



BEACON INTERNATIONAL BUSINESS UPDATE

NOVEMBER 2021

Beacon International (Hong Kong)

Beacon Lighting America

Beacon Lighting Europe

Beacon Lighting China



Beacon Lighting Group Limited

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1

INTRODUCTION

- In 2004, an Australian inventor had a vision to create a ceiling fan that had blades concealed within a light pendant and only transformed into a ceiling fan when it was switched on.
- The product now known as Fanaway consisted of a unique synchronized retractable mechanism and a uniquely shaped aerodynamic blade design capable of stacking over each other in retracted mode and generating significant airflow when the blades were deployed.
- In October 2005, Fanaway appeared on the “New Inventors” show on the ABC TV. Soon after, Beacon Lighting was brought on board to partner with the inventor to develop the product to the manufacturing and production stages, and further promote and distribute Fanaway to the global market.



- Fanaway has design patents in Australia, USA, Europe, China, Hong Kong and other parts of the world to protect the Fanaway intellectual property (IP)
- The Fanaway design patents are owned by a BLX IP company in Hong Kong
- Beacon Lighting sold the first Fanaway in Australia in 2007 and Fanaway continues to be one of the best selling fan ranges in Australia
- The first Fanaway in partnership with the Australian inventor were sold internationally in 2009
- In 2013, Beacon Lighting purchased 100% ownership of the Fanaway intellectual property and worldwide distribution rights
- Today, Fanaway's unique product design continues to excite customers and open doors for Beacon Lighting all around the world



- Beacon Lighting in Australia has designed and developed a core range of 3,000 products for Beacon Lighting stores
- Beacon Lighting brings to market 600 new fan and lighting products each year
- The International Strategy for Beacon Lighting is to leverage the products that are developed for the Australian market and sell them to customers in other parts of the world
- The International businesses leverage the supply chain, marketing, websites, systems, processes and support departments of the Beacon Lighting Group
- Beacon Lighting sells to international customers by container, pallet or by individual item



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1 BEACON INTERNATIONAL



 **BEACON INTERNATIONAL OFFICES, SHOWROOMS AND WAREHOUSE LOCATIONS**

1

PRODUCT RANGE

Beacon
LIGHTING



Akmani



Whitehaven



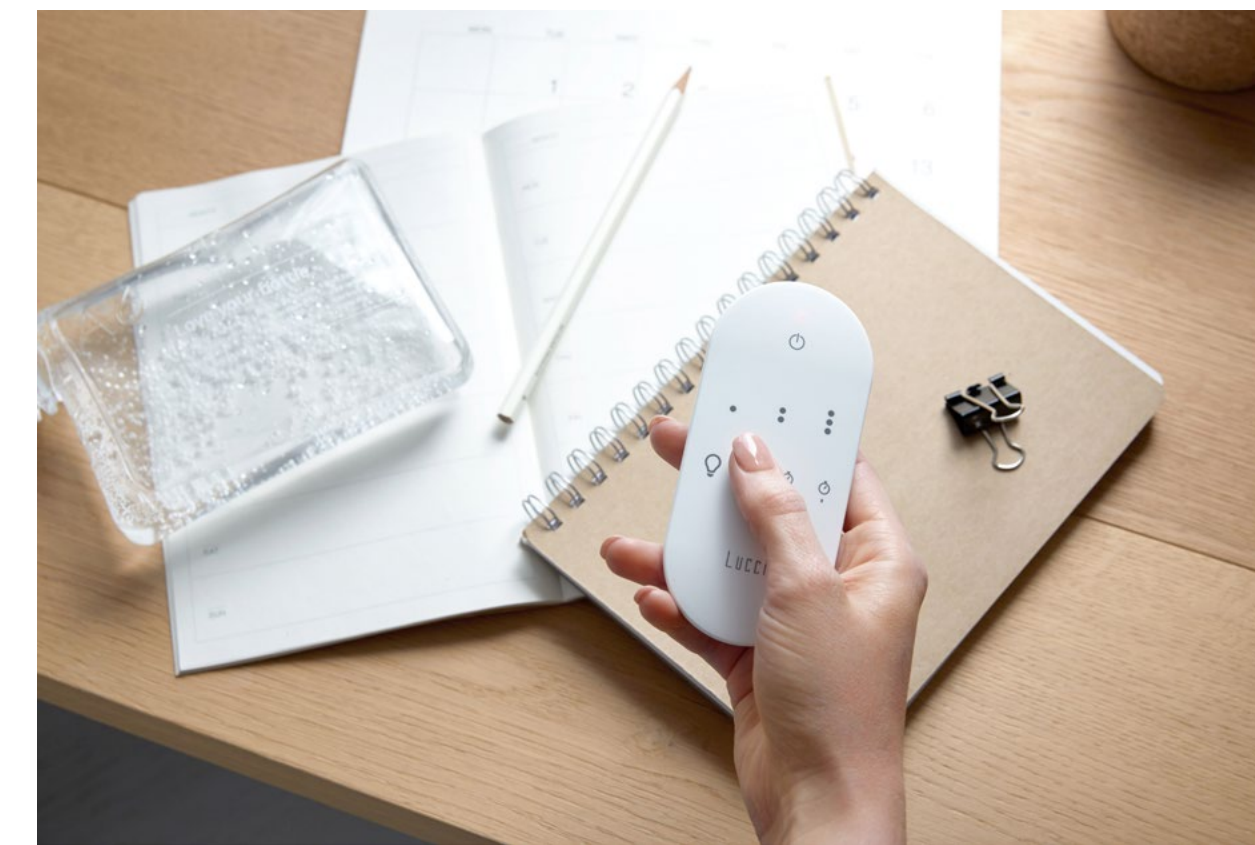
Viceroy



Fanaway Evora



Radar



Fan Accessories



2

BEACON INTERNATIONAL (HONG KONG)

BEACON INTERNATIONAL (HONG KONG) - CUSTOMERS

Beacon International (Hong Kong) has customers in more than 35 different countries.

BEACON INTERNATIONAL CUSTOMER LOCATIONS

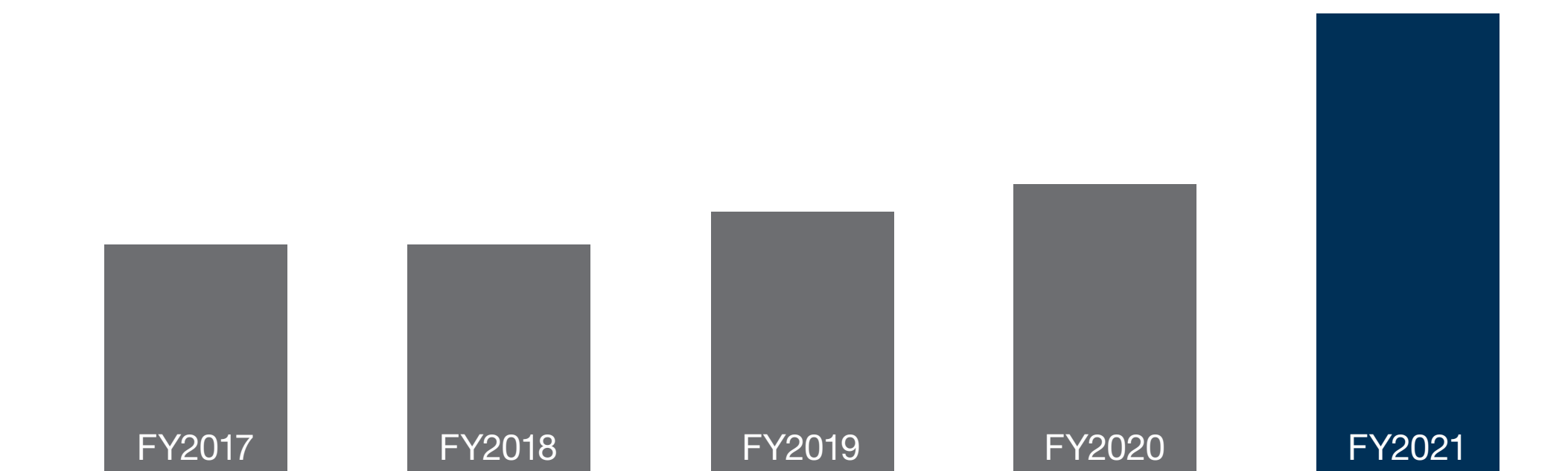


Beacon International (Hong Kong) customers are managed out of the Hong Kong office and supported by the China office

