

31 July 2019

The Manager  
Market Announcements Platform  
Australian Securities Exchange Limited

## INCREASED OPERATING CASH FLOWS AND CASH HOLDINGS

### Highlights:

- **June quarter operating cash flow increased 40% over previous quarter to \$630,000**
- **Cash balance increased 63.5% over previous quarter to \$2.5 million**
- **Improved operating cash flow due to continued sales growth in SatPhone Shop and Beam-branded products, while significant growth in cash position largely due to R&D grant**
- **Beam on track to launch new LTE devices and a mobile satellite product in the coming months**

**Beam Communications Holdings Ltd** (ASX: BCC) is pleased to release its quarterly 4C for the three months to 30 June 2019, which recorded a material increase in both operating cash flow and cash holdings.

The Company closed the 2019 financial year with cash and cash equivalents of \$2.5 million, an increase of \$983,000 over the previous quarter, while 4QFY19 net cash from operating activities grew to \$630,000 (3QFY19: \$448,000).

While the rise in the cash balance was largely due to the \$832,000 Research and Development (R&D) tax grant that the Company received for the development of the Thuraya WE and two other projects in FY18, continued growth in the SatPhone Shop and Beam-branded products sales also contributed to the increase, providing significant cash inflow from operating activities.

Furthermore, Beam delivered the balance of 2,500 Iridium GO! devices in the latest quarter to complete the fifth product order from Iridium Communications Inc that was made in July 2018. Beam received the sixth order for 5,000 additional devices in February this year and expects to complete the shipment of the devices before the end of Q3 FY19.

The growth in cash comes at a time when Beam is increasing its investment in developing and launching a range of new products over the next few months, as previously announced.

This includes new LTE devices for industrial IoT applications and a JV product that aims to make the mobile satellite applications market more assessable to consumers.



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Beam looks forward to providing further updates on the JV and specifications of the product over the coming weeks.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Michael Capocchi".

Michael Capocchi  
Managing Director

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#### **About Beam Communications Holdings Limited**

Beam Communications Holdings Limited (formerly World Reach Limited) is an Australian publicly-listed company that specialises in the design, development, manufacture and distribution of satellite, cellular and dual-mode equipment, applications and services. Its products and services are adopted by some of the world's largest satellite and telecommunications companies, such as Iridium, Telstra, KDDI, Inmarsat & Thuraya, to fill the global needs of Information Communication & Technology markets. Beam Communications Holdings Limited owns 100% of Beam Communications Pty Ltd and SatPhone Shop Pty Ltd [www.satphoneshop.com](http://www.satphoneshop.com). For more information, visit [www.beamcommunications.com](http://www.beamcommunications.com).

## Appendix 4C

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

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Beam Communications Holdings Limited

**ABN**

39 010 568 804

**Quarter ended ("current quarter")**

30 June 2019

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers (including deposits)          | 3923                               | 17,420  |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              |                                    |   |
| (b) product manufacturing and operating costs             | (2080)                             | (10,566)  |
| (c) advertising and marketing                             |                                    |   |
| (d) leased assets   |                                    |   |
| (e) staff costs   | (1060)                             | (4191)  |
| (f) administration and corporate costs                    |                                    |   |
| 1.3 Dividends received (see note 3)                       |                                    |   |
| 1.4 Interest received                                     | 3                                  | 3   |
| 1.5 Interest and other costs of finance paid              | (44)                               | (158)   |
| 1.6 Income taxes paid                                     | -                                  | (16)  |
| 1.7 Government grants and tax incentives                  |                                    |   |
| 1.8 Other (provide details if material) - Rent/GST        | (112)                              | (423)   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>630</b>                         | <b>2069</b>                                     |
| <b>2. Cash flows from investing activities</b>            |                                    |   |
| 2.1 Payments to acquire:                                  |                                    |   |
| (a) property, plant and equipment                         | (9)                                | (44)  |
| (b) businesses (see item 10)                              |                                    |   |
| (c) investments   |                                    |   |

