

Beam Communications Holdings Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Beam Communications Holdings Limited
ABN:	39 010 568 804
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	18.7% to	16,678
Loss from ordinary activities after tax attributable to the owners of Beam Communications Holdings Limited	down	121.5% to	(251)
Loss for the half-year attributable to the owners of Beam Communications Holdings Limited	down	121.5% to	(251)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$251,000 (31 December 2022: profit of \$1,168,000).

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>10.19</u>	<u>11.04</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

Beam Communications Holdings Limited
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8. Details of associates and joint venture entities

The Group has a 50% share in a joint venture company, Zoleo Inc , which was incorporated in Canada in August, 2018.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Beam Communications Holdings Limited for the half-year ended 31 December 2023 is attached.

12. Signed



Signed _____

Date: 28 February 2024

Mr Simon Wallace
Chairman

Beam Communications Holdings Limited

ABN 39 010 568 804

Interim Report - 31 December 2023

Beam Communications Holdings Limited

Corporate directory

31 December 2023

Directors	Mr Simon Lister Wallace Mr Michael Ian Capocchi Mr Mark Allan Chartres Mr Peter Kopanidis
Company secretary	Mr Dennis Frank Payne
Registered office & Principal place of business	Unit 5 / 8 Anzed Court Mulgrave, VIC 3170 Ph: (03) 8561 4200
Share register	Link Market Services Ltd Locked Bag A14, Sydney South, NSW, 1235 Ph: 1300 554 474
Auditor	RSM Australia Partners Level 27, 120 Collins Street, Melbourne, VIC 3000 Ph: (03) 9286 8000
Stock exchange listing	Beam Communications Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: BCC)
Corporate Governance Statement	The Corporate Governance statement can be found on the investors page at https://www.beamcommunications.com/investors/corporate-governance
Email	investor@beamcommunications.com
ASX Office	Based in Melbourne

Beam Communications Holdings Limited

Directors' report

31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Beam Communications Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Beam Communications Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Simon Lister Wallace (Non-executive chairman)
Mr Michael Ian Capocchi (Managing director)
Mr Mark Allan Chartres (Non-executive director)
Mr Peter Kopanidis (Non-executive director, appointed 15 January 2024)

Company Secretary

Mr Dennis Frank Payne

The qualifications, experience and special responsibilities of each of the directors who held office during the year are:

Simon Lister Wallace – Chairman

Age: 50

Simon Wallace is a corporate lawyer and, based in Melbourne, having previously been an equity partner of the largest law firm in the world, he is now the founder & Managing Partner of his own boutique legal practice.

With extensive legal and commercial proficiency, and particular expertise in the areas of project finance, fundraising and corporate governance, Simon has substantial professional experience in the areas of investment banking, structured and direct equity investments, product formulation and sales.

Simon is admitted to practice as a barrister and solicitor of the Supreme Court of Victoria, the Federal Court of Australia and the High Court of Australia, and he holds degrees from the Australian National University in both Law and Commerce.

Since its inception in August 2018, Simon has been a Director of Zoleo Inc. the joint venture entity of which the Group is a 50% partner with Roadpost Inc of Canada.

Simon Wallace has been a Director of Beam Communications Holdings Limited since 5 February 2015 and was elected Chairman on 22 December 2016.

Michael Ian Capocchi – Managing Director

Age: 52

Michael Capocchi has over 25 years' experience in the ICT industry and has held several senior management positions. Michael is based in Chicago, USA, which places him closer to the important centres for satellite communications in the USA and UK/Europe.

Michael joined Beam Communications Holdings Limited as the General Manager of the subsidiary, Beam Communications Pty Ltd, in 2003 and was appointed as Managing Director of Beam Communications Holdings Limited in March 2008.

Prior to joining the Group, Michael was the Regional Sales Director for Iridium Satellite LLC, directly managing the sales, distribution and channel management strategies for the Asia-Pacific region. Michael has held senior management positions as the Sales and Marketing Director of Pacific Internet responsible for establishing the Australian operations of the company and with Optus Communications.

