

ASX Announcement  
31 October 2018

## Quarterly Activities Report For the period ended 30 September 2018

### Summary:

- **General Motors (GM) Courtesy Transportation Program (CTP) development has commenced.**
  - **Program remains on budget and on schedule for the December delivery deadline and first paying subscribers**
  - **1,165 dealers / +23,000 confirmed vehicle registrations to the CTP program**
- **Cadillac Courtesy Transportation Alternative (CTA) dealer program mandates the sole use of the OnTRAC fleet management software developed by CXZ.**
- **Commercial Link subscription metrics for the September 2018 Quarter:**
  - **10% subscription growth month-on-month for USA customers**
  - **record total number of subscriptions at month end September 2018**
- **Operational restructuring completed with 61% reduction in cash outflows.**
- **Company remains funded to deliver current development projects.**

During the quarter, Connexion Media Ltd ("CXZ" or "the Company") announced that it had received notification of the award of a 3-year contract for the designing, developing and delivering application programs and supporting infrastructure to automate the General Motors (GM) Courtesy Transportation Program (CTP). The Company will deliver the applications to GM under a Software as a Service arrangement, with data licensed from General Motors OnStar under a separate Agreement.

The GM Courtesy Transportation Program assists dealers in providing vehicles to support their GM service and customer care processes. The program sees the delivery of a range of benefits to 3441 US based GM dealers enabling CTP program compliance. Dealers will need to subscribe to GM OnTRAC to become eligible to participate in the existing CTP OnTRAC benefits going forward.

As outlined in the Company's announcement on 29 August 2018, the Company will implement a lean roll out approach focusing on early stage adopters in October 2018 and, subject to GM testing and evaluation, launching the full capacity production system in January 2019. The budget numbers for the early stage registrations to the CTP program have exceeded budget with over 23,000 vehicles being registered through 1,165 GM dealers enrolling in the CTP /CTA OnTRAC program. The Company is confident that these registrations will convert to progressive uptake subscriptions when the system goes live in December with a full launch in January 2019.

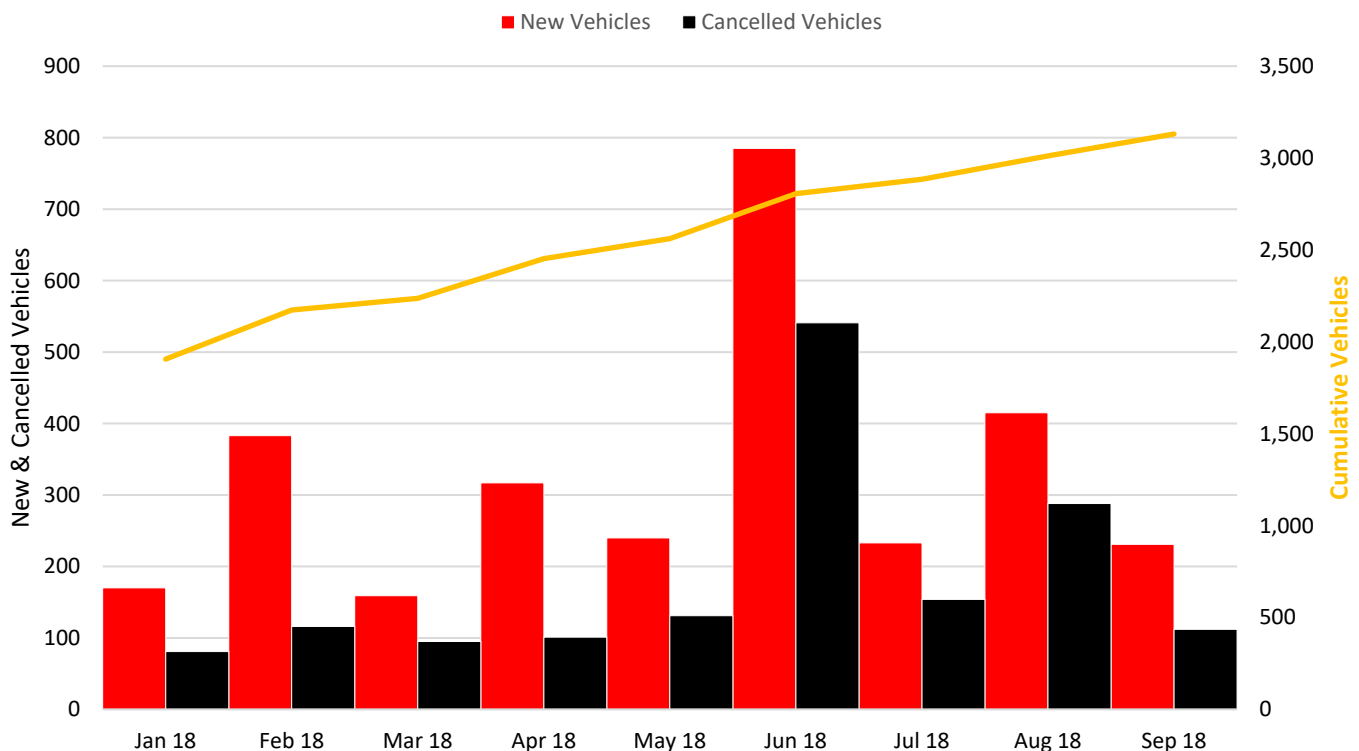
The testing and evaluation of the software remains on time and on budget with system testing of the software commencing in November.

