

Results for announcement to market	% Increase / (Decrease)	Year ended 31 Mar 2020 \$	Year ended 31 Mar 2019 \$
Revenue from ordinary activities	35%	8,010,443	5,929,017
Loss after tax from ordinary activities attributable to members	(41)%	(1,683,284)	(2,876,920)
Net loss for the period attributable to members	(41)%	(1,683,284)	(2,876,920)

Dividend Information	Amount per share	Franked Amount per share
Dividend – current reporting period	Nil	Nil
Dividend – previous reporting period	Nil	Nil

Net Tangible Asset Backing per Ordinary Share	Shares	Cents
Net Tangible asset backing per ordinary share – previous reporting period	222,714,501	(1.37)
Net Tangible asset backing per ordinary share – current reporting period	305,204,293	(1.39)

Commentary on the Results for the Period

Financial Performance Review

Flexiroam Limited (**Flexiroam** or the **Company**) continued its stellar growth momentum, with revenue increasing by 35% to \$8.01 million (FY2019: \$5.93 million). This is attributed to global sales expansion which enhanced distribution channels and strategic partnerships. Gross profit increased by 36% to \$3.57 million (FY2019: \$2.63 million), with a rise from 44% to 45% year-on-year due to effective network cost optimisation and pricing strategies. The improvements were also brought about by the introduction of new pricing for the majority of data plans in line with the Company's strategy of sustainable growth.

The Company was able to deliver more competitive products in the market resulting in higher acquisition of users. Due to a push in sales and marketing, Flexiroam grew its subscriber base by 81% to 472,000 subscribers (FY2019: 260,000). The number of paying users increased by 104% to 75,083 (FY2019: 36,815). The cumulative subscribers compounded annual growth rate is at 86%, a decrease of 8% from previous year's (FY2019) compounded annual growth rate of 94%. The decline in growth rate, though insignificant, is the result of lower demand for data and roaming services brought about by restrictions in international travel due to the coronavirus (COVID-19) outbreak.

The loss for the year net of tax reduced significantly by 41% to \$1.68 million (FY2019: \$2.88 million).

Despite the challenging final quarter of this year brought about by the pandemic, Flexiroam's annual cash receipts increased by 31%, at \$9.13m compared to previous year (FY2019: \$6.95m). At the inception of the COVID-19 outbreak, the decline in data usage was gradual and concentrated mainly in Asia. Sales and marketing efforts were promptly directed to other continents to cushion some of the initial impact.

While the seasonal decline in sales every Q4 of each financial year was anticipated, the unprecedented travel restrictions during Q4 of this year saw a significant drop in sales of 54% (Q4FY2019: decrease of 22%). Despite the decline, cash receipts recorded a slight increase of 1% from the previous corresponding quarter at \$1.54m, (Q4 FY2019: \$1.53m).

Successful Capital Raising to Fund Future Growth Strategies

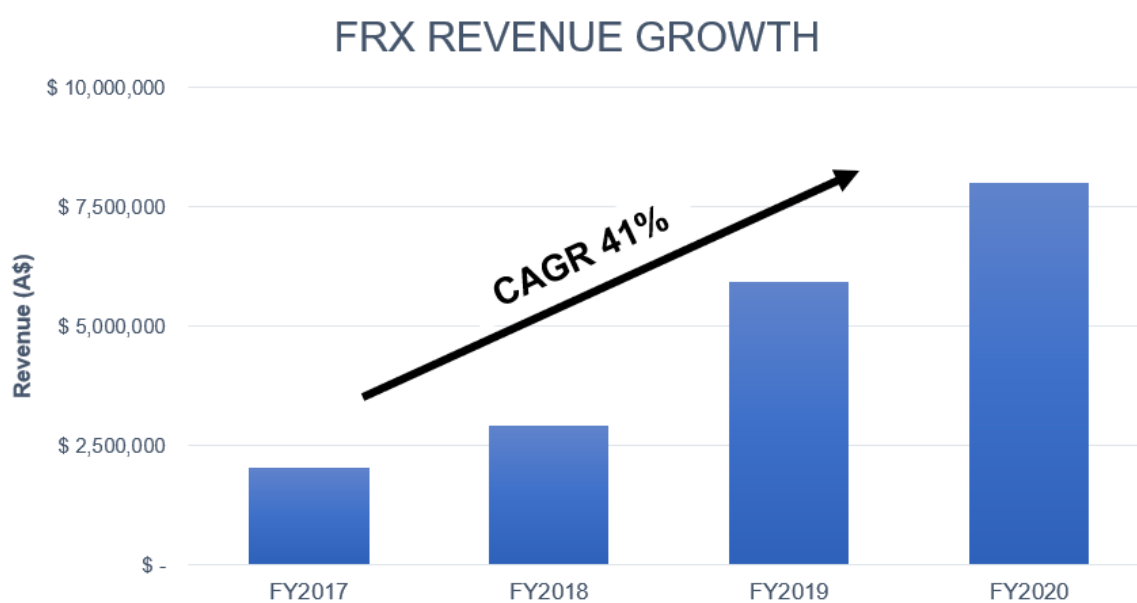
During FY2020, the Company successfully completed a private placement of 19,368,950 ordinary fully paid shares at an issue price of \$0.04 per share to raise approximately \$775,000 before costs, followed by a Renounceable Entitlement Offer by the issue of a total of 63,120,842 ordinary fully paid shares at an issue price of \$0.02 each with one attaching new option for each share issued, raising a total of \$1.26 million before costs. An additional 2,500,000 listed options were also issued as consideration for lead manager services.