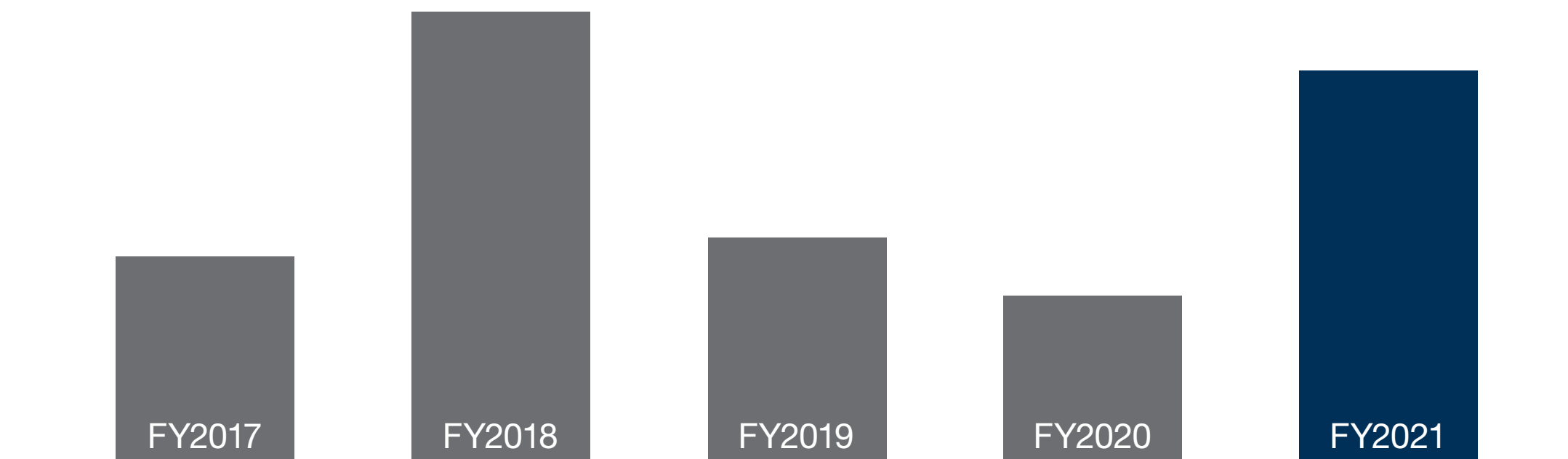
2 BEACON INTERNATIONAL (HONG KONG) - SALES



Beacon International (Hong Kong) - Sales



Beacon International (Hong Kong)
- Royalty Income for Fanaway IP



Major Customers:

- eCommerce, Distributor – South Korea
- Department Store – Spain
- eCommerce, Wholesale - Greece
- Retailer, Wholesale – Mauritius
- eCommerce, Wholesale – Netherlands



2 BEACON INTERNATIONAL (HONG KONG)



- The majority of the inventory is sold by container, ex-factory from China. There is also a 3PL warehouse in China for smaller or mixed quantities of products
- Historically, the Hong Kong Lighting Fair has been held yearly and has been the most significant marketing event for Beacon International (Hong Kong)
- The new sales channel of Tmall Global for sales to Chinese customers is managed by Beacon International (Hong Kong)





3

BEACON LIGHTING AMERICA

- The North America ceiling fan market is the largest ceiling fan market in the world, estimated at USD \$2.1 billion⁽¹⁾ with a forecast CAGR of 5.2% through to 2027⁽¹⁾
- The ceiling fan sales channel is dominated by large format retailers such as The Home Depot, Lowe's and Menards and through their eCommerce sales channels
- Another large market segment is the thousands of lighting showrooms who have dedicated fan displays in their stores
- The ceiling fan market is fragmented with many suppliers. The largest suppliers include Minka, Kichler, Quorum, Craftmade and Hunter
- Only the very largest businesses have any vertical integration (e.g. The Home Depot acquired HD Supply in December 2020)

(1) The Insight Partners - Market Insights - May 2021



3 USA LIGHTING MARKET

- The USA residential lighting market is the largest lighting market in the world, estimated at USD \$42.1 billion⁽¹⁾
- The lighting market is very fragmented and made up of more than 14,000 lighting stores⁽²⁾ which are generally small, family-owned businesses serving a local residential market
- The lighting stores also have significant competition from the Large Format retailers (e.g. The Home Depot) and eCommerce businesses such as Wayfair
- The largest lighting store chain in the USA is Lamps Plus with 39 stores and estimated sales of USD \$195 million⁽²⁾
- There is no vertical integration for USA lighting stores who are supplied by a fragmented market of wholesalers

(1) Statista - Lamps & Lighting - October 2020

(2) IBIS World Research – Lamps & Lighting Stores in the US – March 2019

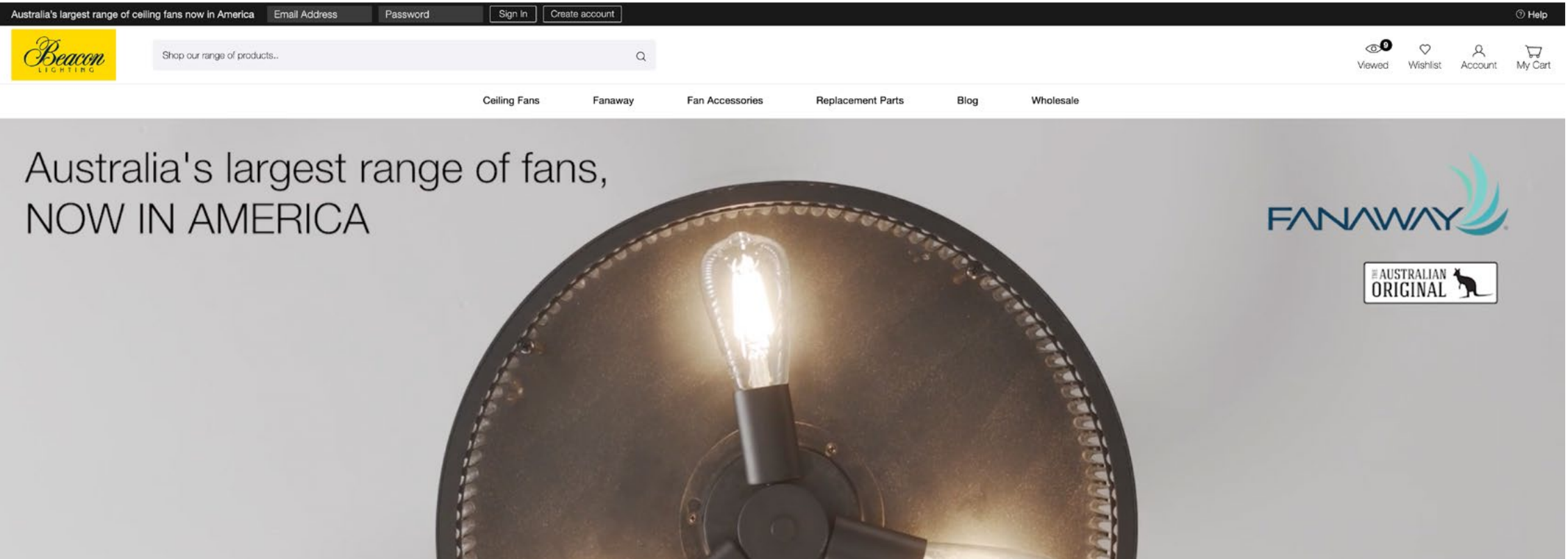


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BEACON LIGHTING AMERICA
– SALES CHANNELS



