

QUARTERLY UPDATE – September 2021

Flexiroam delivers exceptional fundamental operating metrics improvement and scales cash receipts

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 September 2021 (Q2FY22).

Key Highlights:

- Cash receipts of A\$680k, up 84% on the previous quarter (Q1FY22: A\$369k) and up 106% on the prior corresponding period (Q2FY21: A\$330k)
- Leadership Team hiring completed and onboard, with new CTO to commence on 1 January 2022
- Significant improvement in key operating metrics including new subscribers, active subscribers, paying users and data sales
- Revenue of A\$793k, up 48% on the previous quarter (Q1FY22: A\$534k) and 60% on the prior corresponding period (Q2FY21: A\$494k), with wallet top-up increase providing strong revenue pipeline
- Ongoing focus on strategic partnerships to drive customer growth and enhance the brand
 - Korean Air partnership renewed, Mastercard accelerated bank onboarding
 - New partnerships entered with ATP Tour, The Athletics Association and BigRewards
- Powered connectivity requirements of international e-conferences: AIDS2021 (2nd year), HIV Pediatrics and the upcoming European and Developing Countries Clinical Trial Partnership (EDCTP)
- Strong cash balance at end of September 2021 of A\$1.5 million. The Company just completed a private placement with existing shareholders for a total amount of A\$1.5 million, bringing the total cash balance to A\$3.0 million to support future growth

Commenting on the progress made during the second quarter of FY22, Chief Executive Officer Marc Barnett said: “During the second quarter of FY22 we focused on building out our global team, forming partnerships in strategically important areas, and delivering strong operational performance as we scale up our business.

“We made the final two key leadership appointments in August, with Jon Gregory joining as Chief Operator Officer, while Michael King will commence on 1 January 2022 as Chief Technology Officer. The additions of Mike and Jon, follow the recruitment of Joost Cordes as Chief Revenue Officer and completes the high calibre leadership team.

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“Partnerships are critical to scaling growth, and with this goal in mind we signed a partnership with AirAsia to become a Merchant Partner in Indonesia, providing exposure to 2.5 million potential customers. We also renewed our contract with Korean Air to provide eSIM connectivity to pilots, following the success of the initial program. Given the widespread interest and coverage of international sport, we formed partnerships with The Athletics Association following the Tokyo Olympics, and the ATP Tour. Collectively these associations support thousands of athletes and coaches that are constantly travelling, providing ideal platforms to significantly enhance our profile and showcase our solutions to international travelers.

“During Q2 we delivered a significant 48% revenue increase from Q1 to A\$793k underpinned by higher data consumption totalling 26.4 terrabytes (Q1FY22: 14.6TB). Through improved user funneling and deployment of new marketing channels we also saw a significant increase in new Travel subscribers to 16.3k, up 97% on the previous quarter (Q1FY22: 8.3k subscribers).

“We continued to roll out our Solutions products to key customers, with 22.4k devices billed in September, bringing a total cumulative of 81.6k devices billed in the first half of FY22, and the number will continue to grow with the recurring revenue nature and low churn rate in this segment. Our pipeline of IoT opportunities is increasing, with discussions taking place with various clients. I look forward to providing further updates as we execute on opportunities across key IoT verticals, to substantially scale growth.”

Leadership team completed

During the quarter, the global Leadership Team hiring was completed, with key staff members onboarded. Joost Cordes joined as Chief Revenue Officer on 2 August, based in Amsterdam, bringing more than 14 years of executive sales experience spanning the Internet of Things (IoT), telecommunications, automotive and printing industries. Mr Cordes has strong international experience, having established and worked with sales teams across Europe, the US and Asia.