Since its inception in August 2018, Michael has been a Director of Zoleo Inc. the joint venture entity of which the Group is a 50% partner with Roadpost Inc of Canada.

Michael Capocchi is an integral part of the Group's business, including managing the day to day operations of the group which occasions extensive domestic and international travel when possible.

Beam Communications Holdings Limited

Directors' report

31 December 2023

Mark Allan Chartres

Age: 45

Mark Chartres was appointed to the Board of Directors as an Independent Non-Executive Director, commencing on 1 February 2022. Mark has spent nearly two decades professionally engaged in financial markets, including with Macquarie Group and presently Shaw and Partners. Mark's knowledge of our business, financial acumen and investment experience will materially augment the Board's skills matrix.

Peter Kopanidis

Age: 56

Peter Kopanidis is a seasoned finance professional with over three decades of experience and has a proven track record in Corporate Treasury, Investor Relations and Corporate Finance – including M&A.

With a diverse industry background encompassing roles with some of Australia's leading brands in Telecommunications, Manufacturing, Healthcare, Insurance, Financial Services, and FMCG, Peter will bring a wealth of commercial and financial acumen to Beam. Peter's extensive experience positions him well to contribute strategic guidance, especially around capital allocation, and enhancing the overall functionality and output of the Board.

Peter Kopanidis is currently a Director at Petra Investor Relations & Debt Advisory, a service provider to ASX-listed companies. Previously, he served as Senior Executive – Corporate Finance at Medibank, overseeing IR and Treasury & Investments. For Peter's three-year tenure at Telstra, he was Executive Director – Investor Relations and was Treasurer for a twelve-month period. Peter also spent three years at Treasury Wine Estates as Global Director – Corporate Finance and held a four-year position as Group Treasurer at Foster's Group.

Peter Kopanidis is a Chartered Accountant and holds a Bachelor of Business - Accounting. Peter started his career as an Auditor at KPMG.

Directorships of Other Listed Companies

No Director of Beam Communications Holdings Limited has been a director of a listed company in the three years immediately before the end of the half year.

Principal activities

The activities of the Group and its controlled entities during the half year were the development and marketing of a range of communication products and services, mainly satellite based.

Review of operations

The loss for the Group after providing for income tax amounted to \$251,000 (31 December 2022: profit of \$1,168,000).

A summary of the result for the half-year period is as follows:

Beam Communications Holdings Limited
Directors' report
31 December 2023

	1 July 2023 to 31 Dec 2023 (\$000)	1 July 2022 to 31 Dec 2022 (\$000)
Revenue	16,678	20,506
Other income (excluding interest income)	295	183
<i>Deduct:</i>		
Cost of goods sold, research & development, administrative marketing and corporate expenses	<u>(15,845)</u>	<u>(18,536)</u>
Operating profit before amortisation, depreciation, interest and tax	<u>1,128</u>	<u>2,153</u>
<i>Deduct:</i>		
Amortisation	(1,378)	(686)
Depreciation	(105)	(99)
Interest	<u>(34)</u>	<u>(44)</u>
Operating (loss)/profit	<u>(389)</u>	<u>1,324</u>
Net tax benefit/(expense)	138	(156)
Net (loss)/profit for the half-year	(251)	1,168
Total comprehensive (loss)/income for the half-year	(251)	1,168

Half-Year 2024

The principal activity of the Group during the half-year ended 31 December 2023 continued to be the design, manufacture and global distribution of innovative satellite solutions, such as communication devices and terminals, docking units and handheld phone accessories.

Performance and Profit

Following consecutive years of significant profitable growth from FY21, the loss after tax for the six months ended 31 December 2023 (1HFY24) was \$0.3 million compared with a profit after tax of \$1.2 million in the previous corresponding period (PCP). The catalyst for the decrease in profit was a 19% or \$3.8 million decline in revenue to \$16.7 million.

Beam's Gross Margin improved 1% to 31% due to a higher quality revenue mix, with continued strong growth in higher margin recurring revenue and a decrease in lower margin hardware sales. EBITDA excluding Zoleo arbitration costs of approximately \$836,000 declined by 9% from the PCP. The higher quality revenue mix and disciplined cost control helped to mitigate some of the earnings impact from the decline in total revenue. Including the Zoleo arbitration costs, EBITDA declined 48% from the PCP.

