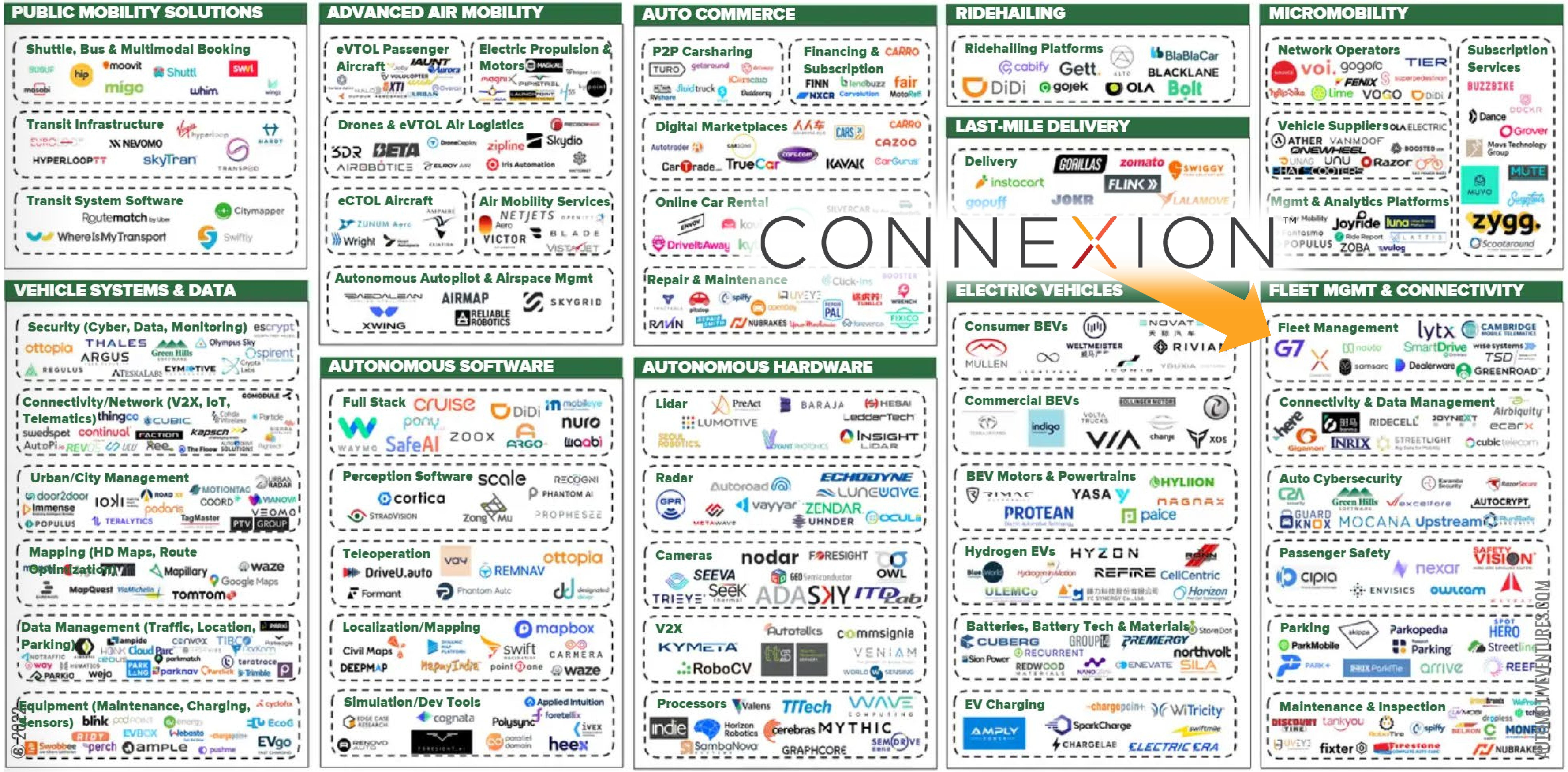
OEM Group	US Rooftops - approx.
General Motors	4,000
Ford	3,000
Stellantis	2,500
Toyota	1,300
Volkswagen	1,000
Honda	1,000
Hyundai	800
Daimler AG	380
BMW	360

- US dealership volume (approximate):
- US new car sales: ~15m p.a.
- US used car sales: ~40m p.a.
- US Warranty Repair Orders processed: ~100m p.a.

Competitor Landscape

- **TSD** (tsdweb.com) is the oldest, and most dominant, with ~8,000 dealerships and ~2,500 traditional rental car companies. Family-owned and established in 1983, TSD services all the largest OEM brands outside of GM.
- **Dealerware** (dealerware.com) is an up-and-coming competitor, with ~1,100 dealerships. Owned by Audi America (part of Volkswagen), and established in 2016, Dealerware services most large OEMs outside of GM.
- **Rentall** (rentallsoftware.com) is the aggregation and progressive re-branding of multiple car rental software vendors, including Bluebird, Navotar and Thermeon. Rentall and associated brands service over 2,000 fleet-owners and are owned by Canadian PE firm, Valsoft.
- **ARSLoaner** (arsloaner.com) is a privately owned software vendor focused specifically on dealership courtesy programs since 1992. ARS is approved by many OEMs outside of GM and services ~500 dealerships.
- **Logitrac** (logitrac.com) is a privately owned vendor approved by many of the larger OEMs, and servicing a relatively small, but still meaningful number of dealerships within the Courtesy Transportation niche.

