

# FLEXIROAM

12 July 2021

## QUARTERLY UPDATE – June 2021

### *Executing on strategic plan to position for long term global growth*

**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 30 June 2021 (Q1FY22).

#### **Key Highlights:**

- Cash receipts of A\$369k, up 55% on the prior corresponding period (Q1FY21: A\$239k), on a normalised basis
- Digital marketing optimisation drove a 78% reduction in marketing cost per app installation with improved data and insights, subscribers increased 90% YoY with paying users up 272% YoY
- Infrastructure improvements including new corporate website, travel webshop, Affiliate and Reseller program, as well as back end enhancements
- Building global team through appointments of Marc Barnett as Chief Executive Officer and Joost Cordes as Chief Revenue Officer
- mPOS connectivity agreement signed with GHIL covering Malaysia, Thailand and the Philippines
- Strategic partnerships signed ahead of travel industry rebound
- Strong cash balance at end of June 2021 of A\$2.2 million, supports growth plan.

Commenting on the progress made during the first quarter of FY22, Chief Executive Officer Marc Barnett said: “During my first quarter as CEO, our focus has been on positioning the business for long term global growth, ensuring the infrastructure and team are in place. We are developing and pursuing scalable opportunities that capture the IoT demand explosion, and building out corporate partnerships to drive global penetration across both Travel and Solutions. A key priority is to close strategic deals to drive substantial revenue expansion in FY23 and we were pleased to sign a commercial agreement with GHIL to provide mPOS connectivity across Malaysia, Thailand and the Philippines. Our strong pipeline of IoT opportunities continues to build and we are excited to grow a business with significant global scope.

“During Q1, we implemented improvements to our marketing approach which reduced the marketing cost per installed app by 78% and our efforts to build the revenue funnel delivered a 90% growth in Travel subscribers year on year, with a 272% year on year increase in paying users. We expect to see further improvements in cash receipts and revenue in upcoming quarters as we scale out our existing offerings and sign new commercial contracts.”

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## Strategic Plan and budget for FY22

The Board has approved the Company's strategic plan, which emphasises the following key priorities:

- Enhancing the infrastructure to provide the ability to scale to billions of devices globally and allow various IoT verticals to embed connectivity into their applications
- Building an experienced and diverse Global Leadership Team
- Developing key eSIM solutions to capture the IoT demand explosion
- Building out corporate partnerships to drive global penetration across Travel and Solutions
- Closing strategic deals to drive substantial revenue expansion in FY23

The approved strategic plan is to deliver Revenue of A\$3.6 million during FY22 (42% above FY21 revenue of A\$2.5 million), underpinned by the beginning of a travel rebound and scaling of Flexiroam's Solutions business.

The Company delivered revenue of A\$534k, a significant increase of 408% on the prior corresponding period (Q1FY21: A\$105k) and up 73% compared to the previous quarter (Q4FY21: A\$308k), on a normalised basis. This resulted in achieving 5% above the Q1 budget.

An increase of wallet top-ups provides a strong revenue pipeline, with total unutilised wallet credit of A\$501k at the end of Q1. Wallet credit is recognised as revenue once it is utilised.

Over the course of Q1, Flexiroam strengthened its infrastructure to support growth from both the Travel and Solutions verticals. The Company developed a new corporate website that consolidates the Travel and Solutions businesses into a single platform and provides easier access for users and investors to access updates on product offerings, partnerships and recent innovations. ([www.flexiroam.com](http://www.flexiroam.com))

Flexiroam also launched a Webshop to improve the user experience for Travel customers, making it easier to access data packs and learn about Flexiroam's technology, including the flexibility to commence data plans any time within six months of purchasing. To drive an increase in customer acquisition, Flexiroam integrated with travel booking partners and introduced an Affiliate and Reseller program under its Webshop. The program provides a seamless way for resellers to join and earn commission on data sales, providing a new revenue stream for Flexiroam that has already started generating cash.