Sales Channel	Established	Major Customers
eCommerce	2017	Wayfair.com
		homedepot.com
		lowes.com
Large Format Retail	2019	Menards
Agents	2020	Lighting Showrooms
		Furniture Showrooms
B2C - Direct to Consumer www.beaconlighting.us	2021	USA Consumers
Retail Stores	???	???

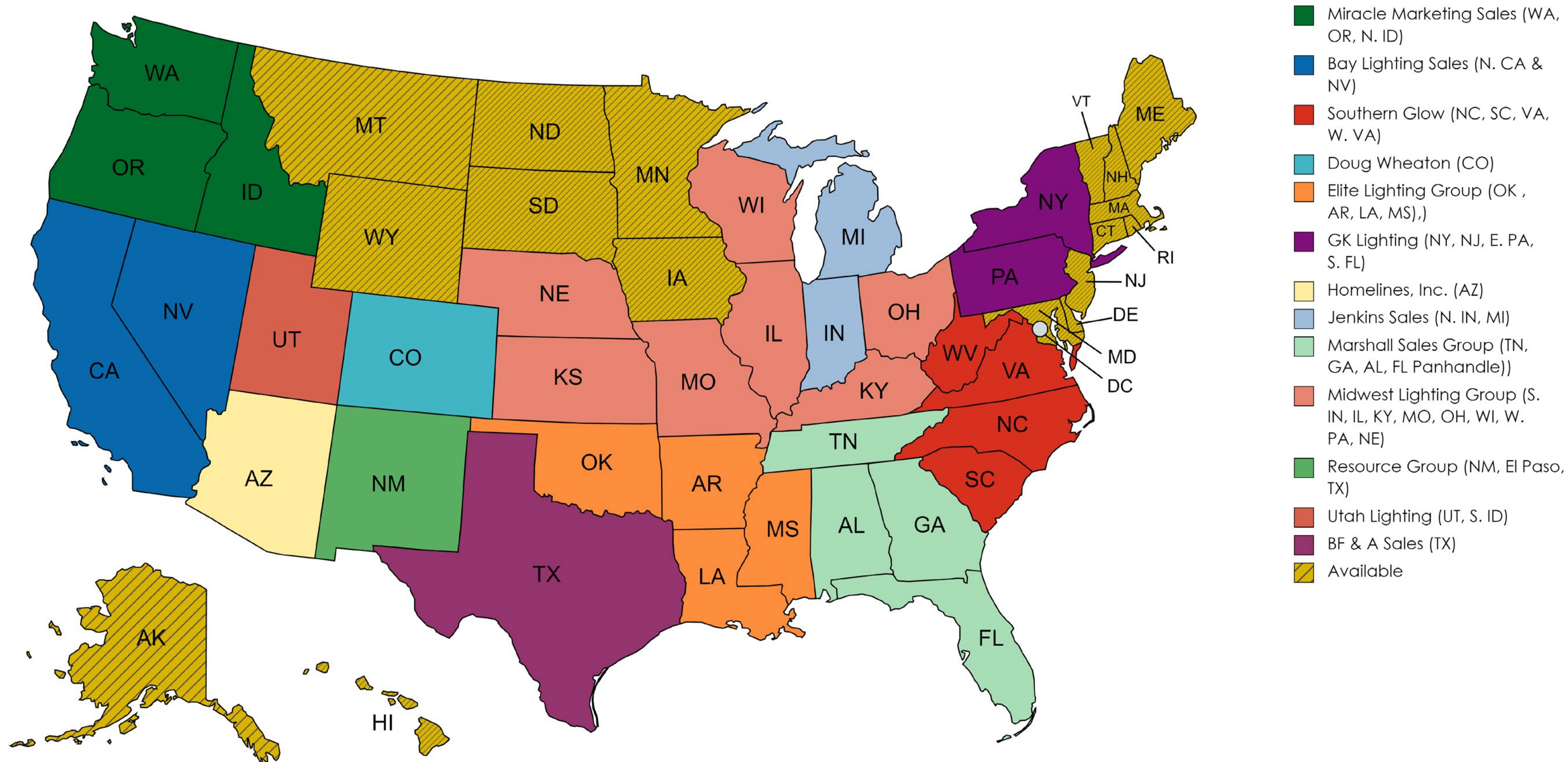


Beacon B2C website



Jerry's Retail Store, USA

3 BEACON LIGHTING AMERICA - AGENTS TERRITORIES



80% of the USA population is now serviced by Beacon Lighting America Sales Agents (Striped areas remain available).

