Beam Communications Holdings Limited
ABN 39 010 568 804

5/8 Anzed Court, Mulgrave,
Victoria, Australia 3170

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

30 August 2021

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4E and Audited Financial Statements and Reports for year ending 30 June 2021

The Company encloses its Appendix 4E (Final Report) together with Audited FY2021 Financial Statements and Reports including all Notes to the Accounts as well as the Directors' Reports.

Yours faithfully

Dennis Payne
Company Secretary

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

Appendix 4E
Final Report
Year ended 30 June 2021

1. Reporting periods

Current reporting period	Year ended 30 June 2021
Previous corresponding period	Year ended 30 June 2020

2. Results for announcement to the market

				$A
2.1	Revenue from ordinary activities	up	23.95%	To $18,497,060
2.2	Profit from ordinary activities after tax attributable to members	Profit up by $2,138,412 on FY2020 loss of $1,629,234		To $509,178
2.3	Net profit for the period attributable to members	Profit up by $2,138,412 on FY2020 loss of $1,629,234		To $509,178
2.4	Dividends (distributions)	Amount per security		Amount per security
	Final dividend	NIL ¢		NIL ¢
	Interim dividend	NIL ¢		NIL ¢
	Previous corresponding period:			
	Final dividend	NIL ¢		NIL ¢
	Interim dividend	NIL ¢		NIL ¢
2.5	Record date for determining entitlements to the dividend	N/A		

2.6 EXPLANATION

Group revenue including other income increased by 16% to an all-time high of $19.5 million, with trading revenue increasing by 24% to $18.5 million. Net profit after tax (NPAT) improved to $509,178 from a loss of $1.6 million in FY2020 and profit before tax (PBT) increased by $2.3 million to $780,447 over the period.

A significant increase in sales of the Beam designed and developed ZOLEO device to its joint venture (JV) entity is the primary driver for the strong revenue performance. Beam invoiced 33,919 ZOLEO devices in FY2021, which represented a more than five-fold increase over FY2020, as demand for the seamless global messaging solution in North America and Australia accelerated and as more major retailers in these markets started stocking ZOLEO. Australian retailers include the Anaconda Group and Australia Post.

A superior depreciation and amortisation profile in FY2021, and the one-off write-down that impacted on FY2020 profits, were the biggest factors behind the large swing to profit. In FY2020 Beam took the prudent measure of writing down $1.97m in capitalised development expenses relating to Thuraya WE, which is the principal reason for Beam's final net loss in that year.

Refer also to Item 14 – Commentary on results for the year.

3, 4, 5 & 6. Statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity.

Refer to the attached financial statements together with notes for the year ended 30 June 2021.

7. Individual and total dividend or distribution payments

Dividend or distribution payments:	Amount	Date on which each dividend or distribution is payable	Amount per security of foreign sourced dividend or distribution (if known)
N/A	N/A	N/A	N.A
Total			

8. Dividend or distribution reinvestment plans

N/A

9. Net tangible assets/ (liabilities) per security

	30 June 2021 Cents per share	30 June 2020 Cents per share
Net tangible assets / (deficiency of assets) per security	8.2096	4.1747

10. Details of entities over which control has been gained or lost during the period:

10.1 Name of the entity.	N/A	
10.2 The date of the gain or loss of control.	N/A	
	Current period	**Previous corresponding Period**
10.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.	$ N/A	$ N/A

11. Details of associates and joint venture entities

Name of entity	**% Holding**	**Aggregate Share of profit (losses)**		**Contribution to net profit**	
		Current period	**Previous correspon-ding period**	**Current period**	**Previous correspon-ding period**
N/A					

12. Other significant information

N/A

13. Foreign entities

N/A

14. Commentary on results for the year

The principal activities of the Group during the year were the design, development, manufacture and global sales and distribution of its extensive range of satellite communication terminals, accessories and data airtime services.

A summary of the results for the year follows:

	2021 ($000)	**2020 ($000)**
Revenue	$18,497	$14,923
Other income	$1,028	$1,918
Deduct:		
Cost of goods sold, research & development, administrative marketing and corporate expenses	$(17,535)	$(13,565)*
Operating profit before amortisation, depreciation, interest and tax	**$1,990**	**$3,276**
Deduct:		
Amortisation and impairment	$(810)	$(4,311)
Depreciation	$(200)	$(211)*
Interest	$(200)	$(272)*
Operating profit/(loss)	**$780**	**$(1,518)**
Net tax benefit/(expense)	$(271)	$(112)
Net profit/(loss) for year	**$509**	**$(1,629)**

** Certain comparative figures for the 2020 year have been reclassified to better match the treatment undertaken for the 2021 year.*

Group revenue including other income increased by 16% to an all-time high of $19.5 million, with trading revenue increasing by 24% to $18.5 million. Net profit after tax (NPAT) improved to $509,178 from a loss of $1.6 million in FY2020 and profit before tax (PBT) increased by $2.3 million to $780,447 over the period.

A significant increase in sales of the Beam designed and developed ZOLEO device to its joint venture (JV) entity is the primary driver for the strong revenue performance. Beam invoiced 33,919 ZOLEO devices in FY2021, which represented a more than five-fold increase over FY2020, as demand for the seamless global messaging solution in North America and

Australia accelerated and as more major retailers in these markets started stocking ZOLEO. Australian retailers include the Anaconda Group and Australia Post.

A superior depreciation and amortisation profile in FY2021, and the one-off write-down that impacted on FY2020 profits, were the biggest factors behind the large swing to profit. In FY2020 Beam took the prudent measure of writing down $1.97m in capitalised development expenses relating to Thuraya WE, which is the principal reason for Beam's final net loss in that year.

The Group reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $2 million versus over $3 million the year before. FY2021 EBITDA would be ahead of the previous year if not for the fact that Beam received a substantially larger Research and Development (R&D) grant payment from the government in FY2020 and if the Group did not invest additional resources in FY2021 to support the sharp ramp-up in sales in ZOLEO.

The Group reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $2 million versus over $3 million the year before. If the government's Research and Development (R&D) grant payments are removed, the Group's FY2021 figure on that basis would be $1.63 million compared to $1.86 million in FY2020. FY2021 EBITDA would be ahead of the previous year if the Group did not invest additional resources in FY2021 to support the sharp ramp-up in sales in ZOLEO.

Beam's wholly-owned subsidiary and the largest Telstra satellite equipment provider, SatPhone Shop, also contributed to the positive results with sales jumping 27.5% over the previous year. The growth was particularly pronounced in the last quarter of FY2021 due to orders from medium-sized business customers and semi-government entities. Additionally, sales of Beam's other equipment (including Iridium GO! devices) were consistently strong compared to the previous financial year.

15. Audit

The financial statements for the year ended 30 June 2021 have been audited and will not be qualified or include any emphasis of matter.

Signed by Chairman:

Mr Simon Wallace
Date: 30 August 2021

Beam Communications Holdings Limited

ABN 39 010 568 804

Final report
for the financial year ended 30 June 2021

including Directors' Report

CONTENTS

DIRECTORATE

NON-EXECUTIVE CHAIRMAN
Mr Simon Lister Wallace

MANAGING DIRECTOR
Mr Michael Ian Capocchi

NON-EXECUTIVE DIRECTOR
Mr David Paul James Stewart

COMPANY SECRETARY
Mr Dennis Frank Payne

REGISTERED OFFICE

Unit 5 / 8 Anzed Court Mulgrave,
VIC, 3170
Ph: (03) 8561 4200
Fax: (03) 9560 9055
Email:
investor@beamcommunications.com

SHARE REGISTER

Link Market Services Ltd
Locked Bag A14,
Sydney South, NSW, 1235
Ph: (02) 8280 7454
Fax: (02) 9287 0303

SOLICITORS TO THE COMPANY

GrilloHiggins Lawyers
Level 20, 31 Queen Street,
Melbourne, VIC, 3000
Ph: (03) 8621 8880

AUDITOR

RSM Australia Partners
Level 21, 55 Collins Street,
Melbourne, VIC 3000
Ph: (03) 9286 8000
Fax: (03) 9286 8199

ASX OFFICE

Based in Melbourne

ASX CODE

BCC

DIRECTORS' REPORT

Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2021.

DIRECTORS

The persons who have been a Director of the Company since the start of the financial year to the date of this report are:

Simon Lister Wallace
Michael Ian Capocchi
Carl Cheung Hung (retired 30 November 2020)
David Paul James Stewart

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

Simon Lister Wallace – Chairman

Age: 47

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 Beam 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: 50

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 Beam, 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 Beam is a 50% partner with Roadpost Inc of Canada.

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

Carl Cheung Hung – Non Executive Director

Age: 37

Carl Hung has a Bachelor of Commerce degree from the University of British Columbia and an Executive MBA from University of Western Ontario's Richard Ivey School of Business. He is a Six Sigma Black Belt certified by SGS. He is also a Certified Management Accountant.

Carl is President and CEO of Season Group International Inc, a global Electronic Manufacturing Services provider with footprint in Hong Kong, China, Malaysia, Mexico and the UK. Season Group has been the preferred contract manufacturer for Beam for several years and has been instrumental in rationalising Beam's manufacturing and supply processes.

Carl was a Director of Beam from 21 February 2013 until retiring on 30 November 2020.

David Paul James Stewart – Non Executive Director

Age: 67

David Stewart is an experienced CEO and successful entrepreneur with more than 30 years in management and business leadership roles. David founded Banksia Technology Pty Limited in 1988 and successfully managed the company as a fast growing and highly profitable business. In 1996 to 1997 he instigated the successful takeovers of several competitors, including NetComm Limited. David assumed the role of CEO and Managing Director until retiring in 2016. A year later David was appointed as a Non-Executive Director of NetComm Wireless Limited, a position he held until June 2019 when NetComm was acquired by US-based Casa Systems.

In 2016 David was recognised for his significant and valuable contribution to the Australian communications industry with the presentation of the Communications Ambassador 2016 award. The Australian Communications Ambassador award is the highest honour presented by ACOMMS Communications Alliance and CommsDay each year.

Since retiring, David has worked with several tech startups in an advising and investing capacity. He was Chairman of Pycom from 2017 until retiring from the board in July 2021. David joined the board of Lockbox Technologies in 2018 until the company was taken over in May 2020 and in August 2019 he was announced as a board member for MyNetFone Group Limited.

