

**ASX Announcement****June Quarter Review**

- Income of \$132,082 during the quarter
- General Motors' (GM) Commercial Link product launched, offering a 30-day free trial to customers
- Revenue generation commenced from Commercial Link rollout, with strong growth anticipated
- Strong pipeline of quoted cash inflow anticipated for FY2017, with over USD\$1.2 million (approximately AUD\$1.6 million) for customisation and development work quoted to-date which is focused to drive subscriber growth
- Firm purchase orders of over USD\$220,000 (approximately AUD\$300,000) for customisation work already received with work currently underway
- Customisation and development work for FY2017 anticipated to exceed USD\$3 million (approximately AUD\$4 million)
- Connexion is in advanced discussions with multiple US and European automakers to white-label its Flex product

**28 July 2016, Melbourne Australia:** Connexion Media Limited (ASX:CXZ), an innovator in the connected car market, has today released its Appendix 4C for the three-month period to June 30, 2016 and is pleased to provide a review of its progress for the quarter.

**Financial*****Income growth***

Income reached \$132,082 during the quarter (compared to \$60,986 in Q4 FY2015). Total income for the financial year reached \$1,312,604 (compared to \$61,046 in FY2015).

The Company's pipeline of customisation and development work has more than doubled in the previous three months. Connexion projects cash inflows of over USD\$1.2 million (approximately AUD\$1.6 million) driven by already quoted customisation and development works, with work anticipated to be completed in FY2017.

Additionally, Connexion has already received firm purchase orders of over USD\$220,000 (approximately AUD\$300,000) and has commenced work on these projects with revenue expected in Q1FY17.

Total customisation work for FY2017 is anticipated to exceed USD\$3 million (approximately AUD\$4 million).

Customisation work effort will be completed by existing internal Connexion resources without increasing operational expenses, and is focused to drive subscriber growth.

***\$5 million capital raise to reach break-even***

During the quarter, the Company announced a \$5 million capital raise from new and existing institutional and sophisticated investors. The capital raise is via the issue of convertible notes which can be redeemed by Connexion at any time following the 12-month anniversary

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of the issue date, therefore minimising dilution.

The Company will receive the funds in two tranches:

- Tranche A of the funds, \$694,808, was fully received at the completion of the capital raise, representing the balance of the Company's 15% placement capacity. (As at 30 June 2016, \$380k had been received, with the remaining funds received by 8 July 2016)
- Tranche B, \$4,305,192, is expected to be received in August 2016, subject to shareholder approval

The funds will be used to facilitate the Company's growth initiatives and commercialise its existing partnerships with GM and Oracle. In addition, Connexion is progressing discussions with other global auto manufacturers. The Company will also bolster sales and marketing activities to accelerate its path to profitability.

## **Strong Operational Progress**

### ***Commercial Link***

Commercial Link was launched in April by Connexion's partner GM across the US, with GM offering an initial 30-day free trial as part of its customer acquisition strategy. The free trial was offered for new vehicle customers, including Chevrolet, Buick, GMC and Cadillac models, with subscribers automatically converting to a fee-paying subscription of USD\$10 per vehicle per month at the end of the free trial.

Following launch, the Company is now experiencing steady subscriber uptake, demonstrating the significant appeal and value proposition of the Commercial Link service.

Working closely with GM, the Company completed the development of Commercial Link iOS and Android apps in June and submitted them to GM for review and approval. These apps were subsequently launched by GM in July, allowing US-based customers access to the service through their smartphones anywhere, anytime. The apps are available for download via both the Apps Store and Google Play in the USA.

### ***Flex***

The Company continues to progress its Flex telematics trials with multiple automakers, entering advanced discussions with five US and European automakers to develop a white label version of the Company's embedded & aftermarket Flex products. Connexion will update the market in the forthcoming quarters.

### ***miRoamer***

Connexion's miRoamer internet radio and music aggregator service has been recognised as a global market leader in its industry.

The Company, released new versions of both iOS and Android apps of its miRoamer offering during the quarter, with the Android app now integrating leading music service Deezer, enhancing the user appeal of miRoamer. The miRoamer iOS and Android smartphone apps are available for use in a number of automotive brands including Volkswagen, Peugeot, Citroen, Skoda, Seat, Daimler and others.

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Connexion is continuing its discussions with a number of automakers across the US and Europe, including discussions with major automakers to provide a customised miRoamer solution for their respective vehicle models and customers.

### ***Sales and marketing initiatives accelerating***

Connexion participated in the TU-Automotive Show Detroit June 2016, demonstrating both the Flex and miRoamer products. TU-Automotive Detroit is the world's largest conference dedicated to automotive technology and innovation and had over 150 speakers, 300 booths and over 3,000 attendees.

Additionally, Connexion's sales team met with 9 key existing and potential customers in Germany, France, Italy and UK during May, as part of its strategic marketing plan to drive business growth.

