

ASX ANNOUNCEMENT

30 January 2023

Quarterly Report for the Period Ended 31 December 2022

Beam Communications Holdings Ltd (ASX: BCC, “Beam” or the “Company”) a leading developer and distributor of mobile satellite terminals, devices and accessories, is pleased to provide an overview of activities and commentary for the period ended 31 December 2022 (“Quarter”, “Reporting Period”) to accompany the Appendix 4C.

Highlights:

- Customer receipts of \$12.4m, up 103% PcP and up 91% QoQ, the highest quarterly result on record
- December 2022 was the highest revenue month in Beam’s 20-year history (recording over \$5m in revenue), with strong customer receipts expected in January 2023
- Significant improvement in operating cashflow despite record investment in working capital (increase of ~\$5m since start of FY23) to fund material uplift in sales & profitability
- Circa \$2m of EBITDA expected for H1FY23, with first half performance comparing favourably against the prior guidance of \$2.1m EBITDA for the entire FY23
- ZOLEO ANZ subscriber numbers up >100% PcP to 4,423 and annualised royalty payments run rate up circa 50% to ~\$600,000
- Beam held \$4.3m in cash and funding at the end of the Quarter, with the Company well positioned to execute on its growth strategy
- Selected by Iridium Communications Inc (NASDAQ: IRDM) as one of a small group of international partners for the Iridium Messaging TransportSM (IMT) Commercial Service
- Secured a \$1.2m contract to supply Iridium airtime to Mobile Tracking and Data Pty Ltd (MTData), a wholly owned subsidiary of Telstra Corporation Limited
- Joint Venture partner, ZOLEO Inc., expanded its multi-award-winning messaging solution across Europe

Summary of Cash Position

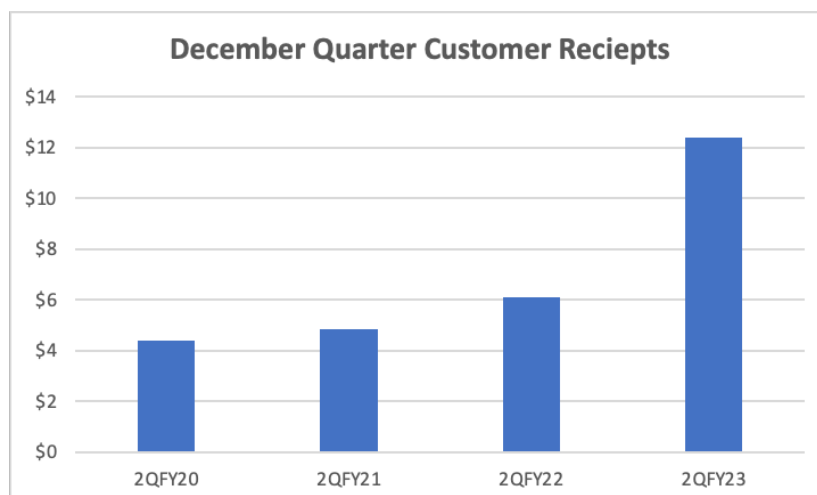
For the Quarter, Beam’s customer receipts hit a record high of \$12.4m, an increase of 103% from \$6.1m in the previous corresponding period (**PcP**), and an increase of 91% from cash receipts of \$6.5m for the September 2022 quarter, or quarter-on-quarter (**QoQ**).

This strong revenue and earnings performance has been driven by sales of the new Certus® device as well as growth within the overall business, including royalties from ZOLEO.

Further, December 2022 was the highest revenue month on record, with the Company commencing the delivery of the new Iridium Certus product , shipping 768 Iridium GO!® units and also fulfilling orders for 9,355 ZOLEO units to Zoleo Inc. The Company expects strong cash receipts in January 2023,

reflecting the completion of significant sales that were not fully translated into customer receipts by the end of the Reporting Period.

The Company also recorded a significant uplift of almost \$1.5m in operating cash flow. This enabled Company's net cash outflow in the December quarter to be modest \$6,000, notwithstanding the record investment in working capital (a circa \$5 million increase since 30 June, 2022) to satisfy Beam's growing order book for existing and new products. Additionally, capital expenditure is expected to trend down over the short- to medium-term.



The Company's total available funds at the end of the quarter were \$4.3m, which consists of \$3.1m in cash and \$1.3m in available and undrawn debt. Beam believes it is well resourced to continue to execute on its growth strategy outlined in previous announcements (aside from potential material M&A opportunities, which will always be assessed as they arise) and, further, that its cash position will steadily improve over the course of the year as our working capital investments cycle back to cash.