David Stewart has been a Director of Beam Communications Holdings Limited since November 2017 following a substantial investment.

Indemnification of Directors and Officers

During the year, the economic entity has paid premiums in respect of an insurance contract to indemnify its directors and officers against liabilities that may arise from their positions. Directors and officers indemnified include the Company Secretary, all directors and all executive officers participating in the management of the economic entity.

Further disclosure required under section 300(9) of the Corporations Law is prohibited under the terms of the insurance contract.

Directorships of Other Listed Companies

David Stewart was a non-executive director of NetComm Wireless Limited until June 30, 2019 and has been a non-executive director of MyNetFone Group Limited (ASX:MNF) since August 14, 2019. No other director of Beam Communications Holdings Limited has been a director of a listed company in the three years immediately before the end of the financial year.

COMPANY SECRETARY

Dennis Frank Payne has held the position of Company Secretary since 2010. Dennis joined the Company in 2005 and has also served since that date as Chief Financial Officer.

Prior to joining Beam Communications Holdings Limited Dennis held senior financial and commercial roles at Cadbury Schweppes and Optus Communications. He has a Bachelor of Economics and is a qualified CPA.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS AND REVIEW OF ACTIVITIES

The Consolidated Group reports a total comprehensive income of $509,178 for the FY2021 year on total revenue and other income of $19,525,078 (2020: net loss of $1,629,234 on total revenue and other income of $16,841,164).

A summary of the result for the year is as follows:

	2021 ($000)	2020 ($000)
Revenue	$18,497	$14,923
Other income	$1,028	$1,918
Deduct:		
Cost of goods sold, research & development, administrative marketing and corporate expenses	$(17,535)	$(13,565)*
Operating profit before amortisation, depreciation, interest and tax	**$1,990**	**$3,276**
Deduct:		
Amortisation and impairment	$(810)	$(4,311)
Depreciation	$(200)	$(211)*
Interest	$(200)	$(272)*
Operating profit/(loss)	**$780**	**$(1,518)**
Net tax benefit/(expense)	$(271)	$(112)
Net profit/(loss) for year	**$509**	**$(1,629)**
Total comprehensive income/(loss) for year	**$509**	**$(1,629)**

'* In FY2020 in this table the Group reported Depreciation as $53,000 which was depreciation without notional depreciation on right of use assets, and Interest as $163,000 which was interest before notional interest on an interest free loan, giving EBITDA of $3,009,000, in order to coincide with the figures reported in FY2019.

Performance and Profit

Beam Communications Holdings achieved record revenue for the year ended 30 June 2021 which has been driven by hardware sales of ZOLEO devices to its joint venture entity and ongoing organic growth across other key areas of its business.

Group revenue including other income increased by 16% to an all-time high of $19.5 million, with trading revenue increasing by 24% to $18.5 million. Net profit after tax (NPAT) improved to $509,178 from a loss of $1.6 million in FY2020 and profit before tax (PBT) increased by $2.3 million to $780,447 over the period.

A significant increase in sales of the Beam designed and developed ZOLEO device to its joint venture (JV) is the primary driver for the strong revenue performance. A superior depreciation and amortisation profile in FY2021 and the one-off write-down that impacted on FY2020 profits were the biggest factors behind the large swing to profit. In FY2020 Beam took the prudent measure of writing down $1.97m in capitalised development expenses relating to Thuraya WE, which is the principal reason for Beam's final net loss in that year.

Negligible amounts of recurring subscription revenue were reflected in the Group's FY2021 accounts, but that will change from the current financial year onwards.

Beam invoiced 33,919 ZOLEO devices in FY2021, which represented a more than five-fold increase over FY2020, as demand for the seamless global messaging solution in North America and Australia accelerated and as more major retailers in these markets started stocking ZOLEO.

As highlighted in previous announcements, Beam sells the ZOLEO device on a slim margin to encourage consumer adoption as subscriptions are the key profit driver for this innovative offering. The Group reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $2 million in FY2021 versus over $3 million the year before.

However, Beam's FY2021 EBITDA would be ahead of the previous year if not for the fact that Beam received a substantially larger Research and Development (R&D) grant payment from the government in FY2020 and if the Group did not invest additional resources in FY2021 to support the sharp ramp-up in sales in ZOLEO.

Importantly, EBITDA margins are expected to improve materially as subscription revenues start to be reflected in Beam's accounts from FY2022 onwards. Subscription revenues are high margin and tend to be sticky, while there is substantial operating leverage in the ZOLEO business where margins will increase exponentially in line with significant increases in subscriber numbers.

At the end of FY2021, the number of Australian ZOLEO subscribers grew, during very strict COVID-19 lockdowns, to around 1,300, while the Australian average revenue per user (ARPU) continued to hover at around $45 a month.

The growth in its Australian subscriber base in FY2021 coincided with Beam's partnership with two major Australian retailers – Anaconda Group and Australia Post Group. Anaconda is a leading outdoor equipment retailer with around 68 stores across the country, while Australia Post has started selling ZOLEO at approximately 100 of its regional outlets under the first phase of the rollout. There are over 4,000 Australia Post shops in the network and more than half of these are in regional communities that could find the ZOLEO service particularly useful.

Meanwhile, Beam's wholly-owned subsidiary and the largest Telstra satellite equipment provider, SatPhone Shop, also contributed to the positive results with sales jumping 27.5% over the previous year. The growth was particularly pronounced in the last quarter of FY2021 due to orders from medium-sized business customers and semi-government entities.

Sales of ZOLEO through SatPhone Shop provided another tailwind for the division. SatPhone Shop, like other retailers, collect a good profit margin on sales of the ZOLEO device.

Additionally, sales of Beam's other equipment (apart from ZOLEO) were consistently strong compared to the previous financial year. The Company received its eighth order for 5,000 Iridium GO! devices in September 2020 from its long-standing partner and leading satellite services company Iridium Communications Inc (NASDAQ: IRDM). Beam continued to receive orders for the portable satellite hotspot post June 30, 2021, and this takes the total number of Iridium GO! units ordered from Beam to 57,500 since its launch in 2014.

While sales of Beam-branded equipment (such as fixed terminals, docking units, handsets and accessories) fell 10% in FY2021, this was still better than expected given the global impacts of COVID-19 on the enterprise and government sectors, specifically in maritime applications.

Cash and Funding

Beam's cash holdings at 30 June, 2021, were $3.7 million (FY2020: $874,000) and the Company had a further $1.7 million in available, but undrawn, debt facilities.

The increase in cash follows a successful circa $5 million share placement to high net worth and institutional investors in December quarter 2020. Beam also recorded an increase in customer cash receipts from its ordinary activities with the Company posting seven consecutive quarters of positive operating cash flow.

During the financial year, Beam was given two three-year $500,000 loans from the National Australia Bank as part of the Australian government's COVID-19 business support program. Beam has repaid these loans and converted them into a $1 million re-drawable five-year partially secured loan facility.

Beam capitalised $2.5 million in development costs relating to ZOLEO and Iridium Certus® and received the federal government's R&D tax credit of $689,703 in FY2021.

Outlook and Projects

Notwithstanding the ongoing impact of the COVID-19 pandemic on Beam's operations and the global economy, Beam believes it can continue to build on the momentum it achieved in the previous year and deliver an improved result for FY2022. There are a few reasons for the positive outlook.

Chief among them is the ongoing growth of ZOLEO with the unique solution launching into new markets in the current financial year. ZOLEO is on track to enter the United Kingdom and select European markets early in the new year, while ZOLEO has been available in the New Zealand market since early August.

Beam and its JV partner Roadpost Inc. will share the gross margins from subscriptions in the UK and Europe equally, while Beam gets 70% of gross margins from its territories, which include Australia, New Zealand, China and Japan.

Further, Beam is developing the next-generation of Iridium satellite devices called Iridium Certus®, which are capable of faster data speeds. The development and launch of these new devices are significant given the persistent popularity of its Iridium GO! device over the past seven years, and the fact that Beam may have the opportunity to introduce value added services to such offerings to generate a new stream of recurring income.

SatPhone Shop is also positioned to contribute positively to Beam's growth in FY2022. The growth momentum it experienced in the previous financial year, particularly in the fourth quarter, has persisted into the current financial year.

Meanwhile, Beam continues to receive orders for the Iridium GO! device. The Company was given its largest order to date for 7,500 units from Iridium in July and Beam is anticipating ongoing orders for Iridium GO! even after the launch of new Certus® devices.

Directors and Investors

Beam issued 21,272,000 new shares and 8,590,667 unquoted options exercisable at $0.50 and expiring on 31 December 2022 as part of its share placement to sophisticated and institutional shareholders during the course of the 2021 financial year. In addition, Mr Capocchi exercised 907,500 options on 30 November 2020.

Mr Simon Wallace, a shareholder in the Company, has been a Director for six years and is currently the Non-Executive Chairman of the Board. Simon has lengthy and detailed expertise in legal and commercial matters and leads the Board and the Group in fund raising activities, strategic and corporate governance advice.

Mr David Stewart joined our board as a Non-Executive Director in November 2017. David has been a keen advisor to senior management in the rationalisation of development expenditure, providing experienced insight into the communications industry both in Australia and overseas. David remains Beam's major shareholder, holding 14.53% of the shares and assists the Group to expand in the satellite and non-satellite space.

Mr Michael Capocchi is an Executive Director and holds the positions of Managing Director and Chief Executive Officer for all companies in the Group. His base in the USA enables him to easily visit the Middle East and UK/Europe, where many core clients are based, as well as domestically within the US. Michael who travelled to Australia every four to six weeks prior to Australia's travel restrictions, has seen little interruption to his utility and client access as a result of COVID-19 and retains direct and daily contact with management. Michael is also a significant shareholder in the Company.

Mr Carl Hung retired from Beam's board as a Non-Executive Director on 30 November 2020 but remains a key shareholder with 7.21% of the Company's shares.

The Directors believe the Group is well placed to continue to build on the underlying profit growth achieved over the past few years, particularly with its new range of products and services that have either just been launched or will be commercialised in the short- to medium-term.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

EVENTS AFTER REPORTING DATE

There have been no significant events since 30 June 2021.

DIVIDENDS PROPOSED OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

ENVIRONMENTAL ISSUES

The Consolidated Group's operations are not regulated by any significant environmental regulation under any Commonwealth, State or Territory laws.

