

## QUARTERLY UPDATE – MARCH 2020

### *FLEXIROAM achieves 32% increase in annual cash receipts*

**Flexiroam Limited (ASX:FRX)**, (“Flexiroam” or the “Group”) is pleased to present its quarterly cash report for the period ended 31 March 2020 and advises:

#### **Key Highlights**

- Cash receipts for the FY 2020 amounts to A\$9.1m; an increase of 32% compared to FY 2019
- Q4 FY 2020 cash receipts recorded at A\$1.54m, a slight increase of 1% from previous corresponding quarter (Q4 FY 2019: A\$1.52M)
- Cumulative subscribers have increased to up to 472,000 at compounded annual growth rate (CAGR) of 86% as at 31 March 2020
- Consolidated cash balance as at 31 March 2020 is A\$615,741
- Opportunities in Internet of Things (IoT)

#### ***Increase in Annual Cash Receipts amidst challenging Fourth Quarter***

The unprecedented restrictions placed on international and domestic travel around the world from mid-January 2020 onwards has resulted in a decline in demand for Flexiroam’s data and roaming services.

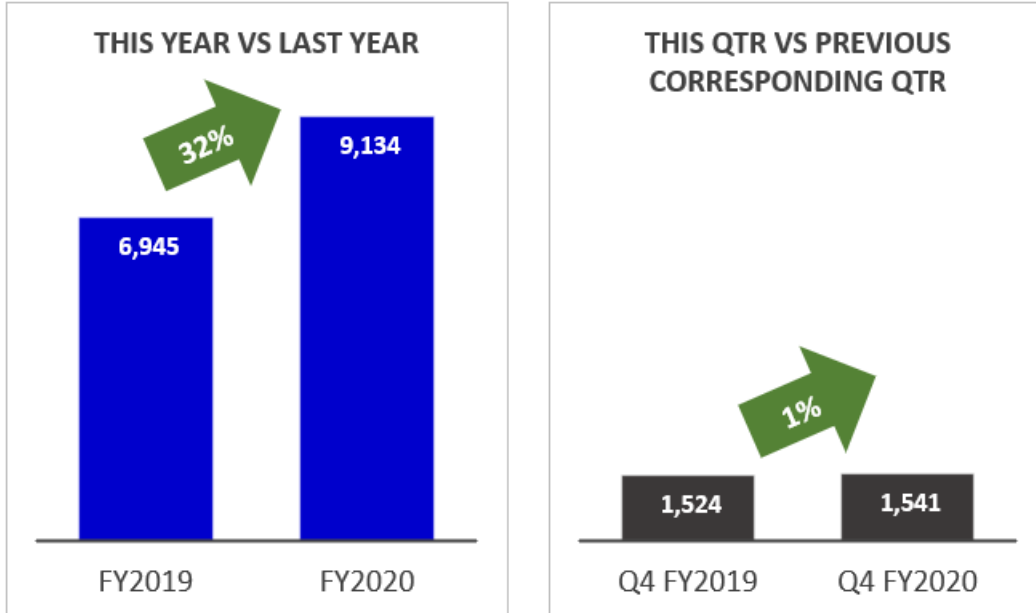
Despite the challenging final quarter of FY2020, Flexiroam’s annual cash receipts increased by 32% at A\$9.1m compared to previous year (FY 2019: A\$6.95m). This is attributed to an increase in consumer sales as a result of extensive efforts to grow the subscriber base and effective pricing strategies, coupled with innovative product offerings. 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 therefore directed towards other continents and Flexiroam managed to cushion some of the initial impact.

The decline in sales every fourth quarter of the year is within management’s expectations as it is the beginning of the off-peak travel season. However, the Q4 vs Q3 comparison has recorded a significant drop, from 22% last year to 54% this year as a result of the decline in demand brought about by the travel restrictions due to the pandemic. For Q4 FY 2020, cash receipts are recorded at A\$1.54m, a slight increase of 1% from previous corresponding quarter (Q4 FY 2019: A\$1.52M).