Importantly, management notes that the Company's use of funds is also consistent with the objectives outlined in the November 2021 capital raising. This includes the launch of ZOLEO into Europe, development of the new Iridium Certus® device (for which Beam has subsequently secured a US\$12 million contract) and the development of the ZOLEO API.

Operating Activities

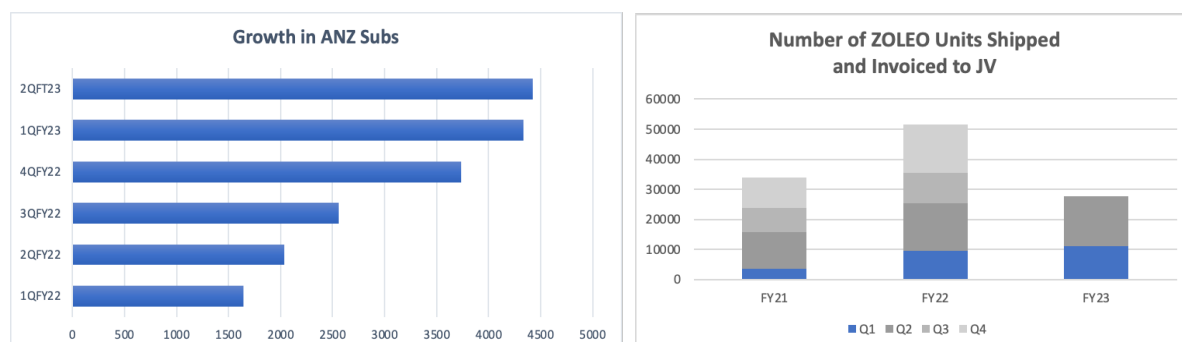
As announced on 23 January 2023, the Company expects to deliver circa \$2m in earnings before interest, tax, depreciation and amortisation (**EBITDA**) for H1FY23, with first half performance comparing favourably against the prior guidance of \$2.1m EBITDA for the entirety of FY23.

The Company's wholly owned SatPhone Shop (**SPS**) business, which is Telstra's largest satellite dealer, recorded a sales increase of 11% on the PcP, while sales of Beam Equipment increased by 162% PcP.

ZOLEO ANZ subscriber numbers grew during the Reporting Period, with net subscribers in Australia and New Zealand more than doubling in the PcP, or 2% QoQ, to 4,423 subscribers, as economic uncertainty from rising interest rates and high inflation weighed on discretionary consumer spending.

The annualised royalty payment to Beam increased by 50% PcP to circa \$600,000, although was lower QoQ due to the issues highlighted above.

While growth in ZOLEO ANZ Subscriber numbers moderated during December quarter, Beam remains positive about user demand for ZOLEO with January sales rebounding and with all aspects of the supply chain remaining strong.



The number of ZOLEO devices shipped and invoiced by Beam to the joint venture during the Quarter increased by 31% PcP to 16,360 units, which represents the largest number of ZOLEO devices shipped and invoiced in a quarter to date. This takes the total number of devices Beam has delivered to the JV since ZOLEO's launch in early 2021 to around 120,000 units.

During the Quarter, ZOLEO Inc. launched its Application Programming Interface (**API**) for the multi-award winning global solution, and Beam continues to advance enterprise trials for ZOLEO in Australia and New Zealand.

The largest outflow of cash in the Quarter from operating activities was attributable to product manufacturing and operating costs, of \$10.6m, which included Beam's investment in the development and manufacture of the new Iridium Certus product. Based on the strong historic sales that have been achieved for the Iridium GO!® product, the company anticipates exceeding the initial \$20m minimum commitment from Iridium for this new device.

Staff costs for the Reporting Period were \$1.5m, which were consistent with the staff costs for the September 2022 quarter, despite significant growth in customer receipts, which was reflective of further operational efficiencies being achieved.

Investing and Financing Activities

During the Quarter, Beam continued to invest for growth and capitalised \$895,000 in product development costs relating to the new Iridium Certus® device and ZOLEO product enhancements. There was also a \$54,000 outflow from financing activities relating to lease payments.

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

"We are pleased to have achieved significant growth in Customer Receipts for 2QFY23 of \$12.4m, which represents an increase of 103% PcP and up 91% QoQ. December 2022 was the highest revenue month in Beam's 20-year history.

Although cash receipts increased substantially, Beam maintained low staffing costs indicating improvements in efficiency through economies of scale, with the Company continuing to implement strategies to further reduce operating costs.

During the Quarter, we continued to invest in product development and manufacturing in anticipation of the launch of the new Iridium Certus product. With an excellent history of success in product development and launches, we look forward to adding this new device alongside our existing product suite.

