

# FLEXIROAM

21 April 2021

## QUARTERLY UPDATE – March 2021

*Travel well positioned for recovery, IoT opportunity set gaining momentum*

**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 March 2021 (Q4 FY21).

### Key Highlights:

- Highest quarterly cash receipts during FY21 of A\$623k, including advance payment of US\$250,000 from Mastercard
- Partnerships signed to position Flexiroam for rebound in international travel
  - eSIM support for iPhone launched globally
  - Split’s BNPL service added as payment method
  - Joint marketing initiative with travel booking platform Travala
- Continued Flexiroam Solutions momentum
  - Growth in mPOS connections
  - eSIM support enabled for a major airline’s Flight Management System
- Marc Barnett appointed Non-Executive Director
- Efficiencies and cash preservation strategies maintained, with cash outflows of A\$540k (Q3 FY21: A\$572k) and Operating cash inflow of A\$82k.
- Strong cash balance at end of March 2021 of A\$2.8 million.

### Mastercard Global Data Roaming Plan rollout

During the quarter Flexiroam received US\$250,000 as an advance payment for data purchases. The program positions the Company to rapidly capture market share once international travel rebounds and has been well received by Mastercard’s bank partners. A total of 11 banks are now enrolled for the program across Taiwan, Vietnam and Hong Kong, offering exposure to more than 100k potential users.

Flexiroam is working towards a direct API integration with Mastercard, which is expected to conclude in the upcoming quarter. Following integration, Mastercard will have the ability to roll out the program to any bank globally with seamless integration, increasing the ability to rapidly scale up to additional banks.

Flexiroam is working with Mastercard towards potentially expanding the reach of the program in the near term to include India, Singapore, and Myanmar.

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## **eSIM support for iPhone launched globally**

In January, Flexiroam announced that it had launched eSIM support for iPhone on its network. eSIM support allows iPhone to activate an additional cellular plan, making it easy to use two different phone numbers or separate voice and data plans on one device. The COVID-19 pandemic has revolutionised how people work, consume and socialise in a digital environment and eSIM support provides users with a fully digital experience, allowing for instant activation and purchases without the need of a physical SIM card.

Having signed the agreement with Apple, Flexiroam is now one of a very select number of Apple's Worldwide Service Providers, allowing customers to become early adopters of an exciting new technology.

eSIM support is one of Flexiroam's key strategic growth drivers, with the market for eSIMs forecast to connect to 2.4 billion devices in 2025, rising from 36 million in 2019<sup>1</sup>, underpinned by smartphone support, logistics, energy, manufacturing, and industrial applications. In addition to Flexiroam Travel, the Company sees substantial long term opportunities for its Flexiroam Solutions business, by providing connectivity to devices in key eSIM ready IoT verticals, as eSIM becomes the industry standard in the coming years.

## **Partnership with Split to offer BNPL service**

In March, Flexiroam signed an agreement with Split, a leading Singapore and Malaysia-based FinTech company that offers buy-now-pay-later (BNPL) solutions, offering Split as a Flexiroam Wallet payment option to purchase Flexiroam products. Following technical integration, the service will be available complementary to all Malaysian and Singaporean Flexiroam users.

The signing of the agreement is an important development as the BNPL space is rapidly gaining traction in South East Asia, where there is a large population of unbanked people who require support using non-bank payment methods to purchase Flexiroam products.

## **Travala partnership and joint marketing agreement**

During the quarter Flexiroam signed a joint marketing agreement with Travala.com, the world's leading blockchain-based travel booking platform. The partnership further positions Flexiroam to benefit from a rebound in international travel, as vaccination programs are rolled out and provides access to consumers utilising major cryptocurrencies, with the majority of Travala.com customers booking flights with cryptocurrencies.

The agreement is for an initial 12-month term and is a further step towards making Flexiroam products available to the huge unbanked market. The number of global cryptocurrency users

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<sup>1</sup> Kaleido Intelligence (2020). eSIM Market Outlook & Opportunities 2020

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increased by 15.7% to eclipse 100 million during January 2021<sup>2</sup>, underpinned by strong growth in Bitcoin adoption and consequently more merchants are accepting cryptocurrency for transactions. The Travala agreement enables Flexiroam to benefit from this trend.

