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The Manager
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BEAM RECORDS DOUBLE-DIGIT GROWTH IN FIRST HALF REVENUE AND PROFITS

Highlights:

- **Beam recorded a 25.8% increase in first half revenue to \$9m as accelerating sales of ZOLEO and other Beam devices more than offset the impact of COVID-19**
- **Interim operating profit jumped 21.7% to \$481k and net profit lifted 14.6% to \$184k, driven by organic growth in Beam's core business**
- **Cash holdings increased to \$4.4m (1HFY20: \$1.6m) due to capital raising and positive operating cash flow**
- **Recreational Equipment, Inc. (REI) is the latest major US retailer to start selling ZOLEO**
- **Positive start to trading in 2HFY21 bodes well for near- and long-term outlook**
- **Multiple growth drivers over the next year and beyond:**
 - **Launch of ZOLEO in new countries,**
 - **Develop enterprise/government market for ZOLEO,**
 - **New major retail partnerships in Australia and North America,**
 - **Additional ongoing Iridium GO! orders,**
 - **Launch of new Iridium Certus[®] devices, and**
 - **Further growth in SatPhone Shop and Beam-branded equipment sales**

Beam Communications Holdings Ltd (ASX: BCC, "Beam" or the "Company") is pleased to provide the following update on its first half FY2021 profit results, covering the six months to 31 December 2020.

Interim group revenue jumped 25.8% to \$8.95 million, which does not include recurring revenue and activation charges from ZOLEO subscribers as these are recognised by the joint venture entity, while operating profit increased by 21.7% to \$480,769 and net profit after tax rose 14.6% to \$183,960 compared to the prior corresponding period in FY20.

The improved results were achieved in the face of the severe global recession triggered by COVID-19 and the reaction of consumers and regulators to coronavirus. Pleasingly, increasing demand for ZOLEO and organic growth in other parts of the business have more than offset the negative impact from this pandemic.

Beam also recorded a positive operating cashflow for the first half of \$389,352 as its cash position increased to \$4.4 million following its successful capital raising concluded in December 2020. The Company recorded a cash holding of \$1.6 million as at 31 December 2019.

Result highlights

The Beam designed and developed ZOLEO seamless global communications solution is gaining international recognition, as it won its fourth major industry award. It was selected out of 189 entrants in January 2021 to be the “Product of the Year” by North America’s largest tradeshow organiser for the outdoor industry, Outdoor Retailer.

Other major awards that ZOLEO has received within the short time it has been in the market include the ABA100 (Australian Business Awards 2020) for New Product Innovation, Communications Alliance ACOMM 2020 award in the Innovation (SME) category and the Mobile Satellite Users Association (MSUA) “Top Mobility User Experience Innovation” Award for 2020.

Recreational Equipment, Inc. (**REI**) became the latest major US retailer to sell ZOLEO. The REI group has over 13,000 employees, servicing the needs of active consumers from 168 locations in 39 states.

REI joins other major chains in North America and Australia to carry the device, including Bass Pro Shops/Cabela’s, MEC, London Drugs and Anaconda Group. Beam also has retail partnerships with leading online retailers Kogan.com Ltd and Wesfarmers Ltd’s Catch.com.au, in addition to Amazon.com and eBay.

Another contributor to Beam’s strong first-half performance was the ongoing repeat orders for Iridium GO! from its long-standing partner, Iridium Communications Inc (NASDAQ: IRDM). Beam received its eighth order for the portable satellite hotspot device from Iridium at the end of September 2020, which will take the total number built and shipped of the Beam-developed device to 50,000 units.

Beam’s wholly-owned subsidiary, SatPhone Shop, also performed resiliently through the COVID crisis with sales decreasing modestly by 4.4% to \$653,000 in 1HFY2021 compared to the prior corresponding period. Given the extent of lockdowns in Australia and especially Victoria, which is a rich source of custom and active travellers, this is considered an excellent result. SatPhone Shop is Telstra’s largest satellite equipment dealer.

Strong cost control, a temporary 20% wage reduction for all employees during the height of the COVID-19 crisis and a significantly smaller loss than anticipated from the ZOLEO JV entity also helped lift Group profits during the period.

Outlook

While the global pandemic has made forecasting particularly challenging, the positive start to the second half of FY2021 and the multiple growth avenues for Beam bodes well for its near- and long-term outlook.

Social distancing and limited international travel have led to a marked increase in people exploring the great outdoors, and this trend is expected to support demand for Beam’s innovative solutions.

The disruption caused by COVID has also done little to impact on Beam's diversified supply chains and management is confident that Beam can continue to meet domestic and international orders through its manufacturing partnerships in China and Malaysia.

Meanwhile, the strong growth momentum from ZOLEO is expected to continue to accelerate. The multiple awards that ZOLEO has garnered have attracted the interest of new potential retail partners. Beam anticipates it will add other major retailers in North America and Australia to its channel in the near-term.

The ZOLEO JV is advancing plans to expand ZOLEO's distribution into other key strategic global markets in FY2022, given the device's international uses and appeal, with the joint venture entity having commenced development of the infrastructure, systems and taxation structures required to precede expansion into new countries.

Further, in the next 6-12 months Beam will target, access and benefit from the government and enterprise markets for ZOLEO due to its relevance to emergency services and lone worker applications.

New orders for Iridium GO! are also expected before the end of FY2021. Orders for Iridium GO! have averaged around 7,000 units per annum over the past few years and trends indicate a rise in those figures is likely. Iridium GO! will continue to be of strategic importance to Iridium as it is complementary to the new Iridium Certus[®] terminals being developed.

While ZOLEO and Iridium GO! provide the largest single product contributions to Group revenue, Beam anticipates organic growth in the other parts of its business – namely SatPhone Shop and its Beam-branded Inmarsat and Iridium terminals and accessories, as trading has recovered well from the COVID interruptions and anxiety.

Another future growth driver for Beam is the launch of Certus[®] devices. Certus[®] is the next-generation of Iridium satellite products with data speeds that are more than 35 times faster than the current generation of devices, including Iridium GO!.

Beam was chosen as one of a select few strategic global partners to be part of the Certus[®] beta program, which gives Beam a head start in launching new products using the upgraded Iridium Certus[®] transceiver.

Beam's board and senior management look forward to updating existing and prospective investors as further key milestones are achieved.

Yours faithfully,



Michael Capocchi
Managing Director

For media and investor enquiries please contact:

Brendon Lau

e: brendon.lau@beamcommunications.com

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.