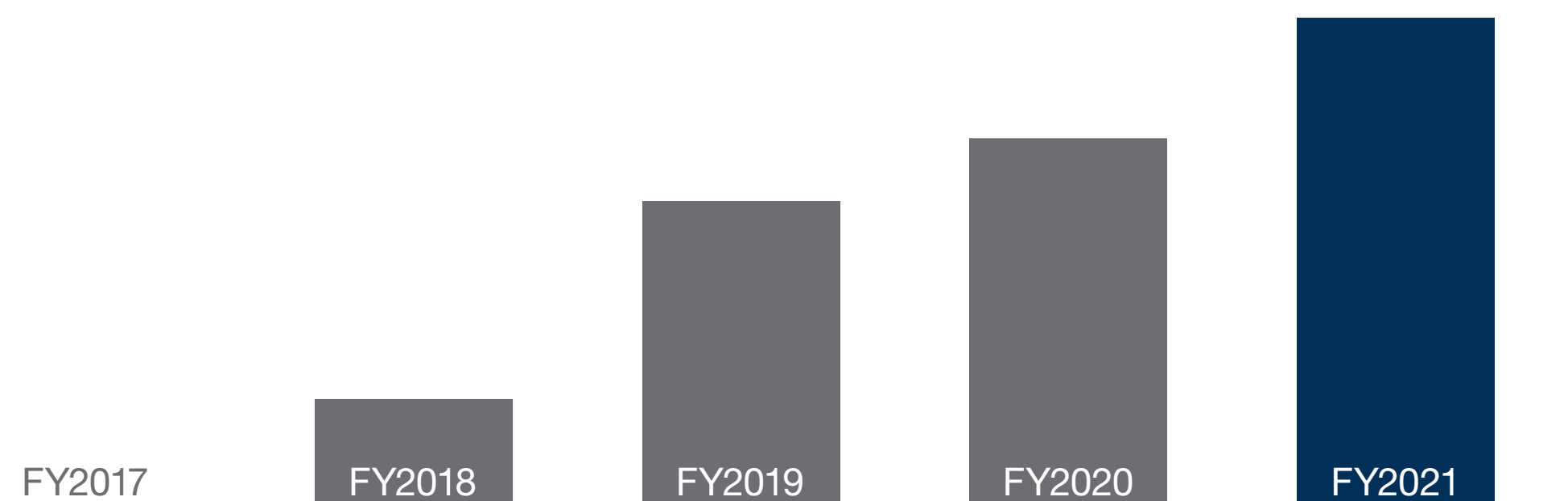
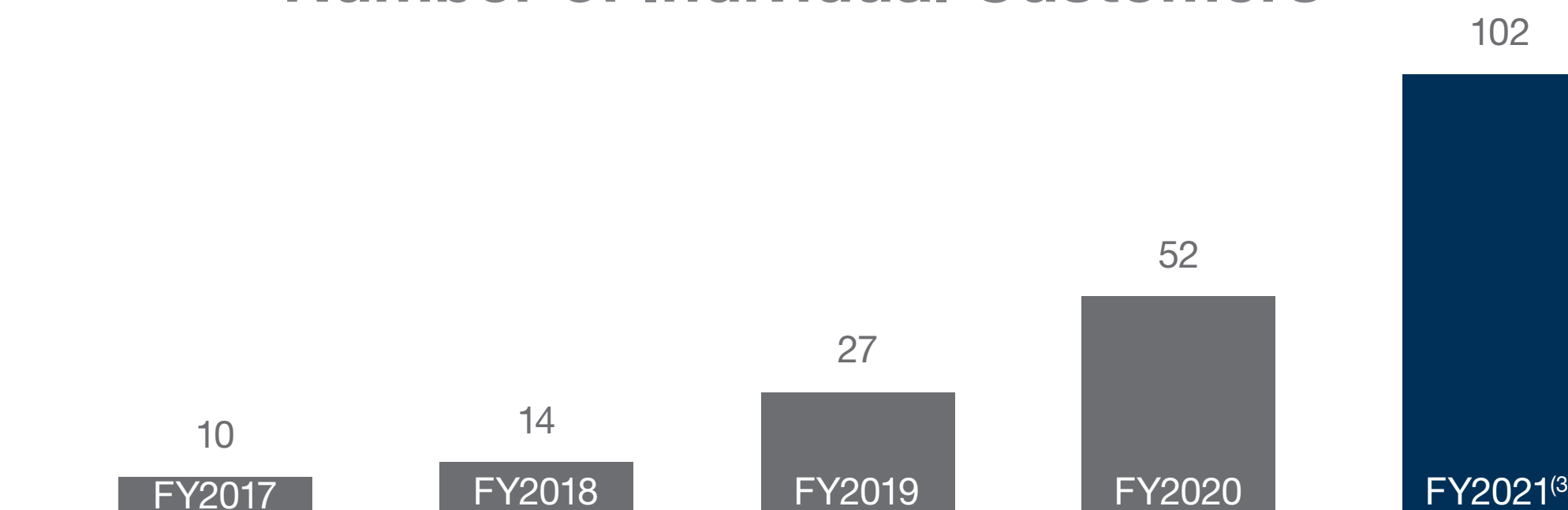
3 BEACON LIGHTING AMERICA - MARKETING



- The Dallas International Lighting Show, Lightovation is held twice yearly. It is the largest residential lighting show in North America. The next show is scheduled for January 2022, highlighting the latest trends, innovations and products in lighting and ceiling fans
- Beacon Lighting America has a permanent showroom at the Dallas International Lighting Show and provides an opportunity to showcase the latest product innovations to the entire North American market



Beacon Lighting America - Sales

Beacon Lighting America
Number of Individual Customers ^{(1) (2)}

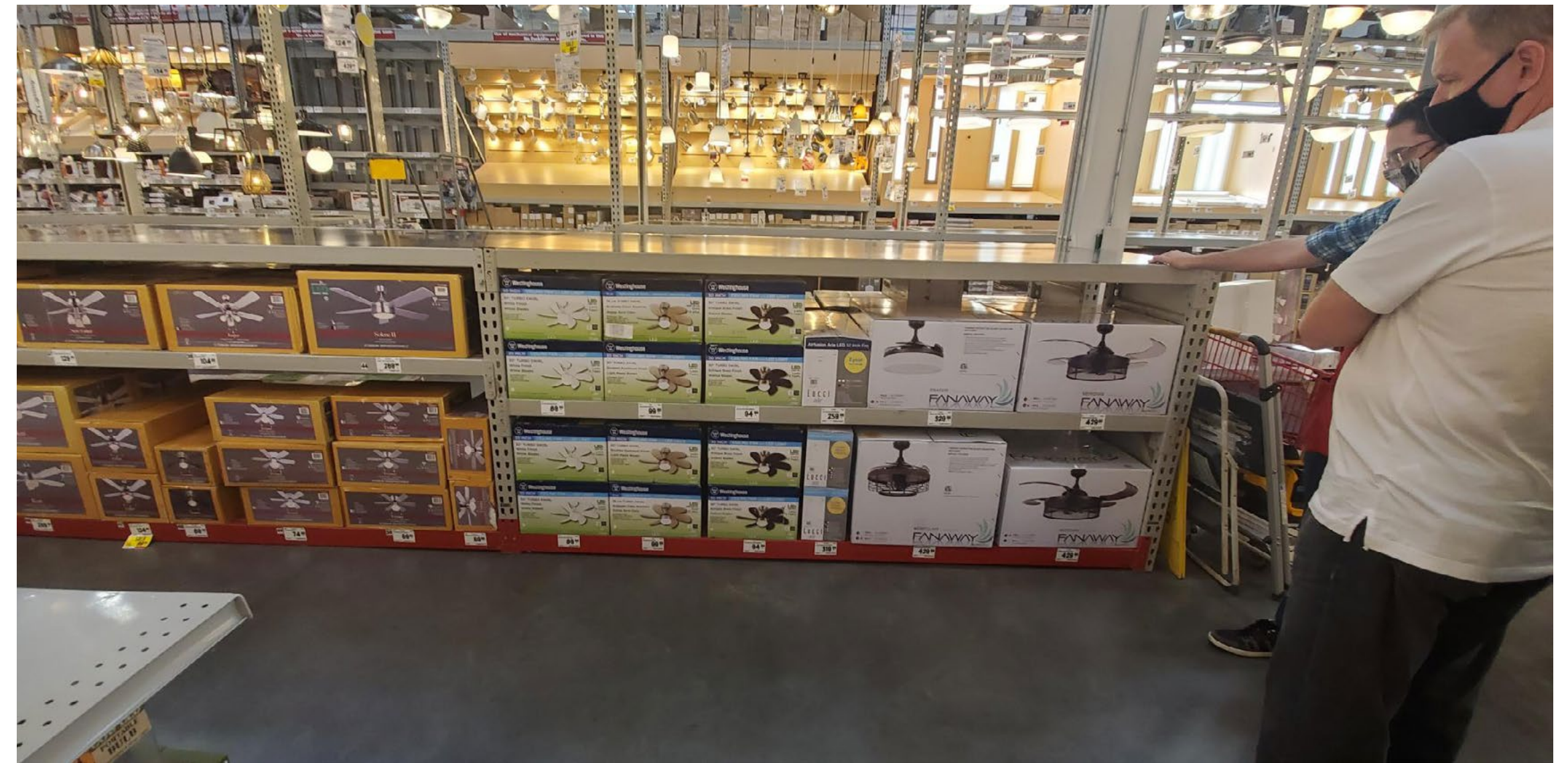
(1) eCommerce customers like Wayfair are viewed as one customer

