

19 November 2021

The Manager  
Market Announcements Platform  
Australian Securities Exchange

Notice of Annual General Meeting

Please find attached the Company's Notice of Annual General Meeting of shareholders, to be held on Tuesday 30 November 2021 at 10.00am (AEDST). The meeting will be held virtually via a webinar conferencing facility.

Included in the attached package are the following documents:


- 'Postcard' Notice of Annual General Meeting,
- Notice of Annual General Meeting,
- Explanatory Notes,
- Proxy Voting Form,
- 2021 Annual Report

The 'Postcard' Notice of Annual General Meeting was mailed or emailed to shareholders and the Notice of Annual General Meeting and accompanying documents were made available on the company's website on 29 October 2021.

As explained in the "Postcard", the Notice of Annual General Meeting and accompanying documents are available for shareholders to access electronically.

A copy of the Annual Report for the year ended 30 June 2021 is attached here, it has been lodged with the ASX on 14 September 2021 and is available on the Company's website.

Yours faithfully



Dennis Payne  
Company Secretary

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Beam Communications Holdings Limited (“Company”) will be held virtually via a webinar conferencing facility at 10.00am (AEDT) on Tuesday, 30 November 2021 (“General Meeting” or “Meeting”).

Safety of our shareholders and staff is our paramount concern, and therefore, in line with State Government regulations and ASIC recommendations during the COVID-19 pandemic, there will be no physical meeting and Shareholders will not be able to attend the AGM in person. As a result, shareholders are strongly encouraged to lodge their proxy votes in advance of the meeting and in accordance with the instructions set out on the Proxy Form.

In accordance with temporary ASIC relief during COVID-19, no printed copies of the Notice of Annual General Meeting and Explanatory Statements will be posted to shareholders, instead are available for download:

- You can access the Meeting Materials online at the Company’s website [www.beamcommunications.com/agm2021](http://www.beamcommunications.com/agm2021)
- A complete copy of the Meeting Materials have been posted to the Company’s ASX market announcements page at [www.asx.com.au](http://www.asx.com.au) under the Company’s ASX code “BCC”.

As a result of the potential health risks and the Governments restrictions in response to the COVID-19 pandemic, shareholders are unable to attend in person. Shareholders must first register to attend the Meeting by webinar conferencing facility in accordance with the instructions contained in the Meeting Materials.

Please note that the webinar conferencing facility will facilitate voting by shareholders at the Meeting. The Company strongly recommends that Shareholders lodge a directed proxy as soon as possible in advance of the Meeting, even if they are planning to attend the Meeting online.

Yours faithfully,  
Dennis Payne  
Company Secretary  
Beam Communications Holdings Limited

29 October 2021

**BEAM COMMUNICATIONS HOLDINGS LIMITED**

**ACN 010 568 804**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2021 Annual General Meeting of Beam Communications Holdings Limited (*Company*) will be held virtually via a webinar conferencing facility on Tuesday, 30 November 2021 at 10.00am (AEDT) (*Meeting*).

**AGENDA**

**A. Annual Report**

To table the financial report of the Company and the related reports of the Directors and auditors for the year ended 30 June 2021 and to provide Shareholders with the opportunity to raise any issues or ask any questions generally of the Directors concerning the Annual Report or the business and operations of the Company.

**B. RESOLUTIONS:**

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

**1. Re-election of Retiring Director**

THAT **Simon Lister Wallace**, a Director retiring by rotation in accordance with the Company's Constitution, being eligible and having offered himself for re-election, be re-elected as a Director of the Company.

**2. Adoption of Remuneration Report**

THAT, for the purpose of section 250R(2) of the *Corporations Act 2001* (Cth) (*Corporations Act*) and for all other purposes, the Remuneration Report set out in the Directors' Report in the Annual Report for the financial year ended 30 June 2021 be adopted by the Company.

This is a non-binding advisory resolution.

**3. Adoption of Employee Option Plan**

THAT, in accordance with Exception 13(b) of ASX Listing Rule 7.2, and for all other purposes, approval is given to the terms and conditions of the Employee Option Plan rules and to the subsequent issue of the securities under that plan on the terms and conditions, a summary of which is set out in the Explanatory Notes.