Successful Capital Raising to Fund Future Growth Strategies (con't)

Total funds raised from the private placement and entitlement issue amounted to approximately \$2 million which has been and will be applied to product sales and marketing, research and development and other working capital needs of the Company.

The Impact of COVID 19 on the Company's operations

COVID-19 has brought the world to a standstill. As much as the Company has tried to mitigate the initial impact in the early stages of the spread by shifting our sales and marketing efforts away from Asia to the rest of the world, it was inevitable that the virus would spread and lead to the widespread suspension of air links and global travel bans. The effect of the pandemic has halted Flexiroam's upward trajectory over the last four years, amounting to a CAGR of 41%. Prior to COVID-19, the Company had established a strong momentum of sales, marketing, network expansion and cost optimisation which saw growing margins each year.



Year	FY2017	FY2018	FY2019	FY2020
Revenue (A\$)	\$ 2,037,336	\$ 2,969,873	\$ 5,929,017	\$ 8,010,443

During the slowdown, the Company was nimble enough to reassess operational capacity and rationalise ongoing network coverage. Flexiroam has implemented various cost-saving measures and currently maintains a strong core team to service existing partners and subscribers, while ensuring that the Company stands prepared to catch the first wave of travellers when countries around the world open their borders again.

At the same time, Flexiroam has accelerated efforts in commercialising existing enterprise solutions to leverage on the Company's core strengths of connectivity and Big Data analytics. With every crisis, comes opportunity. The Company anticipates that businesses will be streamlining their operations in the post-COVID 19 world and will be looking for ways to optimise their resources and keep costs down. With Flexiroam's soon-to-be launched enterprise solutions, the Company expects that it will be ready to pivot to a growth business in the direction of the Internet of Things (IoT).

Internet of Things (IoT)

The Internet of Things (IoT) encompasses a connectivity network on which sits smart devices, sensors and meters, and software to enable the exchange of information between devices and repositories. IoT technology holds significant potential in the overall IT and communication industry. The IoT technology market is growing rapidly due to the increasing adoption of Artificial Intelligence (AI) and connected devices based on machine learning.

Flexiroam's established expertise and technology in connectivity, consumer apps, Big Data and AI have placed it in good stead to take advantage of the trend. The Company started pivoting to IoT in the early part of FY2020, targeting enterprises. The development team is presently in the final phase of launching the platform, specifically for use in mobile point of sales, smart transportation, logistics and healthcare. The solution is currently undergoing beta trials with several enterprises and is expected to be commercialized in Q1 to Q2 FY2021.

Audit

This Preliminary Final Report is based on accounts which are in the process of being audited. It is likely the audit report will be subject to an emphasis of matter in relation to the Company's ability to continue as a going concern.



Jefrey Ong
Managing Director
Signed this 29th day of May 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	NOTE	YEAR ENDED 31 MARCH 2020 \$	YEAR ENDED 31 MARCH 2019 \$
Revenue	2	8,010,443	5,929,017
Cost of sales		(4,441,946)	(3,301,447)
Gross profit		3,568,497	2,627,570
Interest received		1,150	2,101
Foreign exchange gains		1,012,136	311,972
Other income		326	50
Administration and operating expenses		(993,147)	(721,716)
Marketing expenses		(3,101,889)	(3,613,758)
Research and development		(527,705)	(485,483)
Staff costs		(1,186,092)	(552,125)
Depreciation and amortisation		(62,687)	(75,575)
Fixed asset written off		-	(43,392)
Finance expenses		(393,873)	(326,564)
Loss before income tax		(1,683,284)	(2,876,920)
Income tax expense		-	-
Loss for the year		(1,683,284)	(2,876,920)
Other comprehensive loss <i>Items that may be re-classified to profit or loss:</i>			
Foreign exchange translation		(1,533,262)	(483,291)
Total other comprehensive loss, net of tax		(1,533,262)	(483,291)
Total comprehensive loss for the year/period		(3,216,546)	(3,360,211)
Loss per share (basic and diluted)		(0.63) cents	(1.36) cents