(2) B2C website sales channel are viewed as one customer

(3) 2021 is based on September 2021 year to date customers

Q1 FY2022 Highlights

- Established the new sales channel of B2C – Direct to Consumer website: www.beaconlighting.us
- American sales are 77% ahead of last year
- Agent sales to Showrooms have increased by more than 1,000%
- Sales to Large Format Retail has increased by more than 360%



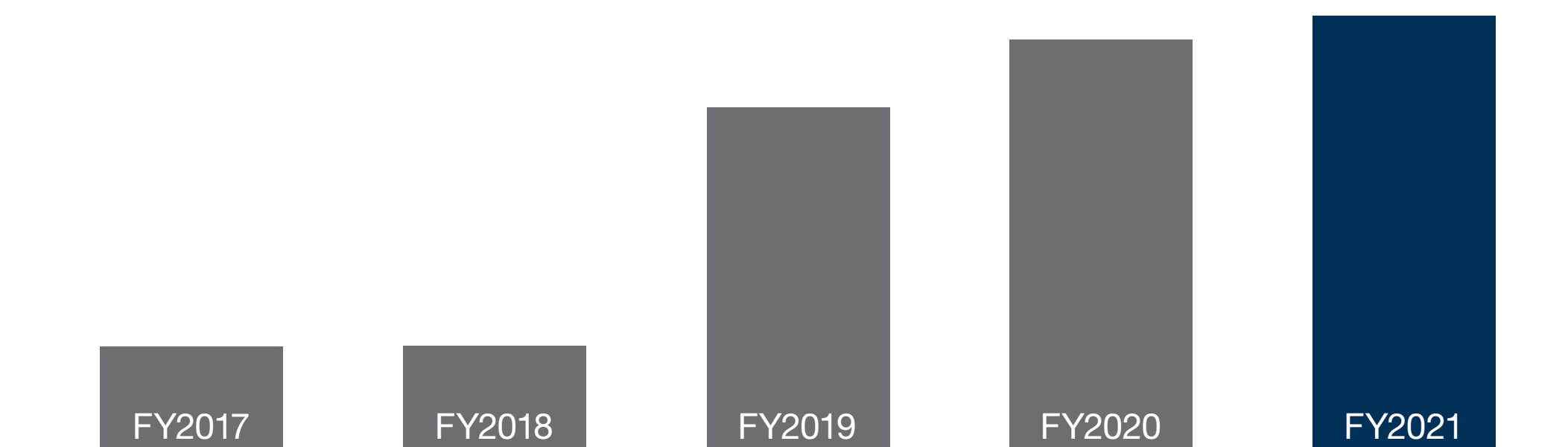
- Beacon Lighting America has invested in 150 items which consists of 25 fan families and accessories
- All inventory is currently managed by a 3PL warehouse in Los Angeles
- Beacon Lighting America has a serviced office in San Diego while the team members work from home based in Denver and Los Angeles
- The Beacon Lighting China Team provides procurement and sales support services to Beacon Lighting America



4

BEACON LIGHTING EUROPE

Beacon Lighting Europe - Sales



Major Customers:

- eCommerce, Amazon
- Hardware Store, Germany
- Lighting Stores, Furniture Stores
- Project customers in various countries



BEACON EUROPE CUSTOMERS



- Beacon Lighting Europe has invested in 260 items which primarily consist of fans, accessories and a small range of lighting products
- All inventory is currently managed by a 3PL warehouse in Dusseldorf
- Beacon International Europe is serviced out of an office in Dusseldorf
- The Beacon Lighting China Team provides support services to Beacon International Europe



5

BEACON LIGHTING CHINA

- Beacon Lighting China currently do not sell direct to customers. Instead, the China team provide product development, procurement, quality assurance, logistics and sales support services to the other Beacon International businesses and the Beacon Lighting Group in Australia
- Beacon Lighting China does have a showroom in Zhongshan, China which is used by all of the Beacon Lighting businesses
- Beacon Lighting China may sell Australian Designed fans and lighting products to the Chinese consumer in the future