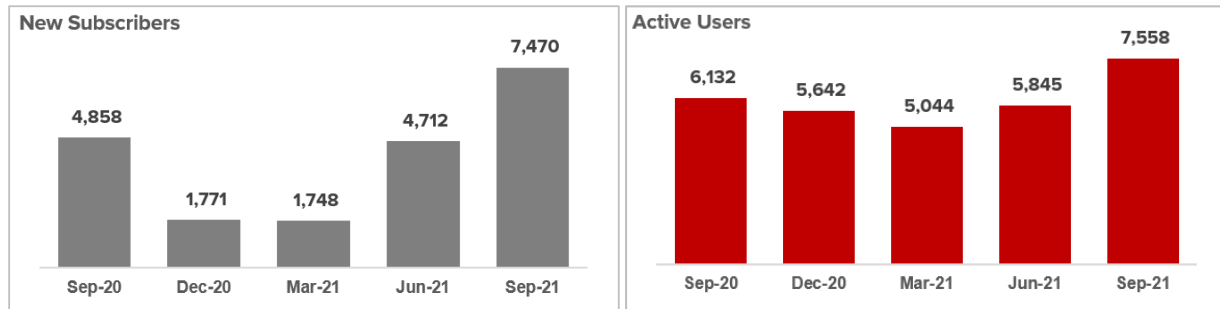
The leadership team was further enhanced with the appointment of Jon Gregory as Chief Operating Officer, based in Kuala Lumpur, who commenced on 1 September, bringing more than 10 years of operational leadership, project management, business development and recruitment experience to Flexiroam. Michael King was appointed Chief Technology Officer and will commence on 1 January 2022, in London, bringing a wealth of global product technology leadership experience, having led teams across the US, Europe and Asia.

With the recent additions Flexiroam has built a world class leadership team capable of growing the business to its full potential as it expands globally. Further hires will be focused on supporting the leadership team, primarily in the areas of research & development and sales.

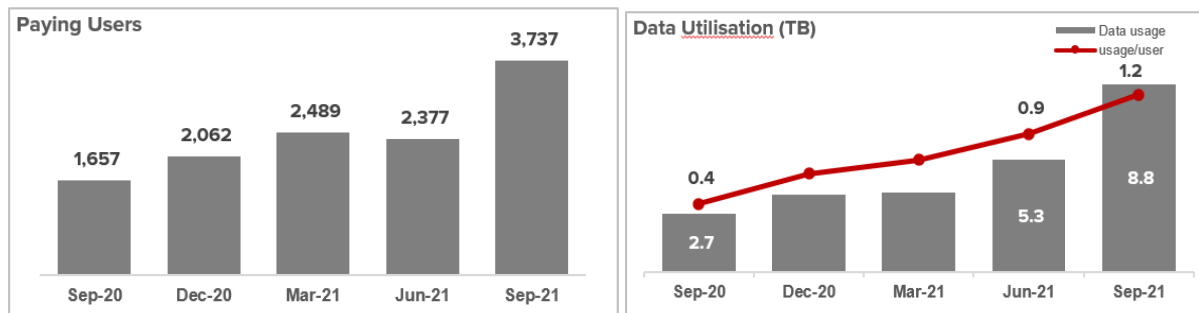
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Strong operational performance

Flexiroam delivered exceptional operating performance during Q2. The number of new monthly subscribers increased to 7.4k compared to 4.7k in Q1, active users increased to 7.6k compared to 5.8k in Q1, while paying users increased 58% QoQ to 3.7k, underpinned by digital marketing optimisation. The strong increase in new users and data sold is a forward indicator of revenue.



The number of paying users increased significantly to 3.7k (+126% YoY), while wallet Credit has continued to trend up, with the balance reaching A\$520k at the end of September (+10% YoY), which is indicative of revenue growth in the coming quarters once utilised.



Flexiroam currently provides Flexiroam Solutions connectivity to mPOS clients GHM Systems Bhd, Revenue Group Berhad and MYP One Commerce, and connectivity to Korean Air pilots. During the quarter the number of cumulative billed devices increased by 121% to 56K compared to Q1. The Company anticipates a significant scale up over the coming quarters as the roll out progresses to current customers and new contracts are signed.

Flexiroam continued to power the connectivity requirements of international e-conferences, during the quarter. This included providing delegate connectivity to AIDS2021, HIV Pediatrics and the upcoming European and Developing Countries Clinical Trial Partnership (EDCTP). Conference connectivity is an ideal opportunity to showcase Flexiroam's technology, as stable connections and strong network coverage are provided to any part of the world.

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Travel partnerships to drive global penetration

Flexiroam has renewed and entered new partnerships to drive global penetration of connectivity solutions.

In July, Flexiroam secured a contract renewal with Korean Air, to provide connectivity to 2,840 pilots, powered using eSIM. The solution provides guaranteed connectivity to download flight plans, weather forecasts and other critical updates, and provides a staff communication platform. The contract demonstrates Flexiroam's ability to monetise travel partnerships to deliver Flexiroam Solutions services and the Company aims to leverage its strong pipeline to replicate the model to other airlines. The renewal runs through to January 2022, providing annualised recurring revenue of A\$60k.