**4. Grant of Options to Mr Michael Ian Capocchi (Managing Director)**

THAT, in accordance with ASX Listing Rule 10.14, and for all other purposes, approval is given for the grant of 530,798 options to Mr Michael Ian Capocchi, the Managing Director of the Company, exercisable at \$0.35 a share, to vest on 31 August 2024 and exercisable on or before 31 August 2026, on the terms and conditions set out in the Explanatory Notes.

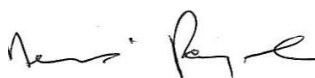
**C. SPECIAL RESOLUTIONS:**

To consider and, if thought fit, to pass the following resolution as a special resolution:

**5. Approval for Additional Placement Capacity**

THAT, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue and allotment of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.

DATED: 29 October 2021



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Dennis Payne  
Company Secretary

## GENERAL NOTES

### 1. Zoom webinar meeting

Due to the ongoing COVID-19 pandemic, the 2021 Annual General Meeting (**AGM**) will only be held via a Zoom webinar conferencing facility. If you are a shareholder who wishes to attend and participate in the virtual meeting, please go to [Insert link] for further details and a link to register for the webinar. The Company suggests that Shareholders register well in advance of the Meeting and log into the webinar 10 minutes before the 10.00am start time.

### 2. Voting at the meeting – not available for this AGM

The webinar conferencing facility will facilitate voting by Shareholders at the Meeting. However, the Company strongly recommends that Shareholders lodge a directed proxy as soon as possible in advance of the Meeting.

### 3. Voting by proxy

- 1.2.1 **(Appointing a Proxy):** A Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote for the Shareholder at the Meeting by way of the proxy form. A Shareholder who is entitled to cast 2 or more votes at the Meeting may appoint a second proxy. The appointment of the second proxy must be done on a separate copy of the proxy form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a Shareholder of the Company.
- 1.2.2 **(Direction to Vote):** If the proxy's appointment specifies the way to vote on a Resolution, and the proxy decides to vote in that capacity on that Resolution, the proxy must vote the way specified (subject to the other provisions of this Notice of Meeting, including the voting exclusions noted below).
- 1.2.3 **(Voting restrictions with respect to undirected proxies):** The Corporations Act prohibits the Company's key management personnel and their closely related parties voting as proxy on Resolutions connected directly or indirectly with the remuneration of key management personnel (such as Resolution 2), if the proxy appointment does not specify the way the person is to vote. The prohibition does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise an undirected proxy. If a Shareholder appoints the Chairman of the Meeting as their proxy and the Shareholder does not direct the Chairman of the Meeting how to vote on Resolution 2 the Shareholder authorises the Chairman of the Meeting in respect of Resolution 2 to exercise the proxy:
  - 1.2.3.1 notwithstanding that Resolution 2 is connected directly or indirectly with the remuneration of the Company's key management personnel; and
  - 1.2.3.2 even if the Chairman of the Meeting has an interest in the outcome of the vote on Resolution 2, and that any votes cast by the Chairman of the Meeting in respect of Resolution 2, other than as proxy holder, will be disregarded because of that interest.

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised, having regard to the voting restrictions set out in this Notice of Meeting) in favour of each Resolution.

1.2.4 **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form (and attach any authority under which it is signed or a copy which appears on its face to be an authentic copy) by:

1.2.4.1 post to Beam Communications Holdings Limited, Unit 5, 8 Anzed Court, Mulgrave VIC 3170; or

1.2.4.2 email to the Company Secretary,  
[dennis.payne@beamcommunications.com](mailto:dennis.payne@beamcommunications.com)

so that it is received by 10.00 am (AEDT) on Sunday 28 November 2021, being not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

**4. Corporate Representative**

A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. Unless it has previously been given to the Company, the representative should provide evidence of their appointment to the Company prior to Meeting, together with any authority under which it is signed. The appointment must comply with section 250D of the Corporations Act.