Mobility Technology Landscape



Material provided courtesy of Automotive Ventures LLC

Navigating Industry Trends

The Connexion to the Future

Connexion partners with OEMs and Dealerships to maximise the **utilisation** of their assets, the **profitability** of their business units, and to elevate the end-**customer experience**. This combination is only possible through Connexion's harnessing of useful data from disparate sources to automate workflows

Traditional Dealer Business Model

Dealers selling **products**

- Using siloed data in aftersales
- Intense focus on technical aspects of Parts and Service
- Low customer retention rates beyond warranty period
- Low margin on new cars
- Low brand equity

Industry Trends

- Connected Cars
- Electric Vehicles
- Mobility-as-a-Service
- eCommerce
- OEM-Consumer Direct Sales
- Dealership Evolution

Emerging Dealer Business Model

Dealers selling a **customer experience**

- Integrated data unlocks new insights
- Personalised and predictive aftersales communication
- Focus on building relationships & customer satisfaction
- Digital lifestyle convergence
- Longer customer lifetime value and loyalty
- New recurring revenues from augmented products – brand hub

Industry Trends - EVs

Threats and Opportunities Abound

Stakeholders frequently enquire about the impact of **electric vehicle** (“EV”) adoption on our business.

From the perspective of a **large automotive software company** with both large market share and a large share of dealers’ software spend (such as the two dominant DMS providers – CDK and R&R), EVs may potentially herald **more threat than opportunity**, though even this isn’t necessarily so.

From the perspective of a **small automotive software company** like Connexion, with low market share and a **very low share of dealers’ software spend**, we believe that **EVs likely present more opportunity than threat.**

The number of **franchised dealers operating in the US has been falling** for years, and this is only continuing with greater corporate consolidation. EVs are accelerating this trend, as some of the smaller and/or less progressive dealers refuse to commit to the substantial capital expenditure required to handle EVs.

From Connexion’s perspective, the **threat** is that long-term trends will likely include **fewer dealerships**, and **less inventory**. The overriding **opportunity** is that remaining dealerships are increasingly **software-hungry**.

Dealers are progressively relying on software to drive **operational efficiency**, improve **customer experience**, and **reduce risk**. Connexion’s platform delivers on all three fronts today, has a strong foothold in a **growing market** (automotive software), and its **share** of dealers’ software spend is **very low**.