FUTURE DEVELOPMENTS

The company will continue the development of the Satellite Communications Services and related businesses.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

907,500 ordinary shares of the Company were issued during the year ended 30 June 2021 following the exercise of options. Further details in Note 16 (b).

DIRECTORS' INTERESTS

The relevant interests of the Directors in the securities of the Company are detailed in the Remuneration Report as part of the Directors' Report.

SHARES UNDER OPTION

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Issue Date	Date of Expiry	Exercise Price	Number Under Option
9.12.20	31.12.22	$0.50	7,090,667
9.12.20	31.12.22	$0.50	1,500,000
			8,590,667

DIRECTORS' MEETINGS

During the year ended 30 June 2021 the Company held 16 meetings of Directors (including Audit Committee meetings). Attendances by each Director during the year were:

	Directors meetings		**Committees**	
Director	Attended	Maximum Possible Attended	Attended	Maximum Possible Attended
M Capocchi	13	13	0	0
D Stewart	13	13	1	1
C Hung	7	7	2	2
S Wallace	13	13	3	3

Each Director attended every scheduled meeting of the Board and of each Committee of which he is a member while in office.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each director of Beam Communications Holdings Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The Company is committed to remunerating its executive directors and senior executives in a manner that is market-competitive, consistent with best practice and which supports the interests of shareholders. The Company aims to align the interests of executive directors and senior executives with those of shareholders by remunerating through performance and long-term incentive plans in addition to fixed remuneration.

The remuneration of Non-executive Directors is determined by the Board having regard to the level of fees paid to non-executive directors by other companies of similar size and stature and in aggregate must not exceed the maximum annual amount approved by the Company's shareholders, currently $500,000, as determined at the General Meeting held on 3 August 2007.

Senior executives' remuneration consists of the following elements:

- fixed salary;
- short-term incentive bonus where applicable based on performance;
- long-term incentive share option scheme; and:
- other benefits including superannuation.

Fixed Salary

The salary of senior executives is determined from a review of the market and reflects core performance requirements and expectations. In addition, the Company considers the following:

- The scope of the individual's role;
- The individual's level of skill and experience;
- Legal and industrial obligations;
- Labour market conditions; and
- The complexity of the Company's business.

Performance Bonus

The purpose of a performance bonus is to reward an individual's actual achievement of performance objectives and for materially improved Company performance. Consequently, performance-based remuneration is paid where a clear contribution to successful outcomes for the Company is demonstrated and the individual attains and excels against pre-agreed key performance indicators during a performance cycle.

For FY2021 the Managing Director had a performance bonus potential of 10% of the Group operating profit before interest, tax, depreciation, and amortisation (EBITDA) above $1,000,000 for the financial year, plus $20,000 and a 1% increase in fixed salary for FY2022, upon the achievement of each of 5 KPIs set by the Board at the beginning of the financial year. The Group achieved an EBITDA of $1,990,880 and therefore the performance bonus becomes payable. In addition, the Managing Director achieved 4 of the KPIs. From May 2020 until October 2020 employees contributed 20% of their salary payments to COVID-19 relief savings and the Managing Director agreed to reduce his FY2020 bonus payment, which became payable during FY2021, by 50%.

Two senior sales executives, who have contractual performance-based bonus entitlements and who achieved above their minimum sales-related target levels in FY2020 also agreed to reduce their bonus payments by approximately 50%. These executives achieved above their minimum sales-related target levels in FY2021. No other key management executive has a contractual performance bonus entitlement.

In assessing the relative performance of the senior executives and the Group as a whole measured against the primary objective of enhancing shareholder value over time, the Board has regard to key financial indicators. In accordance with Section 300A of the Corporations Act 2001 the following table summarises the Group's performance over the last 5 years.

	2021	2020	2019	2018	2017
Net profit/(loss) before tax ($'000)	780	(1,518)	722	(1,432)	(423)
EBITDA ($'000)	1,990	3,276	2,104	(607)	129
Basic earnings per share	0.76	(0.31)	0.64	(3.07)	(1.29)
Share price at 30 June ($)	0.235	0.17	0.27	0.16	0.13
Market Capitalisation at 30 June	17.64	8.99	14.28	8.46	5.61
Dividends per share	Nil	Nil	Nil	Nil	Nil

REMUNERATION REPORT (continued)

The Board believes the above table illustrates the positive direction the Group has taken over the past five years and is reflective of the performance of senior executives during that period. Due to the nature of the Group's business, there are often major influences on a particular financial year's profit result. In FY2020, to focus development efforts on ZOLEO improvements and Iridium Certus, the Company terminated three development projects and also wrote-off the remainder of the Thuraya WE project's capitalised value at an all-up cost of $1,925,000. In FY2021 the Company continued that underlying positive NPBT and NPAT trend achieving a record NPBT and a very significant market capitalisation value at 30 June. This accommodated the major capital raising and share issue completed in December 2020 and provides recognition of the fundamental strength in performance.

Long-term Incentives

The Company's Share Options Incentive Plan, in which executive directors and senior executives may participate, was approved by shareholders on 27 October 2017 and authorises the Directors to issue options in respect to up to 10% of the shares on issue at a given time.

The Company ensures that the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

No options were issued to key management personnel or Directors during FY2018 – FY2021 while the Company evaluates the effectiveness of share options as incentives.

Other Benefits

Senior executives are entitled to statutory superannuation and other bonus payments subject to the discretion of the Managing Director and the Board.

Employment Contracts

Employment Contracts of Senior Executives

The employment contract for the Managing Director/CEO was renewed and executed by the Company and Michael Capocchi on 30 September 2020 with operative effect from 1 July 2020. The contract has a minimum term of two years. The contract can be terminated by either the Company or Mr Capocchi, with a minimum of 9 months' notice, subject to completion of the minimum term. The terms of Mr Capocchi's contract include a fixed base salary and a significant portion of his total remuneration was set at risk based on achievement of EBITDA and five annual KPIs.

All other key management personnel are permanent employees.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

(a) Names and positions held of consolidated group and parent entity Key Management Personnel in office at any time during the financial year are:

Directors

Mr S Wallace	Non-Executive Chairman	
Mr M Capocchi	Executive Managing Director	
Mr C Hung	Non-Executive Director	(retired on 30 November 2020)
Mr D Stewart	Non-Executive Director	

Other key management personnel

Mr D Payne	Chief Financial Officer and Company Secretary
Mr W Christie	Chief Technical Officer

(b) Details of remuneration for the year

The remuneration for each director and each of the other key management personnel of the consolidated group receiving the highest remuneration during the year was as follows:

	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments			
2021	**Cash salary & fees $**	**Cash bonus & Commi-ssions $**	**Motor vehicle & other allowances $**	**Employee benefits payable [b] $**	**Super-annuation $**	**Employee benefits payable $**	**Eligible termination benefits $**	**Options [a] $**	**Total $**	**Performance related %**	**Remuneration consisting of options %**
Directors											
Mr S Wallace	61,111	-	-	-	-	-	-	-	61,111	0.00%	0.00%
Mr M Capocchi [c]	441,236	179,088	-	9,460	41,917	6,818	-	-	678,519	26.39%	0.00%
Mr C Hung	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Mr D Stewart	27,777	-	-	-	-	-	-	-	27,777	0.00%	0.00%
Other											
Mr D Payne	179,113	20,000	-	(1,727)	17,015	(9,198)	-	-	205,203	9.75%	0.00%
Mr W Christie	205,332	-	-	(1,952)	19,322	4,229	-	-	226,931	0.00%	0.00%
Total	914,569	199,088	-	5,781	78,254	1,849	-	-	1,199,541		

	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments			
2020	**Cash salary & fees $**	**Cash bonus & Commi-ssions $**	**Motor vehicle & other allowances $**	**Employee benefits payable [b] $**	**Super-annuation $**	**Employee benefits payable $**	**Eligible termination benefits $**	**Options [a] $**	**Total $**	**Performance related %**	**Remuneration consisting of options %**
Directors											
Mr S Wallace	40,277	-	-	-	-	-	-	-	40,277	0.00%	0.00%
Mr M Capocchi [c]	448,645	160,684	4,906	34,220	43,087	9,778	-	-	701,320	22.91%	0.00%
Mr C Hung	31,250	-	-	-	-	-	-	-	31,250	0.00%	0.00%
Mr D Stewart	31,250	-	-	-	-	-	-	-	31,250	0.00%	0.00%
Other											
Mr D Payne	187,420	-	-	(2,876)	17,767	(13,155)	-	-	189,156	0.00%	0.00%
Mr W Christie	185,386	-	-	12,187	17,574	16,742	-	-	231,889	0.00%	0.00%
Total	924,228	160,684	4,906	43,531	78,428	13,365	-	-	1,225,142		

[a] Option based compensation relates to the value of options issued to date and brought to account pro-rata to the time period from the date of granting to the date of vesting, except where Accounting Standard AASB 2 required expensing to begin from the commencement of service related to those options, notwithstanding that the issue of those options, in the case of Directors was subject to shareholder approval, and in the case of key management employees, subject to performance review.

[b] Employee benefits payable represents net increase in benefits payable charged to the consolidated statement of profit or loss and other comprehensive income in the current year.

[c] The majority of Mr Capocchi's remuneration is in US dollars. For 2021 his remuneration has been converted into AU dollars at the exchange rate on 30 June 2021 of 0.7518.

REMUNERATION REPORT (continued)

(c) (i) Options granted as part of remuneration for the year

2021	Grant date	Granted number	Value per option at grant date $	Value of options granted during the year $	Value of options exercised during year $	Value of options lapsed during year $	Total $
Directors							
Mr S Wallace	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	(229,598)	-	(229,598)
Mr C Hung	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-
Other							
Mr D Payne	-	-	-	-	-	(21,916)	(21,916)
Mr W Christie	-	-	-	-	-	(31,309)	(31,309)

2020	Grant date	Granted number	Value per option at grant date $	Value of options granted during the year $	Value of options exercised during year $	Value of options lapsed during year $	Total $
Directors							
Mr S Wallace	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-
Other							
Mr D Payne	-	-	-	-	-	(21,916)	(21,916)
Mr W Christie	-	-	-	-	-	(31,309)	(31,309)

REMUNERATION REPORT (continued)

(c) (ii) Options granted and/or vested during the year

2021	Vested No.	Granted No.	Terms & conditions for each grant: Grant date	Value per option at grant date $	Exercise price $	Expiry date	First exercise date	Last exercise date
Directors								
Mr S Wallace	-	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-
Other								
Mr D Payne	-	-	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-	-	-
Total	-	-						

2020	Vested No.	Granted No.	Terms & conditions for each grant: Grant date	Value per option at grant date $	Exercise price $	Expiry date	First exercise date	Last exercise date
Directors								
Mr S Wallace	-	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-
Other								
Mr D Payne	-	-	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-	-	-
Total	-	-						

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

(d) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each key management person including their personally related parties is set out below.