**5. Attorney**

A Shareholder may appoint an attorney to vote on their behalf. To be effective for the Meeting, the instrument effecting the appointment (or a copy which appears on its face to be an authentic copy) must be received by the deadline for the receipt of proxy forms (see above), being no later than 48 hours prior to commencement of the Meeting.

**6. Voting Entitlement**

A determination has been made by the Board of Directors of the Company in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 that those persons who are registered as the holders of shares in the Company at 7.00 pm (AEDT) on Sunday 28 November 2021, will be taken to be the holders of shares for the purposes of determining voting entitlements.

**7. Explanatory Notes**

Explanatory Notes accompany this Notice containing information about the business referred to in this Notice of Meeting.

## **EXPLANATORY NOTES**

The purpose of these Explanatory Notes (which are included in and form part of this Notice of Annual General Meeting to be held on 30 November 2021) is to provide Shareholders with further information and an explanation of the business of the Meeting and of the resolutions to be proposed and considered at the Meeting, to assist Shareholders to determine how they wish to vote on these resolutions.

## **ORDINARY BUSINESS**

### **1. Annual Report**

The Corporations Act requires that the Company's Annual Report which includes the Financial Statements, Directors' Report and Auditor's Report for the year ended 30 June 2021 be laid before the Annual General Meeting.

A copy of the Annual Report has been lodged with the ASX, is available on the Company's website and has been sent to those Shareholders who have elected to receive a copy.

Shareholders will have the opportunity to raise questions about the abovementioned reports at the Meeting, although in accordance with the Corporations Act and the Company's Constitution, there is no need for Shareholders to vote on, approve or adopt these reports.

### **2. Resolution 1 – Re-election of Retiring Director (Simon Lister Wallace)**

#### **2.1 Background**

Rule 16.1 of the Company's Constitution requires at least one third of the Directors to retire each year (by rotation). Simon Wallace retires this year in accordance with this rule and is permitted to seek re-election.

#### **2.2 Director's Interest**

Simon Wallace holds 200,000 ordinary shares in the Company.

#### **2.3 Personal Particulars**

Simon Wallace's personal particulars are set out in the information on Directors at page 4 of the Company's Annual Report.

#### **2.4 Recommendation**

The Directors recommend, with Simon Wallace abstaining from the recommendation, that Shareholders vote in favour of Resolution 1.

### **3. Resolution 2 – Adoption of Remuneration Report (Non-binding Advisory Resolution)**

#### **3.1 Annual Report**

The Annual Report for the year ended 30 June 2021 contains a Remuneration Report (refer pages 11-17) which sets out the remuneration policy for the Company and reports remuneration arrangements in place for Directors and key management personnel.

The Corporations Act requires the agenda of an annual general meeting to include a resolution for the adoption of the Remuneration Report. Pursuant to section 250R(3) of the Corporations Act, the vote on the resolution is advisory only and is not binding on the Directors or the Company.

The Company's Annual Report is available on the Company website ([www.beamcommunications.com](http://www.beamcommunications.com)) and will be mailed to Shareholders who request a copy.

At the Meeting, a reasonable opportunity will be allowed to the Shareholders for questions and comments on the Remuneration Report.

### 3.2 Voting Prohibition

A vote on Resolution 2 must not be cast by or on behalf of either of the following persons:

- (a) a member of the key management personnel as disclosed in the Remuneration Report; and
- (b) a closely related party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote on Resolution 2 in accordance with the direction on the proxy form.

### 3.3 Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 2.

## 4. Resolution 3 – Adoption of Employee Option Plan

### 4.1 Background

Subject to a number of exceptions, Rule 7.1 of the ASX Listing Rules limits the number of securities that the Company can issue without shareholder approval in any 12 month period to 15% of its issued securities.