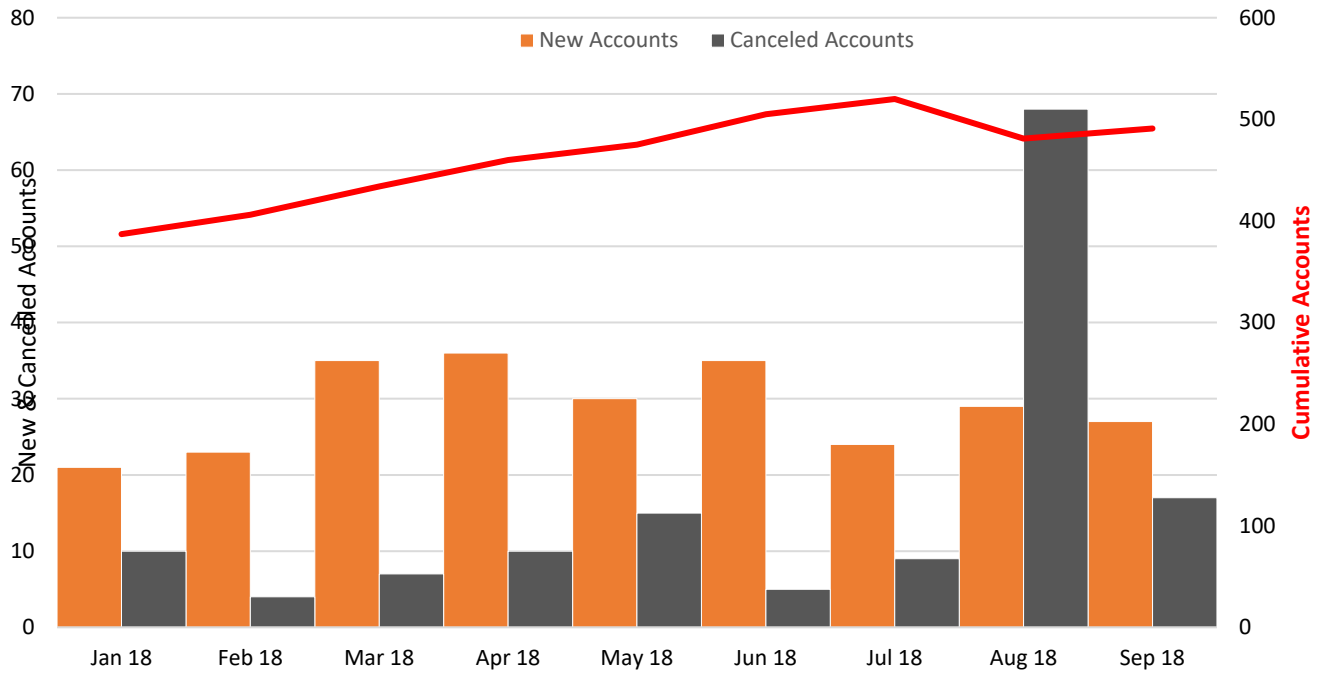
Subsequent to the quarter end, the Company was notified that GM has issued a direction to its US based dealers advising the exclusive use of the OnTRAC fleet management software which is being developed by CXZ.

CTP / CTA OnTRAC will be the only fleet management software allowed for GM (Buick, GMC, Chevrolet) and now Cadillac dealers to be eligible for the 2019 CTP/CTA programs. The take-up by Cadillac dealers is mandatory and is expected to result in an increase of approximately 10,000 subscribed vehicles for the program as a whole.

GM Commercial Link subscriptions have grown by 10% (to 3,031) in the Quarter exceeding budget forecast growth of 6%. The increased presence of CXZ staff at GM trade events during the Quarter has led to an increase in subscriptions. In addition, the Company is starting to see a correlation between the registration of dealers to the CTP / CTA OnTRAC program and subscriptions to GM Commercial Link. The Company also received a variation order from GM to adopt and translate the existing CXZ Telematics software and operating system into French and Spanish. The system adoption for Canada and Mexico is a dongle-based operating system. The software is being trialed by several fleet operators in each of these countries.

The Company significantly reduced its operational cash outflows during the quarter by 61% from \$247,386 to \$97,353. This was largely done by restructuring, staffing and administration costs. A realignment of Company staff requirements to specific target development programs was completed. The Company does not expect to see any significant budget stretch in the upcoming quarters other than the designated CTP / CTA OnTRAC software development program which will be undertaken predominantly in the December quarter.





