

Flexiroam delivers positive Operating Cash Flow in Q2

Q2 FY24 UPDATE – October to December 2023

Flexiroam Limited (ASX: FRX), (“Flexiroam”, “Company” or the “Group”) is pleased to announce its results and Appendix 4C for the three months ended 31 December 2023.

Group Results and Operational Update:

Heavy focus on data costs and customer experience improvements

During Q2, Flexiroam continued to focus on the enhancement of its operations & services, in particular the reduction of data costs and addition of features that improve the user experience.

A strategic overhaul of the Company's product offerings is ongoing through the introduction of new SIM features and consolidation all data plans onto a unified eSIM solution. This transformation not only streamlined the user experience but also had a profound impact on customer satisfaction, evidenced by a rating of 4.8 stars on Trustpilot and 4 stars on iOS Appstore.

The initiative also resulted in a 20% reduction in data costs for our core retail travel services. This supports Flexiroam's commitment to delivering the highest value to its customers while solidifying its position as an industry leader in both innovation and customer satisfaction.

Flexiroam's customer service chatbot which was launched in September continues to be refined and is currently serving 35% of all incoming queries without human intervention.

With improving usability and reduction in data costs, the key focus for H2 FY24 will be the ramp-up of effective marketing strategies and an investment in the growth.

The outlook remains strong with several key deals anticipated to be closed in H2 2024. With the sales teams now operating across Asia Pacific, Europe and recently in Latin America, the B2B pipeline has gained momentum particularly across opportunities with Reseller Partners, Terminal Solutions and Agricultural customers.

The partnership with Mastercard continues to grow with 44 banks across 14 countries onboarded in Q2 2024. Positive conversations continue to progress in both North and South America to expand the partnership to these regions, while APAC continues to innovate and expand its product offerings, which is now looking beyond financial markets, increasing the size of the opportunity for Flexiroam to grow with Mastercard.

Financial Performance and Corporate Update:

During the quarter, the Company reported a revenue increase of 84% YoY to a record A\$3.82M (Q2 FY23: A\$2.08M) and up 5% QoQ (Q1 FY24: A\$3.65M).

Gross profit improved 15% QoQ to A\$2.70M. This growth was primarily driven by the increase in overall revenue coupled with the significant reductions in unit data cost of 20% QoQ. Increased scale, deeper long-term partnerships and improved technology were all key drivers of the data cost reduction.

Cash receipts were A\$3.91M, up 27% QoQ (Q1 FY24: A\$3.04M). Cash from Operating Activities was positive A\$223k. This is A\$844k higher YoY (Q2 FY23: -A\$621k) and A\$440k

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higher QoQ (Q1 FY24: -A\$217k). Cash outflows from Investing Activities for Q2 was A\$421k, with a cash balance of A\$759k as of 31 December 2023.

Payments to Related Parties and their associates during the quarter were comprised of directors' fees and salaries, and Chief Executive Officer salary payments totalling A\$166k.

Appointment of Executive Chairman

On 17 November 2023, the Company announced the appointment of Mr Stephen (Steve) Picton as Executive Chairman.

Steve is a highly experienced and seasoned communications executive, with over 35 years of technology and telecommunications leadership experience, spanning sales, marketing, and strategy. This includes senior positions in both British Telecom (BT) and AAPT. Whilst at BT he was a senior executive within their international operations and held several business development positions in Asia Pacific. Whilst at AAPT he was director of marketing & strategic development and also held several director positions.

In January 2000 he founded GoTalk which over 10 years grew to become the largest prepaid communications company in Australia/NZ. Then in June 2011 he founded LBNCo & FuzeNet which ultimately became part of the then ASX-listed Uniti Group, providing competitive fibre solutions and consumer internet services. He also sits on the Board of Echo IQ.

Steve joined Flexiroam in June 2022 as a non-executive director, and the Board believes that in appointing Steve as Executive Chairman he will be well positioned to work closely with management to continue to progress the Company's strategic growth plans.

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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")

31 DECEMBER 2023

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	3,915	6,959
1.2 Payments for	(84)	(171)
(a) research and development		
(b) product manufacturing and operating costs	(1,801)	(3,352)
(c) advertising and marketing	(553)	(1,026)
(d) leased assets	-	-
(e) staff costs	(671)	(1,195)
(f) administration and corporate costs	(461)	(949)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(122)	(260)
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	223	6
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(11)	(26)
(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 (6 months) \$A'000
(f) other non-current assets	(410)	(838)
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	(421)	(864)

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
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

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,054	1,299
4.2 Net cash from / (used in) operating activities (item 1.9 above)	223	6

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(421)	(864)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	400
4.5	Effect of movement in exchange rates on cash held	(96)	(81)
4.6	Cash and cash equivalents at end of period	760	760

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	760	1,054
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)	760	1,054

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	166
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 CEO salary

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.</i>		
<i>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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	223
8.2 Cash and cash equivalents at quarter end (item 4.6)	760
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	760
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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	
<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: 30 January 2024

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.