

ASX ANNOUNCEMENT

30 January 2024

## ACTIVITIES REPORT AND APPENDIX 4C: BEAM DELIVERS POSITIVE FREE CASH FLOW FOR Q2 AND CY23

**Highlights:**

- The expected strong finish to the first half delivers \$10.4m of cash receipts in Q2 FY24, underpinning positive free cash flow for the quarter and the last rolling 12 months (CY23)
- Zoleo Inc. arbitration process has commenced - process anticipated to conclude mid-2024
- Zoleo Inc. achieved subscriber growth of 40% for the 12 months ending 31 December 2023 and is on track for continued strong growth in FY24
- The Company is on track on deliver an increase in cash reserves for FY24 driven by the continued strength and increased scale of the business

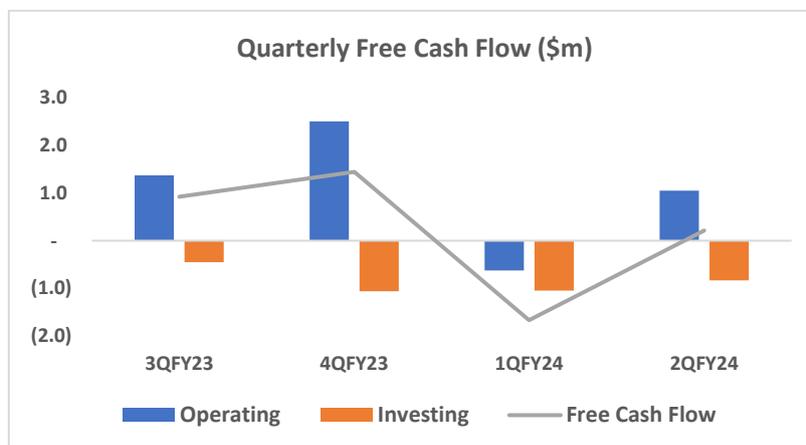
**Beam Communications Holdings Ltd** (ASX: BCC, “Beam” or the “Company”), a leading developer and distributor of mobile satellite solutions and services, is pleased to provide an overview of activities and commentary for the three months ended 31 December 2023 (2QFY24), to accompany the Appendix 4C.

**Cash Flow, Revenue and Cash Position**

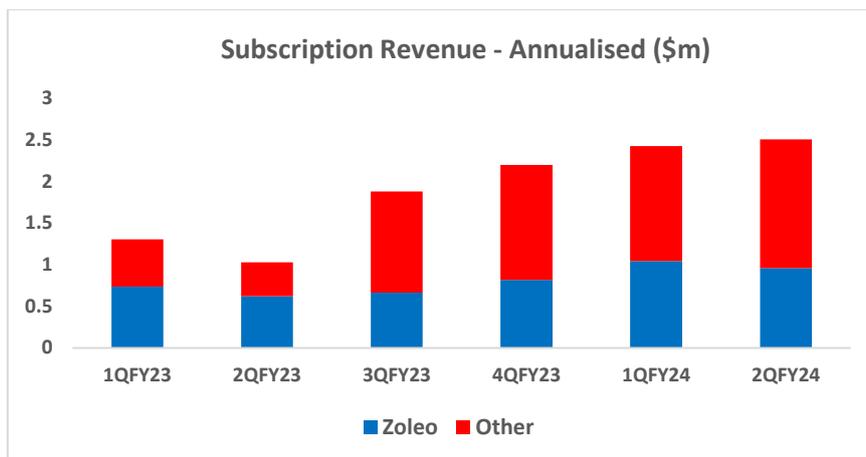
The Company’s free cash flow (operating and investing cash) generation of \$0.2m for the quarter and \$0.9m across a rolling 12 months ending December 2023 highlights the increased scale and cash generating potential of the business. With \$10.4m in customer receipts collected in the quarter, in-line with the Company’s expectations, another quarter of positive operating cash flow was delivered.

Cash receipts and total revenue grew strongly on QoQ (2Q v 1QFY24) and were lower than the PCP (2QFY23). The timing of hardware sales significantly influencing these outcomes, particularly in the PCP which included the initial shipment for Iridium GO exec<sup>®</sup> in late 2022.

