

24 October 2022

The Manager
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Australian Securities Exchange Limited

ACTIVITIES REPORT AND APPENDIX 4C: ON TRACK TO DELIVER STRONGER EARNINGS IN FY23

Highlights:

- Continued strong sales growth across all of Beam's key products in the quarter
- Beam on track to deliver improved margins and EBITDA of >\$2.1m for FY23 (+40% vs. FY22)
- Customer receipts up 5.6% pcp to \$6.5m while Group sales hit ~\$8m in 1QFY23
- Beam Equipment sales (ex ZOLEO) jumps 251% and SatPhone Shop revenue gains 70% in quarter vs. pcp
- ZOLEO ANZ subs up 165% pcp to 4,337 and annualised royalty payments up 11% over 4QFY22 to \$760k
- Beam sufficiently resourced to execute its growth plans with total available funds of \$4.9m
- Use of funds consistent with objectives outlined in Nov 2021 capital raise

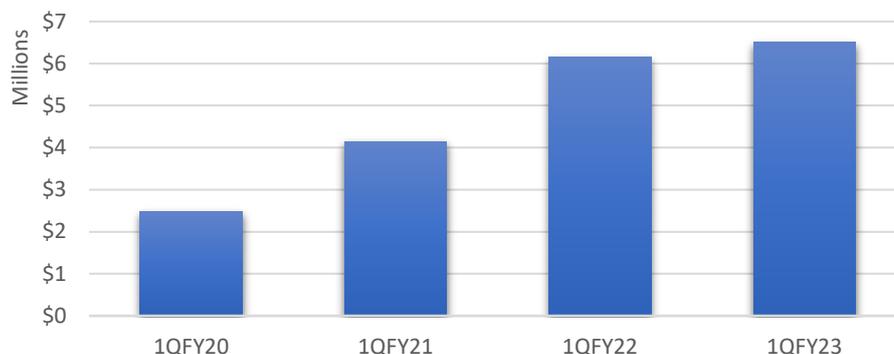
Beam Communications Holdings Ltd (ASX: BCC, "Beam" or the "Company") is pleased to provide its quarterly update and commentary on its Appendix 4C for the three months to 30 September 2022.

Beam confirms that it is on track to deliver materially stronger earnings and margins in the current financial year.

Summary of cash position

Beam recorded a 5.6% increase in quarterly receipts from customers to \$6.5 million vs. the previous corresponding period (pcp). The Company recorded a net operating cash outflow of \$1.5 reflecting the investment in working capital to satisfy the growing order book for existing and new products, notwithstanding the revenue of \$8 million that was booked in the September quarter.

September Quarter Customer Receipts



The Company's total available funds at the end of the quarter are \$4.9 million, which is made up of \$3.1 million in cash and \$1.8 million in available but undrawn debt. Beam believes it is well resourced to execute on its growth agenda outlined in previous announcements (aside from potential material M&A opportunities) and that its cash position will steadily improve over the course of the year as the working capital investment cycles back to cash.

Importantly, management notes that the Company's use of funds is 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 (which Beam has subsequently secured a US\$12 million contract for) and the development of the ZOLEO API (launch is imminent).

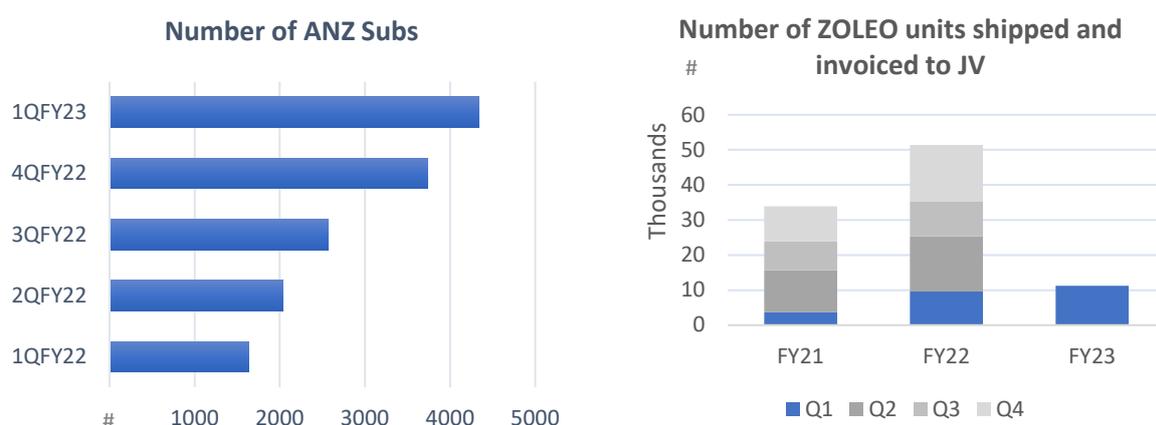
Operating activities

Following the positive trading conditions in the quarter, Beam is well placed to deliver an FY23 earnings before interest, tax, depreciation and amortisation (EBITDA) in excess of \$2.1 million, which is 40% above the previous year, and stronger margins, as highlighted in our August results release.