Listing Rule 7.2 (Exception 13(b)) provides that where shareholders have approved the issue of securities under an employee incentive scheme within three years before the date of issue, Rule 7.1 does not apply to that issue. In accordance with the requirements of Listing Rule 7.2 Exception 13(b), the following information is provided to Shareholders:

- (a) a summary of the terms of the Employee Option Plan is set out in section 4.3 below;
- (b) the Employee Option Plan was last approved by shareholders at the AGM held on 27 October 2017. Shareholders are being asked to approve the issue of options subsequent to this meeting under the Employee Option Plan as an exception to Listing Rule 7.1. The Company notes that the Employee Option Plan is unaltered since its initial approval in 2008;
- (c) up to a maximum of 10,000,000 options are proposed to be issued under the Employee Option Plan during the 3-year period following approval by Shareholders; and.
- (d) a voting exclusion statement has been included in this Notice of meeting for the purposes of Resolution 3.



If Resolution 3 is passed, the Company will be able to issue equity securities under the Employee Option Plan in accordance with Listing Rule 7.2 (Exception 13(b)) without consuming the Company's 15% capacity to issue securities without shareholder approval under Listing Rule 7.1. If Resolution 3 is not passed, any equity securities issued under the Plan will not fall within the Listing Rule 7.2 (Exception 13(b)) and accordingly will consume some of the Company's 15% capacity to issue securities without shareholder approval under Listing Rule 7.1.

#### 4.2 Objectives of Plan

The objectives of the Employee Option Plan are as follows:

- (a) to assist in giving an incentive to employees of the Company and its subsidiaries to lift the performance of the Company and maximize the price of the Company's shares; and
- (b) to assist in attracting and retaining employees.

#### 4.3 Summary of Key Terms of Employee Option Plan

(a) Eligibility

The Board may issue options under the Plan to any employee of the Company and its subsidiaries, including executive directors and non-executive directors.

(b) General Terms of the Options

- (i) Options will be issued free of charge, unless the Board determines otherwise.
- (ii) Each option is to subscribe for one ordinary share in the Company and, when issued, the share will rank equally with all other shares on issue.
- (iii) The options are not transferable.
- (iv) Quotation of the options on the ASX will not be sought but the Company will apply to the ASX for official quotation of shares issued on the exercise of options.
- (v) Options may be granted subject to conditions specified by the Board which must be satisfied before the option can be exercised.

(c) Exercise of Options

Unless the terms on which an option was offered specify otherwise, an option may be exercised at any time up to the expiry date specified when the options are granted, provided the employee is still employed by the Company.

An option lapses within one month of the termination of the employee's employment by the Company and within three months in the event of the employee's death or disablement.

(d) Exercise Price

The exercise price per Share for an option will be the amount determined by the Board at the time of the grant of the option.

(e) New Issue of Securities

Option holders will not be entitled to participate in any new issue of securities in the Company unless they exercise their options prior to the record date for the determination of entitlements to the new issue.

(f) Bonus Issues

If the Company makes a bonus issue of securities to ordinary shareholders, each unexercised option will, on exercise, entitle its holder to receive the bonus securities as if the option had been exercised before the record date for the bonus issue.

(g) Rights Issues

If the Company makes a pro-rata rights issue of shares for cash to its ordinary shareholders, the exercise price of unexercised options is adjusted to reflect the diluting effect of the issue.

(h) Capital Reorganizations

If there is any reorganization of the capital of the Company, the number of options and their exercise price will be adjusted in accordance with the Listing Rules.

(i) Limit on Number of Options

Up to a maximum of 10,000,000 options can be issued under the Employee Option Plan during the 3-year period following approval by Shareholders.

#### 4.4 Number of Securities Issued Under Plan

The number of securities issued under the Plan, since the Plan was last approved on 27 October 2017, are as follows:

Total Options Issued	Nil
Total Options Currently on Issue	Nil
Total Shares issued on exercise of Options	907,500

#### 4.5 Copies of Plan

A copy of the rules of the proposed Beam Communications Holdings Limited employee option plan is available for inspection at the registered office of the Company and will be sent free of charge to any shareholder on request. The Plan is unaltered from the Plan originally approved by shareholders in November 2008.

#### 4.6 Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by or on behalf of:

- (a) a person who is eligible to participate in the employee incentive scheme; or
- (b) an associate of that person.