All of Beam's key businesses experienced revenue declines due to weaker hardware sales. There was a strong PCP by comparison, which included the initial shipment for Iridium GO exec® in late 2022.

The continuing strong growth in recurring revenues has lifted the revenue contribution from these higher margin revenues to 7% of Operating Revenue, up from 5% in the PCP. Total recurring revenue has increased by 111% over the PCP. Growth in recurring revenues is driven by the ZOLEO royalty revenue which increased +47% and other recurring revenue has increased 200% on the PCP. The annualised run-rate of Beam's recurring revenue is now \$2.5 million.

Cash Flows

Beam reported negative free cash flow (operating and investing cash) of \$1.5 million which included \$430,000 of operating cash flow following strong cash receipts of \$19.7 million. The operating cash flow result also included Zoleo arbitration payments and a small increase in working capital to support future business growth. Investing cash outflow of \$1.9 million included investment on further product innovation with development of the new Certus terminal and Certus Messaging Service to run over the Go Exec.

Beam Communications Holdings Limited

Directors' report

31 December 2023

Outlook for FY24

Through the second-half of the financial year (2HFY24) Beam anticipates revenue to be weaker than the PCP largely due to order deferment into FY25.

Beam anticipates EBITDA excluding Zoleo arbitration costs to be within the range of \$3.1 million to \$3.6 million. Zoleo arbitration costs are estimated to be around \$1.5 million.

Beam anticipates positive free cash flow generation for 2HFY24 and for FY24. This includes approximately \$3 million for capital expenditure (CAPEX) and excludes Zoleo arbitration costs.

Zoleo Arbitration

During the period Beam announced it was commencing formal proceedings by way of arbitration with its Zoleo Inc. JV Partner, Roadpost Inc. The Canadian arbitration will facilitate the resolution of the parties' matters of dispute and, we expect the ownership of the JV.

The Company regards as objectively compelling its claim that Roadpost has, through its acts, conduct and omissions, details of which would be unwise to reveal in this document, breached various and essential terms of the Joint Venture Agreement between the parties, thereby availing Beam of certain rights and remedies. Beam's obligations to its shareholders demands that these rights be prosecuted against Roadpost and Beam has entered the arbitration process willingly and confidently.

As this matter, which may take until the completion of the second-half of FY24 to resolve, proceeds to its conclusion Beam's nominee directors to the JV will continue to act professionally, competently and enthusiastically in the performance of their roles and duties.

The Arbitration has the potential to provide a value accretive decision for Beam and the required debt funding options to support likely arbitration outcomes are well advanced.

Investors and Directors

Simon Wallace continues as Chairman of the Board and is also a shareholder in the Company. Simon brings detailed expertise in legal and commercial matters to Beam and was re-elected as a Director by shareholders at the Annual General Meeting on 30 November 2022.

Michael Capocchi is an Executive Director and holds the positions of Managing Director and Chief Executive Officer for all companies in the Group, including the USA subsidiary. He resides in Chicago, USA, which enables him to more easily visit US destinations, as well as the Middle East and UK/Europe where many of the Group's core clients are based. Michael is also a significant shareholder in the Company.

Mark Chartres was appointed to the Board of Directors as an Independent Non-Executive Director, commencing on 1 February 2022. Mark has spent nearly two decades professionally engaged in financial markets, including with Macquarie Group and presently Shaw and Partners. Mark's knowledge of our business, financial acumen and investment experience will materially augment the Board's skills matrix.

Peter Kopanidis joined the Board of Directors as an Independent Non-Executive Director on 15 January 2024, bringing thirty years of experience in Corporate Treasury, Investor Relations, and Corporate Finance. His diverse leadership experience with Australia's leading brands, combined with his qualification as a Chartered Accountant, enriches the Board's strategic and financial decisions. Moreover, his extensive industry insight and financial acumen enhance the Company's governance and strategic planning.

