

ASX Announcement

Connexion Secures \$5 million in Funding to Accelerate Path to Profitability

- Connexion Media has secured \$5 million in funding from new and existing institutional and sophisticated investors via the issue of convertible notes
- Convertible notes cannot be converted for 12 months, and Connexion has the right to redeem the note at any time following the 12 month anniversary
- Additional \$3 million anticipated, through both R&D refund of \$2.3 million (consistent with previous years) and \$700,000 in customisation work effort in late CY2016
- This funding provides Connexion with a strong balance sheet
- Funds will be used to commercialise the existing partnerships with GM and Oracle whilst progressing discussions with other global auto manufacturers and associated businesses

22 June 2016, Melbourne Australia: Connexion Media Limited (ASX:CXZ), an innovator in the connected car market, has secured \$5 million through the issue of convertible notes to new and existing institutional and sophisticated investors.

The raising being led by Lucerne Investment Partners contains the following terms:

- 2 Year Term
- Conversion Price of A\$0.15
- Coupon Rate of 9.95% per annum
- Convertible Notes can only be converted after 12 months from the issue date
- The Company can redeem the notes at any time after 12 months from issue

The structure of the Convertible Notes protects the Company from any dilution in the first 12 months, but also allows the Company to redeem the notes after 12 months thus potentially avoiding any possible dilution in the future. Existing investors and the Connexion Board are supportive of the note as it provides the Company with the appropriate funding structure.

The Company expects to receive the funds in two tranches:

- Tranche A for \$694,808, the balance of the Company's 15% placement capacity, will be received by the Company immediately
- Tranche B for \$4,305,192 is expected to be received by July 2016, subject to shareholder approval

The funds raised from the Convertible Note will be used to drive sales and marketing activities with its two key partnerships, GM and Oracle. This includes the continued growth of Commercial Link and Flex Subscribers, MiRoamer licensing fees and continued customisation work, will accelerate the Company's path to profitability. The Company is now well funded and forecasts to be cash flow positive in CY2017.

Connexion also anticipates to receive an additional \$3 million during CY2016, comprising approximately \$2.3 million is R&D refund plus approximately \$700,000 in customization work effort.

Connexion is also working closely with a number of automotive manufacturers in Europe and the USA to provide telematics and infotainment solutions for their next generation connected cars.

George Parthimos, CEO of Connexion Media, said:

"I want to thank new and existing investors for participating in the current capital raise, and for recognising the enormous commercial potential of Connexion's connected car offering. The high level of demand from investors demonstrates the level of confidence new and existing shareholders have in the Company. The funds raised will be used to bolster our sales and marketing activities, which will accelerate our path to cash breakeven, which is expected in CY2017."

Anthony Murphy, CEO of Lucerne Investment Partners, said:

"Lucerne Investment Partners has worked alongside Connexion for the past 12 months, providing capital and introducing high profile initiatives such as the Oracle joint venture. This funding opportunity provides our investors exposure to an attractive investment structure whilst providing the Company a clear path to profitability."

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 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 carmakers alike.