Office



Reception



Showroom



Warehouse

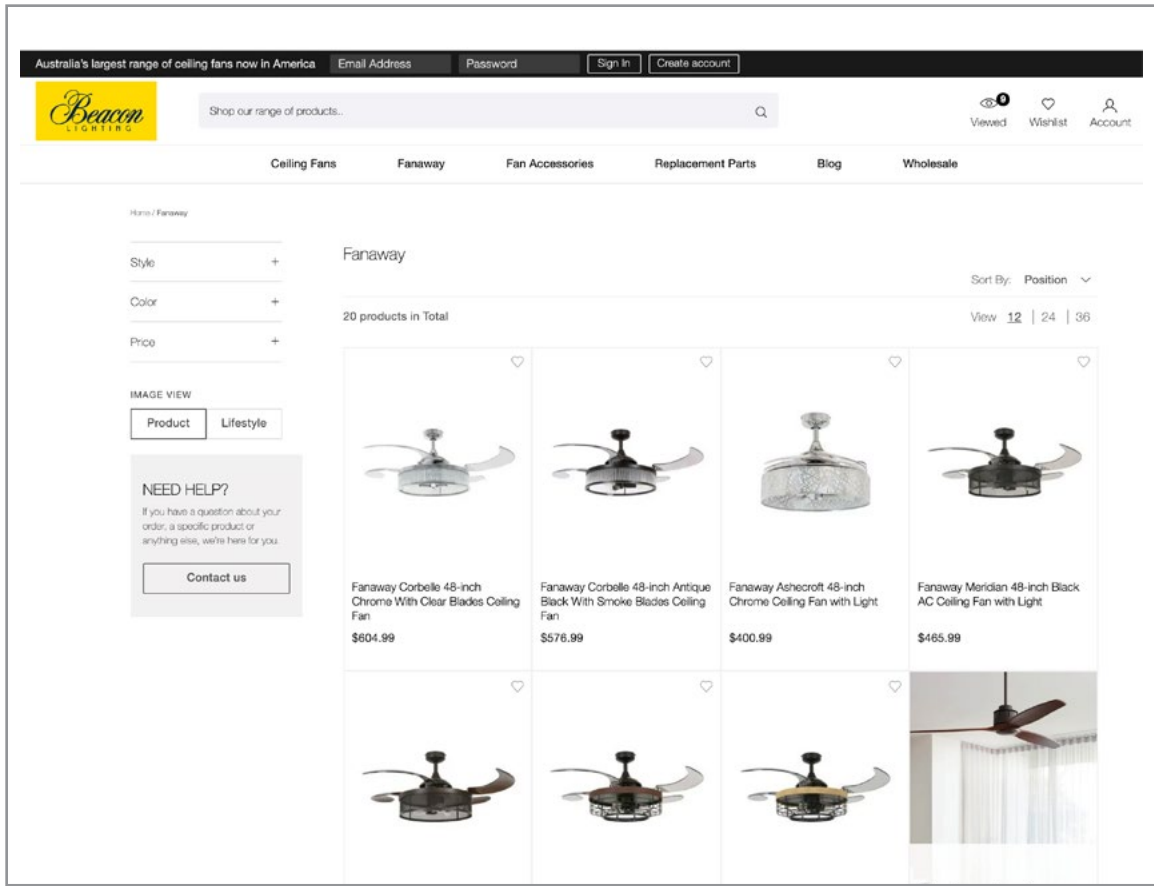
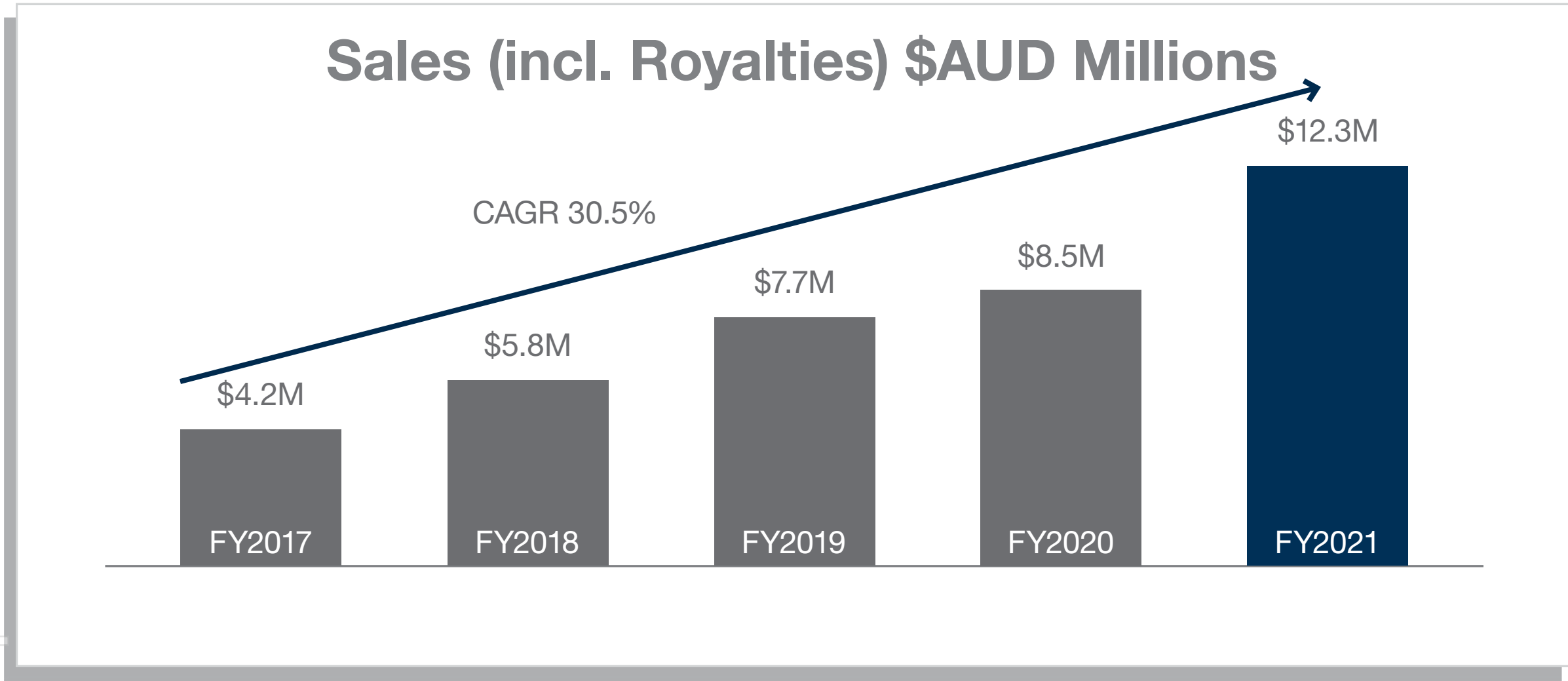
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BEACON INTERNATIONAL GROUP



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6 BEACON INTERNATIONAL GROUP





