

ASX Announcement**Operational Update**

- Successful completion of larger technical development projects for its telematics offerings with major automotive and aftermarket customers
- Strategic shift in priorities towards sales and commercialisation of its products
- Sales activities have been increased, with coordinated marketing campaign launched across Australia to drive further sales of the Company's CXZ Telematics offering
- Following an internal strategic review, Connexion has implemented annual cost savings of \$2.4 million to reduce the cash burn rate by 38%
- Reduced costs accelerate the path to cashflow break-even which is expected in CY2017

23 February 2017, Melbourne Australia: Connexion Media Limited (ASX: CXZ), an innovator in the connected car market, today provides an operational update regarding the completion of development work, ramping up of sales activities and the reduction of operating costs to accelerate the path to cashflow break-even in CY2017.

Connexion Media has completed development work relating to its telematics service offerings for both automaker and aftermarket customers.

With the Company's larger development initiatives now completed, the Company has transitioned its operational focus to sales of its products. This is consistent with Connexion Media's growth strategy of scaling its SaaS products across core customer segments including its B2B and B2E channels as well as across Automaker/OEM and Vendor Partnerships channels.

To accelerate progress towards the Company's CY2017 cashflow break-even target, the Company has completed an internal review of its operations and has identified cost saving initiatives to reduce its cash burn rate.

Connexion Media has identified annual cost savings of \$2.4 million, representing a 38% reduction in total costs. Due to the Company's transition away from development initiatives and towards sales activities, Connexion has streamlined its workforce. The Company has reduced its workforce by 32%, resulting in a 31% reduction in wage expenses and representing a saving of \$1.2 million. The Company has maintained its sales function, in line with the Company's strategic focus on subscriber numbers and revenue growth.

In addition, the Company has also identified reductions in other overheads across the business. Connexion Media has identified a 48% reduction in other costs, representing a cost saving of approximately \$1.2 million.

Further to the Company's announcement dated 2 February 2017, Connexion Media has launched a coordinated marketing campaign to drive sales and uptake of its CXZ Telematics offering. The coordinated marketing campaign is being rolled-out and includes outbound call centre activation with a focus on increasing Connexion's B2B sales channel across Australia.

George Parthimos, CEO of Connexion Media, said:

"We are transitioning our strategic priorities towards ramping up the sales of our telematics products. At the same time, we have streamlined our costs to accelerate the Company's progress towards its CY2017 cashflow break-even target."

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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 currently has offices in Cambridge and Detroit.

Connexion has two core products in commercialisation, CXZ Telematics and miRoamer. CXZ Telematics 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. CXZ Telematics 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.