

FLEXIROAM

29 January 2021

QUARTERLY UPDATE – DECEMBER 2020

Travel and IoT commercial agreements signed to underpin recovery

Flexiroam Limited (ASX:FRX), (“Flexiroam”, “Company” or the “Group”) is pleased to present the following quarterly activities report, together with its Appendix 4C for the period ended 31 December 2020 (Q3 FY21).

Key Highlights:

- Successfully raised A\$2 million through a strongly supported share placement.
- Operating cash outflow of A\$209k. Underlying cash inflow of A\$15k after excluding one-off costs associated share placement.
- Mastercard partnership agreement extended, with advance payment of US\$250,000 expected in upcoming quarter.
- Internet of Things (**IoT**) development and commercialisation efforts resulted in commercial agreements with two major mPOS providers in Malaysia.
- Initial signs of recovery in travel segment underpinned 9.9% increase in cash receipts to A\$363k compared to Q2 FY21.
- Efficiencies and cash preservation strategies maintained throughout Q3 FY21, with cash outflows of A\$572k (Q2 FY21: A\$524k).
- Strong cash balance at end of December 2020 of A\$2.8 million.

Share placement to accelerate market growth and technology investments

In November, the Company successfully raised \$2 million from a Share Placement to institutional and sophisticated investors, aimed primarily to commercialise and accelerate market growth and development for Flexiroam Solutions, its Internet of Things (**IoT**) connectivity solutions platform. Proceeds are also being used to support and capture the travel sector as the sector recovers and for general working capital.

Mastercard partnership agreement extended

Following the initial success of its landmark partnership with Mastercard formed in June 2020, Flexiroam signed an extension to the Master Supply Agreement providing for minimum revenue commitments for calendar year 2021.

The FLEXIROAM-Mastercard Global Data Roaming Plan was successfully launched in June 2020 and has since expanded to bank partners in Taiwan, Vietnam and Hong Kong. Flexiroam received US\$500,000 as a commitment for data purchases during the previous financial year with US\$250,000 of data being available for use during Calendar Year 2021. A further minimum of US\$250,000 is expected to be paid in Q4 FY21.



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Despite the disruptions to travel caused by the COVID-19 pandemic, the partnership is significant as it demonstrates Mastercard's and its bank client's confidence in the demand for the program as travel restrictions begin to be lifted and allows the Company to increase eSIM adoption in the Asia region.

Commercialisation of Flexiroam Solutions IoT platform

Following the launch of the Company's IoT platform during the September quarter, Flexiroam has focused on commercialising its technology. The platform leverages the Company's cellular connectivity technology to allow customers of payment service providers (**PSP**) to utilise network switching technology for enhanced coverage with the guarantee of secured and reliable transactions. The technology allows PSPs to have a high level of connectivity for mobile point of sale (**mPOS**) terminals.

During the quarter Flexiroam secured commercial agreements with two major mPOS companies [in Malaysia], which together currently control 600k mPOS terminals. The Company expects the mPOS market to be a key source of long-term growth, as the Southeast Asia POS terminal market is forecast to grow at a CAGR of 32.4% over 2020-2025¹, underpinned by the rising use of online payments in the retail industry, growing middle-class income levels, and increasing investments from foreign companies. The first IoT sims have been distributed to chain outlets and the rollout is expected to scale up over future quarters.

Initial recovery in travel sector sales

While the COVID-19 pandemic continues to impact countries globally with many borders remaining closed during Q3 FY21, the Company recorded an improvement in travel-related sales. Successful promotional events, including 11 November and Black Friday sales and revenue from travelers in Europe, Asia and Africa underpinned a 9.9% increase in Group cash receipts in Q3 FY21 compared to Q2 FY21 to \$363k. Flexiroam anticipates that the demand for its travel product will substantially improve in future quarters as international travel borders open and further progress is made towards global COVID-19 vaccine availability. The Company also observed higher activation of e-sim users of 34% compared to Q2 FY21.

The Company was also chosen as the connectivity provider for three HIV workshops hosted by medical education provider Virology Education.

¹ Mordor Intelligence (2019). Southeast Asia POS Terminal Market - Growth, Trends and Forecasts (2020-2025)

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Efficiencies and Cost Reductions

The crisis and recovery plan implemented since March 2020 has resulted in sustained operational efficiencies and operational cost reductions.

During Q3 FY21, the Company's operating cash outflow of A\$572k increased slightly on Q2 FY21 (A\$524k), as salaries and benefits which had been reduced following the implementation of the crisis and recovery plan reverted back to prior levels.

In addition, payments to Related Parties of the Company and their associates during Q3 FY21 were comprised of executive director salaries and fees and non-executive director fees of approx. A\$78k. A portion of those payments, being A\$54k, were for accrued salaries and fees.

Commenting on the Q3 FY21 performance, FLEXIROAM Chief Executive Officer, Jef Ong said:

“Having laid the groundwork for a recovery in travel and growth in the large IoT sector, particularly the mPOS market, we are optimistic on the outlook for long term growth as we scale our business into global markets.”

Investor webinar

Mr Jeffrey Ong (Chief Executive Officer) and Mr Tat Seng Koh (Executive Director) hosted an investor webinar regarding the Company's quarterly update earlier today at 11:30am AEDT. The webinar recording can be viewed by clicking on the link below:

https://us02web.zoom.us/rec/share/7ZoQUvmWkxVnbENahCk32lvfOCWMD0jLbMBMUyPPNN_D_YpD8Um_Prnq7JogRjtn.Pn9M5Uxylse8G4Ow?startTime=1611880219000

AUTHORISED BY THE BOARD OF DIRECTORS

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ABOUT FLEXIROAM

FLEXIROAM LIMITED (ASX:FRX) is a super connector providing vital links between touchpoints and information repositories. By leveraging on its global connectivity in more than 100 countries, Flexiroam brings together the lines of communication to facilitate information gathering. Its innovative technology can be used expansively by consumers requiring connectivity to stay in touch with people and enterprises seeking data link to enhance business processes. Flexiroam core capabilities are in research and development, scalable consumer app development, Big Data and Artificial Intelligence. For more information visit <http://flexiroam.com>.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

FLEXIROAM LIMITED

ABN

ACN 143 777 397

Quarter ended ("current quarter")

31 DECEMBER 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	363	1,150
1.2 Payments for		
(a) research and development	(24)	(138)
(b) product manufacturing and operating costs	(112)	(450)
(c) advertising and marketing	(111)	(433)
(d) leased assets	-	-
(e) staff costs	(137)	(320)
(f) administration and corporate costs	(169)	(389)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(19)	(41)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(209)	(621)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	2
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Quarterly cash flow report for entities subject to Listing Rule 4.7B

2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	-	-
2.6	Net cash from / (used in) investing activities	-	2

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,000	3,017
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(120)	(120)
3.5	Proceeds from borrowings	-	8
3.6	Repayment of borrowings	(4)	(4)
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	1,876	2,901

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,187	616
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(209)	(621)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	2
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,876	2,901

Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.5	Effect of movement in exchange rates on cash held	(62)	(106)
4.6	Cash and cash equivalents at end of period	2,792	2,792

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'000	Previous quarter \$A'000
5.1	Bank balances	2,792	1,187
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,792	1,187

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

78

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Director fees, consultancy fees, and salaries

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities****Total facility
amount at quarter
end
\$A'000****Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

-

-

7.5 Unused financing facilities available at quarter end

-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Not applicable

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(209)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,792
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,792
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	13.36

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2021

Authorised by: The Board of Flexiroam Limited

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow 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 cash flow 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.
- 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.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.