The free cash flow result for the quarter was achieved while maintaining strong levels of investment, with investing cash flows of \$0.8m. This investment was focused on the development of the new Certus terminal and Certus Messaging Service to run over the Go Exec.



Revenue of \$9.8m in the quarter included \$0.6m (up \$369k or 144% on the PCP) of annuity style subscription revenue, comprising \$0.24m for the Zoleo Royalty Fee (up 54% on the PCP). Zoleo activations for the Australian and NZ business are ahead of the Company's expectations YTD. The Telstra/MT Data relationship is also contributing strongly to Beam's subscription revenue which now exceeds \$2.5m on an annualised basis. New subscribers from Non ZOLEO services increased 18% from the September 2023 Quarter.



This financial year Beam has incurred ~\$0.8m of costs to date in relation to the Zoleo arbitration. These are non-recurring costs and are expected to total approximately \$1.5m (noting the previous estimate was \$1m) for FY24. An update on the arbitration process is provided below.

At 31 December 2023 the Company had \$3.4m cash at bank, and expects this balance to increase throughout the second half driven by continuing solid free cash flow performance.

#### **Zoleo arbitration update**

Beam owns 50% of Zoleo, a global business of significant inherent value. It is a predominantly high gross margin, recurring revenue, software style of business which is expected to continue to grow strongly in FY24.

Beam and its JV partner, Roadpost Inc., have commenced a formal arbitration process. The Company may either become the 100% owner of Zoleo Inc. or divest and crystallise its 50% share of the JV to Roadpost Inc.

The Company looks forward to providing further updates on this arbitration in coming months. The hearing is scheduled to commence in late April 2024 with a finding expected mid-2024.

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

*"We ended the calendar year in a strong financial position following 12 months of positive free cash flow generation due to the improved operating and financial scale of the business.*

*Against the backdrop of soft consumer confidence and challenging global trading conditions, pleasingly Zoleo is performing well, and we look forward to the Zoleo arbitration process crystallising both the ownership and global strategy of that entity.*

*The launch of the Certus IMT service in the second half of FY24 will provide enhanced capabilities to the Beam developed Iridium Go! Exec product which has now been in the market for twelve months.*“

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](http://www.satphoneshop.com). For more information, visit [www.beamcommunications.com](http://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](http://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 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	10,417	19,761
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(6,999)	(15,053)
(c) advertising and marketing	(107)	(260)
(d) leased items	(6)	(13)
(e) staff costs – <i>salaries, wages, and super</i>	(1,284)	(2,325)
(f) administration and corporate costs	(850)	(1,346)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(19)	(36)
1.6 Income taxes paid/refunded		(4)
1.7 Government grants and tax incentives		
1.8 Other - <i>GST, FBT, payroll tax, insurance proceeds</i>	(101)	(296)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,052</b>	<b>430</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(18)	(18)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(f) other non-current assets – <i>Product development capitalised</i>	(818)	(1,865)
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		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(836)</b>	<b>(1,883)</b>

<b>3. Cash flows from financing activities</b>		
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		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other – <i>Lease liability payment</i>	(57)	(114)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(57)</b>	<b>(114)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,225	4,951
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,052	430

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(836)	(1,883)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(57)	(114)
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,384</b>	<b>3,384</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,384	3,225
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>3,384</b>	<b>3,225</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	171
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.	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<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	768	0
7.2	Credit standby arrangements		
7.3	Other ( <i>secured term loan</i> )	317	0
7.4	<b>Total financing facilities</b>	1,085	0
7.5	<b>Unused financing facilities available at quarter end</b>		1,085
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\$467,836) with National Australia Bank secured by fixed & floating charge.		
	In revising previously issued loans, on 7 May 2021 the NAB granted a 5-year, low interest term loan of \$750,000 part secured by the Australian government to assist with funding of Beam's product development program. The available balance, which reduces each month, was \$316,841 as of the quarter end and can be drawn, if and when required.		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	1,052
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,384
8.3	Unused finance facilities available at quarter end (item 7.5)	1,085
8.4	Total available funding (item 8.2 + item 8.3)	4,469
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	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: .....30 January 2024.....

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.