

ASX ANNOUNCEMENT

28 July 2023

ACTIVITIES REPORT AND APPENDIX 4C: STRONG FINISH TO FY23 WITH FURTHER GROWTH IN CASH FLOWS

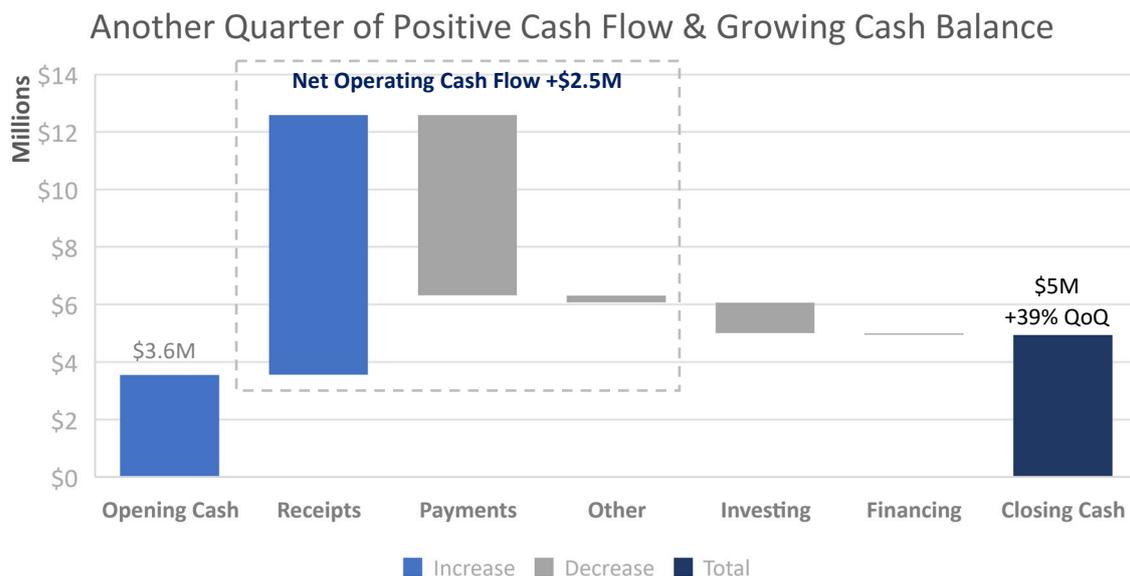
Highlights:

- Net operating cash inflow jumps 75% quarter-on-quarter (QoQ) to \$2.5M and cash balance increases 39% QoQ to \$5M at the end of the June quarter
- Beam records sales/royalty increases across all its business units as it benefits from strong growth in the global mobile satellite market
- Beam Equipment sales (ex ZOLEO) increased 22% QoQ; SatPhone Shop sales jump 53% QoQ and ZOLEO annualised royalties up 18% QoQ to \$870K
- Net ZOLEO ANZ subscriber numbers jump 20%+ QoQ to >6.2K and global ZOLEO subscribers increase 14% QoQ to ~71K
- ZOLEO Inc. JV, 50% owned by Beam, forecast to post total FY23 revenue of US\$27M (circa two-thirds recurring)
- Beam reaffirms record earnings and revenue guidance for FY23 and a positive outlook for the current financial year

Beam Communications Holdings Ltd (ASX: BCC, “Beam” or the “Company”), a leading developer and distributor of mobile satellite solutions and services, is pleased to provide an overview of activities and commentary for the three months ended 30 June 2023 (4QFY23), to accompany the Appendix 4C.