## Corporate and Financial Information

The Company has appointed Mr Tasso Koutsovasilis as Chief Operating Officer (COO). Mr Koutsovasilis is responsible for the day-to-day operations and also the implementation of the CTP program. As part of the development of the CTP Mr Koutsovasilis has visited the US 3 times in Q1 attending GM trade shows taking Dealers through the prototype CTP. The GM Dealers have been very accepting of the mandatory program.

Mr David Connolly resigned as Non-Executive Director. Mr Aaryn Nania has been appointed to the Board as Non-Executive Director. The Company acknowledges the efforts of Mr Connolly in assisting the Company through its period of restructuring and transitioning.

### Cash Position

Cash receipts were \$96,148 for Q1 financial year ending 30 June 2019, compared to \$81,047 for Q4 financial year ending 30 June 2018. The increase in cash receipts was as a result of a steady increase in subscriber numbers.

Receivables balance at the end of September quarter at \$94,398, with all expected to be realised in Q2 financial year ending 30 June 2019.

During the September quarter a capital raise of \$658,200 was completed with all funds being received during the quarter. Majority of the funds came from existing shareholders whom contributed in the last capital raising, along with a new institution.

The Company has now stabilised its cash position and finished the Quarter with a cash balance of \$760,783. Cash flow forecasts indicate the Company is fully funded for its business development being the development of the Courtesy Transportation Program (CTP).

Operational administration costs decreased by 40% quarter-on-quarter, from \$154,811 to \$92,493. Staff costs decreased by 39% quarter-on-quarter, from \$133,421 to \$81,822.

## **Research and Development Tax Rebate**

The Company is conducting its final review of its Research and Development (R&D) Grant which will be completed and lodged during the month of October 2018. The R&D tax rebate is estimated to be circa \$330,000 to be recovered by November 2018.

## **Outlook**

The Company is now in a strong position ready to capitalise on the implementation of the CTP / CTA OnTRAC program with an anticipated budgeted increase in GM Commercial Link subscriptions. Through its association with GM, the Company now offers its CXZ Telematics fleet management solution across three jurisdictions – Canada, Mexico and the USA.

The Company continues to develop its fleet management subscription business and grow within the GM business eco-system with its software starting to gain acceptance across the administrative function within GM's broader dealerships. Separately, growth opportunities have been identified within Australia and these will be pursued within the next quarter. These opportunities are currently under planning and review with the Company looking to develop these further to add to its existing telematics product suite.

## **Ends**

### **Media enquires:**

Mark Caruso

Chairman

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### **About Connexion Media**

Connexion Media specializes in developing and commercializing smart car software apps and services for internet-connected vehicles and mobile devices. The Company head office is in Melbourne, Australia.

Connexion has two core products in commercialization, 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 behavior and instantly send notification 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 manufactures 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**

68 004 240 313

**Quarter ended ("current quarter")**

30 September 2018

Consolidated statement of cash flows	Current quarter \$A	Year to date (3 months) \$A
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	96,148	96,148
1.2 Payments for		
(a) research and development	(27,522)	(27,522)
(b) product manufacturing and operating costs	(31,035)	(31,035)
(c) advertising and marketing	(11,276)	(11,276)
(d) leased assets	-	-
(e) staff costs	(81,822)	(81,822)
(f) administration and corporate costs (see note 4)	(172,890) <sup>1</sup>	(172,890) <sup>1</sup>
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1,449	1,449
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
(a) superannuation adjustment	160,950	160,950
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(65,997)</b>	<b>(65,997)</b>

1 The following material amount was included in the amounts detailed under 1.2 (f) administration and corporate costs:

- aged creditor settlement

A\$(80,000)

Consolidated statement of cash flows		Current quarter \$A	Year to date (3 months) \$A
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(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	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	658,200	658,200
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>658,200</b>	<b>658,200</b>

Consolidated statement of cash flows		Current quarter \$A	Year to date (3 months) \$A
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	167,051	167,051
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(65,997)	(65,997)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	658,200	658,200
4.5	Effect of movement in exchange rates on cash held	1,529	1,529
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>760,783</b>	<b>760,783</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	<b>760,783</b>	<b>167,597</b>
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>760,783</b>	<b>167,597</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A
6.1	Aggregate amount of payments to these parties included in item 1.2	24,000
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	
Payment of Board and Director's Fees		

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A</b>
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	
N/A	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A</b>	<b>Amount drawn at quarter end \$A</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	300,000	300,000
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.		
David E Yalda provided cash advance of \$300,000 on 20 January 2013 for working capital to fund proposed acquisition of Mi Media holdings and Essential Digital Group Pty Ltd. Interest rate is 15% per annum, and has been paid for 12 months in advance as at 27 February 2018.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A</b>
9.1 Research and development	(306,500)
9.2 Product manufacturing and operating costs	(75,916)
9.3 Advertising and marketing	(20,698)
9.4 Leased assets	-
9.5 Staff costs	(203,469)
9.6 Administration and corporate costs	(94,430)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(701,013)</b>



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: .....  
(Director/Company secretary)

Date: 31 October 2018

Print name: .Peter Torre

### 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.