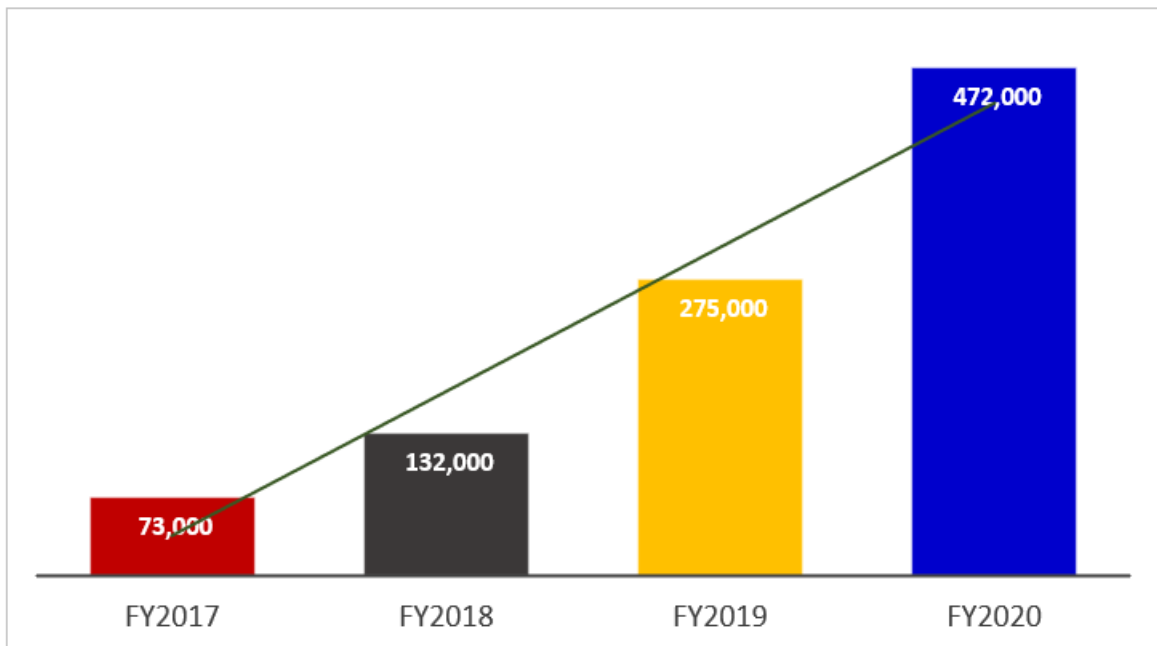
# FLEXIROAM

## CASH RECEIPTS (In A\$'000s)



### *Solid Growth in Global Subscribers*

## CUMULATIVE SUBSCRIBERS



As at 31 March 2020, cumulative subscribers compounded annual growth rate is at 86%, a decrease of 8% from previous year's (FY 2019) compounded annual growth rate of 94%. The decline in growth rate though insignificant is one of the impacts of lower demand for data and roaming services brought about by restrictions in international travel due to the COVID-19 outbreak.

# FLEXIROAM

## Early interests on Internet of Things (IoT)

The Group has continued to explore and unlock various opportunities along the Internet of Things (IoT) value chain through its cellular connectivity technology (see ASX announcement dated 30 March 2020).

IoT encompasses a set of advanced equipment (sensors and meters), network connectivity architecture, smart devices and software, that helps to interchange the information between machines and devices. The IoT technology holds significant potential in the overall IT and communication industry in developing countries. The IoT technology market is gaining rapid growth due the rising adoption of Artificial Intelligence (AI) and connected device based on machine learning.

At this stage, the development team is at the final phase of development of the IoT connectivity platform specifically for Mobile Point of Sales systems, Smart transportation, Logistics and healthcare devices and sensors. The platform is currently undergoing a beta trial with several enterprises and is expected to be ready for commercialisation in Q1FY2021.

It is forecasted that there will be more than 64 billion IoT devices installed around the world by 2026, with companies and consumers spending nearly \$15 trillion on IoT devices, solutions and supporting systems<sup>1</sup>. And as the IoT technology expands, it will have a particularly profound effect on businesses. Across industries, IoT will create numerous opportunities in the coming years as we head into an increasingly connected world.

It is anticipated that Flexiroam will be able to derive a monthly device subscription fee from the IoT connectivity platform.

## AUTHORISED BY THE BOARD OF DIRECTORS

### Enquiries may be directed to:

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## ABOUT FLEXIROAM LIMITED

*FLEXIROAM (ASX: FRX) FLEXIROAM (ASX: FRX) is a global connectivity provider offering data access to travelers across the world. Its service coverage spans across 150 countries with its access to over 580 network operators globally. Flexiroam is affiliated with over 100 travel industry partners including major international airlines to serve customers from over 190 countries and territories.*

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<sup>1</sup> Data and statistics obtained from Business Insider article titled 'Top IoT business opportunities, benefits, and uses in 2020' dated 20 February 2020

## Appendix 4C

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

**Name of entity**

FLEXIROAM LIMITED
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**ABN**

ACN 143 777 397
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**Quarter ended ("current quarter")**

31 MARCH 2020
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<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	1,541	9,134
1.2 Payments for		
(a) research and development	(106)	(423)
(b) product manufacturing and operating costs	(820)	(4,547)
(c) advertising and marketing	(730)	(3,688)
(d) leased assets	-	-
(e) staff costs	(300)	(946)
(f) administration and corporate costs	(216)	(1,061)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(71)	(394)
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>(702)</b>	<b>(1,924)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(5)	(24)
(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(5)</b>	<b>(24)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,037
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	(4)	(16)
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>2,021</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	1,275	528
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(702)	(1,924)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(24)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	2,021

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

4.5	Effect of movement in exchange rates on cash held	52	15
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>616</b>	<b>616</b>

<b>5.</b>	<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	616	1,275
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>616</b>	<b>1,275</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**

83

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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**

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-

-

-

-

-

-

-

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(702)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	616
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	616
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>0.88</b>

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

- 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: No. The global travel restriction as a result of COVID-19 pandemic has resulted in significant reduction in sales. Due to the uncertainties on when travel restrictions will be lifted, the Company has undertaken various cost reduction measures with an aim to sustain operations during this uncertain period. At the same time, the Company is vigorously working towards commercialising its cellular connectivity technology for Internet of Things (IOT) to provide a new revenue stream.

- 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: Yes. The Company is exploring various fund-raising options which may include seeking financial support from existing shareholders or a private placement to new potential strategic investors. In addition, the Company is also exploring credit facilities from financial institutions.

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

Answer: Yes. The Company has undertaken various measures to generate new revenue streams and contained costs at sustainable level during this unprecedented period.

## 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: 30 April 2020

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.

3. 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.
4. 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".
5. 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.