Of note, around \$3 million worth of prepayments linked to the new Iridium Certus® device will revert to cash in the coming quarters. Beam commenced shipping this next-gen device to Iridium in the quarter.

The Company's wholly owned SatPhone Shop (SPS) business, which is Telstra's largest satellite dealer, recorded a 70.4% pcp increase in sales in 1QFY23, while sales of Beam Equipment (excluding ZOLEO) jumped 251% pcp.

Meanwhile, ZOLEO subscriber numbers continue to grow. ZOLEO's net subscriber growth in Australia and New Zealand was recorded at 165% pcp, or 16% Quarter-on-Quarter (QoQ), to 4,337 as the September quarter is traditionally a weaker sales period for consumer satellite devices. The annualised royalty payment to Beam increased by 11% QoQ to \$760,000.



The number of ZOLEO devices shipped and invoiced by Beam to the joint venture during the quarter increased by 17.5% pcp to 11,228 units. This takes the total number of devices Beam had delivered to the JV since ZOLEO's launch in early 2021 to around 103,000 units.

Beam's delivery schedule for ZOLEO extends through to 2024, with currently over 60,000 in open orders of the ZOLEO device. As lead times for orders is anticipated to improve from mid-2023, the joint venture will not need to put in new orders for the device until next year.

Additionally, the rebound in demand for ZOLEO in Australia and New Zealand post the pandemic has been more tentative than initially anticipated. Beam was initially aiming to secure 15,000 ANZ subscribers by the end of FY23, and this is now more likely to be achieved in late FY24.

Nonetheless, given the momentum in other products, Beam's FY23 earnings outlook is not dependant on reaching the ZOLEO subscriber target within the original timeframe. Other products and general momentum will more than compensate based on the current order book and outlook.

The largest outflow of cash from operating activities are product manufacturing and operating costs of \$5.9 million, which largely relate to the prepayment of components to buffer against supply chain disruptions, and staff costs of \$1.5 million.

Investing and financing activities

Beam continues to invest for growth. During the June quarter, Beam capitalised \$960,000 in product development costs relating to the new Iridium Certus[®] devices and ZOLEO product enhancements.

There was also a \$220,000 outflow from financing activities with \$162,000 of this related to a partial repayment of the interest free loan from Roadpost Inc. All repayments linked to this loan is completely at the discretion of Beam.

Yours faithfully,



Michael Capocchi
Managing Director

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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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,500	6,500
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(5,933)	(5,933)
(c) advertising and marketing	(117)	(117)
(d) leased items	(7)	(7)
(e) staff costs	(1,528)	(1,528)
(f) administration and corporate costs	(304)	(304)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(20)	(20)
1.6 Income taxes paid/refunded		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material - <i>GST and FBT</i>)	(60)	(60)
1.9 Net cash from / (used in) operating activities	(1,467)	(1,467)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(14)	(14)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(f) other non-current assets – <i>product development capitalised</i>	(960)	(960)
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)		
2.6 Net cash from / (used in) investing activities	(974)	(974)

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		
3.7 Transaction costs related to loans and borrowings	(162)	(162)
3.8 Dividends paid		
3.9 Other (provide details if material) – Lease liability payment	(58)	(58)
3.10 Net cash from / (used in) financing activities	(220)	(220)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	5,775	5,775
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,467)	(1,467)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(974)	(974)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(220)	(220)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,113	3,113

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	3,113	5,775
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)	3,113	5,775

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, 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	792	0
7.2 Credit standby arrangements		
7.3 Other (secured term loan)	597	0
7.4 Total financing facilities	1,747	0
7.5 Unused financing facilities available at quarter end		1,747
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\$492,156) 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, \$596,872 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)	(1,467)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,113
8.3 Unused finance facilities available at quarter end (item 7.5)	1,747
8.4 Total available funding (item 8.2 + item 8.3)	4,860
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3
<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:24 October 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.