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The Manager  
Market Announcements Platform  
Australian Securities Exchange Limited

**BEAM DELIVERS RECORD REVENUE  
WITH GROWTH SET TO ACCELERATE FURTHER IN FY23**

**Highlights:**

- **Revenue jumps 28% to record high of \$23.7 million as EBITDA of \$1.5 million comes in ahead of guidance despite delayed shipments and supply chain disruptions**
- **All of Beam's key business units recorded growth, particularly ZOLEO with deliveries of the device increasing 52% over FY21**
- **ZOLEO royalty payments are building strongly with an annualised run rate of \$700k-\$800k and growing, which will have material positive impact on FY23 Group EBITDA**
- **SatPhone Shop and Beam Equipment businesses recorded double-digit growth due to strong demand for Beam's solutions, which is anticipated to persist**
- **Materially stronger result expected in FY23 EBITDA and profit margin forecast to be significantly above FY22 due to multiple tailwinds (e.g., growing ZOLEO royalty payments, US\$12m Iridium Certus<sup>®</sup> contract, continued demand for SatComms and easing macro headwinds)**

**Beam Communications Holdings Ltd** (ASX: BCC) is pleased to announce record full-year revenue as earnings before interest, tax, depreciation and amortisation (EBITDA) exceeded guidance for the 12 months to 30 June 2022 (FY22).

Group revenue increased 27.9% over the previous year to an all-time high of \$23.7 million and EBITDA declined by around a quarter to \$1.5 million (FY21: \$2m) but was significantly above the circa \$1 million that the Company guided for in early June.

Revenue growth was also above forecast of circa 24% with strong sales in the closing weeks of the financial year and rigorous cost control helping to deliver the better-than-expected results.

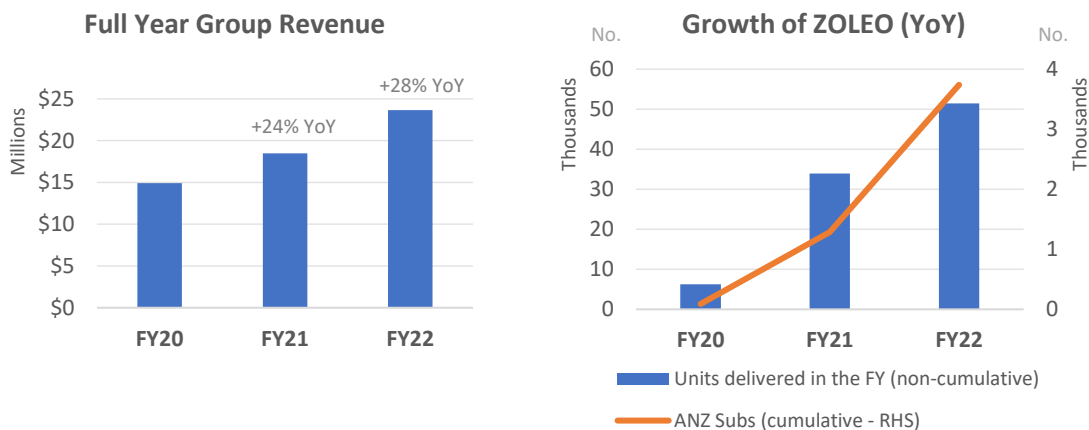
Beam's FY22 results are pleasing given some of the headwinds buffeting the business over the past year that are outside of management's direct control. The results would have been materially stronger if not for rising input prices, components shortages from global supply chain issues and the one-month delay in the delivery of a few shipments of devices from late in Q4.

Importantly, Beam's FY23 outlook is looking particularly bright as these headwinds abate and as the Group benefits from further growth across key parts of its business, as detailed below.

Beam posted a modest after tax loss of \$176,805 and held a healthy cash balance of \$5.8 million, with a further \$1.4 million in available but undrawn debt.

### Growth drivers and changes in sales mix for FY22

All of Beam's key business units contributed to its record revenue, particularly ZOLEO as Beam shipped and invoiced over 50,000 units of this multi-award winning seamless global satellite communicator in FY22, or 52% more than what it delivered in FY21.



Further, the royalty payments from ZOLEO to Beam is steadily building, especially in more recent months as growth in Australian and New Zealand (ANZ) subscribers accelerated. Beam receives 70% of the gross margin from subscriptions coming from its territories. While the royalty payment is relatively modest in FY22, the annualised run rate of these payments (as of 30 June 2022) stands around \$700,000 to \$800,000 and growing.

Royalty payments are high margin, and in the context of Beam's current and historical EBITDA and pre-tax profit, the payments are set to become material to the Group from FY23 onwards from both an earnings and margin perspective.

Meanwhile, Beam's wholly owned subsidiary and Telstra's largest satellite dealer, SatPhone Shop, also recorded growth in FY22 with sales expanding 23% year-on-year (YoY). The business benefitted from increased demand for satellite equipment from small to medium sized business and government clients, while the easing of lockdowns in New South Wales and Victoria also helped.

The sale of Beam Equipment (excluding ZOLEO) increased by 15% YoY along with the overall demand for mobile satellite devices globally.

Having said that, the growth rate for both the SPS and Beam Equipment businesses have been negatively impacted by high inflationary pressure, supply chain disruptions and the delayed shipments mentioned above.