### Backend enhanced to support growth

Flexiroam's backend was substantially enhanced during the period, ensuring the Company is ready to scale up to billions of devices. A centralised account management system was developed for its Solutions business, providing easy access for billing, ordering, inventory and fulfilment records.

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Flexiroam's CoRE Operations System (CORE) was strengthened to allow the Company to scale globally with customised products and services, as the Company diversifies into new Solutions verticals, while the pipeline of opportunities continues to build. Enhancements were made to the front and back end of the Travel app to allow users to install eSIMs without needing to scan QR codes, delivering an enhanced user experience, in line with its Global Partnership with Apple. Improvements in data security were also made as the Company prepares to scale growth.

## **Building the global team to capture growth opportunities**

During Q1 Flexiroam focused on building its global team and made a number of key appointments across technology, finance and marketing, with team members now located in 6 countries. In April, Marc Barnett was appointed Chief Executive Officer & Executive Director, while Jef Ong moved to a newly created role of Chief Innovation Officer & Executive Director and Tat Seng Koh moved to a Non-Executive Director role. To establish the global team and operate the business from a centralised timezone, Mr Barnett relocated to Dubai and established an office, which will also capitalise on MENA as a key strategic region.

Following the quarter end, Joost Cordes was appointed Chief Revenue Officer, bringing more than 14 years of executive sales experience spanning the IoT, telecommunications, automotive and printing industries, with strong international experience, having established and worked with sales teams across Europe, the US and Asia. Mr Cordes is based in Amsterdam and will build a global sales team, in line with the Company's growth strategy.

Flexiroam plans to make additional appointments to its business to enable it to grow its global footprint, including a Chief Operating Officer and other staff members to support both the Travel and Solutions verticals.

## **New mPOS contracts underpin Solutions growth**

In June, Flexiroam signed an agreement with GHL Systems Bhd (GHL), a leading ASEAN payment service provider based in Malaysia that offers a suite of end-to-end payment solutions.

Under the agreement, Flexiroam will provide cellular connectivity to GHL's new payment terminals in Malaysia, the Philippines and Thailand for an initial term of two years, providing the ability to stay connected using several networks, enhancing the availability and security for their payment transactions.

In addition to GHL, Flexiroam signed new mPOS customers in Malaysia and together with GHL, these companies combined have a total market share in Malaysia of ~70% and we are well positioned to grow as they execute on regional expansion strategies.

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## New partnerships signed to capture travel rebound

Flexiroam signed several important commercial partnerships to enable it to rapidly grow its Travel customer base, signing collaboration agreements with online travel marketplaces Kayak, Agoda and Klook, which offer one stop shopping for travelers. With this collaboration, customers are able to make bookings for their travel needs from within the app.

Mastercard has continued to onboard additional banks to its partnership program, with 11 banks included by 30 June, which provides access to more than 100k potential users. Mastercard has an additional 12 banks in its pipeline for the coming quarters, which would provide access to an additional 259k potential users.

## Financial update

Flexiroam received cash receipts of A\$369k, up 55% on the prior corresponding period (Q1FY21: A\$239k)<sup>1</sup> and up 23% compared to the previous quarter (Q4FY21: A\$301k)<sup>1</sup>, underpinned by an increase in both Flexiroam Travel users and the initial rollout of mPOS connections from Solutions customers.

Total operating cash outflows of A\$831k were up 23% on the same period last year (Q1FY21: A\$676k) and 54% higher than the previous quarter (Q4FY21: A\$541k), reflecting A\$425k investments into infrastructure enhancements and the build out of the global team.

Flexiroam focused on targeting its marketing spend to directly drive revenue, with A\$137k (37% of cash receipts) spent on driving revenue, compared with 71% of normalised cash receipts in Q1FY21.

Payments to Related Parties of the Company and their associates during Q1FY22 were comprised of executive director salaries and fees and non-executive director fees of approximately A\$140k.