Operating Model

Embed
via Functionality

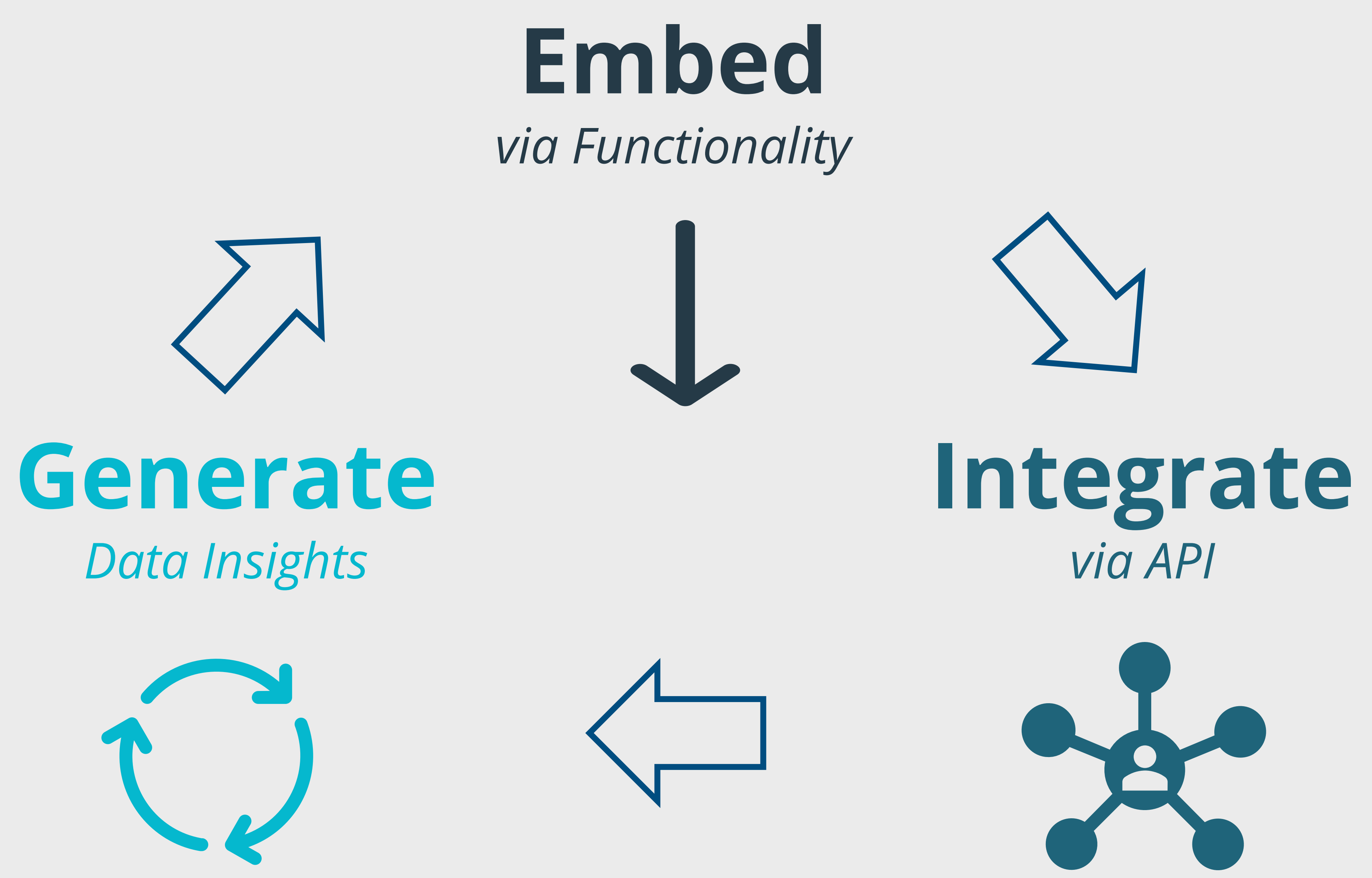
Integrate
via API

Generate
Data Insights

Operating Model

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

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



Operating Model

Embed

via Functionality

- Executing Customer-Focused Product Roadmap
- Notably strong track record of delivery since 2017
- Customer-driven approach enables low marketing cost & high satisfaction
- Feature enhancements improve both User and end-customer experience
- Feature delivery improves product stickiness

Operating Model

Integrate

via API

- Ecosystem integration improves functionality and reduces double-entry
- Execution underway in 2022, with multiple integrations commenced
- Integrations improve both User and end-customer experience
- Integration enhancements improve product stickiness
- Modest initial investment, with profitability growing over time

Operating Model

Generate

Data Insights

- Data Analytics holds potentially significant untapped value
- Execution underway in 2022, with nominal initial revenues
- Access to Data Insights improves the User experience
- Application of Data Insights improves product stickiness
- Modest initial investments designed for long-term pay-off

Sources of Value – Original Plan

Generating Economic Value

2017 Onwards.

OEM Sales – existing product.

A small number of potentially large-ticket revenue prospects.

Lumpy revenue growth.

Long lead times.

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.

Circa 22% of all Franchised 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 Proprietary and Partner products.

Commercialising Strategic Value

2021 Onwards.

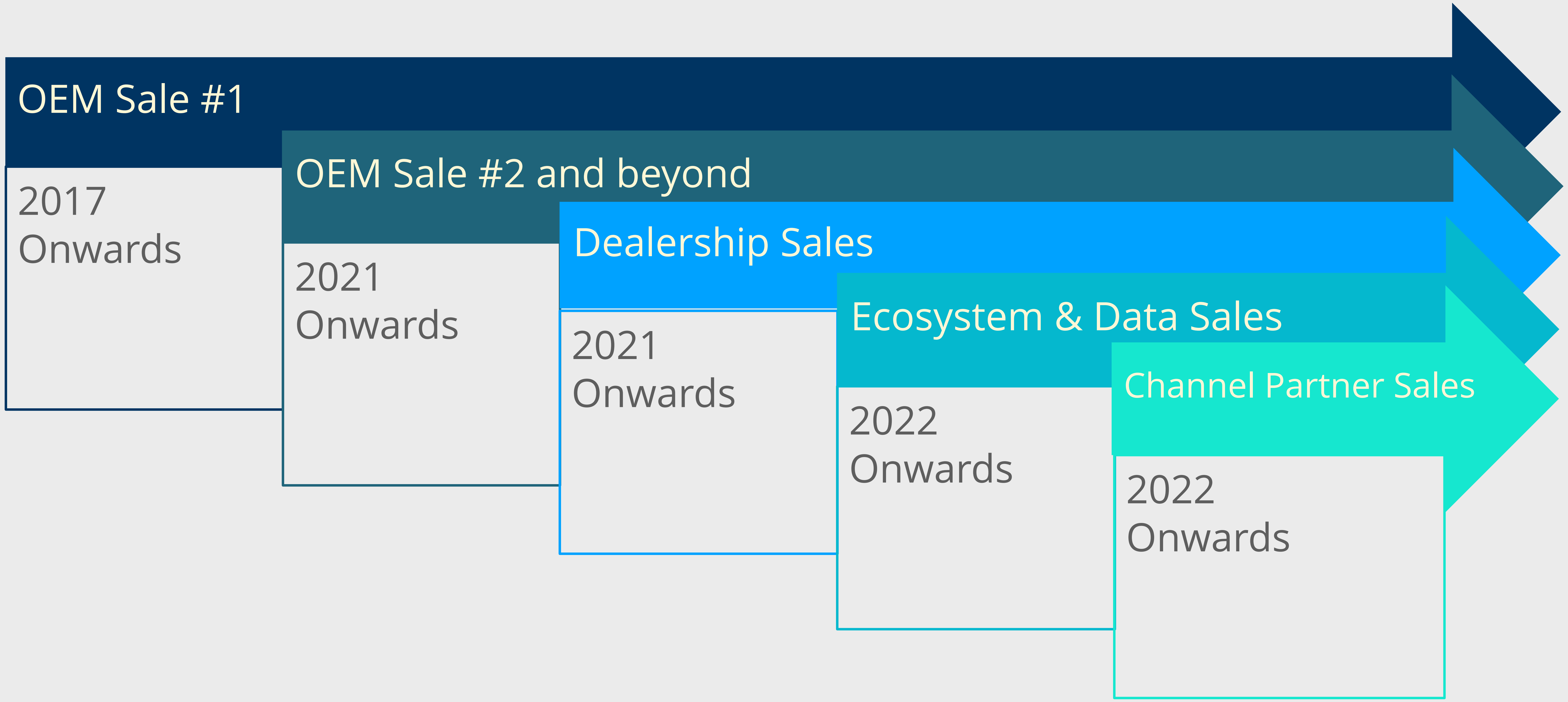
Commercialising the value inherent in both our OEM and Dealership distribution channels.

