

30 August 2021

The Manager
Market Announcements Platform
Australian Securities Exchange Limited

BEAM DELIVERS RECORD REVENUE AND PROFIT BEFORE TAX

Highlights:

- **Full-year ordinary revenue increased 24% to record \$18.5m as total revenue also hits all-time high**
- **Turnaround in profit before tax to a record high of \$781K**
- **Significant increase in ZOLEO hardware sales and growth in key parts of Beam's legacy business contributed to revenue uplift in FY21**
- **Positive outlook for the Group with further revenue and earnings growth expected in FY22**
- **Iridium GO! orders hit 57K since launch**
- **SatPhone Shop online business experiences 28% growth**

Beam Communications Holdings Ltd (ASX: BCC) is delighted to announce that for the 2021 financial year ended on 30 June 2021, it has posted record full year revenues and profit before tax (**PBT**) as the Company enjoyed strong growth in its underlying business, particularly for ZOLEO.

Revenue from ordinary activities for the 12 months to 30 June 2021 jumped 24% over FY2020 to \$18.5 million while PBT increased to \$780,477, compared to a loss of \$1.5 million from the prior corresponding period.

Total revenue for the year also hit an all-time high of \$19.5 million, which is 16% above that enjoyed in FY2020.

Beam recorded growth in most areas of its business, although hardware sales of ZOLEO were the standout. Negligible amounts of subscription revenues from ZOLEO were reflected in the Company's FY2021 accounts, but the current financial year should see those figures grow significantly.

As highlighted in previous announcements, Beam sells the ZOLEO device on a slim margin to encourage consumer adoption, as subscriptions are both the key profit driver for the product, but also most appreciated by existing and prospective investors when making valuation assessments.

The Group reported earnings before interest, tax, depreciation and amortisation (**EBITDA**) of \$2 million in FY2021 compared to a figure over \$3 million the year before.

Beam's FY2021 EBITDA would be ahead of that seen in FY20 if not for the fact that in the previous financial year Beam received a substantially larger Research and Development grant payment from the Australian Government, reflective of the considerable investment Beam has made in its product

suite; and if the Group did not invest additional resources in FY2021 to support the sharp ramp-up in sales of ZOLEO.

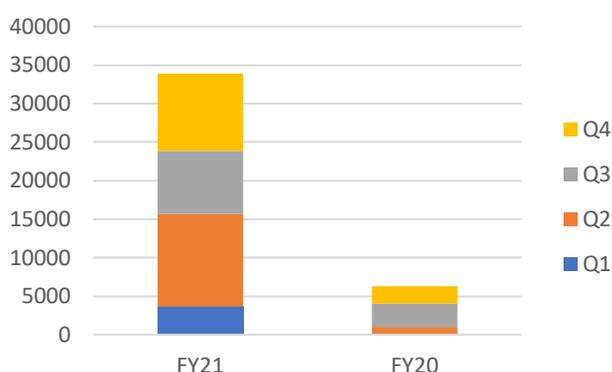
Importantly, EBITDA margins are expected to improve materially as higher subscription revenues start to be reflected in Beam’s accounts from FY2022 onwards. Subscription revenues are high margin, recurring and passively received.

While sales of devices contributed positively to Beam’s profits, the significant turnaround in PBT in the last financial year was largely driven by lower depreciation and amortisation charges. The PBT for FY2020 also included a one-off write-down.

Large increase in ZOLEO sales

Beam invoiced 33,919 ZOLEO devices in FY2021, which represented a more than five-fold increase over the previous year, as demand in North America and Australia accelerated. Sales of ZOLEO are the primary driver behind Beam’s record revenue results and demand for the device is driven by both increasing consumer awareness and significant growth in the ZOLEO retail network in Australia and North America.

Number of ZOLEO units shipped and invoiced to JV

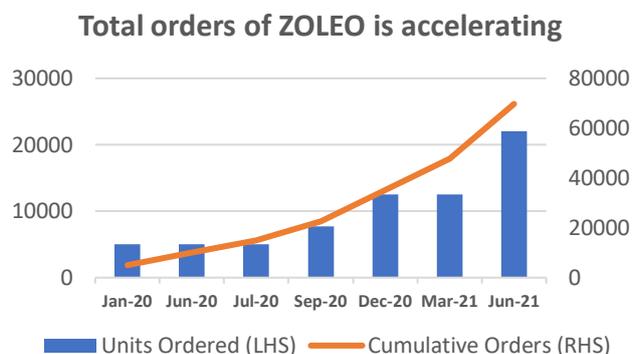
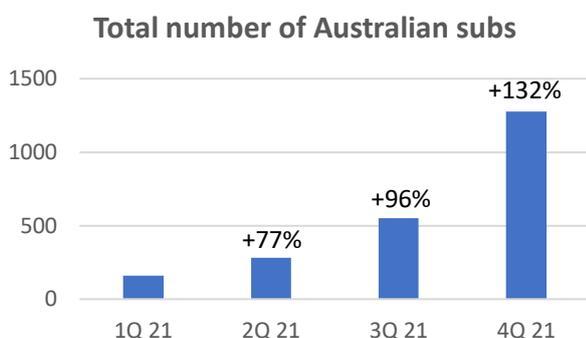


