

CORONAVIRUS IMPACT AND FORWARD PLANNING

Flexiroam Limited (ASX: FRX) (the **Company**) provides the following update on coronavirus (COVID-19) impacts:

Impact on cash receipts and global subscribers

The unprecedented restriction placed on international and domestic travel around the world has resulted in a decline in demand for our data and roaming services, placing the Company in uncharted territory. As a fast-growing global travel industry participant, Flexiroam has over the years acquired a wide network of subscribers. At the inception of the COVID-19 outbreak, the decline in data usage was gradual and concentrated mainly in Asia. Sales and marketing efforts were therefore directed towards other continents and we managed to cushion some of the initial impact. As the outbreak spread across other continents including Europe, Australia and the Americas, especially towards mid-March 2020, a lockdown on international travel occurred and our daily sales began to trend even lower. There is no certainty on how long such restrictions will apply globally and it is very unlikely that there will be demand for our core services in the next three to six months.

We continue to monitor the situation closely and expect revenue for Q4 FY2020 to be negatively impacted by the outbreak. This impact on Q4 FY2020 is likely to result in lower overall growth performance for FY2020. Prior to the outbreak, the Company registered an 83% compounded annual growth rate (CAGR) for cumulative subscribers as at 31 December 2019.

We are committed to managing the adverse impact on our business to the best of our abilities and have developed a crisis and recovery plan as outlined below.

Crisis and Recovery Plan

We have organized strategic review sessions and taken the following actions to manage the coronavirus impact to our business:

- a) identifying and pursuing new sources of income;
- b) preserving cash and enacting cost-cutting measures;
- c) prioritising ongoing engagement with subscribers and new customers;
- d) communicating with key suppliers, partners and distributors; and
- e) supporting our employees who are working remotely.

Our major cost item is network connectivity costs, which trends in line with customer usage. Therefore, we are expecting a significant decrease in this cost component in the coming months and our network provider has also granted favorable repayment terms on existing debt owing to them. We have been and will continue to reduce our sales and marketing expenses significantly during this period until there is a rebound in demand.

The Company does not have any outstanding bank borrowings.

At present, we have implemented certain cost-cutting decisions in accordance with the employment laws in each of the jurisdictions in which we operate but have yet to proceed with redundancy measures. Our Managing Director has taken a 30 per cent salary cut and our non-executive Directors have also agreed to waive their fees from 1st April 2020 onwards.

In addition, all non-essential recruitment has been halted and all discretionary expenditures are being reduced or eliminated.

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We are hopeful that Flexiroam and all its stakeholders will be able to work together to overcome this unprecedented challenge and bounce back resiliently.

Other Business Income Plan

At the same time, management continue to review potential alternative income-generating businesses and have reallocated resources to expedite the following projects. The Company will provide a progress update on each project in the forthcoming activities and cash report for the March 2020 quarter.

Unlocking opportunities along the Internet of Things (IoT) value chain with Flexiroam's cellular connectivity technology:

IoT is a network of connected smart devices that communicate seamlessly over the internet and is transforming how we live and work. Internet connects only people whereas IoT connects all devices and objects to the internet. IoT has caused the revolutionary change of 'connecting people' to 'connecting everything' globally. The cellular IoT market, in terms of value, was estimated to be around US\$1.7 billion in 2017 and is expected to grow at CAGR of around 23%.¹ It is forecasted that IoT will connect up to 45 billion devices by end of 2025 valued at US\$9.85 billion.²

Flexiroam's cellular connectivity technology has been developed on the foundation of its existing consumer business. The proprietary cellular connectivity technology has been successfully tested in a few commercial sectors in South East Asia and are therefore expected to facilitate faster speed to market and allow the Company to tap into the IoT value chain. Following several potential sales leads, the Company will focus on closing them whilst simultaneously allocating resources to explore other potential leads, focusing initially within South East Asia before taking on the global market.

Tapping into our existing global subscriber base:

The Company currently has approximately half a million subscribers based all around the world. Every effort is being made to continue to engage with them during this challenging time and the Flexiroam sales team has introduced new products and offers to them, including but not limited to, a work from home package.

Cash Preservation and Fund Raising

On the back of weakened consumer sales coupled with the uncertainty of recovery for the global travel industry post-coronavirus, we will continue to monitor and review the ongoing Crisis and Recovery Plan to minimise our cash burn rate, thus allowing for a longer runway. In the meantime, every effort is being made to expedite sales generation from alternative business sources.

Whilst it is difficult to assess when normal economic conditions will return, the Board will continue to monitor opportunities for fund raisings to help support existing business and to develop new business verticals.

Comments from Flexiroam's Managing Director, Jef Ong:

"Flexiroam has always thrived on innovation and agility. It is no different now. In these unprecedented times, we are even more driven to develop greater innovations to meet the new demands of the new normal. This crisis will pass, and travellers will return. When that day comes, we will be ready to enable our customers to travel the world and stay in touch, on their terms. Finally, I would like to thank my fellow directors, our employees, our partners and our customers for their efforts and support at this very difficult time."

¹ Data and statistics obtained from MarketWatch article titled 'Cellular IoT Market 2018 – 2027 Global Trends, Analysis, Market Forecast' released on 27 November 2019.

² Data and statistics obtained from MarketWatch article titled 'Cellular IoT Market Size is expected to exhibit USD9.85 billion by 2020' released on 1 November 2019.

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AUTHORISED BY THE BOARD OF DIRECTORS

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ABOUT FLEXIROAM LIMITED

FLEXIROAM LIMITED (ASX: FRX) is a global connectivity provider offering data access to travellers across the world. Its service coverage spans across 130 countries with its access to over 580 network operators globally. Flexiroam is affiliated with over 100 travel industry partners including major international airlines to serve customers from over 190 countries and territories.

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