

# FLEXIROAM

17 April 2023

## Strong revenue growth and reduced data costs drive margin improvements

*Q4 FY23 UPDATE – March 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 March 2023 (Q4 FY23).

### Key highlights:

- Total revenue increased 8% to A\$2.71M quarter on quarter (Q3 FY23: A\$2.51M) and up 120% year on year (Q4 FY22: A\$1.23M), driven by strong growth and new customer acquisition across both retail and corporate sales;
- Gross profit increased 32% quarter on quarter (Q3 FY23: A\$1.25M) to A\$1.65M. This growth was driven by a significant reduction in data costs;
- Data cost per GB has continued to decline, reducing by 13% from December 2022 to March 2023, and decreasing by 39% compared to March 2022;
- Cash receipts of A\$3.06M, up 4% on the previous quarter (Q3 FY23: A\$2.94M) and up 112% year on year (Q4 FY22: A\$1.44M);
- Cash burn from Operating Activities down 58% quarter on quarter to A\$204k (Q3 FY23: A\$488k) and 68% down year on year (Q4 FY22: A\$645k);
- Cash outflows from Investing Activities for the quarter was A\$180k. Cash balance of A\$2.1M as at 31 March 2023;
- Key Travel metrics remained positive, relative to the holiday season in Q3 FY23. Data sold increased 76% year on year to 179TB (Q4 FY22: 102TB) and new paying users increased 127% year on year to 15.3k (Mar 22: 6.7k)
- Multiple new white label reseller agreements agreed during Q4 FY23 which have continued to grow Flexiroam’s global profile and accelerate its customer growth with:
  - leading Israeli telecommunications provider Sky Call
  - global telecommunications provider Telesim
  - telecommunications provider Connectivity World Global
  - telecommunications provider Japan Communications Inc. (JCI)
- Renewed employment agreement of CEO and Executive Director, Marc Barnett

### Commenting on the progress achieved over the fourth quarter of FY23, Chief Executive Officer Marc Barnett said:

“We are pleased with our financial and operational performance during Q4 FY23. Flexiroam has once again demonstrated strong growth in the Travel and telecommunications space, with our key metrics moving in the right direction and several reseller agreements signed during the period.”

“Flexiroam continued to deliver on its growth strategy, utilising our leading eSIM technology and tailored, white label solutions to increase our global presence across key industries and geographies. Our largest achievements in the quarter were the reduction of data costs and enhancements to the technology platform, leading to increased gross profit.”

“Flexiroam has a strong pipeline of existing and potential partnerships and deals, including the launch of the Mastercard partnership across both Europe and EEMEA, totalling over 1M cards in Q4. Our global team will continue to seek out new opportunities to expand our market share and increase our brand recognition across several verticals.”

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## Year on year growth in operational metrics continues as gross profit improves



Flexiroam reduced overall marketing spend in Q4 inline with the traditional slow down post the Christmas travel period, resulting in lower installs and users. Data sold and data usage in Q4 were both broadly flat on Q3, with overall revenue increasing. Improved commercial efficiencies and customer experience were prioritised and delivered, setting the business up for a strong start to FY24 heading into the European summer.

### Improved Product Roadmap with focus on Research and Development

In Q4 FY23, Flexiroam continued to prioritise Research and Development (R&D), with a focus on the implementation of technology to reduce data costs. This will contribute heavily to the growth strategy as Flexiroam expands across industries and geographies with new partnerships.

During the quarter, improvements were made to Flexiroam's Solutions portal, along with the implementation of new code architecture for the back end. Additional customer tools were implemented to reduce customer request lead times and improve overall customer satisfaction ratings, which resulted in significant improvements in App store and Trustpilot ratings. The Solutions portal is now able to create customised Access Point Names (APNs) and coverages for Resellers & Merchants. There were several additions to the portal during the quarter including improved inventory visibility for resellers by introducing an inventory summary page on the portal dashboard.

Optimising Flexiroam's technology solutions and consolidating operators were the primary contributors to the significant reduction in data costs during the last quarter. The introduction of monitoring processes, backups, disaster recovery plans and performed penetration testing for infrastructure will increase deployment and development speeds. Flexiroam will continue to improve efficiency whilst extending scalability, stability and extensibility of data connections.

### Digital Marketing

Flexiroam's Digital Marketing strategy continues to be a strong focus and contributed positively to the Company's increase in revenue during Q4 FY23. Quarterly revenue from new users was US\$473k, although positive month-on-month return on ad spend (ROAS) continued, increasing from an average of US\$4.66 in Q3 FY23 to an average of US\$4.77 in Q4 FY23.

Paid installs declined in Q4 FY23 due to conservative ad spend. In March 2023, install-registration conversion increased to 37% from 29% in December 2022, and the current growth trajectory has Flexiroam on track to reach 40% registration conversion in Q1 FY24.