2021	Balance 1.07.20	Granted as Remuneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.21	Total Vested 30.06.21	Exercisable 30.06.21	Unexercisable 30.06.21
Directors									
Mr S Wallace	-	-	-	-	-	-	-	-	-
Mr M Capocchi	907,500	-	-	(907,500)	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-	-
Other									
D Payne	190,575	-	-	-	(190,575)	-	-	-	-
W Christie	272,250	-	-	-	(272,250)	-	-	-	-
Total	1,370,325	-	-	(907,500)	(462,825)	-	-	-	-

2020	Balance 1.07.19	Granted as Remuneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.20	Total Vested 30.06.20	Exercisable 30.06.20	Unexercisable 30.06.20
Directors									
Mr S Wallace	-	-	-	-	-	-	-	-	-
Mr M Capocchi	907,500	-	-	-	-	907,500	907,500	907,500	-
Mr C Hung	-	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-	-
Other									
Mr D Payne	381,150	-	-	-	(190,575)	190,575	190,575	190,575	-
Mr W Christie	544,500	-	-	-	(272,250)	272,250	272,250	272,250	-
Total	1,833,150	-	-	-	(462,825)	1,370,325	1,370,325	1,370,325	-

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

(e) Share holdings

The number of shares in the Company held during the financial year by each key management person including their personally related parties are set out below.

2021	Balance 1.07.20	Received as Remuneration	Options Exercised	Placement Issue	Net Change Other [a]	Balance 30.06.21
Directors						
Mr S Wallace	200,000	-	-	-	-	200,000
Mr M Capocchi	1,603,899	-	907,500	-	160,498	2,671,897
Mr C Hung [b]	5,409,874	-	-	-	-	5,409,874
Mr D Stewart	10,905,000	-	-	-	-	10,905,000
Other						
Mr D Payne	328,570	-	-	-	-	328,570
Mr W Christie	62,778	-	-	-	-	62,778
	18,510,121	-	907,500	-	160,498	19,578,119

2020	Balance 1.07.19	Received as Remuneration	Options Exercised	Placement Issue	Net Change Other [a]	Balance 30.06.20
Directors						
Mr S Wallace	178,600	-	-	-	21,400	200,000
Mr M Capocchi	1,603,899	-	-	-	-	1,603,899
Mr C Hung	9,243,207	-	-	-	(3,833,333)	5,409,874
Mr D Stewart	10,540,000	-	-	-	365,000	10,905,000
Other						
Mr D Payne	328,570	-	-	-	-	328,570
Mr W Christie	62,778	-	-	-	-	62,778
	21,957,054	-	-	- -	3,446,933	18,510,121

[a] Net Change Other refers to shares purchased or sold on-market or off-market at current market prices during the financial year.

[b] Carl Hung retired on 30/11/2020 and was no longer a director at the end of the 2021 financial year.

(f) Shares issued on exercise of remuneration options

Mr Capocchi exercised options on 30 November 2020 at an exercise price of 19.5 cents. The options were issued in 2015.

(g) Voting and comments made at the Company's 2020 Annual General Meeting (AGM)

At the Company's most recent AGM, a resolution to adopt the prior year remuneration report was put to the vote and at least 75% of 'yes' votes were cast for adoption of that report. No comments were made on the remuneration report at the AGM.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

NON AUDIT SERVICES

No non audit services were undertaken by the external auditors during the year ended 30 June 2021.

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.

Signed in accordance with a resolution of the Board of Directors dated 30 August 2021.

Mr Simon Wallace
Chairman
Date: 30 August 2021

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Beam Communications Holdings Limited for the year ended 30 June 2021, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 30 August 2021
Melbourne, Victoria

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Year ended 30 June 2021 $	Year ended 30 June 2020 $
Revenue	2(a)	18,497,060	14,923,300
Other income	2(b)	1,028,018	1,917,865
Changes in inventories of raw materials, finished goods and work in progress		(504,109)	839,059
Raw materials, consumables and other costs of sale	2(c)	(12,276,211)	(9,192,850)
Employee benefits expense		(2,818,700)	(2,665,464)
Depreciation expense	8(a), 9	(199,926)	(211,015)
Amortisation expense	11(a)	(810,451)	(1,520,080)
Impairment expense	11(a)	-	(2,791,218)
Finance costs expense	2(d)	(200,057)	(271,516)
Auditor remuneration expense	22	(69,400)	(75,800)
Accounting, share registry and secretarial expense		(97,013)	(103,423)
Consultancy and contractor expense		(403,943)	(486,783)
Legal, insurance and patent expense		(203,970)	(182,413)
Marketing and ICT expense		(605,555)	(405,785)
Share of loss from interest in Joint Venture	7	(137,080)	(389,617)
Other expenses	2(e)	(418,217)	(901,782)
Profit (loss) before income tax		780,446	(1,517,523)
Tax expense	3(a)	(271,268)	(111,711)
Profit (loss) for the year		509,178	(1,629,234)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		509,178	(1,629,234)

Net Profit (loss) and total comprehensive loss are both fully attributable to owners of the Company

	Note	30 June 2021	30 June 2020
Earnings per share (cents)	24	0.76	(0.31)
Diluted earnings per share (cents)	24	0.76	(0.31)

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
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	30 June 2021 $	30 June 2020 $
Current assets			
Cash and cash equivalents	4	3,707,484	873,960
Inventories	5	3,071,973	3,576,082
Trade and other receivables	6	3,156,473	2,337,993
Total current assets		9,935,930	6,788,035
Non-current assets			
Interest in joint venture	7	232,560	404,918
Plant and equipment	8	71,530	93,811
Right-of-use assets	9	360,308	519,068
Deferred tax assets	10	596,169	1,015,413
Intangible assets	11	5,500,055	3,803,161
Total non-current assets		6,760,622	5,836,371
Total assets		16,696,552	12,624,406
Current liabilities			
Trade and other payables	12	2,633,268	2,785,037
Other financial liabilities	13	-	971,392
Lease liabilties	14	207,437	182,930
Provisions	15	1,101,924	1,294,111
Total current liabilities		3,942,629	5,233,471
Non-current liabilities			
Other financial liabilities	13	735,112	818,737
Lease liabilties	14	309,129	514,606
Provisions	15	48,112	47,120
Total non-current liabilities		1,092,353	1,380,463
Total liabilities		5,034,982	6,613,934
Net assets		11,661,570	6,010,472
Equity			
Issued capital	16	12,703,060	7,646,641
Reserves		85,500	320,394
Accumulated losses		(1,126,990)	(1,956,563)
Total equity		11,661,570	6,010,472

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Issued capital $	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2019	7,646,641	411,189	(418,125)	7,639,705
Loss for the year	-	-	(1,629,234)	(1,629,234)
Other comprehensive income for the year, net of income tax	-	-	-	-
Transactions with owners in their capacity as owners:				
- Adjustment for employee share option lapsed	-	(90,795)	90,795	-
Balance at 30 June 2020	7,646,641	320,394	(1,956,563)	6,010,472
Balance at 1 July 2020	7,646,641	320,394	(1,956,563)	6,010,472
Profit for the year	-	-	509,178	509,178
Other comprehensive income for the year, net of income tax	-	-	-	-
Transactions with owners in their capacity as owners:				
- Shares issued, net of transaction costs	4,964,957			4,964,957
- Adjustment for broker options issued	(85,500)	85,500		-
- Adjustment for employee share options lapsed	-	(320,394)	320,394	-
- Adjustment for employee share options exercised	176,963	-	-	176,963
Balance at 30 June 2021	12,703,060	85,500	(1,126,990)	11,661,570

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Year ended 30 June 2021 $	30 June 2020 $
Cash flow from operating activities			
Receipts from customers		19,191,491	15,393,052
Payments to suppliers and employees		(18,496,129)	(13,614,662)
Interest received		561	717
Interest and finance charges paid		(158,066)	(220,743)
Income tax credit (expense)		28,645	(233,977)
COVID-19 relief		366,500	230,000
Net cash provided by operating activities	19(a)	933,002	1,554,387
Cash flow from investing activities			
Purchases of plant & equipment	8(a)	(22,037)	(56,595)
Development costs capitalised		(2,507,345)	(2,534,199)
Research and development grant	12	689,703	-
Interest in joint venture		-	(689,997)
Net cash used in investing activities		(1,839,679)	(3,280,791)
Cash flow from financing activities			
Net loan payments		(1,046,593)	220,978
Lease liability repayments		(178,164)	(152,900)
Net cash proceeds on share placement		4,964,957	-
Net cash provided by financing activities		3,740,200	68,078
Net increase (decrease) in cash and cash equivalents		2,833,524	(1,658,326)
Cash and cash equivalents at beginning of year		873,960	2,532,285
Cash and cash equivalents at end of financial year	19(b)	3,707,484	873,960

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

(i) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Reporting Basis and Conventions

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(ii) New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by AASB that are mandatory for the current reporting period.

New and revised Standards and amendments and Interpretations effective for the current year that are relevant to the Group are:
- AASB 2018-6 Amendments to AASs Definition of a Business
- AASB 2018-7 Amendments to AASs Definition of Material
- AASB 2019-1 Reference to conceptual framework
- AASB 2019-3 Amendments to AASs Interest Rate Benchmark Reform Business
- AASB 2019-5 Amendments to AASs Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia Business
- AASB 2020-4 Amendments to Australia Accounting Standards - COVID-19 Related Rent Concessions

Conceptual Framework for Financial Reporting (Conceptual Framework)
The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

The adoption of other new or amended Accounting Standards or Interpretations has not had any material impact on the disclosures or on the amounts reported in the financial statements.

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

(iii) Accounting policies

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Beam Communications Holdings Limited) and all of the subsidiaries which are entities the parent controls. A list of the subsidiaries is provided in Note 27.

