

Flexiroam kicks off new year with strong Q1 growth across all key metrics

Q1 FY24 UPDATE – July to September 2023

Flexiroam Limited (ASX: FRX), (“Flexiroam”, “Company” or the “Group”) is pleased to announce its results and Appendix 4C for the three months ended 30 September 2023.

Key highlights:

- Revenue increased 32% QoQ and 75% YoY, due to growing travel retail & corporate partnerships
- Cash receipts increased 21% QoQ and 24% YoY, predominantly from growth in retail travel
- Gross margin improved 62% QoQ and 398% YoY, driven by significant reductions in data costs
- eSIM activations increased 182% YoY, while monthly active users and retail data sold grew by 32% and 34% respectively
- The Company remains on track to deliver on its forecast to be cash flow positive by Q3 FY24
- Flexiroam recently announced a A\$400K Working Capital facility provided by the CEO to support incremental growth opportunities over the next 12 months

Commenting on the progress achieved over the first quarter, CEO Marc Barnett said:

“I am proud to announce that Flexiroam has started the new year with significant growth in revenue and gross margin, laying the foundation for transformational results in FY24. The management team has done an excellent job over the past 2 years to reset the business by investing in and enhancing our infrastructure, products, and services, which is now enabling the Company to scale towards serving billions of devices worldwide.

It is testament to our progress that multiple new agreements were entered into, and existing ones expanded during Q1 FY24. This has continued to grow Flexiroam’s global profile and accelerate its new customer growth. As we continue to drive our strategic objectives, we are well positioned to continue to deliver transformational results in FY24. This will be achieved through the ongoing growth in our core business and the continued expansion into new and diverse sectors that allow us to showcase the potential of our connectivity solutions.”

Financial performance

During the quarter, the Company reported a revenue increase of 75% YoY to A\$3.65M (Q1 FY23: A\$2.08M) and up 32% QoQ (Q4 FY23: A\$2.76M).

Gross profit jumped 398% YoY to A\$2.34M. This growth was primarily driven by the increase in overall revenue coupled with the significant reductions in unit data cost of 51% YoY. Increased scale, deeper long-term partnerships and improved technology were all key drivers of the data cost reduction.

Cash receipts were A\$3.04M, up 21% QoQ (Q4 FY23: A\$2.52M). Cash burn from Operating Activities of A\$217k was A\$389k lower YoY (Q1 FY23: A\$606k) and A\$336k lower QoQ (Q4 FY23: A\$553k). Cash outflows from Investing Activities for Q1 was A\$443k, with a cash balance of A\$1.05M as at 30 September 2023, inclusive of the CEO working capital facility of A\$400k.

During September, the CEO provided an unsecured facility to the Company of A\$400k for a 12-month term, from 29 September 2023. The loan is on an arm’s length basis, with an annual interest rate of 10%. As of 30 September 2023, Payments to Related Parties and their associates during the quarter were comprised of non-executive director fees of approximately A\$45k.



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Strong growth in key operational metrics



Flexiroam delivered accelerated growth across all key operating metrics during Q1 FY24. This was primarily due to capturing the increased volume of travellers during the European summer, further improvements in the marketing funnel and more competitive pricing derived from reduced data costs.

- iOS installs increased 97% YoY to 88.4k (Q1 FY23: 44.9k)
- New paying users increased 34% YoY to 24.1k (Q1 FY23: 17.9k)
- Monthly active users increased 32% YoY to 39k (Sept 22: 29.6k)
- eSIM activations continued to rapidly scale, up 182% YoY to 49.8k (Q1 FY23: 17.6k)
- August was Flexiroam's highest single month of retail cash receipts as the Company capitalised on the increase in travellers over the European summer

Partnership agreement signed with Telesur

Telesur is Suriname's leading, full-service digital communications provider offering high quality, innovative telecommunications solutions through its extensive nationwide network. Connectivity options include SIM cards, phones, mobile internet and international calls for individuals and businesses.

The partnership will see Flexiroam's eSIM and data plans sold as Telesur's branded product through its self-service portal and app.

Telesur has an established network of customers that Flexiroam expects to leverage to further increase its market share and brand exposure globally.

Enterprise Partnership agreement with Beam

In August 2023, Flexiroam signed a subscription-based enterprise partnership agreement with Beam. Beam is a global leader in micro-mobility, operating e-bikes, e-scooters, and e-mopeds in more than 60 cities across Asia Pacific. The addition of Flexiroam's enterprise solutions to Beam's e-fleet enables further scaling of Flexiroam's technology and increased global market share.

