

ASX ANNOUNCEMENT

30 October 2024

Arbitration Decision and Leadership Changes

Following Beam's voluntary suspension announcement on 24 October 2024, the Board and Executive team have reassessed the Company's immediate priorities. The recent unfavorable arbitration decision on 22 October 2024, paired with Beam's required divestment of its 50% share in ZOLEO Inc, has led to shifts in resource allocation and funding needs.

Today, Beam announces a comprehensive restructuring plan to streamline operations, bolster the cash position, and support sustainable cash flow. The restructuring involves Board leadership adjustments, cost-saving measures, and a strategic realignment of manufacturing activities.

Review of Manufacturing Agreement with ZOLEO Inc.

As part of this restructuring, Beam intends to manage the orderly conclusion of the existing manufacturing agreement with ZOLEO Inc, aligning with a reduction in its engineering resource pool and signifying a strategic pivot in operations.

Cost Reduction Program Targeting ~\$2.5 Million in Annual Savings

Beam has launched a cost-out program expected to achieve approximately \$2.5 million in annualised savings through:

- **Executive and Board Remuneration Adjustments:** Reduced director fees, and removal of short and long-term incentives, saving around \$600,000 over FY25 (annualised).
- **Operational Realignment:** Scaling back engineering and manufacturing for Beam's Portable Communication Devices, with anticipated annual savings of \$1.3 million.
- **Overhead, Sales, and Marketing Reductions:** Streamlined overhead expenses, supported by Beam's non-acquisition of the remaining ZOLEO Inc stake, targeting an additional \$600,000 in annual savings.

Beam is committed to transparency during the restructuring process to support sustainable net cash flow and uphold stakeholder interests.

Sale of Beam's Interest in ZOLEO Inc JV

The arbitration decision requires Beam to sell its 50% stake in ZOLEO Inc to its partner at an independently assessed value. Additionally, Beam will pay approximately \$2.6million (including HST) in legal costs to Roadpost, leading the Company to withdraw previous FY25 guidance. Following today's announced actions, Beam maintains sufficient liquidity to fund these obligations alongside streamlined operations.

Crucially, and separate to the terms of Beam's divestment of its interest in the ZOLEO JV, the Company continues to hold valuable intellectual property ("IP"), that Beam regards as vital to the continued use of the ZOLEO device. It is Beam's position that this IP has value and ZOLEO Inc has an option to license, or acquire these assets on terms acceptable to Beam.

The disposal of Beam's share of ZOLEO Inc is only one element in the resolution of the relationship with its JV partner and ZOLEO Inc. Many potentially material matters under active assessment by the Company as a result of the Award, including:

- The timing and quantum of settlement adjustments and or further costs associated with the disposal;
- The transfer (and /or licence) of the Device Technology currently owned by Beam and consideration and timing thereof;
- The future of Beam as a Master Distributor of the ZOLEO Inc product in Australia and New Zealand and the value placed upon the royalty stream should this relationship be concluded. The royalties currently being paid to Beam, will continue for the life of the given customer regardless of the status of the distribution agreement. These royalties are annualised at ~A\$1.5 million. Roadpost, as the future owner of ZOLEO Inc, has the option to buy out this royalty stream at predefined value, as calculated in accordance with the governing Distribution Agreement.
- The taxation and accounting implications of the above.

Payment of the determined price for Beam's 50% share of ZOLEO Inc will be due in four equal instalments: 25% upon closing, with the balance payable in equal instalments over a 3 year period. Closing is expected to be 30 days after the determination of fair market value.

Beam looks forward to clarifying its position with regards to the resolution of each of these matters as soon as possible.

Leadership Transition

In the course of calendar 2025, and in any event prior to the 2025 AGM, Beam's Chair, Simon Wallace, will retire as a Director of the Company.

Mr Wallace will continue to seek re-election at the 2024 AGM and this transition timeframe will facilitate the progress of Beam's ongoing sale of its interest in ZOLEO Inc and ensure a smooth handover of leadership.

CEO Contract Tenure

As someone who has significant knowledge of and relationships with Beam's key partners, as well as being a material shareholder in the Company, Beam CEO Michael Capocchi remains highly motivated to optimise Beam's performance.

Mr Capocchi's existing three-year contract with Beam subsidiary Beam Communications USA Inc ("**Beam USA**") commenced on 1 July 2022. As the Board prioritises the limitation of the Beam Group's controllable pre-commitments, pending resolution of the Company's sale of its 50% interest in ZOLEO Inc, Beam USA has today issued Mr Capocchi with notice that his existing executive employment contract will terminate on 30 July 2025.

The Board has further agreed to defer discussions regarding the terms of any new contract offered to Mr Capocchi until closer to that time.

As a result of this update, Beam will emerge from suspension and its shares will resume trading at market open on Thursday 31 October 2024 subject to ASX approval.

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 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.