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	NOTE	AS AT 31 MARCH 2020 \$	AS AT 31 MARCH 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		615,741	528,017
Trade and other receivables		157,087	315,075
Inventory	3	416,365	219,807
Other assets		130,708	2,726
Total current assets		1,319,901	1,065,625
NON-CURRENT ASSETS			
Plant and equipment		85,970	116,980
Total non-current assets		85,970	116,980
Total Assets		1,405,871	1,182,605
CURRENT LIABILITIES			
Trade and other payables	4	2,242,330	2,148,774
Deferred revenue	5	3,389,253	2,065,205
Borrowings		12,416	15,507
Total current liabilities		5,643,999	4,229,486
NON-CURRENT LIABILITIES			
Borrowings		-	11,875
Total non-current liabilities		-	11,875
Total Liabilities		5,643,999	4,241,361
Net Assets		(4,238,128)	(3,058,756)
EQUITY			
Issued capital	6	39,466,313	37,429,139
Reserves		(3,737,118)	(2,203,856)
Accumulated losses		(39,967,323)	(38,284,039)
Total equity		(4,238,128)	(3,058,756)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	ISSUED CAPITAL \$	OPTION AND PERFORMANCE RIGHTS RESERVE \$	FOREX TRANSLATION RESERVE \$	AVAILABLE- FOR-SALE RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
Balance at 1 April 2018	36,268,139	299,993	(2,016,608)	-	(35,341,229)	(789,705)
Impact of changes in accounting standards	-	-	(3,950)	-	(65,890)	(69,840)
Adjusted balance 1 April 2018	36,268,139	299,993	(2,020,558)	-	(35,407,119)	(859,545)
Loss for the year	-	-	-	-	(2,876,920)	(2,876,920)
Other comprehensive loss for the year	-	-	(483,291)	-	-	(483,291)
Total comprehensive loss for the year	-	-	(483,291)	-	(2,876,920)	(3,360,211)
Shares issued during the year	1,161,000	-	-	-	-	1,161,000
Balance at 31 March 2019	37,429,139	299,993	(2,503,849)	-	(38,284,039)	(3,058,756)
Balance at 1 April 2019	37,429,139	299,993	(2,503,849)	-	(38,284,039)	(3,058,756)
Loss for the year	-	-	-	-	(1,683,284)	(1,683,284)
Other comprehensive loss for the year	-	-	(1,533,262)	-	-	(1,533,262)
Total comprehensive loss for the year	-	-	(1,533,262)	-	(1,683,284)	(3,216,546)
Shares issued during the year	2,037,174	-	-	-	-	2,037,174
Balance at 31 March 2020	39,466,313	299,993	(4,037,111)	-	(39,967,323)	(4,238,128)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	NOTE	YEAR ENDED 31 MARCH 2020 \$	YEAR ENDED 31 MARCH 2019 \$
Cash flows from operating activities			
Receipts from customers		9,134,371	6,947,603
Payments to suppliers and employees		(10,664,245)	(7,752,124)
Interest paid		(393,873)	(326,564)
Interest received		1,150	2,101
Net cash flows used in operating activities		<u>(1,922,597)</u>	<u>(1,128,984)</u>
Cash flows from investing activities			
Purchase of plant and equipment		<u>(23,896)</u>	<u>(14,473)</u>
Net cash flows used in investing activities		<u>(23,896)</u>	<u>(14,473)</u>
Cash flows from financing activities			
Proceeds from issue of share capital		2,037,175	1,161,000
Borrowings – payments		<u>(16,275)</u>	<u>(15,092)</u>
Net cash flows provided by financing activities		<u>2,020,900</u>	<u>1,145,908</u>
Net increase in cash and cash equivalents		74,407	2,451
Cash and cash equivalents at the beginning of the year			
		528,017	700,000
Foreign exchange fluctuations on opening cash balances		<u>13,317</u>	<u>(174,434)</u>
Cash and cash equivalents at the end of the year		<u>615,741</u>	<u>528,017</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BASIS OF PREPARATION

These financial statements include the financial statements of Flexiroam Limited (“the Company”) and its subsidiaries Flexiroam Sdn Bhd and Flexiroam Asia Limited (“the Group”). These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Australian Accounting Standards are equivalent to International Financial Reporting Standards (“IFRS”). Compliance with Australian Accounting Standards ensures that these financial statements comply with International Financial Reporting Standards.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

Adoption of New and Revised Australian Accounting Standards

Standards and Interpretations applicable to 31 March 2020

a. AASB 16 “Leases”

This standard issued in February 2016 is applicable to annual reporting periods beginning on 1 January 2019. The new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases, unless the underlying asset is of short-term and low-value. The Group concluded that adoption of the new Standard has no material impact on the financial statements of the Group.