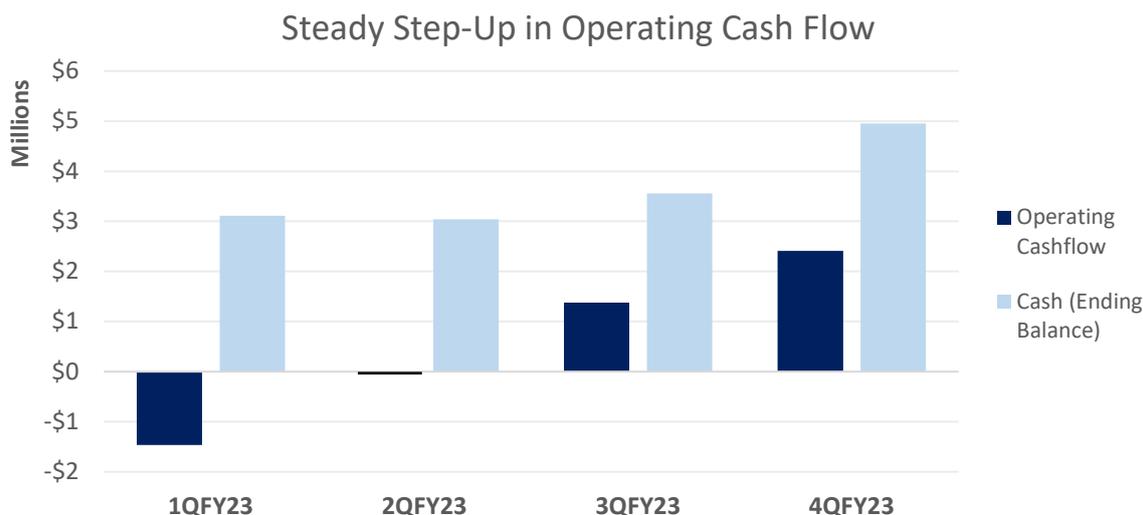
Summary of Cash Position

Beam recorded another quarter of positive net operating cash flow as its cash holdings increased materially over the previous quarter. The Company posted a 75% increase in net operating cash inflow to \$2.4 million and a 39% uplift in cash and cash equivalents to \$5 million when compared to 3QFY23.



The increase in operating cash flow is driven by the further unwinding of trade working capital and lower capex requirements following the successful launch of the Iridium GO! exec[®] device, as highlighted in Beam's previous announcements.

While it is normal for the level of cash flows to vary between quarters due to the timing of payments and receipts, the Company's trend of positive operating cash flows is expected to continue, on current projections.



Additionally, Beam has reaffirmed its record FY23 guidance. Group revenue is forecast to come in at circa \$40 million, earnings before interest, tax, depreciation and amortisation (**EBITDA**) to reach approximately \$4 million.

Beam's total available funds as of 30 June 2023 were \$6.1 million, which includes \$5 million in cash and a further \$1.1 million in available and undrawn debt facilities.

Operating Activities

These very pleasing results were driven by growth across all of Beam's businesses. The global mobile satellite services sector is expanding strongly, and Beam is well placed to benefit from this bullish trend.

Beam Equipment (excluding ZOLEO) sales continued their strong run as they jumped 22.3% QoQ. This growth included, but is not limited to, sales of the recently launched Iridium GO! exec[®] device.

Beam has signed a 5-year US\$12 million contract to develop and supply the portable satellite hotspot to **Iridium Communications Inc** (Nasdaq: IRDM). As of 30 June 2023, Beam has delivered 40% of the contract and anticipates that it will fulfil 80% of the commitment by the end of FY24, well ahead of schedule, to meet demand.

Meanwhile, Beam's wholly owned SatPhone Shop business, which is also **Telstra Group Limited's** (ASX: TLS) largest satellite dealer, recorded a 53.1% revenue increase, QoQ.

Separately, recurring revenue from ZOLEO Inc. to Beam continued to increase as Australia and New Zealand subscriber growth accelerated in the quarter. Net ANZ subscriber numbers jumped 23.2% QoQ to over 6,200 as annualised royalty payments¹ increased by 18.2% to around \$870K.

To fulfil Beam's continuous disclosure obligations, as the performance of ZOLEO Inc. has become material to the Company, and in the interest of helping shareholders comprehend the value of the 50%-owned joint venture, Beam noted in its most recent announcement that the total number of global ZOLEO subscribers was circa 71K at the end of the quarter, and that the JV is forecast to record total revenue of US\$27 million in FY23, of which US\$17 million is subscription revenue.

Importantly, Beam's total recurring revenue has also grown 17% QoQ in 4QFY23 and has nearly doubled vs. the PcP. This higher margin recurring revenue is made up of ZOLEO royalties and the sale of airtime to enterprise, government and consumer clients.

The largest operating expenses in the quarter were \$4.6 million for product manufacturing and operating costs, \$0.9 million in staff costs and \$0.7 million in admin and corporate costs.

Commenting on the quarter, Managing Director, Michael Capocchi said:

"We ended the financial year on a solid footing and are well positioned to deliver record results for shareholders in FY23. Pleasingly, we continue to be well placed to capitalise on the growth of the global mobile satellite services sector with our range of unique and innovative devices and solutions.

