

ASX ANNOUNCEMENT 30 August 2023

# RECORD FY23 NPAT, EBITDA AND REVENUE WITH FURTHER GROWTH EXPECTED

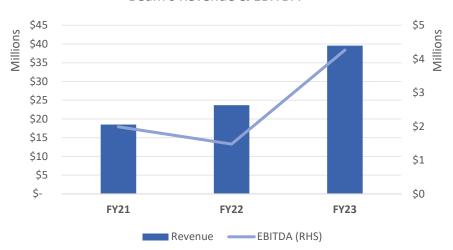
# Highlights:

- Beam delivered record results for Y23:
  - o Revenue +67% YoY to \$40m
  - o EBITDA +189% YoY to \$4.3m
  - NPAT of \$2.1m (FY22: -\$177K)
- All of Beam's businesses contributed to its growth as the global market for mobile satellite solutions expands:
  - Core Beam business +129% YoY to \$27.6m
  - SatPhone Shop +7% YoY to \$2.5m
  - ZOLEO Royalties +72% YoY to \$711k
  - Airtime recurring revenue +21% to \$893k
- FY24 EBITDA is expected to demonstrate further growth across Beam's higher margin offerings and recurring revenues (Airtime and ZOLEO subscriptions)

Beam Communications Holdings Ltd (ASX: BCC) ("Beam" or the "Company") is pleased to announce that its revenue, net profit and earnings before interest, tax, depreciation and amortisation (EBITDA) jumped to record highs in the financial year ended 30 June 2023 (FY23) with the Company recording strong growth across its business.

Group revenue increased by 67% to \$40 million, while EBITDA jumped 189% to \$4.3 million and net profit after tax (NPAT) increased to \$2.1 million compared to a net loss of \$176,805 in the previous year.

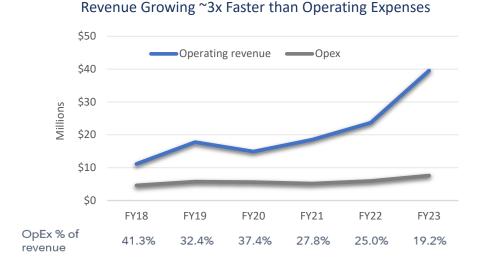






Pleasingly, Beam's recurring revenues from ZOLEO royalties Jumped 72% to \$711k and airtime sales increased 21% to \$893k. This brings the total recurring revenue up 40% to \$1.6 million and this is expected to continue to grow strongly over the coming periods.

This rise in recurring revenues, a positive change in the sales mix towards higher-margin products and services, and good cost control with operating expenses increasing at a slower rate than revenue growth contributed to Beam's expanded EBITDA margin in FY23 of circa 11% (FY22: 6%).



Further, Beam recorded an operating cash inflow of \$2.4 million in FY23, which was driven by the further unwinding of trade working capital and the successful launch of the Iridium GO! exec® device.

# **Business Units Contributing to the Record Results**

The robust results were driven by the strong performance across all of Beam's key business units, which are benefiting from the growing demand for mobile satellite solutions worldwide. The global market is forecast to grow at a compound annual growth rate (CAGR) of 7% to US\$9.2 billion by 2030¹. Beam's long-standing partner, **Iridium Communications Inc** (NASDAQ: IRDM), also continues to report strong growth in its business and subscriber numbers.

#### Core Beam Equipment Business

Revenue from the Core Beam Equipment business (excluding ZOLEO) increased 129% YoY to \$27.6 million in FY23. The successful launch of the next-generation portable satellite hotspot device, Iridium GO! exec, with sales running well ahead of schedule, contributed significantly to the solid result of this business unit.

Beam secured a US\$12 million five-year contract with Iridium to design, build and supply this world-first innovation, which is sold globally to the enterprise, government and consumer markets.

The performance of this business unit was further bolstered by growing sales of Beam's other equipment, such as docking units, satellite terminals, accessories and the original Iridium GO!® hotspot, which was launched in 2014 and continues to enjoy strong market demand.

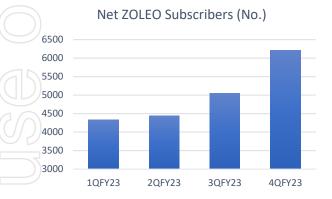
<sup>&</sup>lt;sup>1</sup> https://www.skyquestt.com/report/mobile-satellite-services-market



## **ZOLEO Performance**

Recurring royalty revenue from the multi-award winning seamless global messaging communicator continued to increase significantly and the annualised royalties (based off the month of June 2023 subscribers) are estimated at \$870K, as reported in Beam's quarterly activities report.