Further, the demand for some of Beam's products has exceeded the Company's ability to supply the market in the short-term.

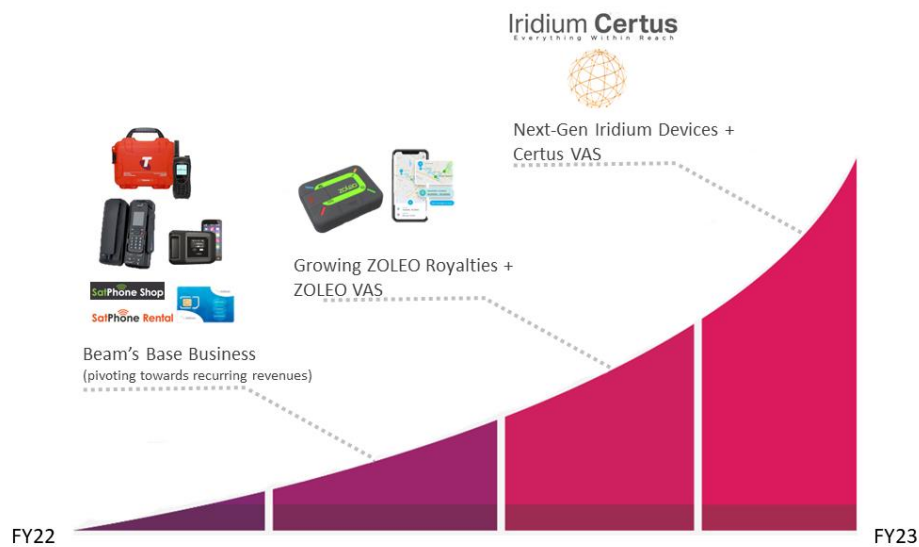
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The headwinds faced by these two businesses and the robust growth of low-margin ZOLEO device deliveries in FY22 changed the Group's sales mix. This explains why Beam's margins are lower than its historical average, although management believes Group margins have troughed and will rebound in the current financial year, as detailed below.

### Outlook

The growth momentum Beam experienced in the previous financial year is expected to accelerate in FY23 and it believes that Group EBITDA for the current financial year will rebound strongly to be materially in excess of the \$2.1 million it delivered in FY21, or more than 40% above FY22's figure.

### Expected Step-Change in Earnings with New Products & Services



Pleasingly, the earnings drivers for this growth are anticipated to come from all key business units across the Group. These drivers include:

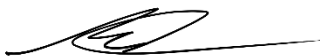
- **ZOLEO Royalty Payments:** The pick-up in the growth rate of ZOLEO ANZ subscribers in 4QFY22 is carrying through into FY23 and that bodes well for Beam's royalty payments, which are expected to make a material contribution to Group EBITDA this financial year. The royalty is high margin due to the relatively few expenses attached to this income stream.
- **Successful Launch of ZOLEO into Europe:** Beam and its joint-venture partner, Roadpost Inc, launched ZOLEO in the UK, Norway, Finland, Sweden and Denmark in May this year with more countries in Europe targeted for later this calendar year. Beam and Roadpost will share all profits from these markets equally.
- **Appointment of Major UK Distributor:** ZOLEO Inc. recently signed a distribution agreement with Dalesman International, which is a leading outdoor equipment distributor in the United Kingdom. Dalesman was founded in 1960 and it supplies products to almost all the major retailers in the country. Some of the other key brands that Dalesman distributes include

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Garmin, Gerber Knives and Tools, iProtec Lighting, UCO candle lanterns and Powertraveller, among others.

- **Iridium Certus<sup>®</sup>:** Beam secured a minimum US\$12 million (~\$17 million) five-year binding contract to develop and supply a new generation mobile device to Iridium, which will be launched this calendar year. Looking at the past experience with Iridium GO! (with a contracted minimum commitment for 5,000 units, Beam has sold 62,500 units to date and growing), Beam believes this contract will be worth materially more than its minimum value. Beam makes a good margin on this device, which is in line with the equipment it has developed in the past before ZOLEO.
- **Ongoing Orders for Iridium GO!:** Beam is expecting further orders from Iridium for the Iridium GO! hotspot as the Iridium Certus<sup>®</sup> device is not a replacement for Iridium GO!. In fact, Beam believes there is a few more years of life left in the hotspot device as it is not unusual for the lifecycle of satellite equipment to last >10 years.
- **New Value-Added Services (VAS):** Beam is in an advanced stage of negotiations with Iridium that will allow Beam to develop and offer VAS on the Iridium Certus<sup>®</sup> device in FY23. These services will generate an additional source of recurring revenue for Beam that is separate from ZOLEO. Beam will provide further updates if and when the negotiations reach a sufficiently advanced stage.
- **Easing Inflation and Bottlenecks:** There are early signs that pricing pressures and supply chain disruptions are easing. If these positive trends continue, they will provide an additional tailwind to Group sales and margins in the current financial year.
- **Outlook for Personal SatCom Devices:** The latest quarterly earnings results from NASDAQ-listed Iridium Communications Inc highlighted the robust demand outlook for personal satellite communication devices. Iridium's Chief Executive Officer, Matt Desch, said that Iridium "continued to ride on a wave of demand" for such devices in the June 2022 quarter and Beam is well placed to capitalise on this global trend.

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](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).

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