

Q2 FY23 UPDATE – September 2022

Flexiroam Limited (ASX:FRX), (“Flexiroam”, “Company” or the “Group”) is pleased to announce its results for the three months ended 30 September 2022, together with its Appendix 4C for the period ended 30 September 2022 (Q2 FY23).

Key Q2 FY23 Highlights:

- Total revenue up 163% to A\$2.1m (Q2 FY22: A\$793k), with strong pipeline for growth across Travel and Solutions;
- Gross Profit up 21% to A\$469k (Q2 FY22: A\$387k), driven by revenue growth and data cost reductions;
- Cash receipts up 262% to A\$2.5m (Q2 FY22: A\$680k)
- Cash burn of A\$535k lower by A\$153k compared to the same period last year (Q2 FY22: A\$688k);
- Expanded Mastercard partnership into a global agreement, allowing any Mastercard issuing bank around the world to participate in the program;
- Signed reseller agreement with Lebanon-based Monty Mobile, providing white-labeled eSIM solutions;
- Pine Labs mPOS connectivity agreement expanded to cover the United Arab Emirates and signed agreement with UAE-based payment service provider Allo Pay;
- Signed first cashless parking payments deal with AAATap, connecting to AAATap payment terminal devices for cashless parking;
- Re-signed agreement for the third year to provide connectivity to the International AIDS Conference (AIDS2022), including associated pre-conferences and signed an agreement with The East Asia Super League ahead of the 2022-2023 Basketball Season;
- Signed eSim reseller agreements with Kuwait Star Telecom Services and Sim Local;
- Continued strong growth across key Travel performance metrics in Sep 2022, with eSIM activation up 23% to 18.4k (June 2022: 15k), Data sold up 26% to 175TB (June 2022: 139TB), paying users up 29% to 28.5k (June 2022: 21.9k) and active users up 28% to 29.4k (June 2022: 22.9k);

Commenting on the Q2 FY23 results, Chief Executive Officer Marc Barnett said: “Q2 FY23 saw Flexiroam continue to deliver on our strategy of reducing data costs, growing revenue and stabilising the platform to enable future growth in both travel and solutions. We aggressively built out our Travel business, and signed deals across new and existing verticals, capitalising on the strong and growing interest in our products.”

“A core focus for the business in Q2 has been on our technical infrastructure. In order to better service merchants and resellers, we have included additional features in our existing products and enhanced our platform to accommodate transformational changes as the business scales.”



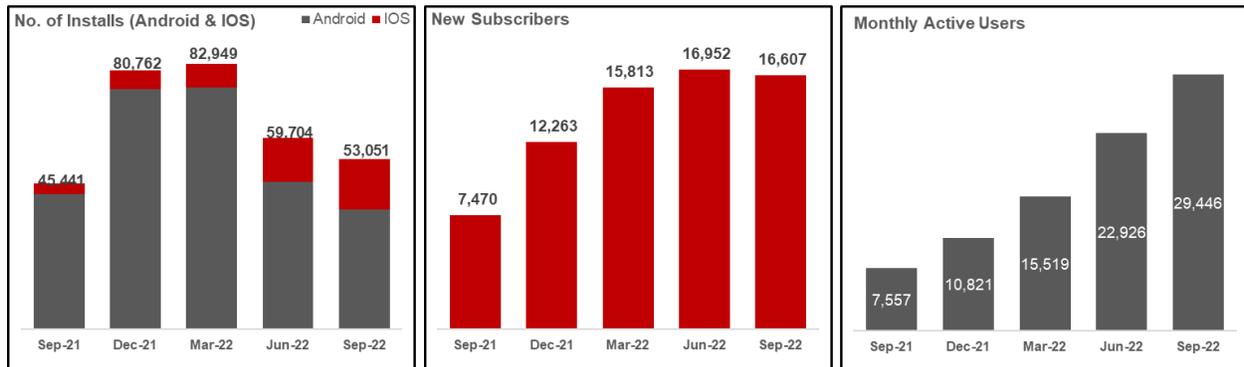
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“I am looking forward to the opportunities ahead of us in Travel as our digital marketing and product funnel continues to improve. Improved efficiency, targeting and product refinements have led to large increases in return on ad spend, new user revenue and registration to paying user conversion. Our core travel metrics continue to improve quarter on quarter, complimented by an increasing Solutions pipeline across a diverse range of use cases that we look forward to closing and rolling out over the coming quarters.”