Significant changes in the state of affairs

Other than those noted above there were no significant changes in the state of affairs of the Group during the half year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Beam Communications Holdings Limited
Directors' report
31 December 2023

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Simon Wallace', written in a cursive style.

Mr Simon Wallace
Chairman

28 February 2024

Beam Communications Holdings Limited

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General information

The financial statements cover Beam Communications Holdings Limited as a Group consisting of Beam Communications Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Beam Communications Holdings Limited's functional and presentation currency.

Beam Communications Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 5 / 8 Anzed Court
Mulgrave, VIC, 3170
Australia

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2024.

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Beam Communications Holdings Limited and its controlled entities for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "M Parameswaran".

M PARAMESWARAN
Partner

Dated: 28 February 2024
Melbourne, Victoria

Beam Communications Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 December 2023 \$'000	31 December 2022 \$'000
Revenue	3	16,678	20,506
Other income	4	296	193
Expenses			
Cost of sales		(11,148)	(15,134)
Employment expense		(2,529)	(2,157)
Depreciation and amortisation expense		(1,483)	(785)
Finance costs		(36)	(54)
Administrative expense		(310)	(196)
Legal, insurance and patent		(746)	(139)
Marketing and ICT		(475)	(357)
Other		<u>(636)</u>	<u>(553)</u>
(Loss)/profit before income tax benefit/(expense)		(389)	1,324
Income tax benefit/(expense)	5	<u>138</u>	<u>(156)</u>
(Loss)/profit after income tax benefit/(expense) for the half-year attributable to the owners of Beam Communications Holdings Limited		(251)	1,168
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the half-year attributable to the owners of Beam Communications Holdings Limited		<u>(251)</u>	<u>1,168</u>
		Cents	Cents
Basic earnings per share	11	(0.29)	1.35
Diluted earnings per share	11	(0.29)	1.35

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Beam Communications Holdings Limited
Statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 December	30 June 2023
		2023	\$'000
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		3,384	4,951
Trade and other receivables	6	4,205	5,321
Inventories		7,349	7,462
Total current assets		<u>14,938</u>	<u>17,734</u>
Non-current assets			
Plant and equipment		99	100
Right-of-use assets	7	602	96
Development costs	8	9,408	8,915
Deferred tax		600	457
Total non-current assets		<u>10,709</u>	<u>9,568</u>
Total assets		<u>25,647</u>	<u>27,302</u>
Liabilities			
Current liabilities			
Trade and other payables	9	5,193	7,274
Lease liabilities		392	103
Provisions		1,588	1,425
Total current liabilities		<u>7,173</u>	<u>8,802</u>
Non-current liabilities			
Lease liabilities		194	27
Provisions		51	53
Total non-current liabilities		<u>245</u>	<u>80</u>
Total liabilities		<u>7,418</u>	<u>8,882</u>
Net assets		<u>18,229</u>	<u>18,420</u>
Equity			
Issued capital	10	17,375	17,375
Reserves		216	188
Retained profits		638	857
Total equity		<u>18,229</u>	<u>18,420</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Beam Communications Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	17,375	163	(1,304)	16,234
Profit after income tax expense for the half-year	-	-	1,168	1,168
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	1,168	1,168
<i>Transactions with owners in their capacity as owners:</i>				
Remuneration based option payments	-	47	-	47
Adjustment for broker options expired	-	(85)	85	-
Balance at 31 December 2022	17,375	125	(51)	17,449

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023	17,375	189	857	18,421
Loss after income tax benefit for the half-year	-	-	(251)	(251)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(251)	(251)
<i>Transactions with owners in their capacity as owners:</i>				
Remuneration based option payments	-	59	-	59
Adjustment for broker options issued	-	(32)	32	-
Balance at 31 December 2023	17,375	216	638	18,229

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Beam Communications Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2023