(b) Income tax

Income tax expense (benefit) for the year comprises current income tax expense (credit) and deferred income tax expense (benefit).

A net deferred tax expense has been recognised in the current year reflecting the movements in deferred tax assets and liabilities for the period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. At each reporting date, the consolidated group re-assesses

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(b) Income tax (continued)

unrecognised deferred tax assets as to the extent that it has become probable that future tax profit will enable recognition.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Beam Communications Holdings Limited and its wholly owned Australian subsidiaries have formed a tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own tax expense and deferred tax. The current tax liability of each group entity and deferred tax assets arising from tax losses are immediately assumed by the parent entity.

(c) Plant & equipment

Plant and equipment is carried at cost less any accumulated depreciation and impairment losses, where applicable.

The carrying amount of plant and equipment is reviewed at each reporting date by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Repairs and maintenance to plant and equipment is charged to the statement of profit or loss and other comprehensive income during the financial period in which it is incurred.

The depreciable amount of plant and equipment is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

The straight line depreciation rates for plant and equipment were:

Office furniture and equipment	10% - 20%
Computer and test equipment	33%
Rental equipment	20% - 33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials and direct labour.

(e) Intangible assets – development costs

Development costs are capitalised only when it is probable that the expected future economic benefits would flow to the company and can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to future production. Expenditure not related to the creation of a new product is recognised as an expense when incurred.

The amortisation rate for capitalised development costs is dependent on an assessment of the minimum useful life of each project. Recent projects/products have been assessed at 4 years giving a 25% amortisation rate during 2021.

(f) Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.
The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(f) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

Option based compensation relates to the value of options issued to date and brought to account pro-rata to the time period from the date of issue to the date of vesting, except in the case of Director's where Accounting Standard AASB 2 requires expensing to begin from the commencement of service related to those options, notwithstanding that the issue of those options is subject to shareholder approval.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(g) Financial instruments

Financial instruments in the form of trade receivables, trade payables and other financial assets and liabilities are initially measured at fair value adjusted by transactions costs on trade date when the related contractual rights or obligations arise. Realised and unrealised gains or losses arising from changes in the fair value of these assets or liabilities are included in the statement of profit or loss and other comprehensive income in the period in which they arise. At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Refer Note 17 for a detailed review of the group's financial instruments.

The Group does not designate any interests in subsidiaries as being subject to the requirements of Financial Instruments accounting standards.

(h) Impairment of assets

At each reporting date, the group reviews the carrying values of its assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs

The group uses an Expected Credit Loss model in assessing impairment of trade and other receivables or loans and other instruments that fall within the scope AASB 9 impairment requirements. The model includes a simplified approach in accounting for trade and other receivables as well as contract assets, and records the loss allowance at the amount equal to the expected lifetime credit losses. Under this simplified approach, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Where applicable, bank overdrafts are disclosed within other financial liabilities in current liabilities on the statement of financial position.

(j) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

When measuring lease liabilities for lease that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 7.3% to 8%.

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(j) Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the entity uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received, any initial direct costs and an estimate of any costs to dismantle and remove the asset at the end of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. They are subject to impairment or adjusted for remeasurement.

(k) Revenue recognition

Revenue from the sale of goods or services is brought to account upon fulfilment of the relevant performance obligations of the contract with the customer. Performance obligations are fulfilled upon delivery of the goods or services to the customer at which point the transaction price is brought to account as revenue. The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer.

Interest revenue and rental income are recognised when they become receivable. Other revenue is recognised when the right to receive the revenue has been established.

(l) Government grants

Government grants in the form of refundable Research and Development Tax Offsets received in respect of capitalised Development Costs are initially recognised as deferred income upon receipt, and brought to account as income on a systematic basis over the useful life of the related Development Cost assets.

Export market development grants are brought to account in the statement of profit or loss and other comprehensive income in the period received.

There are no unfulfilled conditions or other contingencies attaching to government grants recognised in the financial statements.

(m) Interest in joint venture

A joint venture represents the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Where the Group is a party to a joint venture, the Group recognises its interests in the joint venture using the equity method whereby the investment in the joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

(n) Foreign currency transactions and balances

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(o) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the asset or expense cost. Receivables and Payables are shown in the statement of financial position as inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

(p) Critical accounting estimates, judgments and assumptions

The preparation of the Group's consolidated financial statement requires management to make judgements, estimates and assumptions. Uncertainty about these assumptions and estimate could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future period.

Information about areas of estimation uncertainty and critical assumptions are described in the following notes:

- Note 3 Deferred tax asset – tax losses
- Note 11 Impairment of intangible assets
- Note 14 Lease liabilities – Estimating the incremental borrowing rate
- Note 21 Share-based payment – Determination of valuation model and assumptions about incentive plan

(q) New accounting standards for application in future periods

The below are Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods:

Accounting Standards and Interpretations	**Applicable to annual reporting periods beginning on or after**
• AASB 2020-1 Amendments to AASs - Classification of Liabilities as Current or Non-current liabilities as Current or Non-current	1 Jan 2023
• AASB 2020 -3 Amendments to AASs - Annual Improvements 2018-2020 and Other Amendments	1 Jan 2022
• AASB 2020-6 Amendments to AASs - Classification of Liabilities as Current or Non-current liabilities as Current or Non-current – Deferral of Effective Date	1 Jan 2022
• AASB 2021-2 Amendments to AASs - Disclosure of Accounting Policies and Definition of Accounting Estimates	1 Jan 2023
• AASB 2021-5 Amendments to AASs - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023

The Group is in the process of reviewing these amended standards and interpretations however it is not expected that this will have a significant impact on the Group's consolidated financial statements.

		Year ended	
		30 June 2021 $	30 June 2020 $
2	**Profit (loss) before income tax**		
(a)	Disaggregation of revenue:		
	Type of goods or services		
	- Equipment sales	17,353,524	13,023,662
	- Airtime	969,627	1,514,365
	- Other	173,909	385,273
		18,497,060	14,923,300
	Geographical markets		
	- Australia	4,166,871	3,115,480
	- United States of America	3,454,692	4,045,000
	- United Arab Emirates	760,875	1,048,492
	- United Kingdom	1,279,838	1,321,229
	- China	227,169	284,976
	- Canada	6,053,935	2,168,610
	- Japan	343,460	450,198
	- Other foreign countries	2,210,220	2,489,314
		18,497,060	14,923,299
	Timing of revenue recognition		
	- Goods and services transferred at a point in time	17,423,393	13,023,662
	- Goods and services transferred over time	1,073,667	1,899,638
		18,497,060	14,923,300
(b)	Other income		
	- Research and Development grant (i)	363,258	1,414,549
	- Interest	561	164,187
	- COVID-19 relief (ii)	366,500	332,500
	- Gain on reversal of joint venture loss accrual (iii)	294,893	-
	- Other	2,806	6,629
		1,028,018	1,917,865

(i) The Research and Development grant $363,258 includes $73,055 brought to account upon full amortisation of the capitalised Thuraya WE terminal and $290,203 recognised as income over the portion of useful life of the ZOLEO R&D project to 30 June 2021, in accordance with the accounting policy detailed in Note 1 (iii) (l). See also Note 12.

(ii) The Group was eligible to receive a JobKeeper allowance of $309,000 and a Cash Flow Boost payment of $37,500 from the Australian government and a VIC state government grant of $20,000. See also Note 28.

(iii) The $294,893 reversal was for the previous year's accrual for joint venture losses reflecting the improved sales forecast and cashflow of the joint venture business.

(c)	Cost of sales		
	Opening inventories	3,576,082	2,737,022
	Add: Purchases and other stock adjustments	12,276,211	9,192,850
		15,852,293	11,929,872
	Closing inventories (Note 5)	(3,071,973)	(3,576,082)
		12,780,320	8,353,790
(d)	Finance costs expense		
	Interest expense on financial liabilities	154,625	213,864
	Interest expense on lease liabilities	45,432	57,652
		200,057	271,516
(e)	Other expenses include		
	- Product development costs expensed	241,071	273,796
	- Operating lease payments	34,409	47,005
3	**Income tax**		
(a)	The components of tax expense comprise:		
	- US tax expense (credit) (d)	(147,976)	233,977
	- Current movement of temporary difference in net deferred tax assets	310,941	(368,234)
	- Movement in deferred tax asset associated with carry forward tax losses	108,303	216,565
	- Deferred tax effect of initial application of AASB 16	-	29,403
	Income tax expense transferred to statement of profit or loss and other comprehensive income	271,268	111,711
(b)	Reconciliation of income tax expense and tax at statutory rate:		
	Profit (loss) from ordinary activities	780,446	(1,517,523)
	Income tax expense (benefit) at statutory rate of 25% (2020: 27.5%)	195,112	(417,319)
	Add (Less):		
	Tax effect of:		
	- Tax reconciling items	(195,112)	446,721
	- US tax loss (credit) (d)	(147,976)	233,977
	- Deferred tax assets (gain) / loss	419,244	(122,266)
	- Deferred tax effect of initial application of AASB 16	-	(29,403)
	Income tax expense attributable to the Consolidated Group	271,268	111,711

3 Income tax (continued)

(c) The deferred tax expense reflects the movements in the deferred assets and liabilities. The directors have maintained a conservative approach and have recognised 60% (2020: 60%) of the deferred tax assets and liabilities inclusive of carried forward tax losses.

Although the Directors expect sufficient future profitability to enable the full value of all deferred tax assets to be utilized, the decision has been taken not to increase the proportion taken up at this time, with continuing demonstration of the Group's return to profitability required before the Board would consider doing so.

The amount of unused net deferred tax assets relating to tax losses which have not been brought to account (being the 40% portion) is $765,430 (2020: $837,632) and capital tax losses of $1,681,896 (2020: $1,850,085).

The amount of net deferred tax assets which may be realised in the future is dependent on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Income tax expense includes a credit for overpayment $150,623 in previous years and a tax expense of $2,647. As both amounts were incurred by the Group's USA subsidiary, they are unable to be combined with Australian tax losses.

(e) There are no franking credits available to equity holders.

