

T +61 3 8561 4200 F +61 3 9560 9055 investor@beamcommunications.com www.beamcommunications.com

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The Manager Market Announcements Platform Australian Securities Exchange Limited

## DECEMBER QUARTER SALES INCREASED 52% on PCP WITH BEAM SET TO POST IMPROVED 1HFY22 RESULTS

Highlights:

- Total sales in December quarter jumped by 52% pcp to \$6.8m with Beam on track to deliver improved 1HFY22 results vs. pcp
- Continued strong growth in ZOLEO ANZ subscribers (+627% vs. pcp and +24% vs. previous quarter) to >2K
- SatPhone Shop and Beam's Core Business sales (ex ZOLEO) increased 52% and 73% pcp, respectively
- Shipment of Iridium GO! devices also increased by 43% vs. 1QFY22 to 2,419 units
- Strong balance sheet with cash holdings increasing by 65% to \$8.4m in 2QFY22 vs. 1QFY22
- Positive outlook as COVID disruptions expected to wane further and as Autobarn becomes latest major retailer to offer ZOLEO
- Beam is close to signing on other key distributors in the government/enterprise space

**Beam Communications Holdings Ltd** (ASX: BCC, "Beam" or the "Company") is pleased to provide its quarterly update, along with commentary on its Appendix 4C, for the three months to 31 December 2021.

## Summary of cash position

The Company's total cash position at the end of the quarter was \$8.4 million, a 64.7% increase over that held at the end of the previous quarter, following its successful \$5 million new share placement in November last year.

This took Beam's total available funding as at 31 December 2021 to \$9.8 million, which included the Company's cash holdings and the \$1.4 million in available, but undrawn, debt facilities.

## **Operating activities**

Beam's primary business remains focused on the development and sales of innovative portable satellite communication devices globally.

Total group sales in the quarter jumped by 52% over the previous corresponding period (**pcp**) to \$6.8million, with all of Beam's divisions contributing to the improved result. This puts Beam in a strong position to post an increase in 1HFY2022 revenue when it reports its interim results next month.

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# Quarterly Sales Growth (PCP)

While Beam recorded an operating cash outflow of \$0.3 million for the period, this was largely due to a significant growth in orders for Beam's innovative devices that led to an increase in working capital tied to increased volumes, which will convert to cash in the current quarter.

Nonetheless, customer receipts in the December 2021 quarter grew 25.7% over the pcp despite the timing differences between expenses and receipts that are part of normal business cycles.

Meanwhile, the number of ZOLEO subscribers in Beam's territory of Australia and New Zealand continued to grow strongly. The Company has just over 2,000 subscribers as of 31 December 2021, which represents a 627% increase over the pcp and a 24% increase over the September 2021 guarter.



Additionally, the December quarter also saw a significant increase in orders and shipments of ZOLEO devices to Beam's joint venture (JV) entity, ZOLEO Inc. Beam received orders for 38,960 ZOLEO units, the highest in any quarter and 212% ahead of the same period in 2020, and shipped and invoiced





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close to 16,000 devices in the period, which is 66% more than the previous quarter and 32% ahead of the pcp.

The overall traction gained by ZOLEO is pleasing given that the effects from the disruption caused by COVID-19 are still being felt. The number of cancelled Australian/NZ subscriptions totalled around 180 in the December quarter, which is largely in line with the previous quarter, however, this seems to have stabilised with restrictions easing.

The latest retail partnership that was signed this month with **Bapcor Limited**'s (ASX: BAP) Autobarn is also expected to contribute to ZOLEO subscriber growth. Beam is close to signing on other key distributors in the government and enterprise space.

Separately, Beam's SatPhone Shop business recorded a 51.9% jump in sales in 2QFY2022 when compared to the pcp, while Beam's Core Business sales (excluding ZOLEO) increased by 73.4% vs. the pcp.

During the quarter, Beam also shipped 2,419 Iridium GO! devices to its long-standing partner **Iridium Communications Inc** (NASDAQ: IRDM). This represents a 43.1% increase over the previous quarter.

## Investing and financing activities

During the December quarter, Beam capitalised \$723,000 in product development costs relating to the new Iridium Certus<sup>®</sup> devices and ZOLEO product enhancements, and received \$4.7 million from the capital raise net of costs. The Company did not receive any research and development grants from the federal government during the period.

Yours faithfully,

Michael Capocchi Managing Director

For media and investor enquiries please contact: Brendon Lau e: <u>brendon.lau@beamcommunications.com</u> m: 0409 341 613



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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 <u>www.satphoneshop.com</u>. For more information, visit <u>www.beamcommunications.com</u>.

### 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 <u>www.zoleo.com</u>.