	Consolidated	
	31 December	31 December
	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	19,761	18,931
Payments to suppliers and employees (inclusive of GST)	(19,304)	(20,459)
Interest received	1	10
Insurance proceeds received	12	-
Interest and finance charges paid	(36)	(41)
Payroll tax (payment)/refund	(4)	90
	<u>430</u>	<u>(1,469)</u>
Net cash from/(used in) operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(18)	(16)
Payments for capitalised development costs	(1,865)	(1,856)
Proceeds from research and development grant	-	884
	<u>(1,883)</u>	<u>(988)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Net loan payments	-	(162)
Lease liability repayments	(114)	(117)
	<u>(114)</u>	<u>(279)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(1,567)	(2,736)
Cash and cash equivalents at the beginning of the financial half-year	<u>4,951</u>	<u>5,775</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>3,384</u></u>	<u><u>3,039</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Beam Communications Holdings Limited
Notes to the financial statements
31 December 2023

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *'Interim Financial Reporting'*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The impact of these standards did not have a material impact on the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Accounting policies

The accounting policies applied in preparing these consolidated financial statements for the half-year ended 31 December 2023 are the same as those applied by the consolidated entity in its consolidated annual financial report as at and for the year ended 30 June 2023.

Note 2. Operating segments

Identification of reportable operating segments

The Group has identified operating segments based upon internal reports that are reviewed and used by the Directors in assessing performance and determining the allocation of resources in respect of its satellite communications products services and online sales. As the online sales segment operated by SatPhone Shop Pty Ltd, a wholly owned subsidiary company, does not meet the quantitative threshold for separate disclosure, the company considers its aggregate segment as its sole segment. Accordingly, revenue and results are fully disclosed in the consolidated statement of profit or loss and other comprehensive income for this aggregated sole operating segment.

The consolidated statement of financial position discloses the sole operating segment assets and liabilities which are held within Australia.

Geographical information

The geographical disaggregation of sales has been presented in Note 3.

Note 3. Revenue

	Consolidated	
	31 December 2023	31 December 2022
	\$'000	\$'000
Equipment sales	15,415	19,888
Airtime	703	221
Other	560	397
Revenue	<u>16,678</u>	<u>20,506</u>

Beam Communications Holdings Limited
Notes to the financial statements
31 December 2023

Note 3. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 December	31 December
	2023	2022
	\$'000	\$'000
<i>Geographical regions</i>		
Australia	3,094	2,557
United States of America	6,149	7,363
United Arab Emirates	207	509
United Kingdom	651	725
China	76	95
Canada	3,797	4,859
Japan	105	147
Other foreign countries	2,599	4,251
	<u>16,678</u>	<u>20,506</u>
<i>Timing of revenue recognition</i>		
Goods and services transferred at a point in time	15,473	19,944
Goods and services transferred over time	1,205	562
	<u>16,678</u>	<u>20,506</u>

Note 4. Other income

	Consolidated	
	31 December	31 December
	2023	2022
	\$'000	\$'000
Research and development grant	283	183
Interest and insurance proceeds	13	10
Other income	<u>296</u>	<u>193</u>

Note 5. Income tax expense

	Consolidated	
	31 December	31 December
	2023	2022
	\$'000	\$'000
Current tax expense	(4)	-
Deferred tax benefit/(expense)	142	(156)
Income tax benefit/(expense)	<u>138</u>	<u>(156)</u>

The deferred tax expense reflects the movements in the deferred tax assets and liabilities.

The directors have recognised 100% (2022: 60%) of the deferred tax assets and liabilities relating to carried forward tax losses.

Beam Communications Holdings Limited
Notes to the financial statements
31 December 2023

Note 6. Trade and other receivables

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	2,884	4,342
Less: Allowance for expected credit losses	-	-
	<u>2,884</u>	<u>4,342</u>
Other receivables and prepayments	1,207	865
Rental & other security deposits	114	114
	<u>1,321</u>	<u>979</u>
	<u>4,205</u>	<u>5,321</u>

Ageing reconciliation	Within trade terms	Past due but not impaired (days overdue)	Past due but not impaired (days overdue)	Past due but not impaired (days overdue)	Past due & impaired	Gross amount
31 December 2023						
<u>Current</u>						
Trade receivables	2,628	230	7	19	-	2,884
Other receivables	1,207	-	-	-	-	1,207
Rental & other security deposits	114	-	-	-	-	114
Expected credit loss rate	-	-	-	-	-	-
30 June 2023						
<u>Current</u>						
Trade receivables	4,111	93	117	21	-	4,342
Other receivables	865	-	-	-	-	865
Rental & other security deposits	114	-	-	-	-	114
Expected credit loss rate	-	-	-	-	-	-

All trade receivables past due terms but not impaired are expected to be received in the normal course of business.