In September, Flexiroam joined AirAsia's BIG Rewards Program as a Merchant Partner in Indonesia. BIG Rewards is the leading points platform in the ASEAN region, with 2.5 million active users in Indonesia and 25 million users across the ASEAN region. Flexiroam users in Indonesia will receive one BIG Point for every \$1 USD spent on Flexiroam products, redeemable at more than 300 Big Rewards merchants for flights, hotels and lifestyle deals. AirAsia BIG Rewards Indonesia will promote Flexiroam products on its platform and Flexiroam will provide its members with discounted Global Data Plans. The Indonesian economy is the largest in Southeast Asia, with a population that is young, growing and rapidly urbanising, making it one of the fastest-growing consumer markets in the world and an ideal market for Flexiroam's continued growth.

Mastercard has continued to onboard additional banks to its partnership program, with 17 banks part of the program as at the end of September. The pace of the rollout has accelerated, with 9 banks enrolled in Q2, providing access to a total of 250k potential Travel users.

New sports sponsorship agreements to raise Flexiroam's profile

In line with Flexiroam's strategic objective of raising its profile amongst travelers globally, the Company partnered with The Athletics Association following the 2021 Tokyo Olympics. The Athletics Association is an independent, not for profit organisation that provides a voice for elite track and field athletes around the world, with membership and reach in the thousands.

The partnership will see Flexiroam provide data to members for the next two years, with attractive discounts for friends, family and followers. Members are incentivised to refer to the service, earning additional data for every ten new users referred. The initiative is designed to substantially increase Flexiroam's user base, leveraging the strong social media following of members. The Tokyo Olympic Games provides the ideal platform to launch the partnership and significantly enhance the Company's profile and showcase Flexiroam's exceptional benefits to international travelers.

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In September, Flexiroam started working with the ATP, a global governing body of men's professional tennis, supplying player and coach members with data and discounts on Global Data Plans. The ATP has an international membership base, who travel frequently and Flexiroam aims to leverage the relationship to showcase Global Data Plans and grow its customer base.

The demand for convenient connectivity solutions is rising internationally as travel continues to open up around the world. Partnering with global sporting bodies offers substantial opportunities for Flexiroam to capitalise on large social media followings of athletes to promote the Flexiroam brand, without the marketing costs associated with traditional advertising agreements.

Strong financial performance

The Company delivered revenue of A\$793k, a significant increase of 60% on the prior corresponding period (Q2FY21: A\$494k)¹ on a normalised basis and up 48% compared to the previous quarter (Q1FY22: A\$534k). The first half revenue result was A\$1.3 million, an increase of 62.3% on the prior corresponding period (1HFY21: A\$818k)¹ on a normalised basis. An increase in wallet top-ups provides a strong revenue pipeline, with total unutilised wallet credit rising to \$520k, at the end of Q2.

Flexiroam received cash receipts of A\$680k, up 106% on the prior corresponding period (Q2FY21: A\$330k) and up 84% on the previous quarter (Q1FY22: A\$369k). A\$202k was spent on selling and marketing costs to drive revenue, with every \$1 dollar spent resulting in \$3.37 of cash receipts, a 25% improvement compared to the previous quarter (Q1FY22: \$2.69).

Payments to Related Parties and their associates during Q2FY22 were executive director salaries and fees and non-executive director fees of approximately A\$148.

Flexiroam ended the quarter with a strong cash balance of A\$1.5 million.

Investor Webinar

Flexiroam CEO Marc Barnett will host an investor webinar regarding the Company's quarterly update on 3 November at 3:00pm AEDT. 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_k9IIEhusTLS_OoLsH5sWWw

-END-

¹ normalised – excludes revenue from one-off adjustment (Q2FY21 Deferred Revenue)

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AUTHORISED BY THE BOARD OF DIRECTORS

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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 520 network operators in over 200 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 SEPTEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	680	1,049
1.2 Payments for		
(a) research and development	(106)	(163)
(b) product manufacturing and operating costs	(280)	(469)
(c) advertising and marketing	(184)	(318)
(d) leased assets	-	-
(e) staff costs	(465)	(674)
(f) administration and corporate costs	(301)	(520)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(36)	(60)
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	(692)	(1,155)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(14)	(32)
(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	(14)	(32)

3.	Cash flows from financing activities		-
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	(1)	(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)	(4)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,200	2,810
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(692)	(1,155)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(32)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1)	(4)

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

4.5	Effect of movement in exchange rates on cash held	18	(108)
4.6	Cash and cash equivalents at end of period	1,511	1,511

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	1,511	2,200
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)	1,511	2,200

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	148
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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)	(692)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,511
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,511
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.18

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: 25 October 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.