Other than the above, there are no other material impact of the new and revised standards and interpretations on the Group and therefore no change is necessary to Group accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 REVENUE

	YEAR ENDED 31 MARCH 2020 \$	YEAR ENDED 31 MARCH 2019 \$
Corporate sales ¹	430,679	606,020
Consumer sales ²	7,579,764	5,322,997
	8,010,443	5,929,017

¹ Corporate sales consist of business to business transactions involving local and foreign travel agencies.

² Consumer sales consist of business to consumer transactions involving local and foreign travellers.

NOTE 3 INVENTORY

	AS AT 31 MARCH 2020 \$	AS AT 31 MARCH 2019 \$
Opening balance	219,807	13,644
Purchases	223,497	1,097,190
Transfer to profit and loss	(26,939)	(891,027)
Closing balance	416,365	219,807

NOTE 4 TRADE AND OTHER PAYABLES

	AS AT 31 MARCH 2020 \$	AS AT 31 MARCH 2019 \$
Trade and other payables	1,592,778	1,890,419
Accrual of expenses	649,552	258,355
	2,242,330	2,148,774

Trade payables are non-interest bearing and are normally settled within 30 to 90 days.

NOTE 5 DEFERRED REVENUE

	AS AT 31 MARCH 2020 \$	AS AT 31 MARCH 2019 \$
Corporate sales	2,331,998	1,067,929
Consumer sales	1,057,255	997,276
	3,389,253	2,065,205
Reconciliation		
Opening	2,065,205	791,917
Adjustment related to AASB 15 adoption	-	69,840
Net additions	1,019,185	1,131,237
Foreign exchange translation effects	304,863	72,211
Closing balance	3,389,253	2,065,205

Advance billing to customers that give rise to provisions for unearned revenue in respect of services which have not been rendered as at the end of the reporting period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 ISSUED CAPITAL

	Number	\$
Ordinary shares issued (net of share issue costs)	305,204,293	39,466,313
Reconciliation		
Balance at 1 April 2018	193,689,501	36,268,139
Share issue - 22 August 2018	29,025,000	1,161,000
Balance at 31 March 2019	222,714,501	37,429,139
Balance at 1 April 2019	222,714,501	37,429,139
Share issue – 3 May 2019 ^[a]	19,368,950	774,758
Share issue – 31 October 2019 ^[b]	63,120,842	1,262,416
Balance at 31 March 2020	305,204,293	39,466,313

^[a] On 3 May 2019, the Company successfully completed a capital raising of \$0.77m by the issue of 19,368,950 ordinary fully paid shares at an issue price of \$0.04 each. The placement has been made to an investor qualifying under Section 708 of the Corporations Act and the Company has used its existing issuance capacity under the ASX Listing Rule 7.1A to complete the issue. The investor is not a related party of the Company.

^[b] On 31 October 2019, the Company successfully completed a Renounceable Entitlement Offer by the issue of a total of 63,120,842 ordinary fully paid shares at an issue price of \$0.02 each with one attaching new option for each share issued. An additional of 2,500,000 listed options were also issued as consideration for the lead manager services. The options form a new class of quoted securities (ASX: FRXO) exercisable at \$0.12 each and expiring on 31 October 2022. Total funds raised for this entitlement issue amounted to \$1.26m.

Dividends

No dividends were paid or proposed during the year ended 31 March 2020 (31 March 2019: \$nil).

NOTE 7 SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

During the year, the Group changed the geographical segment presentation in order to provide a more meaningful and useful information to the Chief Operating Decision Maker.

As at 31 March 2020, the Group operated in one business segment being the telecommunication business segment and 7 geographical market segments, namely the telecommunications market in Africa, Asia, Europe, North America, South America, Oceania, and Antarctica.

During the current year, the Chief Decision Maker has been reviewing operations and making decisions based on the supply and provision of telecommunications as a single operating unit. Internal management accounts are consequently prepared on this basis.