Note 7. Right-of-use assets

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$'000	\$'000
<i>Non-current assets</i>		
Plant and equipment - right-of-use	1,946	1,360
Less: Accumulated depreciation	(1,344)	(1,264)
	<u>602</u>	<u>96</u>

Beam Communications Holdings Limited
Notes to the financial statements
31 December 2023

Note 7. Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Balance \$'000
Balance at 1 July 2023	96
Additions	586
Depreciation expense	<u>(80)</u>
Balance at 31 December 2023	<u><u>602</u></u>

The Group leases building and two forklifts, with respective lease terms of 12, 5, and 3 years. Initially, the building was leased for a 9-year term starting in January 2015. This lease was modified in December 2023 to incorporate an additional three-year period. None of the lease contracts include terms for variable lease payments.

	Half-year ended 2023 \$'000	Half-year ended 2022 \$'000
Amount recognised in profit or loss		
Depreciation expense on right-of-use assets	80	77
Interest expense on lease liabilities	6	10
Expense relating to short-term leases	13	13

Note 8. Development costs

	Consolidated	
	31 December 2023 \$'000	30 June 2023 \$'000
<i>Non-current assets</i>		
Development costs	14,928	13,057
Less: Accumulated amortisation	<u>(5,520)</u>	<u>(4,142)</u>
	<u><u>9,408</u></u>	<u><u>8,915</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Movement in carrying amount of development costs

Consolidated	\$'000
Balance at 1 July 2023	8,915
Additions	1,871
Amortisation expense	<u>(1,378)</u>
Balance at 31 December 2023	<u><u>9,408</u></u>

The Group has assessed the minimum useful life of products from recent development projects at 4 years or 5 years giving a 20% p.a. or 25% p.a. amortisation rate on completed projects.

Beam Communications Holdings Limited
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Note 9. Trade and other payables

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables and accruals	3,894	5,725
Deferred R&D income	962	1,245
Other deferred income	337	304
	<u>5,193</u>	<u>7,274</u>

The Group initially recognises refundable R&D grants as deferred income upon receipt and brings to account the income over the same period as the amortisation of the related completed project cost. \$283,000 of R&D grant income was recognised in the statement of profit & loss for the half year.

Note 10. Issued capital

	Consolidated			
	31 December	30 June 2023	31 December	30 June 2023
	2023		2023	
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	86,421,921	86,421,921	17,375	17,375

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Share buy-back

There is no current on-market share buy-back.

Note 11. Earnings per share

	Consolidated	
	31 December	31 December
	2023	2022
	\$'000	\$'000
(Loss)/profit after income tax attributable to the owners of Beam Communications Holdings Limited	(251)	1,168
(Loss)/profit after income tax attributable to the owners of Beam Communications Holdings Limited used in calculating diluted earnings per share	<u>(251)</u>	<u>1,168</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>86,421,921</u>	<u>86,421,921</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>86,421,921</u>	<u>86,421,921</u>

Options have not been considered in the dilutive earnings per share calculation due to the average market price being less than the exercisable price.

Beam Communications Holdings Limited
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Note 11. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(0.29)	1.35
Diluted earnings per share	(0.29)	1.35

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Beam Communications Holdings Limited

Directors' declaration

31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Mr Simon Wallace
Chairman

28 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Beam Communications Holdings Limited

Conclusion

We have reviewed the accompanying half-year financial report of Beam Communications Holdings Limited ('the company') and its controlled entities (together 'the consolidated entity') which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Beam Communications Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors' for the Financial Report

The directors of the Beam Communications Holdings Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



M PARAMESWARAN

Partner

Dated: 28 February 2024
Melbourne, Victoria