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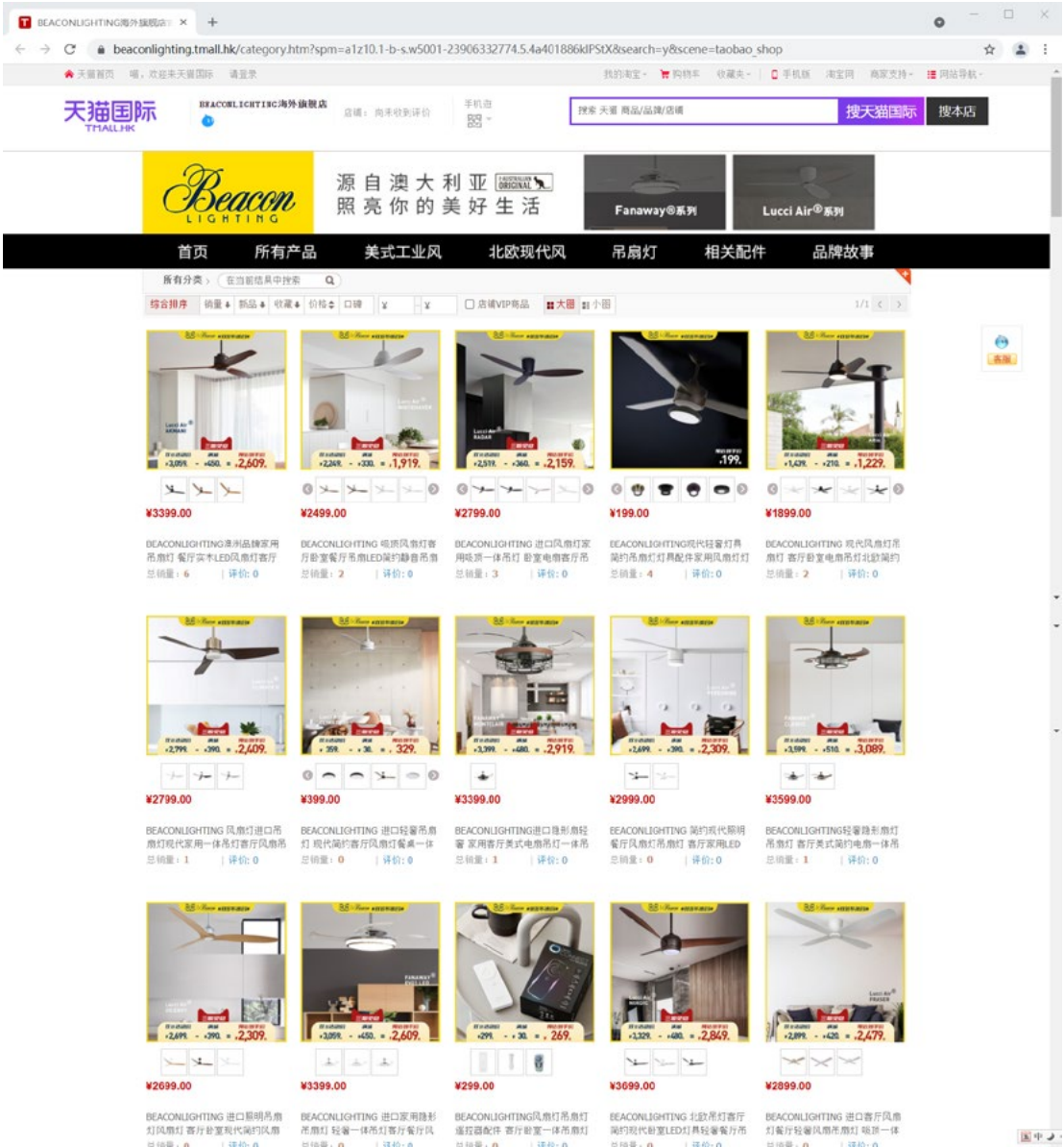
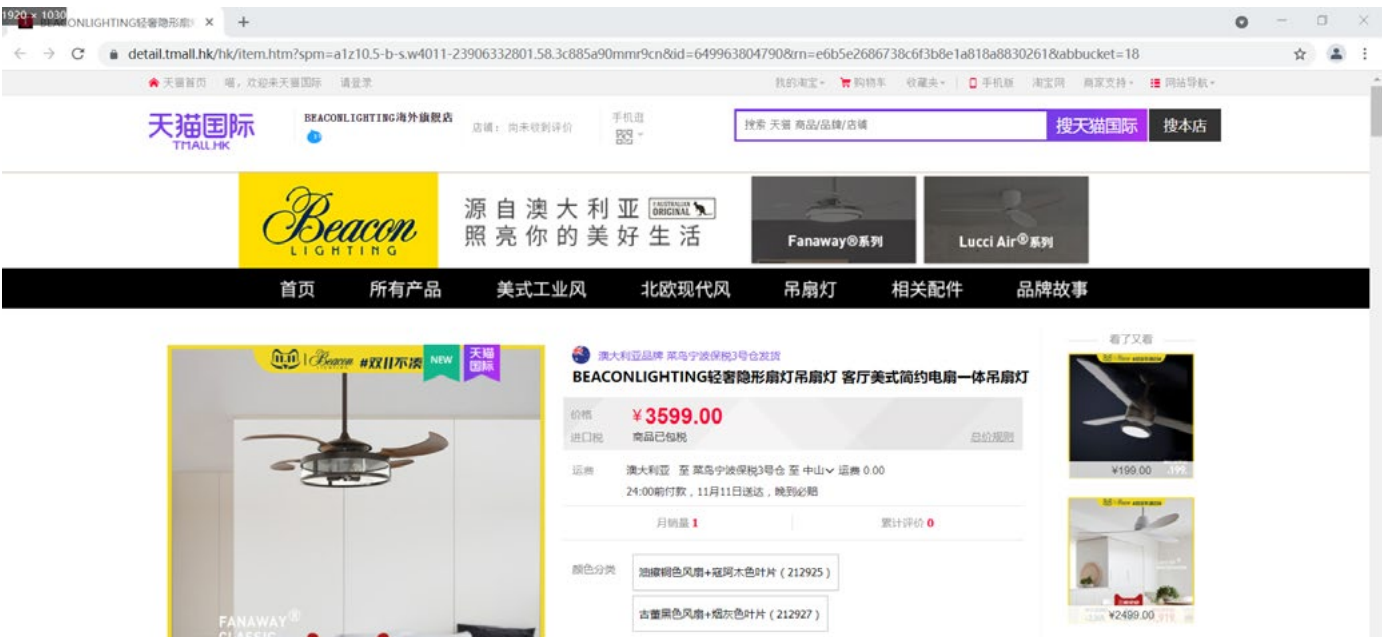
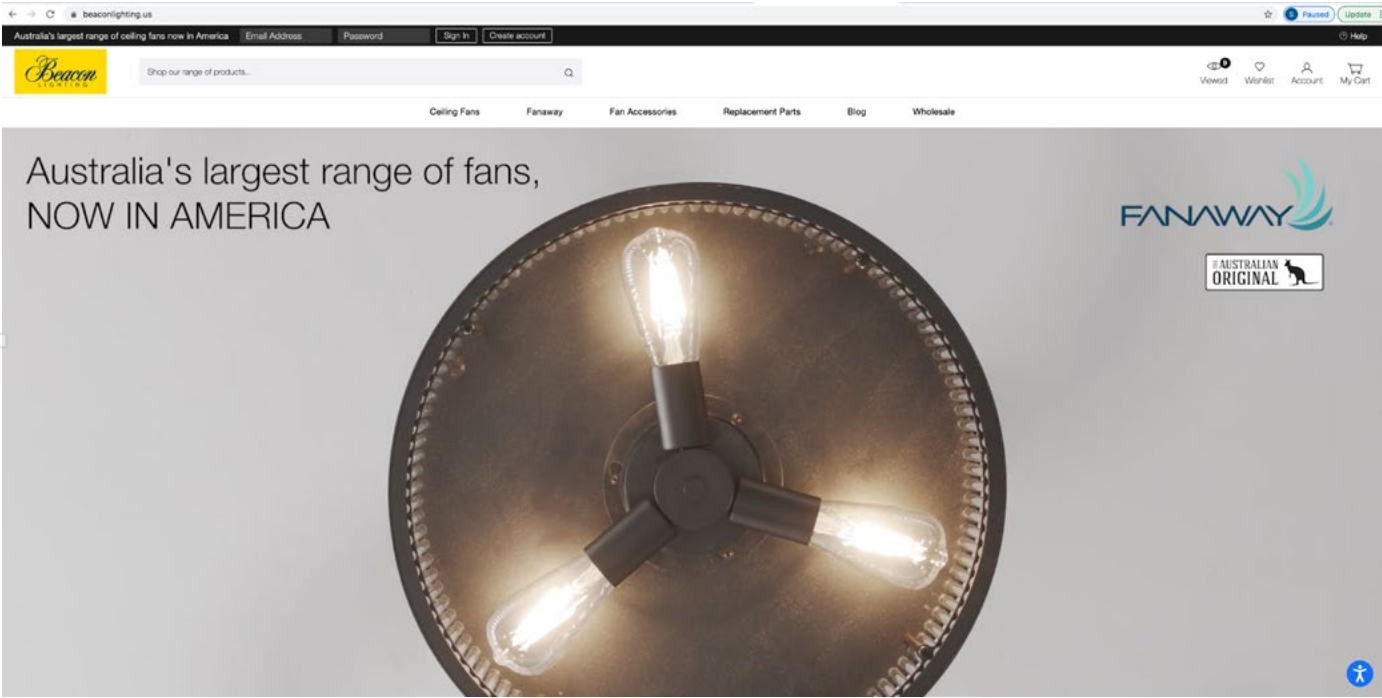
INTERNATIONAL GROWTH STRATEGIES

7 NEW SALES CHANNELS



Early in FY2022, two new sales channels were established in international markets:

- The new B2C – Direct to the Consumer sales website in the USA
- The new Tmall Global Beacon Lighting store selling Australian Designed products to the China domestic market from Beacon International (Hong Kong)



The number of customers continue to grow so there is always the opportunity to sell to new customers through the existing sales channels. The establishment of the Sales Agents in the USA provides for exciting opportunities to sell more products into USA lighting and furniture stores in 2022 and beyond



2020



2021



2022?

