

FLEXIROAM DRIVES GROWTH AND EXECUTES ON FY22 PLAN

Flexiroam Limited (ASX: **FRX**) (**Flexiroam** or the **Company**) is pleased to announce its results for the 12 months ended 31 March 2022 (**FY22**), a year that reflects a transitional period where the company underwent significant changes to position itself for long term global growth.

The Company achieved a number of important milestones in FY22, in line with its strategic growth plan:

- Delivered strong financial metric improvements
 - Revenue up 40% to A\$3.69 million
 - Gross Profit up 250% to A\$1.48m
 - Cash receipts up 95% to \$3.45 million
 - A\$2 million of annualised recurring revenue added in H2 FY22
- Built out a global team and an Engineering Hub in Eastern Europe
- Established partnerships to grow its Travel and Solutions businesses
- Important infrastructure enhancements made to build a scalable platform
- Delivered exceptional operating metric improvements
- Signed highly scalable IoT connectivity solutions across multiple verticals

Commenting on the FY22 result, Flexiroam Chief Executive Officer Marc Barnett said: “I’m pleased with the performance we delivered during a transitional year, as we focused on capitalising on the growth in international travel. Successful marketing initiatives delivered improved efficiency and we set up our Solutions business for long term growth. Pleasingly, we saw a strong improvement in our financial metrics, with Revenue up 40% to A\$3.69 million and cash receipts up 95% to A\$3.45 million, as we successfully delivered on our strategy and budget.

“Having a highly experienced leadership and engineering team in place, we substantially enhanced our technology and product offerings, across both our Solutions and Travel verticals. We delivered several mPOS solutions across Asia and signed contracts in new Solutions verticals, providing an excellent base for the business to grow as these contracts are rolled out in FY23.”

New products and infrastructure enhancements

During the year Flexiroam significantly enhanced its infrastructure to scale globally. Flexiroam’s App was integrated with travel booking partners and the CORE Operating system was enhanced. A Plug & Play IoT offering was launched in December, tailored to devices with long life cycles that use small volumes of data, offering 500mb of data with 10 years validity for an upfront cost.

A white label product was launched, allowing resellers to utilise Flexiroam’s network, via an API integration. The solution allows customers to sell data under their own brand and provides a long term recurring revenue stream for Flexiroam, which grows as customers scale their businesses.

Flexiroam also upgraded its Solutions portal to encourage client autonomy, with clients able to manage data allocation and provisioning, freeing up the Flexiroam Tech team’s resources to focus on developing innovative products.

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Travel partnerships

Flexiroam entered partnerships to increase the market visibility of its products and increase its potential customer base. Flexiroam's existing partnership with Mastercard, allows eligible cardholders to redeem data packs as a reward, while a new partnership was entered into with AirAsia's BIG Rewards Program, covering Indonesia, Thailand and the Philippines. Big Rewards is SouthEast Asia's leading points platform, with 25 million users.

Additional partnerships were forged with major travel insurance companies Tune Protect EMEA & Malaysia and Discovery Health, where data packs are bundled with insurance policies, to increase market visibility amongst their customers. Flexiroam also partnered with sporting bodies, entering partnerships with The Athletics Association and the Association of Tennis Professionals (ATP Tour), providing global roaming data for their athletes, coaches and members, and incentivising them to refer followers to Flexiroam.

Solutions deals signed across key verticals

Flexiroam significantly expanded its Solutions client base globally, across numerous verticals. It continued to increase penetration of the mobile point-of-sale (mPOS) market, signing multiple contracts with industry leaders in South East Asia. Flexiroam has a strong pipeline of mPOS deals and aims to leverage its success to grow into global markets, with current and new customers.

Solutions contracts were also delivered to several other IoT verticals, including:

- Aircraft communications: renewal of Korean Air agreement
- Plug & Play: Signed a deal with IoT system integrator Thingsdata
- White label data reselling: via agreements with Global Wireless Telecom and BP Mobile
- Maritime connectivity: signed a contract with Nearshore Networks
- Wearables: to connect Lutikey's smart devices
- Transport telematics: signed a deal with Asia Mobiliti
- Bicycle System Platform: connectivity agreement with Cycledios

The opportunity from Flexiroam's new verticals is massive, and the initial contracts provide ideal case studies to drive substantial interest from potential customers, globally.

Operational improvements

During FY22, Flexiroam successfully improved its processes to reduce the customer service team's average first response time from 5-6 hours to less than 10 minutes, delivering a strong NPS score.

Improvements were implemented to marketing initiatives which increased efficiency, with cost per install reducing by \$2.86 to \$0.43, monthly installs ramping from 2k to 83k by March 2022; and return on advertising spend increasing by \$0.14 to \$3.78 per dollar spent. Subscriber numbers, active users and paying users are continually increasing, which are attracting new Travel customers, with new user revenue consistently growing month on month. Data sold doubled during H2 FY22, while data utilisation was up 3X.

Strong Financial Performance

FY22 delivered strong financial results in line with the business plan, slightly exceeding both revenue and EBITDA forecasts.

Revenue was up 40% to A\$3.69M (FY21: A\$2.63M), underpinned by efforts to capitalise on the increase in global travel and initial revenue from the Solutions business. Gross Profit was up 250% to A\$1.48M, while the EBITDA loss of A\$3.98M, was A\$173k above budget.

Cash receipts were up 95% to A\$3.48M (FY21: A\$1.77M), with underlying growth each quarter, and the year end cash balance of A\$4.2M, supports Flexiroam's growth plans. Two capital raises were undertaken at share price premiums, providing A\$4.25 million with no fees incurred, highlighting the confidence investors have in the company's growth prospects. The most recent raise received strong participation from the management team.

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Solutions contracts underpin positive outlook

Commenting on the outlook for FY23, Mr Barnett said: “During the second half of the year, we signed 15 Solutions contracts, which will all be generating cash from Q1 FY23 and add \$2 million of annualised revenue, once fully deployed. Three of our new partners are multi Billion dollar companies, providing ample opportunities for contract expansion over time. Recurring Solutions revenue increased to 12% of total revenue in Q4 FY22 and will continue to grow as more contracts are rolled out.

“Data usage from Travel users has now increased to pre-pandemic levels, and I expect the strong growth trajectory to continue into FY23. To improve margins, we are focused on reducing data costs, on our journey to building a profitable and sustainable business. Our increasing scale improves our ability to negotiate more favorable terms with network operators and aggregators. We will also be implementing a multi IMSI strategy to better facilitate network switching, to optimise our margins over time, while maintaining the same excellent level of performance and coverage.

“Following a year of transition, we are very well positioned to capitalise on a growing pipeline of Solutions opportunities. To capture the market demand, our engineering team will be developing new features and solutions across new verticals and use cases. Given the ramp up in our Solutions verticals and the ongoing travel metric improvements, I am confident we will deliver a 100% increase in revenue, to A\$7.2M in FY23.”

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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

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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.

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