Given that Australia and New Zealand net subscriber numbers have been, and are expected to keep growing strongly, Beam's royalty revenues are forecast to increase materially in the foreseeable future.





Most, if not all, of the royalties paid to Beam by its joint venture, ZOLEO Inc., flows to Beam's EBITDA and pre-tax profit. This means that Beam's profit margins will expand as royalties increase, all things being equal.

Hardware sales of ZOLEO devices were \$8.7 million in FY23, being consistent with FY22. This is because FY22 sales were significantly bolstered by "channel fill", or early orders from retailers that have recently signed partnership agreements with ZOLEO Inc. These early orders tend to be larger than ongoing orders and hardware sales should not be viewed as a reliable indicator of demand for ZOLEO, or indeed, subscription revenue.

In fact, ZOLEO's net global subscriber numbers have, and continues to, increase significantly to top circa 71K as of 30 June 2023. The ZOLEO Inc., joint venture also reported record revenue of US\$27 million in FY23, of which US\$17 million was subscription revenue.

Ongoing growth in established markets like the US, Canada and ANZ, and the expansion into Europe are expected to deliver further growth for this business.

ZOLEO Inc. has successfully completed its second phase of its expansion into Europe with the service available in all 30 European Economic Area (EEA) countries, up from five countries for the initial launch. It is also ramping up its marketing campaigns and expanding its partnerships with key retailers in that region.

## SatPhone Shop Performance

Beam's wholly owned subsidiary and **Telstra Group Limited**'s (ASX: TLS) largest satellite dealer, SatPhone Shop, recorded a 7% YoY increase in revenue to \$2.5 million in the period. The business is leveraged to increasing interest in mobile satellite solutions from enterprise and government clients, as well as consumers.



## **Capex Forecast and Outlook**

The positive momentum from FY23 is expected to carry through to the current financial year with Beam's cash flow and balance sheet forecast to strengthen further from the unwinding of trade working capital and continued growth in the profitability of the business.

Beam's FY24 EBITDA is forecast to increase by double digits with further margin expansion due to a favourable change in the product mix. This includes, but is not limited to, the Iridium GO! exec and recurring revenues. Based on current demand forecasts, the Company believes the value of its Iridium GO! exec contract will well exceed the minimum order value of US\$12 million, while enterprise and government sales and subscriptions of ZOLEO is expected to ramp-up following the launch of ZOLEO Track.

What this means is that the sales of Beam's higher margin offerings are expected to offset lower channel orders for the low-margin ZOLEO hardware. The net result is that total revenue is likely to remain steady at around record highs in FY24 even as profitability continues to increase.

The Company is forecasting capex of circa \$3 million in FY24 to support the development of two new projects that Beam is undertaking – a further Iridium Certus® offering following the successful launch of the Iridium GO! exec, and the development of a Beam-branded device that will generate both hardware sales and recurring subscriptions for the Company. More details on both projects will be released in due course.

Meanwhile, Beam's operating cash flow is also expected to remain positive from the ongoing unwinding of trade working capital. Cash flows will also be bolstered by the long product lifecycle of satellite equipment and Beam's growing portfolio of products and services, which is transforming the Company's earnings profile.

# Building scale by expanding product portfolio



Beam's expanded offering and the accelerating growth of the mobile Satcom market in recent times mean that Beam is not the same company it was from even a few years ago.

# Beam's Managing Director, Michael Capocchi said:

"The space that Beam operates in has been transformed from what used to be a niche industry to something substantially larger. The evolution brought on by technological changes and improved affordability has dramatically opened the market, and Beam is perfectly placed to benefit from this bullish market trend.



"Further, we have passed an earnings inflection point and our profitability and cash flows are expected to keep improving as the investments we have made over the past few years have started to and will continue to generate attractive returns for the Company.

"Increasing recurring revenues, the successful launch of new products and services and a range of exciting growth projects on our immediate horizon will allow us to build on the strong gains we have made over the past year."

This announcement has been approved by the Board of Directors.

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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 <a href="https://www.satphoneshop.com">www.satphoneshop.com</a>. For more information, visit <a href="https://www.beamcommunications.com">www.beamcommunications.com</a>.

#### 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 <a href="https://www.zoleo.com">www.zoleo.com</a>.