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
4 Cash and cash equivalents		
Cash at bank and on hand	3,707,484	873,960
5 Inventories		
Raw materials	364,113	795,681
Finished goods	2,987,860	3,025,401
Less: Provision for stock obsolescence	(280,000)	(245,000)
	3,071,973	3,576,082
6 Trade and other receivables		
(a) Current		
Trade receivables	1,793,387	1,342,615
Less: Provision for expected credit losses	-	-
Other receivables and prepayments	1,249,621	881,854
Rental & other security deposits	113,465	113,523
	3,156,473	2,337,993

(b) Ageing reconciliation	Gross amount	Within trade terms	Past due but not impaired (days overdue) 31 - 60	61 - 90	90+	Past due & impaired
2021						
Current						
Trade receivables	1,793,387	1,521,905	248,880	17,296	5,306	-
Other receivables	1,249,621	1,249,621	-	-	-	-
Rental and other security deposits	113,465	113,465	-	-	-	-
Expected credit loss rate	0%	0%	0%	0%	0%	0%
2020						
Current						
Trade receivables	1,342,615	1,135,181	202,932	66	4,436	-
Other receivables	881,854	881,854	-	-	-	-
Rental & other security deposits	113,523	113,523	-	-	-	-
Expected credit loss rate	0%	0%	0%	0%	0%	0%

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

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
7 Interest in joint venture		
Investment in joint venture	1,082,439	1,117,717
Group's accumulated share of loss from Zoleo Inc joint venture for the year ended	(849,879)	(712,799)
	232,560	404,918

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

Zoleo Inc had no contingent liabilities or capital commitments as at 30 June 2021.

The Group's contribution to the joint venture during the year was nil and the accumulated contribution U$475,000 was recognised as an increase in investment as per the equity accounting method.

Summarised financial information:

	Zoleo Inc 30 June 2021 $	Zoleo Inc 30 June 2020 $
Summarised statement of financial position:		
Current Assets	3,484,866	1,430,190
Total Assets	3,484,866	1,430,190
Current Liabilities	3,021,515	620,365
Non -current Liabilities	2,061,719	2,258,488
Total Liabilities	5,083,234	2,878,853
Net Asset Deficiency	(1,598,368)	(1,448,663)
Share Capital	266	291
Accumulated Losses	(1,598,634)	(1,448,954)
Net Equity	(1,598,368)	(1,448,663)
Summarised statement of profit or loss and other comprehensive income:		
Revenue	13,477,482	2,174,203
Cost of Goods Sold	(12,766,594)	(2,196,968)
Expenses:		
Operating staff costs	(604,867)	(572,107)
Marketing	(28,100)	(21,626)
Professional services	(46,135)	(59,190)
Billing & support fees	(183,389)	(10,419)
Other expenses	(124,020)	(93,126)
Total expenses	(986,511)	(756,468)
Gain on FX	1,463	-
Loss for the year	(274,160)	(779,233)
Group's share of loss for the year ended	(137,080)	(389,617)

8 Plant and equipment

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
Office furniture and equipment - at cost	491,431	491,431
Less: Accumulated depreciation and impairment	(462,463)	(448,980)
	28,968	42,451
Computer and test equipment - at cost	410,808	390,971
Less: Accumulated depreciation and impairment	(378,864)	(356,412)
	31,944	34,559
Rental equipment - at cost	43,493	44,458
Less: Accumulated depreciation and impairment	(32,875)	(27,657)
	10,618	16,801
Total plant and equipment	71,530	93,811

(a) Movements in carrying amounts

Movements in the carrying amounts of each class of plant and equipment between the beginning and the end of the current financial year:

	Office Furniture & Equipment	Computer & Test Equipment	Rental Equipment	Total
Balance at 1 July 2019	53,398	38,922	10,637	102,957
Additions	9,839	20,861	25,895	56,595
Disposals	-	-	(13,486)	(13,486)
Depreciation expense	(20,785)	(25,225)	(6,245)	(52,255)
Balance at 30 June 2020	42,451	34,559	16,801	93,811
Additions	-	22,037	-	22,037
Disposals	-	(2,200)	(952)	(3,152)
Depreciation expense	(13,483)	(22,452)	(5,231)	(41,166)
Balance at 30 June 2021	28,968	31,944	10,618	71,530

9 Right-of-use assets

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
Cost		
Balance recognised at the beginning of the year	677,829	677,829
Additions	-	-
Disposals	-	-
Balance at the end of year	677,829	677,829
Accumulated depreciation		
Balance recognised at the beginning of the year	(158,761)	-
Charge for the year	(158,760)	(158,761)
Disposals	-	-
Balance at the end of year	(317,521)	(158,761)
Carrying amount	360,308	519,068

The Group leases several assets, which includes building, forklift and printers with original lease terms of 9, 3 and 5 years respectively. The remaining lease terms at the end of the current reporting period are all less than 3 years. There are no variable lease payment terms in any lease contracts.

There are no extension or termination options on the leases.

The Group received rental relief for the office buildings in light of COVID-19 in the previous financial year and the current financial year. 15% of June 2020 rents were initially deferred for 24 months and another 15% waived, but the adjustment was reversed in financial year 2021. The Group was granted a 15% rent deferral for 24 months and a further 15% rent reduction for August 2021, and the deferred amount of $4,770 will be paid in July 2022.

	2021	2020
Amount recognised in profit or loss		
Depreciation expense on right-of-use assets	158,760	158,761
Interest expense on lease liabilities	45,432	57,652
Expense relating to short-term leases	11,892	23,758
Expense relating to leases of low value assets	-	-

10 Tax

Non-current

Deferred tax assets

	Balance at 1 July 2020	Charged to Income	Balance at 30 June 2021
Deferred tax assets:			
Carrying amount of patents and capital raising costs	144	(96)	48
Accruals	91,806	(50,379)	41,427
Provisions	265,090	(46,365)	218,725
Lease liabilities	115,093	(37,608)	77,485
Tax losses	1,256,447	(108,303)	1,148,144
	1,728,580	(242,751)	1,485,829
Deferred tax liability:			
Product development costs	(627,521)	(197,487)	(825,008)
Right-of-use assets	(85,646)	31,600	(54,046)
Other financial liabilities	-	(10,606)	(10,606)
	1,015,413	**(419,244)**	**596,169**

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
11 Intangible assets		
Development costs capitalised - at cost	6,310,506	16,623,642
Accumulated amortisation and impairment	(810,451)	(12,820,481)
	5,500,055	3,803,161
(a) Movements in carrying amounts		
Balance at the beginning of the year	3,803,161	5,580,260
Additional costs capitalised	2,507,345	2,534,199
Amortisation expense	(810,451)	(1,520,080)
Impairment expense	-	(2,791,218)
Balance at the end of the year	5,500,055	3,803,161

The Group has assessed the minimum useful life of products from recent development projects at 4 years giving a 25% amortisation rate on completed projects during 2021 financial year.

In line with the accounting policy detailed in Note 1 (iii) (h), the carrying value of assets is reviewed to determine whether there is an indication that those assets have been impaired. None of the intangible assets was written off during the financial year.

12 Trade and other payables

	30 June 2021 $	30 June 2020 $
Current		
Trade payables and accruals	1,795,657	2,258,898
Deferred R&D income	583,753	257,307
Deferred income other	253,858	268,832
	2,633,268	2,785,037

The Group initially recognises 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. $363,258 of R&D grant income was recognised in the statement of profit & loss for the year as shown in Note 2 (b).

13 Other financial liabilities

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
Current		
Secured loan (a)	-	971,392
Non Current		
Secured loan (b)	735,112	758,703
Unsecured loan (c)	-	60,034
	735,112	818,737

Secured loans

(a) The Group previously had a secured loan finance facility with SGV1 Holdings Limited for US$2,000,000, of which US$666,666 had been drawn down. The loan was fully repaid on 28 October 2020 and the facility has been terminated.

(b) The Group has a secured loan facility with Roadpost Inc. of up to US$600,000. Roadpost is a Canadian company and a joint venture partner with Beam Communications Pty Ltd to develop, market and distribute the Zoleo product, a satellite based messaging device, including associated airtime contracts. The interest-free Assistance Loan is to assist Beam to establish the business and is repayable at Beam's sole discretion. As at 30 June 2021, US$600,000 has been drawn down. The total loan balance of A$735,112 represents the fair value of the loan at 30 June 2021. The loan is secured by Beam's pledge of shares in Zoleo Inc, an entity established with Roadpost to manage the Zoleo business.

Unsecured loans

(c) The Group had an unsecured loan facility with supplier DEK Technologies Pty. Ltd. for A$400,000 to fund the Iridium SFX development costs and $113,987 had been drawn down. Beam repaid the loan in full in October 2020 and the facility has been terminated.

14 Lease liabilities

(a) Carrying amounts and movements:

	30 June 2021 $	30 June 2020 $
At the beginning of the year	697,536	856,019
Additional	-	-
Decrease in liability	(180,970)	(158,483)
At the end of the year	516,566	697,536
Disclosed as:		
Current	207,437	182,930
Non-current	309,129	514,606
	516,566	697,536

The entity does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group’s treasury function.

The incremental borrowing rate applied to various lease liabilities recognised under AASB 16 ranges between 7.30% - 8%.

The maturity analysis of lease liabilities are disclosed in Note 17(d).

15 Provisions

	30 June 2021 $	30 June 2020 $
Current		
Employee benefits	1,001,500	1,082,979
Warranty costs	100,424	211,132
	1,101,924	1,294,111
Non-current		
Employee benefits	48,112	47,120

(a) Movements in provisions

	Employee benefits	Warranty costs	Total
Balance at the beginning of the year	1,130,099	211,132	1,341,231
Additional provisions	730,004	23,220	753,224
Amounts used	(810,491)	(133,928)	(944,419)
Balance at the end of the year	1,049,612	100,424	1,150,036

	Year ended	
	30 June 2021	30 June 2020
	$	$
16 Issued capital		
Issued and paid up capital:		
Ordinary fully paid shares	12,703,060	7,646,641

The Company has 75,052,952 ordinary shares on issue at 30 June 2021 (2020: 52,873,452).

	No. of shares	$ per share	Total $
Balance at 30 June 2020	52,873,452		7,646,641
Shares Issued, net of transaction costs (a)	21,272,000	0.2500	4,879,457
Shares issued on the exercise of options (b)	907,500	0.1950	176,963
Balance at 30 June 2021	75,052,952		12,703,060

(a) Shares issued

The Group issued two placement tranches for 13,218,362 and 8,053,638 ordinary shares on 19 October 2020 and 8 December 2020 respectively for $0.25 per share. Proceeds from the capital raise were used to close high-interest loan facilities during the financial year and will be used to fund sales and device development activities. The total transaction costs for issuance of the shares was $438,543 including an option expense of $85,500, charged to Reserves, for the Group's corporate advisor, Peak Asset Management.