"Further, we are increasingly upbeat on the expected returns from our ZOLEO Inc. JV, of which Beam owns half, as its performance to date demonstrates the value of Beam's stake in the JV. We believe Beam's outlook in the current financial year remains very positive and our strong balance sheet and growing cash flows will give us options to pursue new opportunities for growth over the short- to medium-term."

Investing and Financing Activities

During the quarter, Beam capitalised \$1.1 million in product development costs and invested \$13K in computers and warehouse equipment. The Company also recorded an outflow of \$51K that is linked to its property lease liability.

This announcement has been approved by the Board of Directors.

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¹ Using royalties received in the last month of the respective quarter as the basis for the annualised calculation

About Beam Communications Holdings Limited

Beam Communications Holdings Limited is an Australian publicly-listed company (ASX:BCC) that specialises in the design, development, manufacture and distribution of satellite, cellular and dual-mode equipment applications and services. Beam has developed several world-first innovations and its products and services are adopted by some of the world's largest satellite and telecommunications companies, such as Iridium, Telstra, KDDI, Inmarsat and Thuraya. Beam also developed the multi-award winning ZOLEO device, which generates recurring subscription revenues for the Group. Beam Communications Holdings Limited owns 100% of Beam Communications Pty Ltd and SatPhone Shop Pty Ltd www.satphoneshop.com. For more information, visit www.beamcommunications.com.

About ZOLEO Inc.

Formed in 2018 and headquartered in Toronto, Canada, ZOLEO Inc. is a joint venture between Beam Communication Pty. Ltd. and Roadpost Inc. that is pioneering the development of innovative lower cost, consumer-oriented global messaging solutions, including innovative wireless devices and apps based on Iridium short burst data (SBD), cellular and Wi-Fi standards. The company serves three primary markets including consumers residing on the fringe of cellular coverage, outdoor recreation and lone worker safety. Its products are offered through authorised retailers in the US, Canada and Australia. Roadpost is responsible for retail distribution in North America and Beam is responsible for the Asia Pacific region. Staged distribution in other regions will be jointly managed. For more information visit www.zoleo.com.

Appendix 4C

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

Name of entity

Beam Communications Holdings Limited

ABN

39 010 568 804

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,035	39,608
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,548)	(30,947)
(c) advertising and marketing	(147)	(477)
(d) leased items	(11)	(30)
(e) staff costs	(878)	(3,752)
(f) administration and corporate costs	(699)	(1,618)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	12
1.5 Interest and other costs of finance paid	(92)	(149)
1.6 Income taxes paid/refunded	10	10
1.7 Government grants and tax incentives – <i>Payroll tax credit</i>		90
1.8 Other (provide details if material – <i>GST, FBT, payroll tax</i>)	(162)	(331)
1.9 Net cash from / (used in) operating activities	2,509	2,415
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(13)	(52)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) intellectual property		
	(f) other non-current assets – <i>product development capitalised</i>	(1,050)	(3,333)
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 – <i>R&D grant</i>		884
2.6	Net cash from / (used in) investing activities	(1,063)	(2,501)

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		
3.6	Repayment of borrowings		(513)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material) – Lease liability payment	(51)	(225)
3.10	Net cash from / (used in) financing activities	(51)	(738)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,556	5,775
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,509	2,415
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,063)	(2,501)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(51)	(738)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	4,951	4,951

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	4,951	3,556
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)	4,951	3,556

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	162
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		

Explanation: Payments referred to in 6.1 are for director salaries, director fees and superannuation.

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. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	783	0
7.2 Credit standby arrangements		
7.3 Other (<i>secured term loan</i>)	401	0
7.4 Total financing facilities	1,184	0
7.5 Unused financing facilities available at quarter end		1,184
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.	<p>AUD overdraft \$300,000 and USD overdraft US\$320,000 (=A\$482,655) with National Australia Bank secured by fixed & floating charge.</p> <p>On 1 July 2020 the NAB granted Beam a 3 year, low interest term loan of \$500,000 and a further \$500,000 on 10 May 2021 part secured by the Australian government under their Covid19 relief program to assist with funding of Beam's product development program. The principal outstanding of \$973,000 was repaid on 19 May 2021 and, after allowing for amortisation, \$400,848 is available to be redrawn if, as and when required.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	2,509
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,951
8.3 Unused finance facilities available at quarter end (item 7.5)	1,184
8.4 Total available funding (item 8.2 + item 8.3)	6,135
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

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.

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:28 July 2023.....

Authorised by:By the board.....
(Name of body or officer authorising release – see note 4)

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.