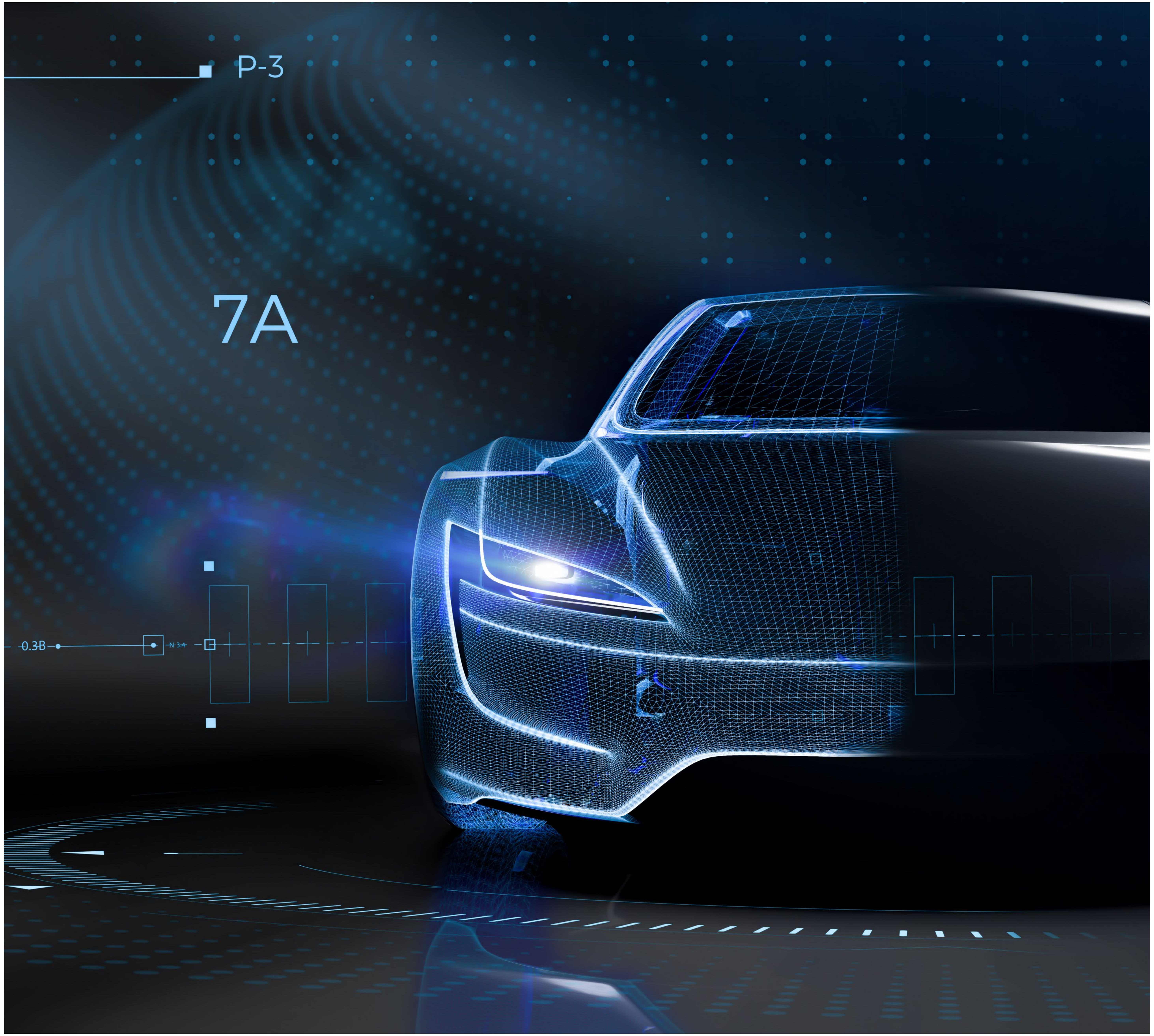
Value can be commercialised organically or via channel partnerships in either direction.

A larger number of small-ticket revenue prospects.

Incremental revenue growth.

Sources of Value – Original Plan





FY22 Results

Key Trends

Four key trends influenced our FY22 results:

1. Revenue deterioration from lower new vehicle inventory
2. Revenue growth from Connexion subscriptions
3. Revenue growth from feature delivery
4. Expenditure growth from reinvestment into our Team and Products

The first of these, relating to new vehicle inventories (OnTRAC), appears to have stabilized in Q1 FY23.