With circa \$2m of EBITDA expected for H1FY23 and substantial customer receipts for the March quarter, the Company is confident in achieving strong FY23 results.

I would like to thank shareholders for their ongoing support."

Beam Selected as a Partner for Iridium IMT Initiative

During the Reporting Period, Beam announced that Iridium Communications Inc (NASDAQ: IRDM) had selected Beam as one of a small select group of international partners for the Iridium Messaging TransportSM (IMT) Commercial Service.

The IMT service, which was officially launched in late December by Iridium, will enable Beam to develop value-added services and applications that can run across all Certus® devices on Iridium's global network.

Imperatively, the partnership enables Beam to generate a new and additional recurring revenue stream.

\$1.2m Contract Awarded by Telstra's Subsidiary MTData

In November 2022, Beam announced that the Company secured a contract to supply Iridium airtime to Mobile Tracking and Data Pty Ltd (MTData), a wholly owned subsidiary of Telstra Corporation Limited.

The value of the contract for the first two years (minimum contracted period) is in excess of \$1.2 million, and unless otherwise ended, the contract rolls over yearly after that minimum term has expired. The contract commenced on 27 October 2022.

MTData, which offers vehicle telematics and connected fleet management technology, is a longstanding customer of Beam and has purchased hardware and services from the Company over the last 10 years.

ZOLEO Expansion into New European Markets

During the Quarter, Beam announced that the Company's joint venture (**JV**), ZOLEO Inc., had expanded its multi-award-winning messaging solution across Europe, following its successful launch in the United Kingdom, Sweden, Finland, Denmark and Norway earlier in the year.

The geographical expansion will substantially increase ZOLEO's accessible European market as the seamless messaging solution is now available across all countries in the European Economic Area (**EEA**), which includes Iceland, Liechtenstein, Norway and all European Union (**EU**) member states, plus Switzerland.

ZOLEO has also established five new regional webstores in Germany, Switzerland, Spain, France and Italy to service the new markets.

Beam owns 50% of ZOLEO Inc. and all subscription revenues from these markets are shared equally with its JV partner, Roadpost Inc.

Further Orders for Iridium GO!® Devices

During the Quarter, Beam announced that the Company received further orders worth over US\$1.6 million (\$2.5 million) for the manufacturing of Iridium GO! devices from its longstanding partner and leading satellite services company Iridium Communications Inc. (NASDAQ: IRDM).

The new order, which is expected to be delivered in FY24, is to meet strong ongoing demand for the popular portable satellite hotspot device. Even as next generation Iridium Certus™ devices are introduced to the market, the Iridium GO! continues to be well positioned and popular, with its small size, significant functionality and affordability.

Iridium GO!, which was jointly designed and developed by Beam and Iridium, was launched eight years ago. Over that period, Beam has received manufacturing orders for 67,500 units from Iridium.

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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.

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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12,430	18,931
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(10,641)	(16,574)
(c) advertising and marketing	(98)	(215)
(d) leased items	(6)	(13)
(e) staff costs	(1,465)	(2,993)
(f) administration and corporate costs	(258)	(562)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	10
1.5 Interest and other costs of finance paid	(21)	(41)
1.6 Income taxes paid/refunded		
1.7 Government grants and tax incentives – <i>Payroll tax credit</i>	90	90
1.8 Other (provide details if material - <i>GST and FBT</i>)	(41)	(101)
1.9 Net cash from / (used in) operating activities	(2)	(1,469)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(3)	(16)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(e) intellectual property		
	(f) other non-current assets – <i>product development capitalised</i>	(895)	(1,856)
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	884
2.6	Net cash from / (used in) investing activities	(14)	(987)

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		(162)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material) – Lease liability payment	(59)	(117)
3.10	Net cash from / (used in) financing activities	(59)	(279)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	3,113	5,775
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2)	(1,469)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(987)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(59)	(279)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,039	3,039

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	3,039	3,113
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)	3,039	5,113

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	180
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	772	0
7.2	Credit standby arrangements		
7.3	Other (<i>secured term loan</i>)	528	0
7.4	Total financing facilities	1,300	0
7.5	Unused financing facilities available at quarter end		1,300
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.		
	AUD overdraft \$300,000 and USD overdraft US\$320,000 (=A\$472,325) with National Australia Bank secured by fixed & floating charge.		
	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, \$527,764 is available to be redrawn if, as and when required.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,039
8.3	Unused finance facilities available at quarter end (item 7.5)	1,300
8.4	Total available funding (item 8.2 + item 8.3)	4,339
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2,063
	<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:30 January 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.