## **Positive Flexiroam Solutions IoT platform momentum**

Following the signing of two major commercial agreements with major mPOS companies last quarter, FRX is continuing to demonstrate positive momentum. The first IoT sims were distributed in the December quarter to chain outlets and the number of connections grew rapidly in the March quarter, in line with expectations.

During the quarter, Flexiroam enabled eSIM support for a Flight Management System, for a major Asia based airline. The system has enabled approximately 3,000 pilots to download immediate flight plans, including electronic charting and eText capabilities. Flexiroam plans to further expand the relationship to offer additional connectivity services and leverage its success to implement similar solutions to other airlines.

## **Marc Barnett appointed Non-Executive Director**

This quarter also saw an important addition to the Board with the appointment of Marc Barnett as Non-Executive Director. Marc has extensive experience as an executive covering sales, commercial operations, finance and change management, which he has fostered over his 12-year career in C-Suite roles with multinational corporations and high growth start-ups across the Asia-Pacific region.

Marc was most recently CEO of iflix until its acquisition by Tencent in June 2020, where he played a crucial role in accelerating iflix's growth to deliver 50 million app downloads with 25 million monthly active users, having expanded the business into 32 markets over a four year period.

## **Financial update**

During the quarter, Flexiroam received the highest quarterly cash receipts during FY21 of A\$623k, underpinned by an advance payment from Mastercard of USD 250k for data purchases. The Flexiroam Solutions business also generated cash from the implementation of an airline's flight management system and partnering to support virtual conferences, including two major AIDS conferences.

During Q4 FY21, the Company's operating cash outflow of A\$540k declined by A\$1.6 million compared to the same quarter last year (Q4 FY20: A\$2.1m), as efficiencies and cash preservation strategies were maintained. Payments to Related Parties of the Company and their associates during Q4 FY21 were comprised of executive director salaries and fees and non-executive director fees of approximately A\$90k.

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<sup>2</sup> Crypto.com (2021). Measuring Global Crypto Users

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The improvement in cash outflow from operating activities underpinned positive operating cash flow, of A\$82,313.

Flexiroam ended the quarter with a strong cash balance of A\$2,809,607, which is supportive of the Company's strategic growth plans.

**Commenting on the Q4 FY21 performance, FLEXIROAM Chief Executive Officer, Jef Ong said:**

*“During the quarter we made substantial progress on our strategy, signing key partnerships to position the travel business for a recovery, while we continued to roll out our Internet of Things strategy, recording rapid growth in mPOS connections and implementing eSIM support for a major airline. We have an increasing pipeline of IoT opportunities and expect to gain substantial momentum in upcoming quarters.”*

## **AUTHORISED BY THE BOARD OF DIRECTORS**

### **Corporate**

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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 MARCH 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	624	1,774
1.2 Payments for		
(a) research and development	(39)	(177)
(b) product manufacturing and operating costs	(78)	(528)
(c) advertising and marketing	(58)	(491)
(d) leased assets	-	-
(e) staff costs	(196)	(516)
(f) administration and corporate costs	(153)	(542)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(17)	(58)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>83</b>	<b>(538)</b>
<b>2. Cash flows from investing activities</b>		
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	-	-

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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>2</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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)
3.5	Proceeds from borrowings	-	8
3.6	Repayment of borrowings	(4)	(7)
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>(4)</b>	<b>2,897</b>

<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 period	2,792	616
4.2	Net cash from / (used in) operating activities (item 1.9 above)	83	(538)
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)	(4)	2,897

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

4.5	Effect of movement in exchange rates on cash held	(61)	(167)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,810</b>	<b>2,810</b>

5.	<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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,810	2,792
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,810</b>	<b>2,792</b>

**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	90
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter  
\$A'000**

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.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-
7.2	Credit standby arrangements	-
7.3	Other (please specify)	-
7.4	<b>Total financing facilities</b>	-

**7.5 Unused financing facilities available at quarter end**

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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)	83
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,810
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,810
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b> <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5</i>	N/A

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: 21 April 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.

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