Number of Aussie retailers and stores selling ZOLEO



The latest major Australian retailer to commence selling ZOLEO in the last financial year is Australia Post Group. The device is initially sold at around 100 Australia Post outlets in regional areas, which brings the total number of retail locations stocking ZOLEO to just over 200 at June 30, 2021, compared with 16 at the same time the year before. The ZOLEO retail network will continue to grow. This is on top of major online retailers selling ZOLEO, which includes Amazon.com, eBay, Kogan.com and Wesfarmers’ Catch Group.

Importantly, the number of Australian ZOLEO subscribers also grew significantly to around 1,300 by the end of FY2021 and the Australian average revenue per user (ARPU) continued to hover at around \$45 a month.



Due to the lag effect for subscription revenues to build, Beam will only benefit from the growth in the subscriber base for its territories in FY2021 in the current financial year.

Beam collects 70% of the gross margin from subscriptions in its territories (Australia, New Zealand, China and Japan). The balance is retained by the ZOLEO Inc. joint venture, which is equally owned by Beam and Roadpost Inc.

Beam's 50%-owned joint venture (JV), ZOLEO Inc., recorded a 514% jump in revenue to \$13.5 million for the year ended 30 June, 2021, compared to the previous year. The revenue reflects device sales, activation fees paid by end users and recurring subscription revenues from monthly service plans.

The profit margins on subscriptions will increase as the subscriber base grows due to operating leverage.

Other FY2021 highlights

Beam's wholly-owned subsidiary and the largest Telstra satellite equipment provider, SatPhone Shop, also contributed to the positive results with sales jumping 27.5% over the previous year. The growth was particularly pronounced in the last quarter of FY2021 due to orders from medium-sized business customers and semi-government entities.

Sales of ZOLEO through SatPhone Shop provided another tailwind for the division. SatPhone Shop, like other retailers, pocket a decent margin on sales of ZOLEO.

Meanwhile, sales of Beam's other equipment (apart from ZOLEO) were consistently strong compared to the previous financial year. The Company received its eighth order for 5000 Iridium GO! devices from its long-standing partner and leading satellite services company Iridium Communications Inc (NASDAQ: IRDM).

Beam continued to receive orders for the portable satellite hotspot post June 30, 2021, which takes the total number of Iridium GO! units ordered from Beam to 57,500 since its launch in 2014.

While sales of Beam-branded equipment (such as fixed terminals, docking units, handsets and accessories) fell 10% in FY2021, this was still better than expected given the global impacts of COVID-19 on the enterprise and government sectors, specifically in maritime applications.

Outlook for FY2022

Notwithstanding the ongoing impact of the COVID-19 pandemic on Beam's operations and the global economy, the Company believes it can continue to deliver material revenue and profit growth in the current financial year.

There are a few reasons for the positive outlook. Principally, ongoing growth of in ZOLEO sales, activations and subscriptions, both within existing territories and with the unique solution launching into new markets, will augment the Group's performance in the current financial year.

ZOLEO is on track to enter the United Kingdom and select European markets early in the new year, while ZOLEO has been available in the New Zealand market since early August.

Beam and its JV partner Roadpost Inc. will share the gross margin from subscriptions in the UK and Europe equally, while Beam gets receives 70% of the gross margin from its territories, which include Australia, New Zealand, China and Japan.

Further, Beam is developing the next-generation of Iridium satellite devices called Iridium Certus®, which are capable of faster data speeds. The development and launch of these new devices are significant given the persistent popularity of its Iridium GO! device over the past seven years and the fact that Beam may have the opportunity to introduce value-added services offering, a new stream of recurring income.

SatPhone Shop is also positioned to contribute positively to Beam's growth in FY2022. The growth momentum it experienced in the previous financial year, particularly in the fourth quarter, has persisted into the current financial year.

Meanwhile, Beam continues to receive orders for the Iridium GO! device. The Company was given its largest order to date for 7,500 units from Iridium in July and Beam is anticipating ongoing orders for Iridium GO! even after the launch of new Certus® devices.



Beam Communications Holdings Limited
ABN 39 010 568 804

5/8 Anzed Court, Mulgrave,
Victoria, Australia 3170

T +61 3 8561 4200
F +61 3 9560 9055

investor@beamcommunications.com
www.beamcommunications.com

The Board, management and staff of Beam thank its shareholders, partners and supporters for aiding its strong performance in a challenging period. The results delivered today, and those the Company expects to produce in the future, will reward that support.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Michael Capocchi".

Michael Capocchi
Managing Director

For media and investor enquiries please contact:
Brendon Lau
e: brendon@vantagepointpartners.com.au
m: 0409 341 613

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.

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.