However, this does not apply to a vote cast in favour of Resolution 3 by:

- (a) a person as Proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the person chairing the meeting (**Chair**) as Proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 3; and
  - (ii) the holder votes on Resolution 3 in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 4.7 Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

### 5. Resolution 4 – Grant of Options to Mr Michael Ian Capocchi

#### 5.1 Background

Under Resolution 4, the Company seeks shareholder approval under Listing Rule 10.14 for the issue of options to Michael Capocchi as remuneration and also as a long term incentive in respect of performance in financial year 2020 and financial year 2021.

#### 5.2 ASX Listing Rule Disclosure Requirements

ASX Listing Rule 10.14 prohibits the issue of securities to Directors under an employee incentive scheme without shareholder approval.

For the purposes of ASX Listing Rule 10.15, the following information is given to shareholders:

*(a) The identity of the related parties*

The Director to whom financial benefits will be given if the resolution is passed is Michael Capocchi (Managing Director).

*(b) Maximum number options to be issued*

The maximum number of options to be issued to Mr Capocchi is 530,798.

The options to be issued under Resolution 4 have the following terms:

- (i) Each option entitles the holder to one (1) fully paid ordinary share in the capital of the Company.
- (ii) The options vest with the holder on 31 August 2024.

- (iii) The options are exercisable before 31 August 2026.
- (iv) The options are exercisable at a price of \$0.35 each.
- (v) If the holder is no longer a Director of the Company for any reason, the options will automatically lapse.
- (vi) All shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued shares. The options will be unlisted. No quotation will be sought from the ASX for the options.
- (vii) The options are not transferable.
- (viii) In accordance with Listing Rule 6.19, option holders will not have a right to participate in new issues without exercising their options prior to the record date of such a new issue.
- (ix) In the event of a reorganization of the capital of the Company the rights of an option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganization of capital at the time of the reorganization.

Notwithstanding that the issue of these options is subject to shareholder approval, Accounting Standard AASB 2 requires the expensing of Director's options to begin from the commencement of service related to those options. The issue of the options will result in the Company recognizing an estimated expense in the following years:

- Year ended 30 June 2022: \$19,121
- Year ended 30 June 2023: \$22,824
- Year ended 30 June 2024: \$22,824
- Year ended 30 June 2025: \$ 3,804

A total expense of \$68,473

*(c) Valuation*

The fair value of the options to be granted has been assessed by an independent expert PKF Melbourne Pty Ltd (**PKF**), who assessed the value of each Option in several scenarios, including a scenario where the terms of the issue are as set out in paragraph (b) above. In such scenario, PKF assessed the value of each Option at \$0.129, or \$68,473 for the parcel of 530,798 options to be issued to Mr Capocchi. The valuation was provided on 20 October 2021 and the options were valued using the Hull-White Model.

The above valuation is based on the following variables and assumptions being considered:

Valuation Input	Assumptions
Date of General Meeting	30 November 2021

Grant Date	31 August 2021
Assumed share price	\$0.30 based on the average of 10-day, 20-day and 30-day VWAP which also reflects the mid point of the low and high closing prices of the Shares in these periods
Vesting Date	31 August 2024
Expiry Date	31 August 2026
Stock volatility	60.0% based on considerations of the trading history of the Shares and analysis of the trading history of shares of ASX listed companies which are comparable to the Company
Risk-free rate of interest	1.195% based on Treasury Bond yields sourced from the Reserve Bank of Australia as at 20 October 2021 and with an approximate 5 year expiry
Dividend yield	0.0% on the assumption that no dividend will be paid over the currency of the Options.
Exercise Price Multiplier	1.8 times based on exercise price being out of money

*(d) Director's remuneration*

As at the date of this Notice, the annual remuneration (inclusive of superannuation where applicable but excluding options expense) payable to Mr Capocchi for the current and previous financial years is set out below:

	<u>Current Year</u>	<u>Year ended 30 June 2021</u>
M Capocchi	\$695,000 (estimate)	\$678,519

*(e) Details of prior issues*

Mr Capocchi has not previously received any securities under the Equity Option Plan which was approved at the AGM held on 27 October 2017.

*(f) Material terms of the options to be issued*

The material terms of the Equity Option Plan are set out in section 4.3 of these Explanatory Notes.

