

ASX ANNOUNCEMENT

28 April 2023

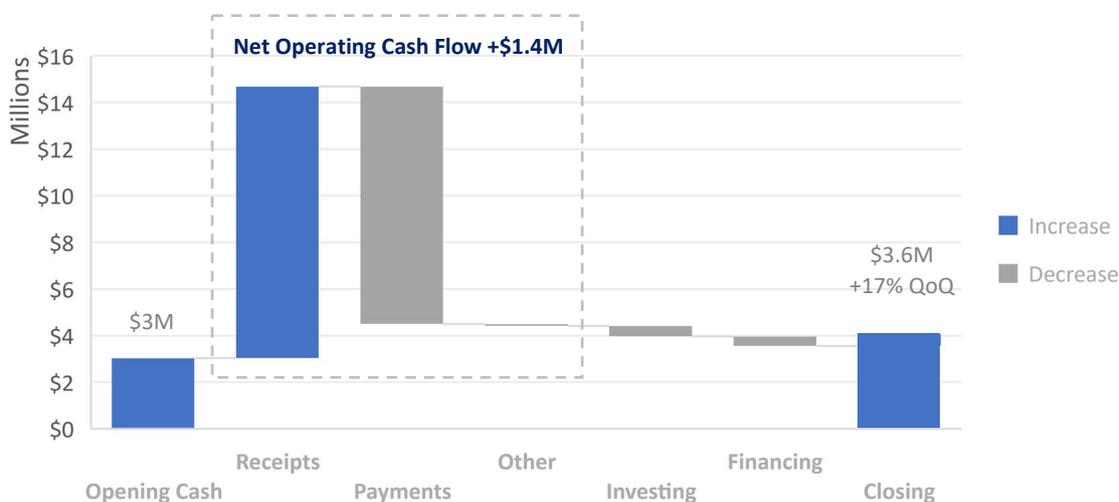
ACTIVITIES REPORT AND APPENDIX 4C:
POSITIVE OP CASH FLOW AS BEAM SUCCESSFULLY REACHES INFLECTION POINT
Highlights:

- Beam delivers positive operating cash flow of \$1.4M while its cash balance jumped 17% to \$3.6M in the March quarter (3QFY23)
- Positive operating cash flow position expected to persist with Beam reiterating its FY23 guidance of record earnings and net profit
- Beam Equipment (ex ZOLEO) sales jump 200% vs PcP and SatPhone Shop sales up 21% PcP
- ZOLEO royalty payments 25% ahead of the prior quarter and running at \$735K annualised as net ANZ subscriber numbers rebound to >5K (+97% over 3QFY22 and 14% over 2QFY23)
- Positive outlook with market for Beam’s solutions continuing to expand, as highlighted in Iridium’s (NASDAQ: IRDM) latest quarterly result announcement

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 31 March 2023 (3QFY23), to accompany the Appendix 4C.

Summary of Cash Position

Beam delivered significant positive operating cash flows and an increase in its cash balance over the latest quarter. Net operating cash flow jumped to \$1.4 million compared to a net outflow of \$1.5 million in the previous corresponding period (PcP), being 3QFY22, and a quarter-on-quarter (QoQ) net outflow of \$2K (2QFY23).

Positive Op Cash Flow & Higher Cash Balance in 3QFY23


The increase in operating cash flow is driven by the unwinding of trade working capital to support the continued strength in sales and lower capex requirements in this cycle, as foreshadowed 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 is forecasting net operating cash inflows for the 2023 financial year, as the Company remains on track to deliver on its full year guidance with earnings before interest, tax, depreciation and amortisation (**EBITDA**) and net profit after tax (**NPAT**) expected to hit record highs of circa \$4 million and over \$2 million, respectively.

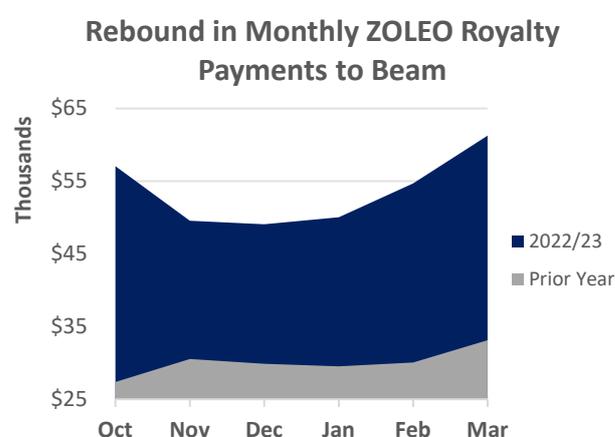
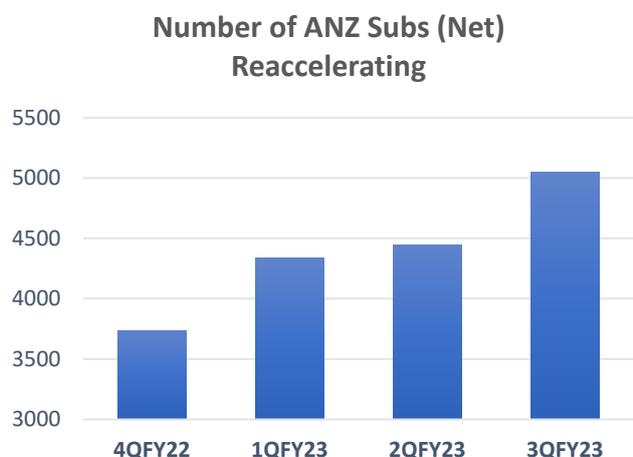
As of 31 March 2023, Beam held a cash position of \$3.6 million, or +17% QoQ, and has access to a further \$1.2 million in available and undrawn debt, which takes its total available funds to \$4.8 million.