Revenue during the quarter of A\$534k, was 412% higher compared to the same period last year (Q1FY21: A\$104k), and 73% higher than the previous quarter (Q4FY2: A\$308k), on a normalised basis. The number is higher compared to cash receipts due to increased utilisation as countries begin to reopen borders.

Flexiroam ended the quarter with a strong cash balance of A\$2.2 million, which is supportive of the Company's strategic growth plans and reflects the effective management of expenses while investing for growth.

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<sup>1</sup> normalised – excludes cash receipts from one-off projects (Q1FY21 Virtual Conference, Q4FY21 Mastercard)

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## Investor Webinar

Flexiroam CEO Marc Barnett will host an investor webinar regarding the Company's quarterly update on Wednesday 14 July at 2:00pm AEST. The presentation will be followed by a Q&A session.

For those wishing to join the webinar, pre-registration is required by following the link below:

[https://us02web.zoom.us/webinar/register/WN\\_sF\\_u7Nm\\_TwCxqRsRjEMzlg](https://us02web.zoom.us/webinar/register/WN_sF_u7Nm_TwCxqRsRjEMzlg)

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## AUTHORISED BY THE BOARD OF DIRECTORS

### Corporate Inquiries

Marc Barnett, CEO & Executive Director  
Telephone: +61 2 8188 3919  
Email: [investor@flexiroam.com](mailto:investor@flexiroam.com)

### Investor Inquiries

Market Eye  
Justin Foord  
Telephone: +61 2 8097 1200  
Email: [justin.foord@marketeye.com.au](mailto:justin.foord@marketeye.com.au)

## ABOUT FLEXIROAM

*Founded in 2011 by Jeffrey Ong, CIO and Executive Director, Flexiroam Limited (ASX:FRX) started with a mission to push the boundaries of communications. What began as a solution for travellers needing seamless mobile data at competitive rates, has evolved beyond the consumer travel market.*

*Flexiroam provides connectivity across any device, in any part of the world for any application. The Company is a superconnector for people and machines globally. Flexiroam's versatile network now spans across 580 network operators in over 180 countries and territories, making it the preferred service for consumers and businesses worldwide.*

*For further information, please visit <https://www.flexiroam.com/>*

### Disclaimer

*This announcement contains "forward-looking statements" concerning Flexiroam and its operations, economic performance, plans and expectations. Without limiting the foregoing, statements including the words "believes", "anticipates", "plans", "expects", and similar expressions are also forward-looking statements.*

*Forward-looking statements reflect, among other things, Flexiroam's plans and objectives for future operations, current views with respect to future events and future economic performance and projections of various financial items. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ from those expressed or implied by forward-looking statements. Factors that may cause actual results to differ materially include, among other factors, general economic conditions in Australia and globally, competition in the markets in which Flexiroam does and will operate, technological innovation and business and operational risk management.*

*The forward-looking statements contained in this announcement should not be taken as implying the assumptions on which the projections have been prepared are considered correct or exhaustive. Readers are cautioned not to unduly rely on these forward-looking statements and the Company undertakes no obligation to update or revise the forward-looking statements except as required by law.*

## 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")**

30 JUNE 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	369	369
1.2 Payments for		
(a) research and development	(57)	(57)
(b) product manufacturing and operating costs	(189)	(189)
(c) advertising and marketing	(134)	(134)
(d) leased assets	-	-
(e) staff costs	(209)	(209)
(f) administration and corporate costs	(219)	(219)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(24)	(24)
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>(463)</b>	<b>(463)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(18)	(18)
(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>(18)</b>	<b>(18)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		-
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(3)	(3)
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>(3)</b>	<b>(3)</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	2,810	2,810
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(463)	(463)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(18)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3)	(3)

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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	(126)	(126)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,200</b>	<b>2,200</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	2,200	2,810
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>2,200</b>	<b>2,810</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
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

140

-

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**

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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

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8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(463)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,200
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,200
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	4.75

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: 12 July 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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