Investors participating under the placement were issued with one option for every three new shares allocated (1:3 attaching options), totalling 7,090,667 options, and the Group's corporate advisor, Peak Asset Management, also received 1,500,000 share options as payment for corporate advisory services provided. (See also Note 21.) Shareholder approval for the options issued to the investors and Peak Asset Management was obtained at the Company's Annual General Meeting on 30 November 2020. These options have an expiry date of 31 December 2022 on the terms and conditions set out in the placement agreement and were exercisable from 30 November 2020 at $0.50 per share (Issue BCC60 & BCC61).

(b) Exercise of options

On 30 November 2020, 907,500 options, which had been granted on 24 December 2015 to a director with an expiry date of 30 November 2020 on the terms and conditions set out in the Company's Share Option Incentive Plan, were exercised by the holder. These options had been exercisable since 30 June 2016 at $0.195 per share (Issue WRR57). The shares were issued on 3 December 2020. (See also Note 21.)

(c) 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.

(d) Capital management

When managing capital, management's objective is to ensure the Consolidated Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

No dividends have been paid or declared in respect of ordinary shares for the 2021 financial year or prior years.

The Consolidated Group effectively manages its capital by assessing the financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders, share issues, or convertible note issues.

17 Financial instruments

The Consolidated Group undertakes transactions in a range of financial instruments including:
- cash assets;
- receivables;
- payables;
- deposits

Activities undertaken by entities within the Consolidated Group result in exposure to a number of financial risks, including market risk interest rate risk, foreign currency risk, credit risk and liquidity risk.

Due to the size of operation conducted by the Consolidated Group, risk management is monitored directly by the Board of Directors of the parent company with the aim of mitigation of the above risks and reduction of the volatility on the financial performance of the Group.

The risks associated with material financial instruments and the Consolidated Group's policies for minimising these risks are detailed below.

17 Financial instruments (continued)

(a) Interest rate risk management

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

Interest rate risk for the Consolidated Group primarily arises from:

- Bank Funding - Facilities are provided by the Consolidated Group's bankers and if drawn upon are at variable interest rates based upon Business Overdraft Prime Indicator rates plus a risk margin. The group diligently manages the facilities and its accompanying rate risk in its daily operations by keeping the net debt portfolio at a minimum level or in an in-funds position.

These risk exposures related to the financial instruments are not considered material and therefore no sensitivity analysis has been provided.

Financial Instrument Composition and Maturity:

The Consolidated Group's exposure to interest rate risk, and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2021	Floating Interest	Fixed Interest	*Weighted Average Interest Rate*	Non-Interest bearing	TOTAL
Financial asset					
Cash assets	3,707,484	-	*0.00%*	-	3,707,484
Receivables	-	-	*0.00%*	3,156,473	3,156,473
TOTAL	3,707,484	-		3,156,473	6,863,957
Financial liability					
Payables (excluding deferred income)	-	-	*0.00%*	2,530,769	2,530,769
Lease liabilities	-	516,566	*7.36%*	-	516,566
TOTAL	-	516,566		2,530,769	3,047,335
2020					
Financial asset					
Cash assets	873,960	-	*0.00%*	-	873,960
Receivables	-	-	*0.00%*	2,337,993	2,337,993
TOTAL	873,960	-		2,337,993	3,211,953
Financial liability					
Payables (excluding deferred income)	-	1,031,426	*10.00%*	3,017,601	4,049,027
Lease liabilities	-	697,536	*7.36%*	-	697,536
TOTAL	-	1,728,962		3,017,601	4,746,563

(b) Foreign currency risk management

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Consolidated Group conducts the majority of its receivable and payable transactions in foreign currency, primarily in US Dollars. The Group's foreign currency exchange risk arises from the holding of foreign currency deposits and transactions in normal trading operations resulting in trade receivables and payables being held at balance date.

Foreign currency risk sensitivity:
If foreign exchange rates were to increase/decrease by 10% from rates used to determine values as at reporting date then the impacts on profit and equity due to unrealised foreign currency exchange gains or losses on foreign currency deposits and trade receivables and payables are as follows:

	Foreign currency movement	**Year ended 30 June 2021 $**	**Year ended 30 June 2020 $**
Impact on profit after tax	+/- 10%	+/-157,692	+/-68,382
Impact on equity	+/- 10%	+/-157,692	+/-68,382

The above sensitivity reflects the low net holding of foreign currency financial instruments at balance date. Whilst foreign currency payables and receivables are largely offsetting during the year, the Group monitors and manages the associated currency risks in order to reduce the impact of market risk volatility, therefore no further sensitivity analysis has been provided.

(c) Credit risk management

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss to the Consolidated Group.

The credit risk on financial assets of the Consolidated Group that have been recognised in the statement of financial position is the carrying amount, net of any provision for doubtful debts. The Consolidated Group minimises credit risk by performing credit assessments on all new customers, continuing major customers, and where necessary, obtaining advance payments.

Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, an allowance for doubtful debts is raised.

The Consolidated Group does not have any credit risk arising from money market instruments, foreign currency contracts, cross currency and interest rate swaps.

17 Financial instruments (continued)

(d) Liquidity risk management

Liquidity risk includes the risk that, as a result of the Consolidated Group's operational liquidity requirements, the Group:
- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth;
- may be unable to settle or recover a financial asset at all.

To help reduce these risks the Consolidated Group:
- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained; and
- monitors forecast cash flows and endeavours to ensure that adequate borrowing facilities are maintained and/or maturity dates are managed appropriately.

The Consolidated Group's exposure to liquidity risk on classes of financial assets and financial liabilities, is as follows:

2021	< 1 Year	1 - 5 Years	Total contractual cash flows	Carrying amount
Asset/Liability class				
Cash and cash equivalents	3,707,484	-	3,707,484	3,707,484
Receivables	3,043,008	113,465	3,156,473	3,156,473
Payables (excluding deferred income)	(1,795,657)	(735,112)	(2,530,769)	(2,530,769)
Lease liabilities	(207,437)	(309,129)	(516,566)	(516,566)
Net maturities	4,747,398	(930,776)	3,816,622	3,816,622
2020				
Asset/Liability class				
Cash and cash equivalents	873,960	-	873,960	873,960
Receivables	2,224,471	113,522	2,337,993	2,337,993
Payables (excluding deferred income)	(3,230,290)	(818,737)	(4,049,027)	(4,049,027)
Lease liabilities	(182,930)	(514,606)	(697,536)	(697,536)
Net maturities	(314,789)	(1,219,821)	(1,534,610)	(1,534,610)

(e) Net fair values of financial assets and liabilities

Secured loan with Roadpost Inc. was measured at fair value under AASB 13 and classified as Level 3 in the fair value hierarchy. The Group received a financing benefit, being non-cash consideration, in the form of an interest free loan. The Group used a discount rate of 6% to calculate its interest free benefit when it was recorded in the previous financial year. This assumption is not directly observable. Any increase in the discount rate would decrease the fair value of the loan.

18 Commitments and contingencies

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
Capital expenditure projects		
Not longer than one year	2,294,233	2,707,924
Longer than one year and not longer than five years	-	295,754
Longer than five years		-
	2,294,233	3,003,678

Capital commitments relate to product development projects being undertaken by the subsidiary, Beam Communications Pty Ltd.

Superannuation commitments

Beam Communications Holdings Limited makes superannuation contributions to prescribed superannuation funds on behalf of employees and executive directors, as required by the Superannuation Guarantee legislation. The principal types of benefits are death, permanent disability and superannuation benefits upon retirement.

19 Notes to the statement of cash flows

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
(a) Reconciliation of profit / (loss) after income tax benefit to net cash flow from operating activities		
Profit / (Loss) after tax	509,178	(1,629,234)
Adjustments for		
Depreciation	199,926	211,015
Amortisation	810,451	1,520,080
Impairment	-	2,791,218
Net loss on disposal of plant and equipment	3,152	13,486
Share of loss in joint venture	137,080	389,617
Unrealised foreign currency net losses	(27,234)	158,113
Interest free benefit	-	(163,470)
Notional interest expense	41,992	50,773
Changes in assets and liabilities:		
Increase in trade and other receivables	(832,809)	(281,326)
(Increase) / Decrease in inventory	469,109	(889,059)
(Increase) / Decrease in deferred tax assets	419,244	(122,266)
Decrease in trade and other payables	(640,891)	(662,993)
Increase / (Decrease) in employee provisions	(80,488)	98,461
Increase / (Decrease) in provision for warranty costs	(110,708)	19,972
Increase in provision for stock obsolescence	35,000	50,000
Net cash provided by operating activities	933,002	1,554,387

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:

Cash and cash equivalents (Note 4)	3,707,484	873,960

(c) Non cash financing and investing activities

Non cash financing and investing activities undertaken by the Consolidated Group during the year are disclosed in Note 21.

(d) Banking facilities

All bank facilities are secured by first ranking Registered Mortgage Debenture over the Consolidated Group's assets including uncalled capital and called but unpaid capital. At 30 June 2021, the company had the following unused bank facilities:

- an Australian dollar overdraft with a limit of $300,000. The overdraft was not utilised at 30 June 2021.
- a US dollar overdraft with a limit of US$320,000. The US dollar overdraft was not utilised at 30 June 2021.

Bank guarantee facilities of the Consolidated Group total $150,000 of which $100,000 has been allocated to a subsidiary company and $50,000 to the parent. Both were fully utilised at 30 June 2021.

The Consolidated Group's banking facilities are no longer subject to the Group satisfying quarterly covenants set by the bank. The bank reconfirmed the banking facilities as continuing on 25 August 2021.

On 1 July 2020 the Group received a 3-year-term loan from the National Australia Bank of $500,000, a business support loan designed to help mitigate the impact of COVID-19 and partially secured by the Australian government. The Group started making monthly loan repayments for the loan in February 2021. On 10 May 2021, the Group received funds of $500,000 from a further 3-year-term loan for COVID-19 business support from the same bank under the same conditions.

On 19 May 2021 the outstanding principal of both loans totalling $972,970 was repaid in full and converted into a new re-drawable partially secured five-year loan facility for the same amount. As at 30 June 2021, the combined 5-year facility was undrawn.