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Partnership agreement signed with ExpressVPN

During the quarter, Flexiroam signed a synergistic partnership with ExpressVPN, one of the world's leading privacy and security VPN providers, to provide a 30-day free trial to all Flexiroam customers who purchase a data plan. Flexiroam receives a commission on all ExpressVPN paid conversions and is able to use ExpressVPN materials in marketing communications.

This agreement further improves the diversity of revenue streams for Flexiroam.

GHL increase in SIMs

GHL is a leading payment solutions provider across Southeast Asia. Flexiroam signed an expansion agreement with GHL to instantly deploy an additional 8,000 SIMs across Malaysia with a lock-in period of 2 years. The expansion is a strong vote of confidence from GHL, who has been a key customer with Flexiroam since June 2021 and Flexiroam is confident that the partnership will continue to grow over time through organic and inorganic expansion.

Mastercard Expansion with Miles and More

Since signing the global agreement in July 2022, the number of eligible Mastercard cardholders has increased by approximately 450% and continues to grow. The most recent growth has come from a partnership with Mastercard's European partner, Miles and More. Based in Germany, Miles & More is an airline loyalty and frequent flyer program owned and operated by the Lufthansa Group.

This expansion comes on the back of the rollout across the Middle East and Africa last quarter and the total eligible cards has now increased to more than 3.5M globally.

Chatbot

Flexiroam has launched an improved chatbot that aims to reduce the number of manually resolved queries and customer requests. The newly launched chatbot is available on multiple platforms across Whatsapp, Facebook Messenger, Line and Instagram and is reducing the amount of tickets that require human intervention. This is improving the service quality and response times for all customers.

The next phase of improvements for the chatbot will be the introduction of additional languages to automatically assist and resolve issues for a wider customer base.

Appointment of new Chief Financial Officer

The Company previously announced on 31 July 2023 the appointment of Mr Aik Kuang (AK) Heng as Chief Financial Officer (CFO), effective 1 October 2023.

AK is a senior executive with 7 years' experience in the technology industry and has previously held divisional and regional leadership positions in Accenture, iflix and WeTV (TenCent), and most recently Fave Malaysia. AK has been responsible for finance and treasury functions in his previous roles and led the Finance related aspects of the iflix sale to TenCent in 2020.

Flexiroam Chief Executive Officer Marc Barnett said: "We are very excited to have AK join Flexiroam. His knowledge and relationships across finance, M&A and broader commercial areas will unlock further value for the Company as we progress our long-term growth objectives. Having worked closely with AK for 5 years, I am confident that his experience and broader skill set will play a key role in the future success of the Company."

Investor Webinar

Flexiroam CEO Marc Barnett will host an investor webinar regarding the Company's quarterly update on **Thursday, 26 October 2023 at 3:00pm AEDT**.

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

https://us02web.zoom.us/webinar/register/WN_nTrQhQwQTNGB_HW9bSw33A

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AUTHORISED BY THE BOARD OF DIRECTORS

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ABOUT FLEXIROAM

Founded in 2011 by Jeffrey Ong, Non-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 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities	3,044	3,044
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(87)	(87)
(b) product manufacturing and operating costs	(1,551)	(1,551)
(c) advertising and marketing	(473)	(473)
(d) leased assets	-	-
(e) staff costs	(524)	(524)
(f) administration and corporate costs	(488)	(488)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(138)	(138)
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	(217)	(217)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(15)	(15)
(d) investments	-	-
(e) intellectual property	-	-

1) These numbers exclude expenditure directly attributable to software development activities that are capitalised as an intangible asset under Australian Accounting Standards. These capitalised costs are shown below in section 2.1 (f)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(f) other non-current assets	(428)	(428)
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	(443)	(443)

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	400	400
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	400	400

4. Net increase / (decrease) in cash and cash equivalents for the period	1,299	1,299
4.1 Cash and cash equivalents at beginning of period		
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(217)	(217)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(443)	(443)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	400	400
4.5	Effect of movement in exchange rates on cash held	15	15
4.6	Cash and cash equivalents at end of period	1,054	1,054

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	1,054	1,299
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)	1,054	1,299

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	45
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>		

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	400	400
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	400	400
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.		
<u>Loan from related party</u> <i>(Refer to ASX announcement dated 14 September 2023 for additional details)</i> Lender: Marc Barnett (Director) Interest Rate: 10% per annum Maturity Date: 1 year from 29 September 2023 (Drawdown Date) with an option to extend for another 6 months Type of Loan: Unsecured		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(217)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,054
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,054
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.86
<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?	
Answer: N/A	
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?	
Answer: N/A	

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?

Answer: N/A

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.

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: 20-Oct-2023

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.