

ASX Announcement

September Quarter Review

- Booked revenue for the quarter reached approx. \$350,000 with payment expected in December quarter on top of the revenue received for the quarter of \$86,706
- Leading fuel card provider WEX Australia launches Connexion's Flex-based product to over 400 premier WEX fuel card holders across Victoria
- GM accelerates marketing of the Commercial Link service, driving a rapid increase in traffic to its product website
- Advanced discussions ongoing with multiple global automakers for its Flex and MiRoamer offerings
- Convertible note raising of \$2.755 million with balance expected in the coming quarter.
- R&D refund of circa \$2.3 million received in October
- One off expenses include the purchase of hardware for the WEX launch and preparation of the expansion of the embedded telematics solution in North America.

31 October 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 30 September 2016 and is pleased to provide a review of its progress during the quarter.

Corporate and Financial

Income Growth

Income received during the quarter was \$86,706 (compared to \$119,197 in Q1 FY2016). Revenue from the Commercial Link product was minimal for this quarter as the Company has not received the revenue share reimbursement from GM for the free trial period all subscribers received. The payment will be received in the coming quarter.

The Company achieved booked revenue of approximately \$350,000 for the quarter, comprised predominantly from customisation work effort for its Flex product for both GM and WEX Australia.

Fundraising initiatives

To fund its growth initiatives, Connexion Media announced \$5 million in funding from new and existing institutional and sophisticated investors via the issue of convertible notes in June 2016. Connexion has received circa \$3.5 million with the balance expected to be completed by November 2016.

With the close of the capital raise round, the Company will be well funded through to cash flow breakeven, with a strong cash balance to fund its growth initiatives which include the expansion of the Company's operations to service the increased uptake of its Flex products globally.

Board Changes

During the quarter, Director Ashley Kelly announced his resignation as Executive Director to pursue other interests. The Company thanks Mr Kelly for his services.

Continued Operational Progress

GM Accelerates Marketing of Commercial Link

With a view to increasing the uptake of Commercial Link service, GM accelerated its sales and marketing campaign of the service during the quarter. Its enhanced marketing initiatives for the quarter included a short promotional video and direct download links for the iOS and Android Apps.

Following the launch of this marketing campaign, the Company reported a solid increase in customer traffic to the Commercial Link website along with an increase in subscription numbers. This trend has continued into the current quarter.

In addition, GM are finalising a detailed digital marketing plan which will help drive awareness of the Commercial Link service resulting in increased subscription volumes. The campaign is expected to launch in the current December quarter.

WEX Launches in Victoria

During the quarter, Connexion worked with leading Australian fuel card provider WEX Australia to launch its white labelled Flex technology, called WEX Motorpass Telematics. Under a six-month pilot program, WEX Australia is initially targeting 400 premier WEX fuel card holders to reach an initial total addressable market of 11,500 vehicles across Victoria.

The product was launched under Connexion's 3-year white label distribution contract with WEX Australia. This partnership is expected to generate strong SaaS revenue uplift for Connexion.

Pending the success of the pilot program, the product may be rolled out to nationally to fuel card holders.

In preparation for the WEX launch, Connexion has invested in the purchase of hardware to ensure it is able to meet the demand of its services.

Trade show participation

During the quarter, Connexion Media CEO George Parthimos presented at the Smart Cities Innovation Summit Asia in the Republic of Korea. The Summit was held between September 20 – 22 2016 and brought together leading technology providers and city leaders to discuss the future of connected cities.

The Company also exhibited both its Flex and Commercial Link products at the prestigious TU Automotive show in Detroit, which was held between June 7 - 8. The show focuses on telematics solutions for the future automobile, and was well attended by decision makers from all the major global automakers.

Outlook

On the back of increasing GM subscription numbers and customisations efforts, Connexion Media expects continued revenue uplift in the months ahead from its operations.

The Company is also preparing for an expansion of its embedded telematics solution further into North America in 2017.

The Company continues its advanced discussions with a number of US and European automakers for its telematics offerings and is confident of winning further contracts to expand its offering to further geographies. It expects to update the market in the near term regarding the status of these discussions.

George Parthimos, CEO of Connexion Media, said:

“The September quarter was yet another busy period for the Company. With Connexion’s fundraise nearing completion, we are well funded to pursue our growth initiatives which includes further white-labelling deals with US and European automakers and expanding our operations.

“Both our key partners, WEX and GM, demonstrated a strong commitment to our telematics products that we have customised for them through the substantial marketing and product launch campaigns that took place during the quarter. This commitment and the resulting interest we are seeing in subscriptions, gives us confidence and we expect further revenue uplift in the months ahead. We would like to thank shareholders for all their continued support during this period as we move towards being world leaders in the connected car space.”

Ends

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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 has sales offices in Cambridge UK and Detroit USA.

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 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 Media Limited

ABN

68004240313

Quarter ended ("current quarter")

September 2016

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	86,706	86,706
1.2 Payments for		
(a) research and development	(299,868)	(299,868)
(b) product manufacturing and operating costs	(652,789)	(652,789)
(c) advertising and marketing	(6,663)	(6,663)
(d) leased assets		
(e) staff costs	(690,324)	(690,324)
(f) administration and corporate costs	(529,802)	(529,802)
1.3 Dividends received (see note 3)		
1.4 Interest received	1,989	1,989
1.5 Interest and other costs of finance paid	(14,432)	(14,432)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	2,755,000	2,755,000
1.9 Net cash from / (used in) operating activities	649,817	649,817

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
(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	186,414	186,414
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	186,414	186,414

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
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		
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)		
3.10 Net cash from / (used in) financing activities		

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	134,360	134,360
4.2 Net cash from / (used in) operating activities (item 1.9 above)	649,817	649,817
4.3 Net cash from / (used in) investing activities (item 2.6 above)	186,414	186,414
4.4 Net cash from / (used in) financing activities (item 3.10 above)		

Consolidated statement of cash flows		Current quarter \$A	Year to date (3 months) \$A
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	970,591	970,591

5.	Reconciliation of cash and cash equivalents 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	889,603	53,372
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	80,988	80,988
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	970,591	134,360

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A
124,094

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7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
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.		


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9. Estimated cash outflows for next quarter	\$A
9.1 Research and development	(504,047)
9.2 Product manufacturing and operating costs	(319,540)
9.3 Advertising and marketing	(3000)
9.4 Leased assets	
9.5 Staff costs	(560,324)
9.6 Administration and corporate costs	(393,089)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,780,000

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:..... Date:31/10/2016.....
(Director/Company secretary)

Print name:George Karafotias

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.