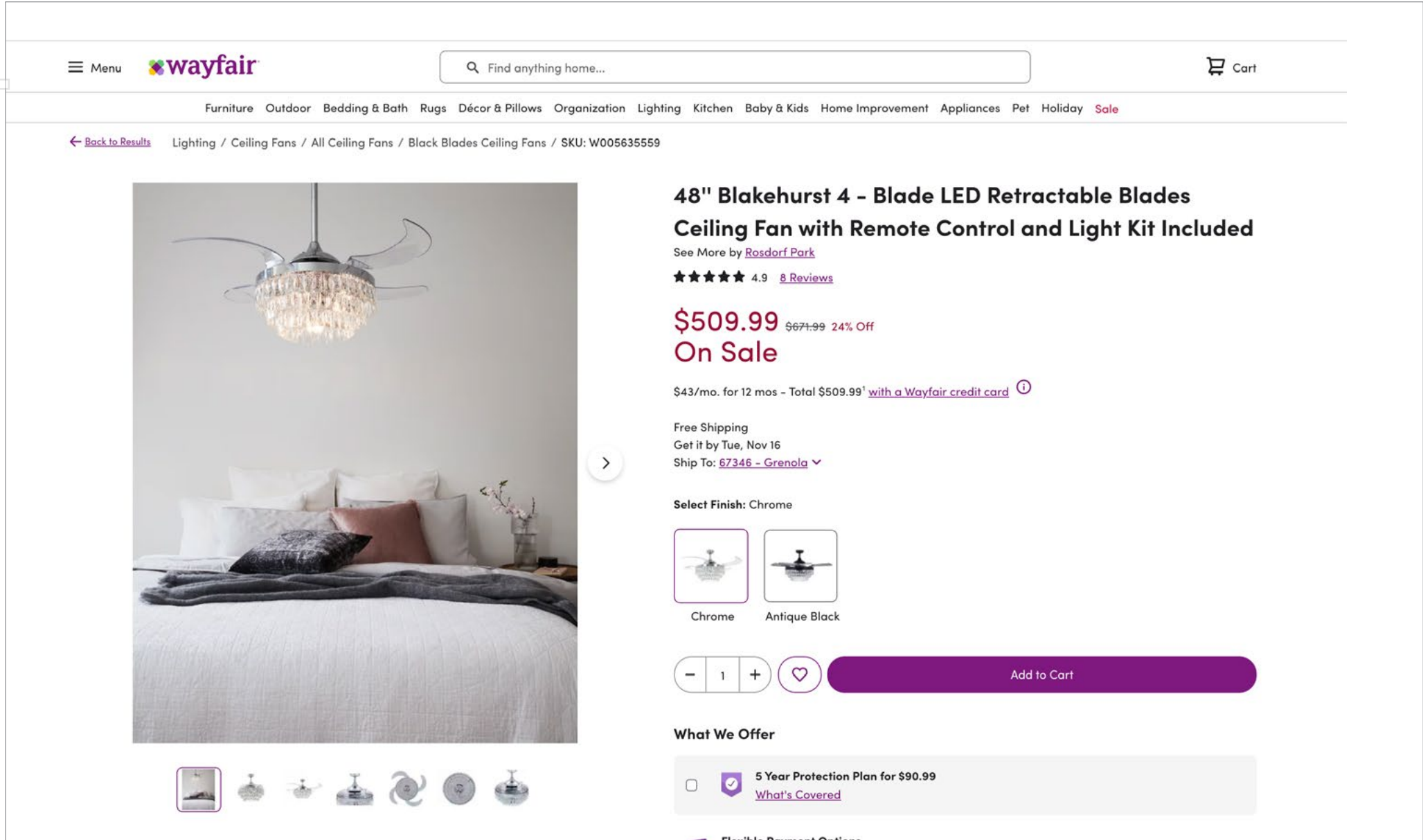
7 EXISTING AND NEW CUSTOMERS



With the home never having been more important than it is today, there are always opportunities to sell more products to existing customers in the future.

With 2022 being the year of the new COVID normal, the return of the major lighting shows in Dallas and Hong Kong, will provide opportunities for Beacon International to introduce our product ranges to new customers.

A marketing campaign involving google ad words and a social media strategy, will support the promotion of existing and new customers to the Beacon Lighting International sales channels.



New ceiling fan product ranges will be introduced into the international markets. Some lighting products will be trialled in Europe in order to get a better understanding of the international lighting market

Orion 14 Light



Fanaway Orbit



Aria Hugger



Peregrine



Fanaway Veil



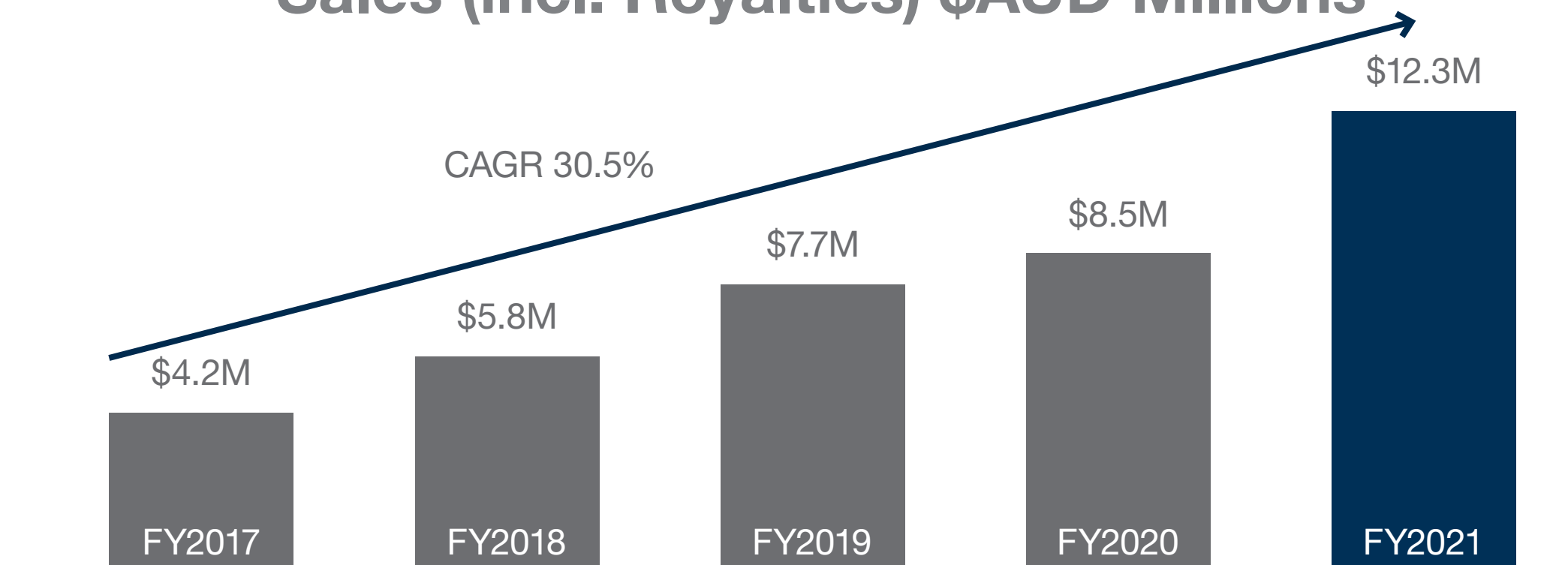
Callam

7 EXCITING OPPORTUNITY

- Beacon International sales with a CAGR of 30.5% over the last 5 years has very exciting sales momentum
- More than 70% of the Beacon International sales are ultimately sold to the end consumer through the rapidly growing eCommerce sales channel
- The average ceiling fan price in the North America is estimated to be USD \$75⁽¹⁾ compared to more than AUD \$200 for Beacon Lighting in Australia. There remains significant up selling and growth opportunities in the middle to upper North America market
- The North America ceiling fan market is forecast to grow at CAGR of 5.2% through to 2027 which remains a very attractive market to operate in
- The key to success in the ceiling fan market lies in product differentiation, technology, innovation, premiumisation and a wide variety of sales channels

(1) Independent research prepared for the Beacon Lighting Group

Sales (incl. Royalties) \$AUD Millions



8

QUESTIONS



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