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 Australian Securities Exchange Limited

QUARTERLY UPDATE: STRONG Q4 & LARGE INCREASE IN FY21 SALES

Highlights:

- Increase in net operating cash inflow to \$374,000 (+484% or +\$310,000 increase from Q3)
- Australian ZOLEO subscribers grew 132% in 4QFY21 over the previous quarter to ~1,300 with further strong growth expected
- Significant increase in gross FY21 revenue (vs FY20) expected
- Sales of ZOLEO continue to accelerate with record orders from JV and large expansion in retail network
- Increase in cash inflow offset by debt repayment and ongoing investment in ZOLEO and Iridium Certus® devices
- Total available cash (cash plus available debt) at June 30 of \$5.4m (3QFY21: \$5.2m)

Beam Communications Holdings Ltd (ASX: BCC, “Beam” or the “Company”) is pleased to provide its quarterly update, along with commentary on its Appendix 4C, for the three months to 30 June 2021.

Summary of cash position

The Company’s total cash position at the end of the quarter was \$5.4 million (3QFY21: \$5.2 million), which included \$3.7 million in cash holdings (3QFY21: \$4.5 million) and \$1.7 million in available, but undrawn, debt facilities.

Net operating cash inflow increased markedly to \$374,000, from \$64,000 in the previous quarter, due primarily to accelerating ZOLEO sales. The three months to June 2021 marked the seventh consecutive quarter of positive operating cashflows for Beam.

Growth in Customer Receipts (\$K)



Receipts from customers jumped by 14.8% over the same quarter in 2020 to just over \$4.8 million with Beam expecting to post a significant increase in Group revenue for FY21 over the previous financial year.

The increase in cash inflow in the latest quarter was offset by debt repayment and continued investment in the development of ZOLEO and upcoming Iridium Certus® devices.

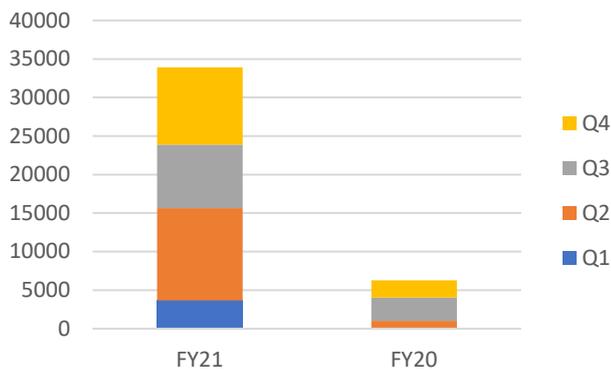
Operating activities

Beam’s primary business continues to be focused on the development and sales of innovative portable satellite communication devices globally.

The significant uplift in operating cash inflow in the quarter was driven by growing sales of ZOLEO, which includes units supplied to the ZOLEO Inc. joint venture, direct sales of the device from Beam to end users in Australia and the receipt of its first material monthly recurring royalty payment linked to subscription revenue from the JV, plus the underlying growth in the baseline business and SatPhone Shop.

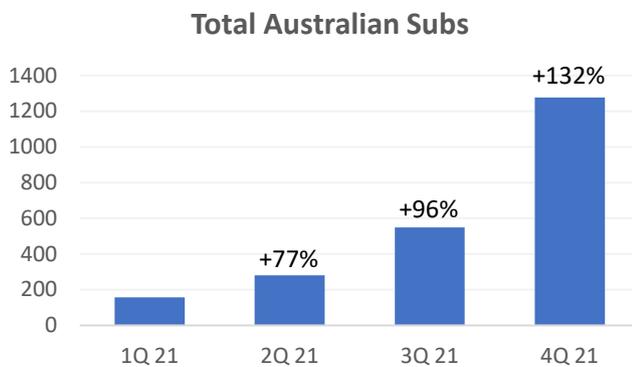
During the quarter, Beam received its largest order of 22,000 ZOLEO devices from the ZOLEO JV to support growth overseas and in Australia.

Number of ZOLEO units shipped and invoiced to JV



Total orders of ZOLEO Accelerating





After a slow start in 2020 that was marred by the movement restrictions occasioned by domestic COVID-19 outbreaks, ZOLEO subscriber growth in Australia accelerated in the latest quarter to around 1,300 subscribers – an increase of 132% over the March quarter.

On the back of this, in June Beam received its first meaningful monthly recurring royalty payment. Further strong growth is expected over the coming quarters as ZOLEO is only at the start of its growth phase in this market. The strict lockdowns that have been imposed on more than half of Australia's population should have a net negative, but temporary, impact on growth rates, but is insufficient to change the broader positive outlook.

Australia Post, the latest major distribution partner in Australia, will initially stock ZOLEO at around 100 regional and rural outlets across the country, with initial sites selected for their high sell-through rates. This takes the total number of physical store locations selling ZOLEO in Australia to 208 in the 18 months since its launch.

To date, Beam has received orders for 69,750 ZOLEO devices from the JV and has shipped 43,195 units to the end of the quarter. Beam does not sell the ZOLEO device to the JV at a loss to Beam. Further, the JV partners, Beam and Roadpost Inc., have not had to contribute additional capital to the JV for several months and Beam does not believe it will be required to for the rest of calendar 2021.

However, depending on future priorities and timing, the JV partners may need to contribute capital to fund expansion of the JV into other key markets (not including New Zealand, which only requires a modest investment), and Beam anticipates that it can fund its share of any required capital contributions from internal resources.

Other major events

Next week, Beam will launch ZOLEO into the New Zealand market, with Amazon ready to ship the device. Beam has commenced the appointment of independent dealers, with discussions underway with some major outdoor retailers. New Zealand is one of Beam's territories and it receives a 70% royalty from subscriptions for this market.

The JV remains on track to launch ZOLEO into select European markets by early next calendar year. Beam and Roadpost will share subscription revenues from EU countries equally.

Since 30 June, Beam has also received yet another significant order for the Iridium GO![®] devices on behalf of leading satellite services company Iridium Communications Inc. (NASDAQ: IRDM).

The first 5,000 units of this order, which is the largest ever received by Beam, is scheduled to be delivered in FY22 and the remainder in Q1 FY23. At that point, Beam would have manufactured 57,500 Iridium GO! units since its launch in 2014.

Investing and financing activities

During the June quarter, Beam received a second \$500,000 loan funding from National Australia Bank to assist with future development. Beam then repaid the combined debt principal outstanding of \$973,000 which can be redrawn at any time. The low-interest loans at 4.5% - are part of the federal government's COVID-19 relief program.

The Company also capitalised \$723,000 in product development costs relating to the new Iridium Certus[®] devices and ZOLEO product enhancements during the June quarter.

Yours faithfully,



Michael Capocchi
Managing Director

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About Beam Communications 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. 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. For more information, visit www.beamcommunications.com.



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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.