This is offset by a natural slowing in Connexion subscription growth, with the two representing substitutable underlying assets (new vs used cars).

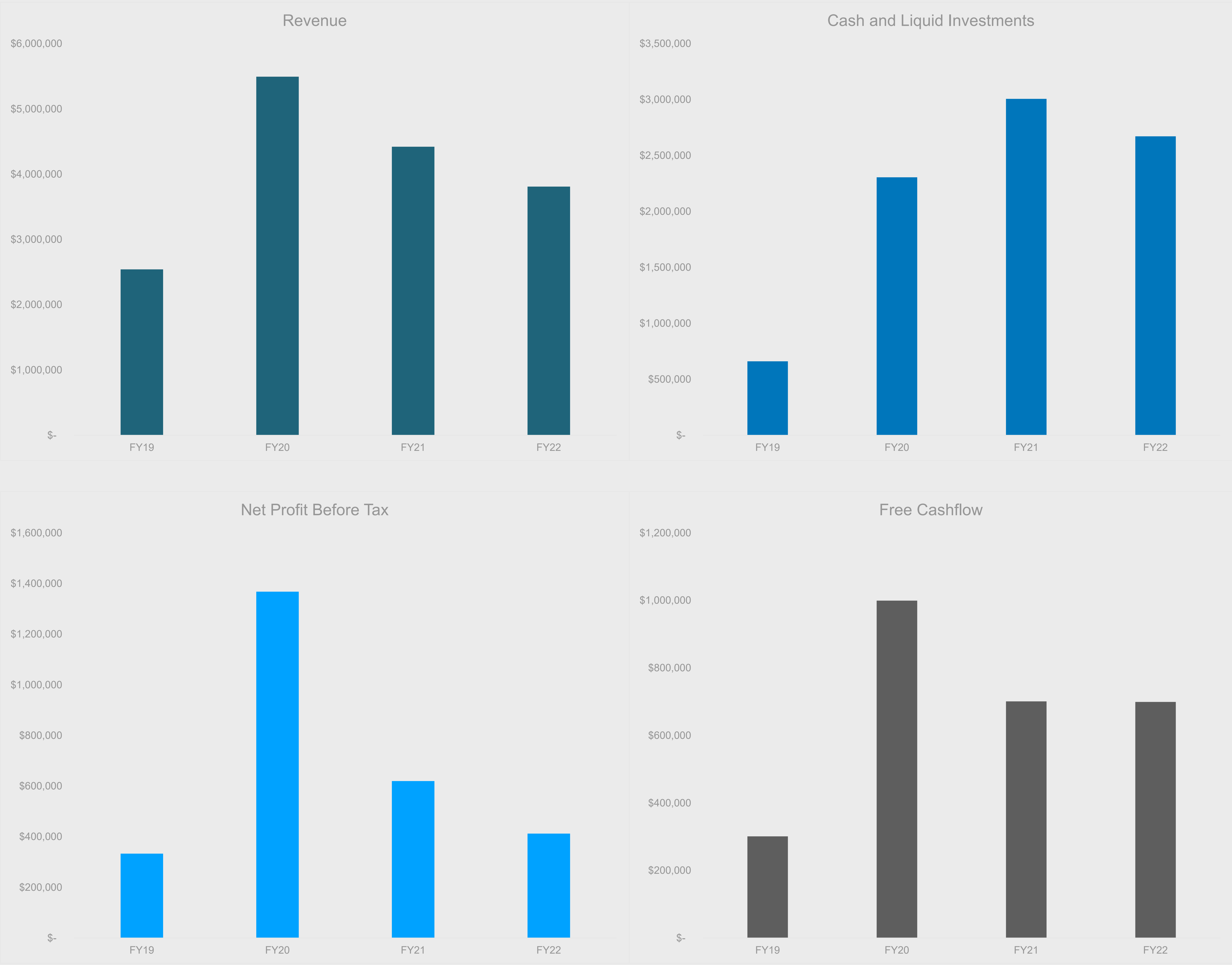
FY22 Highlights

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

The balance sheet remains strong, with no debt and benefits from strong free cashflow conversion.

