

25 July 2022

The Manager
 Market Announcements Platform
 Australian Securities Exchange Limited

ACTIVITIES REPORT AND APPENDIX 4C: QUARTERLY SALES RECEIPTS HIT RECORD HIGH AS ZOLEO ANZ SUBSCRIPTIONS ACCELERATE

Highlights:

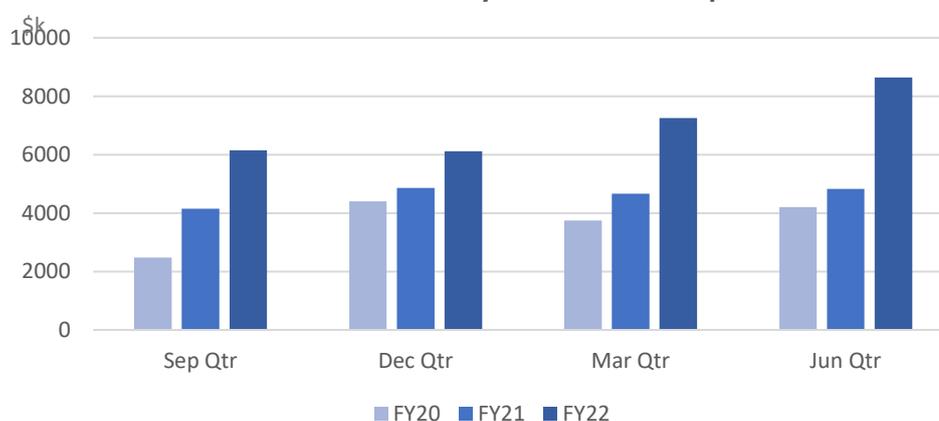
- **Strong finish to the June quarter (4QFY22) with customer receipts hitting a record \$8.7m, or +79% vs. the previous corresponding period (pcp)**
- **Beam recorded a positive operating cash flow of >\$0.5m despite delivery delays and a sizable prepayment of components to secure prices**
- **Continued growth across Beam’s businesses with SatPhone Shop sales doubling and Beam equipment (ex ZOLEO) sales up 58% quarter-on-quarter (QoQ)**
- **ZOLEO ANZ sub growth accelerating by 46% QoQ in June quarter to 3,700+ (vs. 26% in 3QFY22)**
- **Robust balance sheet with total available funds (cash plus unused and available debt) of \$7.2m**
- **Positive earnings outlook with momentum in 4QFY22 extending into FY23**

Beam Communications Holdings Ltd (ASX: BCC, “Beam” or the “Company”) is pleased to provide its quarterly update and commentary on its Appendix 4C for the three months to 30 June 2022.

Summary of cash position

Beam recorded a 79% jump in quarterly customer receipts vs. the previous corresponding period (pcp) to a record \$8.7 million and posted a positive operating cash flow of \$508,900 despite having to prepay for components to secure prices and supply in this volatile environment.

Growth in Quarterly Customer Receipts



The Company has a robust cash position with total available funds of \$7.2 million, which is made up of \$5.8 million in cash and \$1.4 million in available but undrawn debt.

The cash position of \$5.8 million at the end of the period (vs. \$6.2 million in the previous quarter) is primarily due to the capitalisation of development costs for the new Iridium Certus® device (which is backed by a binding US\$12 million order from Iridium) and ZOLEO.

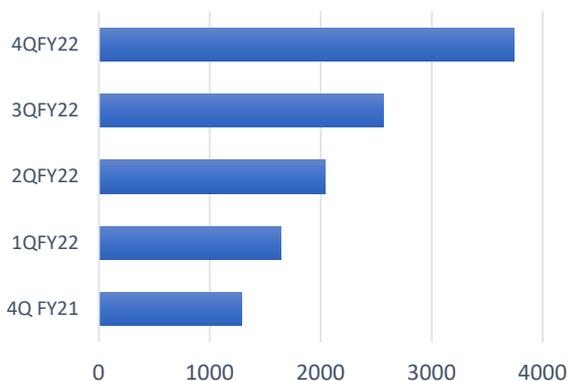
Operating activities

The increase in customer receipts was driven by ongoing global demand for Beam’s innovative devices. This demand is demonstrated through Beam’s wholly owned SatPhone Shop business, which is Telstra’s largest satellite dealer, where sales more than doubled (+111%) in the June quarter compared to the March quarter.