Operating Activities

Beam recorded significant growth in sales across its business when compared to the PcP. One of the standouts was sales of Beam Equipment (excluding ZOLEO), which increased by 200% over the PcP. This growth is driven by strong demand for satellite devices and accessories, including Iridium GO! exec™, which is **Iridium Communications Inc's** (NASDAQ: IRDM) newest next-gen mobile hotspot, that is designed and supplied by Beam.

The Company secured a minimum contracted commitment of US\$12 million with Iridium but anticipates exceeding this initial commitment well before the end of the five-year contract period, given the orders received and market feedback on this exciting new product.

In a further boost to operating cash flows, Beam recorded a strong rebound in ZOLEO royalty payments, which jumped to over \$735K on an annualised basis¹, or 25% ahead of the previous quarter and 85% above the PcP.



¹ Using royalties received in the last month of the respective quarter as the basis for the annualised calculation (e.g., March 2023 for Q3FY23)

Growth in ZOLEO subscribers from Australia and New Zealand (**ANZ**) also rebounded in the quarter to over 5,000 – or 97% above the PcP and 14% QoQ.

In a deliberate effort to diversify revenue away from hardware sales, Beam is pleased to record a 136% PcP and 83% QoQ jump in recurring revenues in the period, thanks to the revenue being generated by the recently announced data services contract with Telstra’s subsidiary, MT Data, and other customer successes.

Recurring revenues currently constitute over 5% of total revenue and that proportion is forecast for further growth, which bodes well for Beam’s margins.

Further, keen demand for satellite solutions bolstered Beam’s wholly owned SatPhone Shop (**SPS**) business. SPS is Telstra’s largest satellite dealer and the business recorded a sales increase of 21% on the PcP.

The largest operating expenses in the quarter were \$8.6 million for product manufacturing and operating costs and \$1.1 million in staff costs.

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

“The business has successfully reached an inflection point in earnings and cash flow, with Beam expected to deliver record EBITDA and NPAT for the full year.

Our diverse portfolio of devices, long track record of attracting multiple repeat orders every year, and our fast-growing recurring revenue services offering position us perfectly to benefit from the global trend where people are looking to be constantly connected – no matter where they roam.

Our confidence in the growth of this market is further bolstered by the latest quarterly results from our key partner, Iridium, which reported a significant increase in sales and profitability on the back of continued escalating world-wide demand for mobile satellite solutions.”

ZOLEO European Expansion Update

Meanwhile, Beam’s joint-venture (JV), ZOLEO Inc., continued its expansion in Europe and the UK. The JV, through Dalesman, its UK Outdoor distributor, has deployed an online sale trial with global sporting goods retailer, Decathlon UK, for its ZOLEO global satellite communications device.

ZOLEO Inc. has also appointed new distributors and dealers in the DACH region (Germany, Austria and Switzerland) and is starting to receive orders for the device following the launch of ZOLEO’s German language website.

Investing and Financing Activities

During the quarter, Beam continued to invest for growth and capitalised \$428K in product development costs relating to the Iridium GO! exec™ device and ZOLEO product enhancements.

The Company also recorded an outflow of \$408K from financing activities that is largely related to repayment of the interest-free loan provided by Roadpost Inc., Beam’s JV partner in ZOLEO Inc.

This announcement has been approved by the Board of Directors.

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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.

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")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,642	30,573
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(8,559)	(25,133)
(c) advertising and marketing	(115)	(330)
(d) leased items	(6)	(19)
(e) staff costs	(1,147)	(4,140)
(f) administration and corporate costs	(357)	(919)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	11
1.5 Interest and other costs of finance paid	(16)	(57)
1.6 Income taxes paid/refunded		
1.7 Government grants and tax incentives – <i>Payroll tax credit</i>	0	90
1.8 Other (provide details if material – <i>GST, FBT, payroll tax</i>)	(68)	(169)
1.9 Net cash from / (used in) operating activities	1,375	(94)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(22)	(39)
(d) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(e) intellectual property		
(f) other non-current assets – <i>product development capitalised</i>	(428)	(2,283)
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	(450)	(1,438)

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	(351)	(513)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material) – Lease liability payment	(57)	(174)
3.10 Net cash from / (used in) financing activities	(408)	(687)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	3,039	5,775
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,375	(94)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(450)	(1,438)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(408)	(687)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,556	3,556

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	3,556	3,039
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)	3,556	3,039

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	157
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	777	0
7.2 Credit standby arrangements		
7.3 Other (<i>secured term loan</i>)	459	0
7.4 Total financing facilities	1,235	0
7.5 Unused financing facilities available at quarter end		1,235
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\$476,758) 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, \$458,660 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)	1,375
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,556
8.3 Unused finance facilities available at quarter end (item 7.5)	1,235
8.4 Total available funding (item 8.2 + item 8.3)	4,791
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 April 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.