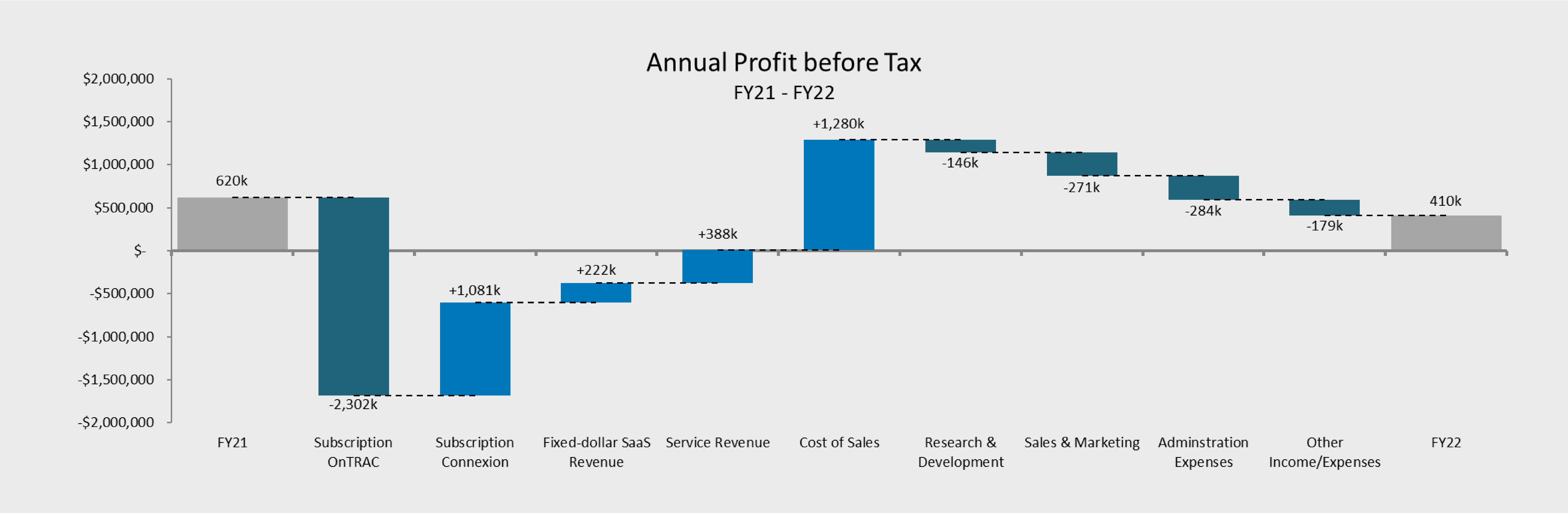
Our Excess Liquidity offers both optionality and defensive characteristics.

During FY22 we initiated a Share Buyback program, and Loan Funded Share Plan.



*Free Cashflow of the operating business only. Does not include financial investments

FY22 Vs FY21



- FY22 total revenue fell by $610k, driven by a very large fall in OnTRAC revenue (due to new vehicle inventory shortages), partly offset by a reduction in COGS (OnStar fees tied directly to OnTRAC revenue) and an increase in Connexion platform revenue (enabling dealerships to supplement fleets with used vehicles) and higher Fixed Dollar SaaS Revenue.
- FY22 Gross Profit grew by $670k, resulting from the change in mix of revenue and organic recurring revenue growth from Fixed Dollar SaaS.
- FY22 results also show increased R&D investment, and disciplined G&A.

Gross Profit

Connexion's increasing investment into R&D and Sales & Marketing will weigh on Net Profit for the foreseeable future.

The single best metric representing the return on such investment over time is Gross Profit ("GP").

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 grew each quarter throughout FY22, culminating in an all-time company record $795k GP in the final quarter.

True SaaS

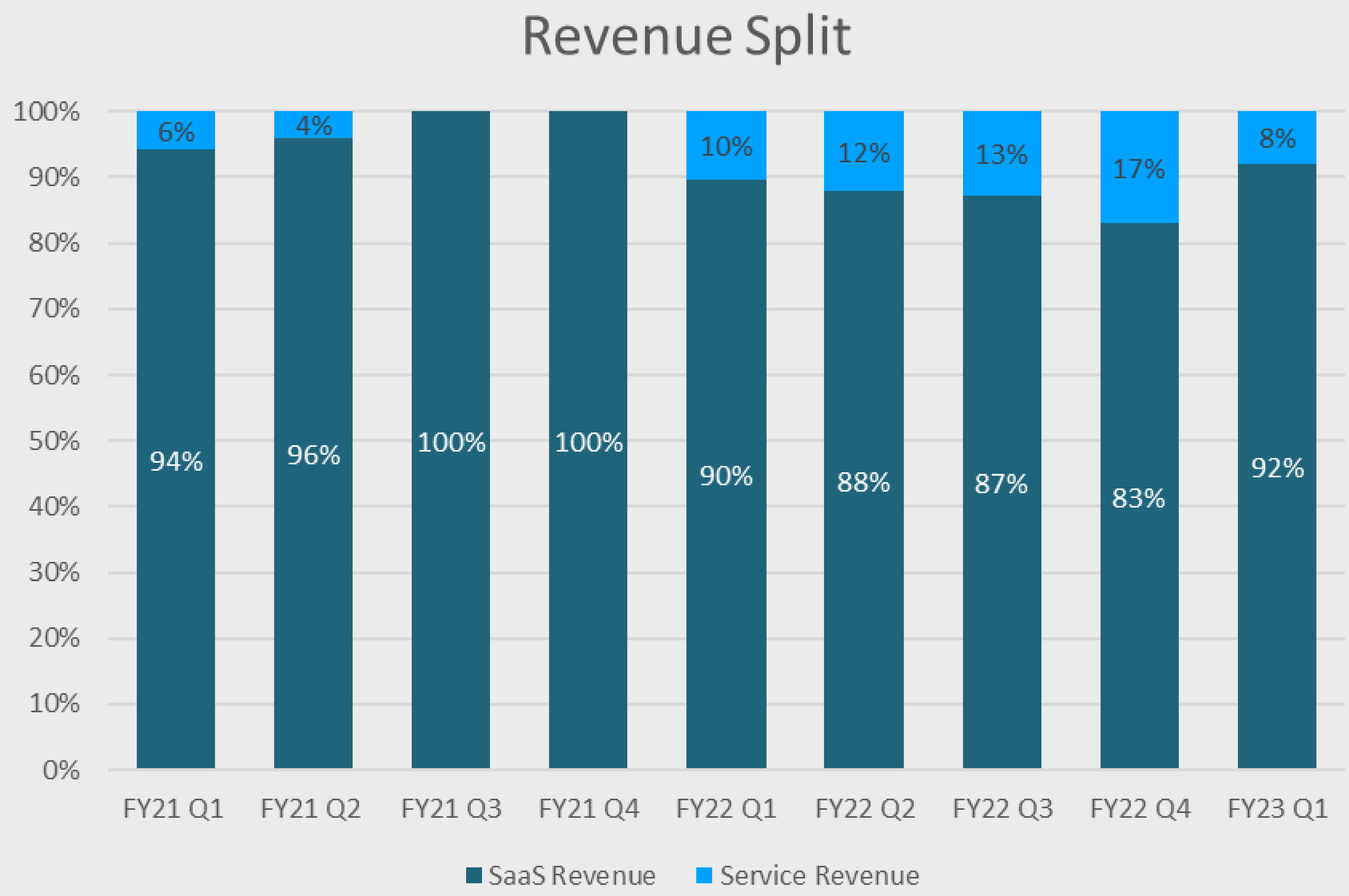
Connexion's prime focus is growing its "true", scalable, SaaS business.