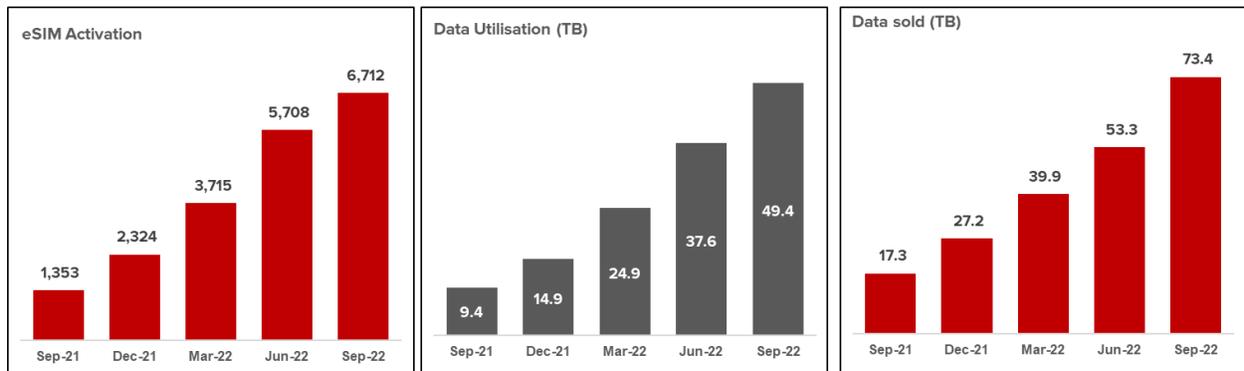
Sustained growth in operational metrics

Flexiroam delivered impressive growth across all key operating metrics during Q2 FY23. The focus on iOS installs continue to pay dividends as lower total, but higher quality installs has driven improved conversion metrics, specifically in subscriber to paying users at 40%, up from 17% in April:

- iOS installs increased to 45.0k, up 525% (Q2 FY22: 7.2k)
- New subscribers increased to 54.2k, up 232% (Q2 FY22: 16.3k)
- Monthly active users increased to 29.4k up 290% (Sept 2021: 7.6k)
- eSIM activations continued to rapidly scale, up 507% to 18.4k (Q2 FY22: 3.0k)



Data sold and data utilised increased to 175.3 TB, up 334% from Q2 FY22 (40.4TB) and 149.6 TB up 466% from Q2 FY22 (26.4TB) respectively. This noteworthy growth in new users and data sold is a strong indicator of potential future revenues. The increase in data utilisation represents the adoption of the Flexiroam product whilst roaming, as travel increases. In Q2 FY23, Flexiroam serviced users from 175 countries in 149 destination countries.



The number of cumulative billed Solutions devices increased by 242% to 192.5k (Q2 FY22 56.3k), as clients signed in Q1 FY23 were onboarded and existing clients continued to grow.

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iOS User Focus

The consistency and reliability of iOS devices and its users' propensity to spend has led the company's increased marketing efforts towards acquiring iOS users. Being 1 of 15 worldwide Apple certified Global Service Providers, Flexiroam ensures the best user experience when it comes to eSIM activation. The integration with Apple fully eliminates the need to scan a QR code for all eSIM-enabled devices, ensuring a seamless user experience.

In short, iOS users continue to contribute to higher ARPU and conversion rates for Flexiroam. The increasing proportion of iOS user acquisition has contributed to the 29% QoQ improvement on return on ad-spend.

Mastercard deal expanded following the partnership's strong success

Flexiroam's long standing partnership with Mastercard Asia Pacific has expanded globally, to cover all Mastercard credit card issuers globally, allowing any Mastercard issuing bank around the world to participate in the program. The initial deal was signed in September 2019 for a 5-year term, where eligible Mastercard holders at participating banks receive Flexiroam data packs. The new agreement is an expansion of the existing APAC contract¹.

The Flexiroam Global Data Plan is offered as a benefit to Mastercard cardholders by participating banks, where eligible cardholders are rewarded with global data roaming packs, which can be used in over 190 countries and territories and are also entitled to a 15% discount on Flexiroam data plans purchased with their eligible Mastercard.

Travel partnerships

In Q2 FY23, Flexiroam signed an eSIM reseller agreement with global travel retailer Sim Local. Sim Local is a global leader in travel SIM card and eSIM retail, selling direct to customers across several geographies through retail stores, kiosks, vending machines and a mobile app as well as operating an online store. Sim Local will sell Flexiroam eSIMs and data through both its physical and digital channels targeting the entire travel sector.

Flexiroam also formed a partnership with TripAdd, offering Flexiroam's eSIM connectivity as an ancillary product to customers of leading airlines and online travel agencies. TripAdd will include Flexiroam's mobile data and eSIM technology as part of its current product suite, to ensure seamless connectivity for travelers upon arrival at their destination.

Flexiroam signed a White Label agreement with Monty Mobile, a leading technology and communications solutions provider based in Lebanon. Monty Mobile supplies digital products and services for mobile network operators, enterprises and service providers across different industries globally. The agreement is expected to see Monty Mobile sell approximately 20,000 eSIM's in the first year.

Kuwait Star, a leading regional telecommunication provider, signed a reseller agreement with Flexiroam. Kuwait Star was one of the first to bring internet devices to Kuwait in 2007 and have since expanded into the retail of various internet devices such as routers and SIM's, through 19 stores spread across Kuwait. Under the agreement, Kuwait Star will become a Flexiroam reseller, selling Travel SIM and data bundles through its traditional retail stores.