### ***Operational activities***

Major costs for launching GM Commercial Link were absorbed in the June quarter, which will result in significant cost reductions in operating expenses moving forward. The Company can announce that the development efforts for the Commercial Link product is mostly completed, with minimal further costs required.

The Company made efforts to rationalise its operations to accelerate the path to cash-flow break even. Connexion completed an internal end-to-end review of operations following the successful launch of Commercial Link by GM, and resource numbers were rationalised by 30% (down 17 from 60 to 43 people). In addition, acquisition of specialist staff has enabled the insourcing of major development functions resulting in core IT spend reducing by 44% per annum.

Further cost savings initiatives included the rationalisation of cloud infrastructure services via internalising many core development functions which were previously outsourced.

### **Outlook**

With the \$5 million in capital contribution, plus approximately \$2.3 million in R&D tax refund expected in the coming months and over \$4 million anticipated in customisation and development work effort, Connexion is now well funded to reach cash-flow break-even in CY2017.

Additionally, with the successful launch of Commercial Link by GM, the Company expects steady customer uptake revenues to continue in the months ahead.

The Company is in advanced discussions with five US and European automakers for its telematics offerings and is confident of winning further subscription and customisation business in the forthcoming quarters.

Connexion's miRoamer product offering is also expected to contribute to steady revenue growth to the Company, enhanced by the release of an updated miRoamer offering in the current quarter, which will feature a new design, an improved user interface and a variety of additional features.

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**George Parthimos, CEO of Connexion Media, said:**

“With GM’s Commercial Link product launch successfully completed in April 2016, the Company is already experiencing steady customer uptake of the product. Additionally, with multiple commercial opportunities advancing for both our Flex and miRoamer offerings globally, we expect further revenue and subscriber increases in the coming quarters.”

**Ends**

**Media queries:**

Andrew Ramadge

Media & Capital Partners

T: +61 475 797 471

E: [andrew.ramadge@mcpartners.com.au](mailto:andrew.ramadge@mcpartners.com.au)

**About Connexion Media**

Connexion Media specialises in developing and commercialising smart car software apps and services for internet-connected vehicles and mobile devices. The Company is headquartered in Melbourne, Australia and currently has offices in Cambridge, Detroit, Kochi and Seattle.

Connexion has two core products in commercialisation, Flex and miRoamer. Flex is a highly sophisticated smart car solution that allows car fleet managers to manage an entire fleet of vehicles from a mobile phone or computer and deliver cost efficiencies through reduced maintenance costs. Flex is able to track a range of real time and historical data including vehicle locations, distance travelled, fuel consumption, battery life, engine performance and absolute and average speeds travelled. It is also able to monitor driver behaviour and instantly send notifications and alarms to vehicle owners and fleet managers.

miRoamer is a next generation internet radio product that allows users to pick up radio stations from broad geographies, including international stations. miRoamer has become the world leader in internet radio technology, delivering a superior understanding of the technical, content and marketing demands of radio manufacturers and car makers alike.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Connexion Media Limited

ABN

68 004 240 313

Quarter ended ("current quarter")

June 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (...12... months) \$A
1.1 Receipts from customers	132,082	1,312,604
1.2 Payments for (a) staff costs	(1,186,729)	(2,372,912)
(b) advertising and marketing	(149,544)	(287,656)
(c) research and development	(834,817)	(3,184,313)
(d) leased assets	(122,960)	(1,818,437)
(e) other working capital	(122,960)	(1,818,437)
1.3 Dividends received		7,215
1.4 Interest and other items of a similar nature received		7,215
1.5 Interest and other costs of finance paid	(87,650)	(221,510)
1.6 Income taxes paid		(80,000)
1.7 Other		(80,000)
<b>Net operating cash flows</b>	<b>(2,249,618)</b>	<b>(6,645,009)</b>

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A	Year to date (...12.. months) \$
1.8 Net operating cash flows (carried forward)	(2,249,618)	(6,645,009)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
<b>Net investing cash flows</b>		
<b>1.14 Total operating and investing cash flows</b>		
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	2,232,363	3,740,797
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		2,000,000
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		(60,000)
<b>Net financing cash flows</b>	2,232,363	5,680,797
<b>Net increase (decrease) in cash held</b>	(17,255)	(964,212)
1.21 Cash at beginning of quarter/year to date	151,615	1,098,572
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	134,360	134,360

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**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	125,831
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Directors Fees

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	0	0
3.2	Credit standby arrangements	0	0

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$	Previous quarter \$A
4.1 Cash on hand and at bank	53,362	70,627
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)	80,988	80,988
<b>Total: cash at end of quarter (item 1.23)</b>	<b>134,360</b>	<b>151,625</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 28 July 2016 .....  
 (Company secretary)

Print name: ..George Karafotias.....

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## 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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