This focus is reflected in the high percentage of revenue that we derive from "SaaS".

SaaS Revenue derives from our core software platform, and is generally recurring in nature.

Services Revenue represents customer-driven work performed by our people, typically for customisation.

Whilst generally non-recurring in nature, Services activity assists with customer satisfaction and stickiness. Services revenue grew by $388k in FY22.



Investment Initiatives

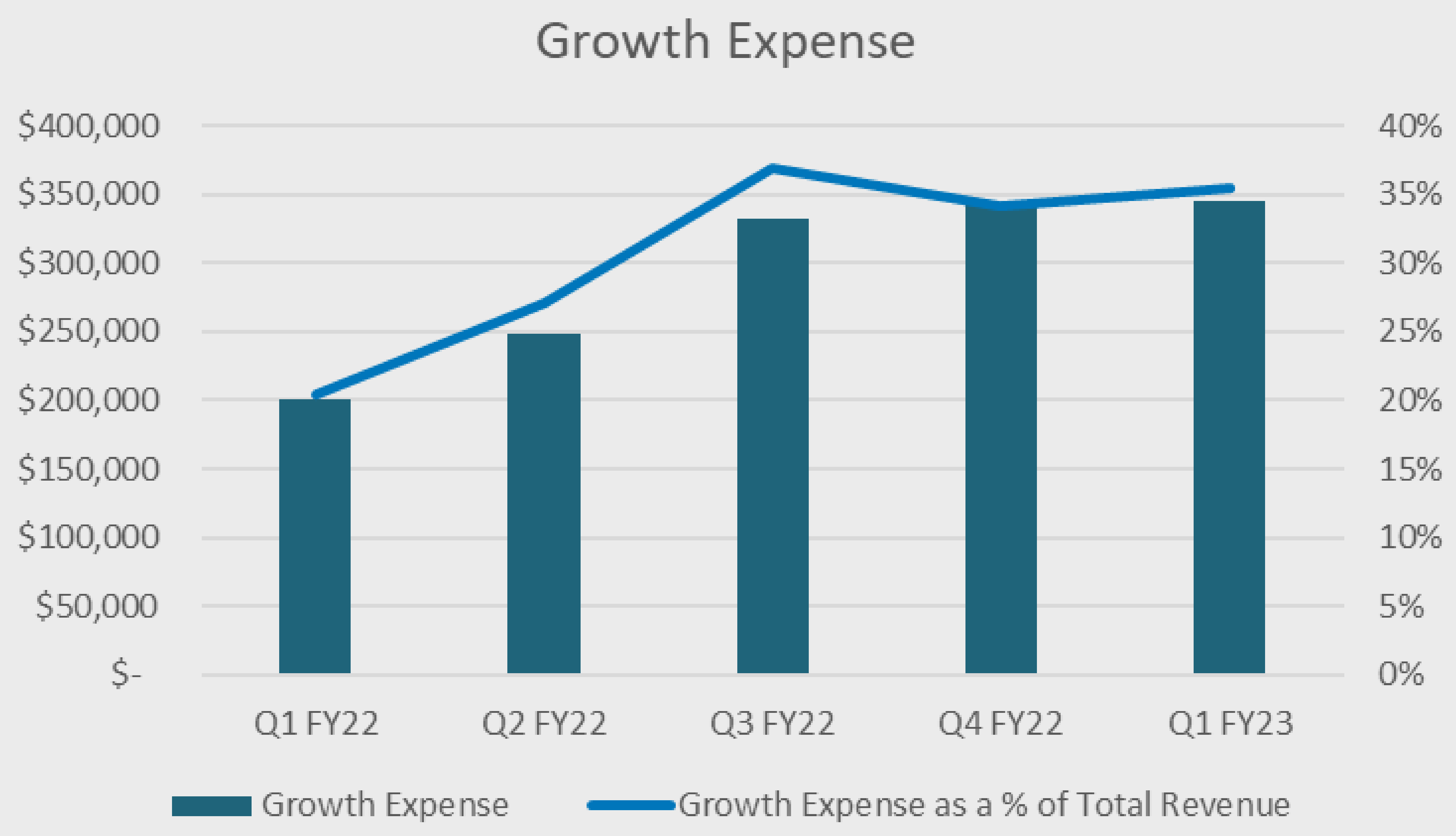
Connexion is consistently increasing its investment into both R&D and Sales & Marketing, whilst closely monitoring the return on such spend.