| <b>Consolidated statement of cash flows</b>                      | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|--|------------------------------------|---|
| (d) intellectual property  |                                    |   |
| (e) other non-current assets – product dev. capitalised          | (667)                              | (1958)  |
| <b>2.2</b> Proceeds from disposal of:                            |                                    |   |
| (a) property, plant and equipment                                |                                    |   |
| (b) businesses (see item 10)                                     |                                    |   |
| (c) investments  |                                    |   |
| (d) intellectual property  |                                    |   |
| (e) other non-current assets                                     |                                    |   |
| <b>2.3</b> Cash flows from loans to other entities               |                                    |   |
| <b>2.4</b> Dividends received (see note 3)                       |                                    |   |
| <b>2.5</b> Other (details if material) – R&D grant               | 832                                | 832   |
| <b>2.6</b> <b>Net cash from / (used in) investing activities</b> | <b>156</b>                         | <b>(1170)</b>                                   |

|   |            |             |
|---|------------|-------------|
| <b>3. Cash flows from financing activities</b>                                  |            |             |
| 3.1 Proceeds from issues of shares - placement                                  | -          | -           |
| 3.2 Proceeds from issue of convertible notes                                    |            |             |
| 3.3 Proceeds from exercise of share options                                     |            |             |
| 3.4 Transaction costs related to issues of shares, convertible notes or options |            |             |
| 3.5 Proceeds from borrowings  | -          | 907         |
| 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) – JV Credit Allowance                   | 197        | 197         |
| <b>3.10</b> <b>Net cash from / (used in) financing activities</b>               | <b>197</b> | <b>1104</b> |

|   |      |        |
|---|------|--------|
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |      |        |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date              | 1549 | 529    |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | 630  | 2069   |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | 156  | (1170) |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|--|------------------------------------|---|
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | 197                                | 1104  |
| 4.5   | Effect of movement in exchange rates on cash held                |                                    |   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of quarter</b>               | <b>2532</b>                        | <b>2532</b>                                     |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 2532                               | 1549                                |
| 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>2532</b>                        | <b>1549</b>                         |

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

143

CEO remuneration and Non-Executive Directors' fees

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

900

Payments for subcontract manufactured products and related activities on an arm's length basis

| 8. <b>Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | Total facility amount<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|--|---|
| 8.1 Loan facilities  | 740  | -   |
| 8.2 Credit standby arrangements  |  |   |
| 8.3 Other (please specify) – Secured term loan   | 2760   | 907                                       |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |  |   |

AUD overdraft \$300,000 and USD overdraft US\$320,000 (=A\$440,000) with National Australia Bank secured by fixed & floating charge. Arrangements, including a priority deed with NAB, were completed on 15 November 2016 for a secured term loan from shareholder SGV1 Holdings Limited of US\$2,000,000 (=A\$2,760,000) on the terms described in the ASX announcement on 19 October 2016. The term loan can be drawn as required.

| 9. <b>Estimated cash outflows for next quarter</b> | \$A'000       |
|--|---------------|
| 9.1 Research and development                       | (854)         |
| 9.2 Product manufacturing and operating costs      | (2638)        |
| 9.3 Advertising and marketing                      |               |
| 9.4 Leased assets                                  |               |
| 9.5 Staff costs                                    | (1050)        |
| 9.6 Administration and corporate costs             |               |
| 9.7 Other (provide details if material)            | (100)         |
| <b>9.8 Total estimated cash outflows</b>           | <b>(4642)</b> |

| 10. <b>Acquisitions and disposals of business entities<br/>(items 2.1(b) and 2.2(b) above)</b> | Acquisitions | Disposals |
|--|--------------|-----------|
| 10.1 Name of entity  |              |           |
| 10.2 Place of incorporation or registration  |              |           |
| 10.3 Consideration for acquisition or disposal   |              |           |
| 10.4 Total net assets  |              |           |
| 10.5 Nature of business  |              |           |

**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.

Sign here:  ..... Date: 31 July 2019  
(Company secretary)

Print name: Dennis Payne

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.