¹ Reference to the ASX announcement "Flexiroam expands Mastercard into Global agreement" on 28 July 2022

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Solutions opportunities continue to emerge

Flexiroam continues to pursue diverse use-cases across its Solutions business, most recently entering the Cashless Parking Payment space. The increase in breadth as well as depth of data consumption opportunities adds to Flexiroam's subscription-based recurring revenue in a scalable manner. The signing of large-scale multinational agreements continues to take longer than hoped, however the pipeline continues to grow with significant opportunities.

Cashless Parking Payments

Flexiroam entered the Cashless Parking Payments vertical with Malaysian ecommerce rewards and consumer application, AAATap. AAATap's parking payment solution is ideal in keeping up with today's cashless trend as it provides users with quick and easy transactions. Under the agreement, Flexiroam will provide connectivity to AAATap payment terminals for cashless parking payments.

mPOS Connectivity

Flexiroam continued to build its current mPOS customer base during H1 FY23, expanding its current Malaysian connectivity agreement with Pine Labs to also cover the United Arab Emirates. Furthermore, a deal was also signed with UAE-based payment service provider Allo Pay, to supply its mPOS terminals with secured connectivity. These deals will provide monthly recurring revenue, which will increase as additional devices are rolled out over time.

Powering the East Asia Super League and the International AIDS conference

Flexiroam has launched a new agreement with The East Asia Super League ahead of the 2023 Basketball Season. The EASL is Asia's elite club-to-club basketball tournament, featuring the top teams from across the region, all of which are championship contenders in their domestic leagues. Flexiroam will provide eSIMs and data to players, staff, and VIPs, in exchange for extensive brand promotion during the event, advertising and sponsorship opportunities.

Furthermore, Flexiroam once again signed on to provide connectivity to the International AIDS Conference, following its success in providing connectivity for the two prior conferences. Flexiroam provided data connectivity to conference delegates in Africa, South America & Caribbean Islands, Asia Pacific, Europe and North America, for them to participate in the virtual conference hosted in Montreal, Canada.

Continued strong financial performance

The Company delivered revenue of A\$2.1m, a strong increase of 163% on the prior corresponding period (Q2 FY22: A\$793k). This resulted in achieving 120% of the Q2 budget.

Flexiroam received Cash receipts of A\$2.5m up 262% on the previous corresponding period (Q2 FY22: A\$680k). Cash Receipts from Travel up 267% from the previous corresponding period to A\$2.3m (Q2 FY22: A\$622k). Cash receipts from Solutions increased 189% from the previous corresponding period to A\$156K (Q2 FY22: A\$54k).

Total net operating cash outflows of A\$621k were 19% lower than the previous quarter and are expected to improve further in upcoming quarters (Q1 FY23: A\$768k).

Payments to Related Parties and their associates during Q2 FY23 were comprised of executive director salaries and fees and non-executive director fees of approximately A\$147k. Flexiroam ended the half year with a strong cash balance of A\$3.05m, which supports the Company's strategic growth plans.

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Positive Outlook for H2 FY23

Commenting on the outlook, Mr Barnett said: “As Flexiroam enters the second half of FY23, we expect to see further improvements in cash receipts, revenue and unit economics. The continued focus on data cost reductions will take effect during this period and begin to have a material impact on the overall financials of the business. With these improvements and the strengthening of our team and infrastructure, Flexiroam will continue to grow globally and enhance our status as an industry market leader. With a healthy cash balance of A\$3m and a declining quarterly cash burn that will continue to reduce over the coming quarters, Flexiroam is well positioned to reach cash flow breakeven in the next 12-18 months.”

Investor Webinar

Flexiroam CEO Marc Barnett will host an investor webinar regarding the Company’s quarterly update on 25 October 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_oagc-9UfSA25fgFGEa9XXg

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AUTHORISED BY THE BOARD OF DIRECTORS

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ABOUT FLEXIROAM

Founded in 2011 by Jeffrey Ong, 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 2022

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	2,459	4,189
1.2 Payments for		
(a) research and development	(261)	(405)
(b) product manufacturing and operating costs	(1,493)	(2,595)
(c) advertising and marketing	(464)	(853)
(d) leased assets	-	-
(e) staff costs	(437)	(983)
(f) administration and corporate costs	(310)	(544)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(115)	(198)
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	(621)	(1,389)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	29	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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	29	-

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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,584	4,211
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(621)	(1,389)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	29	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	58	228
4.6	Cash and cash equivalents at end of period	3,050	3,050

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	3,050	3,584
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)	3,050	3,584

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	147
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>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.</i></p> <p>Director fees, consultancy fees, and salaries</p>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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		-
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.	<div style="border: 1px solid black; padding: 5px; min-height: 100px;"> <p>Not applicable</p> </div>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(621)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,050
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,050
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.91
<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>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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?	
<p>Answer: N/A</p>	
8.6.2 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?	
<p>Answer: N/A</p>	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<p>Answer: N/A</p>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 17 October 2022
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Authorised by: The Board of Flexiroam Limited

Notes

1. 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.
2. 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.