We refer to these investments as Growth Expense, and these are fully expensed (“written off”) in the period in which they are incurred.

Beyond any correlation between increased revenue and increased Growth Expense, we seek to understand causation when determining the size of our Growth Expense budget.

Our Growth Expense budget is that which, when fully expensed, reduces Net Profit Before Tax to nil.

This stance allows Connexion’s “flywheel” to emerge, with increased Gross Profit reinvested into further growth initiatives.



Capital Management

- Long-term Shareholder value is a function of:
    1. Operational performance
    2. Capital allocation
- Capital can be allocated to product-based and/or share-based investment initiatives.
- A strong balance sheet can enable meaningful allocation to both.
- Reliable "return on investment" attribution often takes years to develop, and is the basis for deploying large amounts of Shareholder capital effectively.
- Whilst our GP growth appears increasingly correlated with our increased Growth Expense, it is too early to attribute causation over correlation.
- History is littered with companies ramping too eagerly based on false signals, subsequently destroying Shareholder capital.
- Capital management is fundamentally more "art than science", and always involves risk.
- For product-based investment initiatives, we continue to self-impose a "Growth Expense Budget" of that amount which, when fully expensed, reduces our P&L to approximately nil.
- For share-based investment initiatives, we initiated a Share Buyback Program, offset by a Loan Funded Share Plan for broad Team alignment and retention.

Economic Drivers

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

Throughout FY22, the order did not change.

Team Performance

Subscriptions

FX

Economic Drivers

Team Performance

Team performance remains strong:

1. Rapid onboarding of Connexion platform subscribers, mitigating margin loss from reduced new vehicle inventory.
2. Further $692k in organic revenue growth in FY22, reflecting the “Embed” component of Connexion’s operating model.
3. Extended pipeline of feature enhancement work.
4. Team expansion of 29%, with new hires all technical in nature and performing well shortly after onboarding.

Economic Drivers

Subscriptions

Subscription gross margin increased materially:

1. Vehicle inventory continued to be impacted by supply-side constraints of the global semiconductor chip shortage. Reduced new vehicle inventory directly impacts OnTRAC revenue.

2. The above was more than offset by growth in subscriptions to the Connexion Platform. The Connexion Platform is priced on a per dealership basis, and allows dealers to supplement their courtesy fleets with used vehicles.

3. Our original guidance regarding the impact of the semiconductor shortage has proven correct. The start of F23 has shown signs of new vehicle inventory stabilization.

Economic Drivers

FX

Movement from FX sensitivity was relatively low through FY22:

1. Continued application of Connexion's FX Policy performed to expectation.
2. The policy includes a natural hedge of currency-matching assets and operating expenditure to the extent of available free cash (i.e. converting excess cash into AUD).
3. The AUD/USD spot rate declined circa 10% throughout FY22, reducing our balance sheet value, offset by increased cashflow.

Outlook

The Company’s progress remains consistent with the multi-year plan presented at the 2020 AGM. We believe Connexion’s outlook to be positive for the following reasons:

From our observations, dealerships are increasingly adopting software to:

1. Improve the customer experience
2. Drive operational efficiency
3. Reduce risk

Connexion’s software:

1. Delivers on each of the above, today
2. Has a large Userbase within which to test its product, and grow its market presence
3. Comprises only a small share of dealerships’ total software spend

Connexion intends to continue growing its SaaS revenue streams via:

1. Proprietary feature delivery valued by its existing Userbase of dealerships
2. Commercial Partnerships bringing complementary functionality to this Userbase
3. Expansion of the Userbase itself to new OEMs and franchised dealerships

CONNEXION

2022 AGM

AGM PRESENTATION

NOVEMBER 2022

Summary

- Fifth consecutive profitable year, with record net cash and investments on balance sheet
- All-time high gross profitability reached in the final quarter
- External impact from the semiconductor shortage dissipated throughout FY22
- High earnings quality maintained through organic recurring revenue growth
- Increased capital allocation towards growth initiatives
- New capital allocation towards share-based initiatives
- New OEM approval received from Ford & Lincoln
- First Commercial Pilots and Partnerships executed
- Execution consistent with the multi-year strategy presented to Shareholders in November 2020

Our Commitment

To Create technologies that maximise asset utilisation

To Consolidate and deepen our existing commercial relationships

To Extend and commercialise new relationships across the global Automotive Industry

To Increase Shareholder value by delivering increasing revenues at strong margins

To Manage our growth, ensuring a profitable and sustainable business over the long term

To Foster a rewarding and innovative working environment for our staff

CONNEXION™

Rental and Loaner Fleet Management Platform

Shareholder Q&A