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## Team Expansion

Flexiroam continued to expand its team to support the global growth strategy and the strong pipeline of new business opportunities. A number of new customer service staff have been hired in the Philippines during Q4 FY23. The Engineering team in Poland has also grown with the addition of two new staff, focused on product and network.

During the quarter, Flexiroam also extended the employment agreement for CEO and Executive Director, Mr Marc Barnett. Flexiroam's Chairman, Tat Seng Koh said: "On behalf of the Board, we are delighted that Marc has agreed to extend his employment agreement and the Board looks forward to continued growth and success under his leadership."

## Multiple Travel partnerships signed

Flexiroam signed a white label reseller agreement with leading Israeli telecommunications provider Sky Call. Under the agreement, Sky Call will become an eSIM reseller, adding Flexiroam's eSIMs and data plans to its current range of services. Flexiroam's eSIMs will be sold as Sky Call's branded product through its website. The contract has a minimum 1 year term, with a notice period of 30 days.

Flexiroam also signed a white label reseller agreement with UK-based telecommunications solutions provider, Telesim, a global telecommunications company that provides data packages available in over 50 destinations for smart devices, laptops and connected cars. Travellers and businesses get access to over 120 eSIM plans, at affordable local rates from around the world, all through eSIM compatible devices. The deal will see Flexiroam's eSIMs and data plans sold as Telesim's branded product through its app. The contract has a minimum term of 1 year, with a notice period of 30 days.

During the quarter, Flexiroam also signed a white label reseller agreement with Connectivity World Global (CWG), a communications provider with a focus on delivering personalised customer service and reliable connectivity solutions. CWG offers products including unlimited SIM cards with European and USA coverage, 4G/5G Wi-Fi devices and international eSIMs to a variety of customers including travel agencies, transport companies, data/Wi-Fi retailers, holiday rentals and IOT businesses. The partnership will see Flexiroam's eSIMs and data plans sold as Connectivity's branded product through its website. The contract has a minimum term of 1 year, with a notice period of 30 days.

Flexiroam also signed a white label reseller agreement with Japan Communications Inc. (JCI), a global mobile telecommunications service provider, to offer its eSIM technology to JCI's extensive Japanese customer network. JCI is a leading communications service provider that provides value-added wireless data communications services by leveraging mobile carrier infrastructure and software systems. The agreement is for a one-year minimum term with a 30-day notice period. JCI will sell Flexiroam's eSIMs as a branded product via its eSIM Consumer Platform. The agreement allows Flexiroam to expand its global presence and collaborate with a leading telecommunications provider.

## Financial performance remains strong

The Company saw revenue increase by 8% to A\$2.71M compared to the previous quarter (Q3 FY23: A\$2.51M) and up 120% year on year (Q4 FY22: A\$1.23M).

Gross profit jumped 32% to A\$1.65M compared to the previous quarter (Q3 FY23: A\$1.25M) and up 314% year on year (Q4 FY22: A\$398k) due to data cost reductions.

Flexiroam received Cash receipts of A\$3.06M, up 4% on the previous quarter (Q3 FY23: A\$2.94M) and up 112% year on year (Q4 FY22: A\$1.44M). The cash burn from Operating Activities was A\$204k, a reduction of A\$440k year on year (Q4 FY22: A\$645k). Flexiroam had a cash balance of A\$2.1M as at 31 March 2023.

As at 31 March 2023, 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\$143k. Flexiroam ended the half year with a strong cash balance of A\$2.1m, which supports the Company's strategic growth plans.

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## Investor Webinar

Flexiroam CEO Marc Barnett will host an investor webinar regarding the Company's quarterly update on 20 April 2023 at 3:00pm AEST. 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\\_PBXFXk4OSD-3Bud25Lq--A](https://us02web.zoom.us/webinar/register/WN_PBXFXk4OSD-3Bud25Lq--A)

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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 150 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 MARCH 2023

<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	3,057	10,188
1.2 Payments for		
(a) research and development <sup>(1)</sup>	(130)	(360)
(b) product manufacturing and operating costs	(1,643)	(6,122)
(c) advertising and marketing	(549)	(1,908)
(d) leased assets	-	-
(e) staff costs	(554)	(1,965)
(f) administration and corporate costs	(275)	(1,071)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(110)	(445)
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>(204)</b>	<b>(1,683)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4)	(46)
(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 (12 months) \$A'000
(f) other non-current assets <sup>(1)</sup>	(176)	(619)
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 Net cash from / (used in) investing activities</b>	<b>(180)</b>	<b>(665)</b>

<b>3. Cash flows from financing activities</b>		
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,477	4,211
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(204)	(1,683)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(180)	(665)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	3	233
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,096</b>	<b>2,096</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	2,096	2,477
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>2,096</b>	<b>2,477</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	143
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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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>	

<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)	(204)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,096
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,096
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	10.27
<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 April 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.