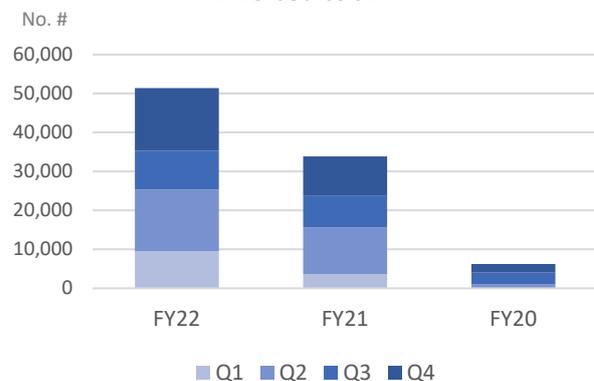
Additionally, ZOLEO’s net subscriber growth in Australia and New Zealand accelerated strongly in the latest quarter to 3,739, or 46% ahead quarter-on-quarter (QoQ) and 191% above the pcp.

Further, the number of ZOLEO devices shipped and invoiced by Beam to the joint venture during the June quarter increased by 50% QoQ to 16,072 units. This takes the total number of devices Beam had delivered to the JV since ZOLEO’s launch in early 2021 to over 91,000 units.

Growth in ANZ Subs Accelerating



Number of ZOLEO units shipped and invoiced to JV



Demand for ZOLEO continues to grow at a time when supply is struggling to keep up with demand. Supply is constrained by the ongoing disruptions to global supply chains that is afflicting the whole industry.

This means Beam may not be able to deliver all shipments of ZOLEO to the original timeframe in FY23, although the potential delays will only have a minimal impact on Beam’s financial performance as the bottleneck will not have a material impact on Beam’s territories, and Beam is expecting this situation to improve over the course of the next 12-months.

Nonetheless, the outlook for ZOLEO has never been brighter, particularly following the launch of the multi-award-winning solution into the UK and European markets in May and the continued growth in Australia as represented in the latest subscriber numbers.

Sales of Beam's other equipment have also grown strongly in the latest quarter. Excluding ZOLEO, sales of these devices, including Iridium GO! and satellite terminals and docks, increased by 58% in the June quarter compared to the previous quarter.

The largest outflow of cash from operating activities are product manufacturing and operating costs of \$6.2 million, which largely relate to the prepayment of components to buffer against supply chain disruptions, and staff costs of \$1.3 million.

Investing and financing activities

During the June quarter, Beam capitalised \$926,000 in product development costs relating to the new Iridium Certus[®] devices and ZOLEO product enhancements.

There was no cash movement for financing activities during the period and the Company did not receive any research and development grants from the federal government during the 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. 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 2022

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	8,647	28,176
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(6,215)	(20,728)
(c) advertising and marketing	(103)	(507)
(d) leased assets	(58)	(240)
(e) staff costs	(1,275)	(5,451)
(f) administration and corporate costs	(363)	(988)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(20)	(68)
1.6 Income taxes paid/refunded		104
1.7 Government grants and tax incentives		
1.8 Other (provide details if material - GST and FBT)	(104)	(228)
1.9 Net cash from / (used in) operating activities	509	71
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(20)	(54)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(f) other non-current assets – <i>product development capitalised</i>	(926)	(3,035)
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 (provide details if material) – R&D grant		712
2.6 Net cash from / (used in) investing activities	(946)	(2,377)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		5,000
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		3
3.4 Transaction costs related to issues of equity securities or convertible debt securities		(285)
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 (provide details if material) – JV net funding		(346)
3.10 Net cash from / (used in) financing activities	-	4,372

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	6,212	3,707
4.2	Net cash from / (used in) operating activities (item 1.9 above)	509	71
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(946)	(2,377)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		4,372
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	5,775	5,775

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	5,775	6,212
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)	5,775	6,212

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	186
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, bonus payment, 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	765	0
7.2 Credit standby arrangements		
7.3 Other (<i>secured term loan</i>)	666	0
7.4 Total financing facilities	1,431	0
7.5 Unused financing facilities available at quarter end		1,431
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\$464,509) 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, \$665,979 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)	509
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,775
8.3 Unused finance facilities available at quarter end (item 7.5)	1,431
8.4 Total available funding (item 8.2 + item 8.3)	7,206
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:25 July 2022.....

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.