20 Key management personnel disclosures

Compensation by category

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	30 June 2021 $	30 June 2020 $
Short-term employee benefits	1,119,438	1,133,349
Post-employee benefits	78,254	78,428
Other long-term benefits	1,849	13,365
Termination benefits	-	-
Share-based payments	-	-
	1,199,541	1,225,142

21 Share based payments

(a) Share Option Incentive Plan

Share options under the Share Option Incentive Plan are granted at the discretion of the directors based on terms and conditions set out in the Company's Share Option Incentive Plan. The directors may at any time and from time to time determine eligible persons for the purposes of the option plan and select amongst those eligible persons participants who will be invited to participate in the option plan.

Options issued to directors pursuant to the option plan will be subject to approval of shareholders in general meeting, in compliance with the Listing Rules.

No share options issued under the Share Option Incentive Plan remained on issue at 30 June 2021.

(i) 789,525 options were granted on 24 December 2015 to key employees with an expiry date of 31 August 2020 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 June 2016 at $0.195 per share (Issue WRR56).

789,525 options lapsed on 31 August 2020.

(ii) 907,500 options were granted on 24 December 2015 to a director with an expiry date of 30 November 2020 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 June 2016 at $0.195 per share (Issue WRR57).

These options were exercised on 30 November 2020 and 907,500 shares were issued on 3 December 2020.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued under the Share Option Incentive Plan during the year for the Company:

	30 June 2021		30 June 2020	
	No.	**WAEP $**	**No.**	**WAEP $**
Outstanding at the beginning of the financial year	1,697,025	0.1950	2,486,550	0.1950
Lapsed during the financial year	(789,525)	-	(789,525)	-
Exercised during the financial year	(907,500)	0.1950	-	-
Outstanding at the end of the financial year	-	-	1,697,025	0.1950
Exercisable at the end of the financial year	-	-	1,697,025	0.1950

(b) Other share based payments

During the financial year, the Group issued 1,500,000 share options to the Group's corporate advisor, Peak Asset Management, as payment for corporate advisory services provided. (See also Note 16.)

The fair value of the options was determined using the Black-Scholes option valuation model as detailed below.

Grant date	30 November 2020
Expiry date	31 December 2022
Share price at valuation date	0.2850
Exercise price per option	0.5000
Expected volatility	65%
Dividend yield	-
Risk-free interest rate	0.085%
Fair value per option at grant date	0.0570

	30 June 2021 $	30 June 2020 $
22 Remuneration of auditors		
Remuneration of the Auditor for auditing or reviewing financial reports of the Consolidated Group	69,400	75,800

23 Related party transactions

Related party transactions with the Season Group and SGV1 Holdings Limited, which were related to Mr Carl Hung, a former Director of Beam Communications Holdings Limited:

	30 June 2021 $	30 June 2020 $
Transactions with the Season Group		
- Purchases	2,357,459	2,450,879
- Sales	(40,603)	(87,978)
Amounts outstanding with the Season Group		
- Receivables	-	16,854
- Payables	-	(45,893)
Transactions with SGV1 Holdings Limited		
- Secured Loan Payable	-	971,392

Mr Carl Hung was a director of the Company until his retirement on 30 November 2020 and remained a related party until 31 May 2021. He is the president and a director of the Season Group. Transactions between the Company and the Season Group during the time he was a related party to the Company were on normal commercial terms and conditions no more favourable than those available to other parties.

There was no finance facility with a related party as at 30 June 2021. The Group's secured finance facility with a major shareholder SGV1 Holdings Limited, a company associated with Mr Carl Hung, a former Director of the Company, was fully settled on 28 October 2020.

24 Earnings per share

	¢	¢
Overall operations		
Basic earnings (loss) per share	0.76	(0.31)
Diluted earnings (loss) per share	0.76	(0.31)

	No.	No.
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share	67,139,375	52,873,452
Weighted average number of dilutive options on issue	-	-
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Dilutive Earnings Per Share	67,139,375	52,873,452
Anti-dilutive options on issue not used in dilutive EPS calculation	8,590,667	1,697,025

Anti-dilutive options have not been considered in the dilutive earnings per share calculation due to the average market price being equal to or very close to the exercisable price.

	$	$
Earnings:		
Earnings (loss) used in the calculation of Basic Earnings Per Share	509,178	(1,629,234)
Earnings (loss) used in the calculation of Dilutive Earnings Per Share	509,178	(1,629,234)

25 Segment reporting

(a) Sole operating segment

The Consolidated 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 it 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.

(b) Major customers

The Consolidated Group has a number of customers to whom it provides products and services. The Consolidated Group supplied a single customer in Canada accounting for 29% of external revenue (2020: the largest customer was in the United States, 19%) and the second largest customer, located in the United States, accounted for 13% of external revenue (2020: the second largest customer was in Canada, 7%). The next most significant customer also accounts for 10% of external revenue (2020: 6%).

	Year ended	
	30 June 2021	**30 June 2020**
	$	**$**
26 Parent company disclosures		
Set out below is the supplementary information about the parent entity.		
(a) Statement of profit or loss and other comprehensive income		
Loss from continuing operations	(564,814)	(694,156)
Tax expense	(419,244)	122,266
Loss for the year attributable to owners of the Company	(984,058)	(571,890)
Other comprehensive income	-	-
Total loss and other comprehensive income for the year attributable to owners of the Company	(984,058)	(571,890)
(b) Statement of financial position		
Assets		
Current assets	1,855,443	412,459
Non-current assets	1,017,389	1,611,491
Total assets	2,872,832	2,023,950
Liabilities		
Current liabilities	1,646,051	4,750,545
Non-current liabilities	357,241	561,726
Total liabilities	2,003,292	5,312,271
Net assets (deficiency)	869,540	(3,288,321)
Equity		
Issued capital	12,703,060	7,646,641
Reserves	85,500	320,394
Accumulated losses	(11,919,020)	(11,255,356)
Total equity	869,540	(3,288,321)

(c) Guarantees

The parent company has no contractual guarantees in place.

(d) Contractual commitments

The parent entity has no capital expenditure commitments.

(e) Significant accounting policies of the parent are the same as those for the consolidated entity.

27 Controlled entities

Investments in unquoted corporations being controlled entities:	Incorporated	Share class	Holding 2021	Holding 2020
Beam Communications Pty Ltd	Australia	Ordinary	100%	100%
SatPhonerental Pty Ltd	Australia	Ordinary	100%	100%
SatPhone Shop Pty Ltd	Australia	Ordinary	100%	100%
Beam Communications USA Inc	USA	Ordinary	100%	100%
Pacarc (PNG) Limited (Dormant)	Papua New Guinea	Ordinary	100%	100%

28 Impacts of COVID-19

Despite the ongoing challenges created by the COVID-19 pandemic, the Group did not experience a profound impact on its sales and operations and recovered strongly to return to a profitable position during the financial year.

The Group qualified for government grants for businesses in the wake of the pandemic. Following the $270,000 received from April to June in 2020, the Group continued to receive the first round of JobKeeper payments and the total amount received during the financial year was $309,000. The Group became ineligible for the second phase of the grant, which commenced on 28 September 2020, due to its solid recovery in sales. Additionally, the Group was qualified for a Cash Flow Boost of $38,000 from the Australian Taxation Office and a Business Support Fund of $20,000 from the Victoria State Government during the year.

29 Events after the reporting period

The Directors are not aware of any significant events since the end of the year.

30 Company details and principal place of business

Beam Communications Holdings Limited is a limited company incorporated in Australia.

The principal activities of the Company and subsidiaries are outlined in the Director's Report.

The address of its registered office and principal place of business is:

5 / 8 Anzed Court
Mulgrave Victoria 3170
Australia

DIRECTORS' DECLARATION

The directors of Beam Communications Holdings Limited declare that:

1. The financial statements and notes as set out in pages 17 to 39 are in accordance with the *Corporations Act 2001* and:

    (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards;

    (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the company and consolidated group; and

    (c) any other matters that are prescribed by the regulations for the purposes of this declaration in relation to the financial statements and the notes for the financial year are also satisfied.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ending 30 June 2021.

This declaration is made in accordance with a resolution of the Board of Directors on 30 August 2021.

Mr Simon Wallace
Chairman

Date: 30 August 2021

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

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

Opinion

We have audited the financial report of Beam Communications Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 (the Code) that are relevant to our audit of the 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Impairment of Intangible Assets Refer to Note 11 in the financial statements	
The Group has intangible assets of $5.5m, being capitalised development costs relating to the Marconi, GO! SFX and Zoleo Post Launch projects. The Marconi asset was available for use from January 2020, and therefore amortisation commenced during FY20. The GO! SFX project and Zoleo Post Launch were not available for use as at 30 June 2021. Management have performed an impairment assessment for material project assets based on a value in use calculation, which determined that no impairment had occurred. We identified this area as a Key Audit Matter due to the size of the intangible assets balance, the management judgement required to assess whether any indicators of impairment exist, and where any indicators of impairment existed, management judgement involved in determining the value in use of the relevant assets based on the estimated future cash flows generated.	Our audit procedures in relation to intangible assets included: • Assessing management's review for any indicators of impairment; • Where indicators existed, assessing management's impairment assessment by checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; • Challenging the reasonableness of key assumptions, including the cash flow and revenue projections, revenue growth rate, exchange rates, discount rates, and any sensitivities used; and • Confirming our understanding of the nature of the intangible assets, the strategic purpose of the projects and its ability to generate future revenues through discussions with management. • Reviewing the adequacy of disclosures against the requirements of AASB 136.
Fair Value of Interest Free Loan Refer to Note 13 in the financial statements	
The group has a $0.74m loan that bears no interest. Given the nature of the loan, the determination of the fair value of the loan can be complex and requires significant management estimate and judgement. Further, the correct accounting treatment between the fair value of the loans and the face value of the loans can be complex. For the reasons noted above, accounting for the above loan was considered a key audit matter.	Our audit procedures in relation to the accounting for interest free loans included: • Reviewing the loan agreement to verify loan amount, interest rate and maturity date; • Obtaining confirmation from the lender verifying he loan balance at balance date; • Assessing management's assumptions in determining the fair value of the loan, including the discount rate/market interest rate used; and • Reviewing the accounting treatment for the difference between fair value of the loan and the face value of the loan.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Beam Communications Holdings Limited., for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 30 August 2021
Melbourne, Victoria