*(g) Date of Issue*

The issue of options is contingent upon this approval. It is the intention of the Company that the options will be issued to Mr Capocchi within 3 years of approval.

*(h) Loans*

There is no intention for the Company to grant a loan in relation to the options or acquisition of the options under the Equity Options Plan.

*(i) Issue Price and Use of Funds*

The options will be issued to Mr Capocchi for nil consideration and no funds will be raised from the issue of the options. However, if all the options are issued and are subsequently exercised, the Company will receive \$185,779 Any funds raised on the exercise of the options will be applied as working capital.

(j) *Statements prescribed by ASX Listing Rule 10.15.11*

Details of any securities issued under the Equity Option Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under listing rule 10.14

Any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of securities under the Equity Option Plan after this Resolution 4 is approved and who have not been named in this Notice of Meeting will not participate until approval is obtained under that rule.

(k) Voting exclusion

A voting exclusion statement is included below in section 5.3 below.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders do not approve Resolution 5 then the Company would be unable to complete the proposed issue of the options to Mr Capocchi as contemplated. The options are intended to serve as additional incentive to Mr Capocchi to further align the interests of Mr Capocchi with those of Shareholders. If Resolution 5 is not approved, then the Company may elect to provide additional cash remuneration to Mr Capocchi which would reduce the cash resources of the Company being available to spend on its operations.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to its Directors without shareholder approval, unless the giving of the financial benefit falls under one of the exceptions specified in the Act. Financial benefit is defined in the Corporations Act in broad terms and includes a public company issuing options. The Directors (excluding Mr Capocchi) have determined that the contemplated issue of the options is appropriate and reasonable in all circumstances as they are remuneration in nature and the giving of this remuneration is reasonable given the circumstances of the Company and Mr Capocchi (including the responsibilities involved in his role as Managing Director). Therefore, the Company considers that the issue of the options to Mr Capocchi comes within section 211 of the Corporations Act and Shareholder approval for the purposes of the related party provisions set out in Chapter 2E of the Corporations Act is not required.

### 5.3 Voting Exclusion Statement:

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a director of the Company (including Mr Capocchi); or
- (b) an associate of a director of the Company (including Mr Capocchi's associate).

However, this does not apply to a vote cast in favour of Resolution 4 by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on Resolution 4 in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with the direction to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 4; and
  - (ii) the holder votes on Resolution 4 in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 5.4 Recommendation

The other Directors (excluding Mr Capocchi) recommend that shareholders vote in favour of Resolution 4.

### 6. Resolution 5 – Approval for Additional Placement Capacity (Special Resolution)

#### 6.1 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A provides that an eligible entity may seek Shareholder approval from holders of its ordinary securities by special resolution to allow it to issue equity securities totalling up to 10% of its issued capital through placements over the 12 month period after the entity's annual general meeting at which the approval is obtained (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (a) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

The Company is an eligible entity.

The effect of Resolution 5 will be to allow the Directors to issue equity securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the 12 month period after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The Company is now seeking Shareholder approval of Resolution 5 by way of a special resolution. Accordingly at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

Any equity securities issued under ASX Listing Rule 7.1A must be in the same class as an existing class of quoted equity securities. As at the date of this Notice, the Company has only one class of quoted equity securities on issue, being ordinary shares.

The exact number of equity securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** = the number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue:
- (i) plus the number of fully paid ordinary securities issued in the previous 12 months under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
  - (ii) plus the number of partly paid ordinary securities in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
    - (A) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
    - (B) the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
  - (iii) plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
    - (A) the agreement was entered into before the commencement of the relevant period; or
    - (B) the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
  - (iv) plus the number of fully paid ordinary securities issued in the previous 12 months with approval under ASX Listing Rule 7.1 or 7.4;
  - (v) plus the number of partly paid ordinary securities that became fully paid in the relevant period; and
  - (vi) less the number of fully paid ordinary securities cancelled in the previous 12 months.
- D** = 10%.
- E** = the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or date of agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.4.

“relevant period” means:

- if the entity has been admitted to the official list for 12 months or more, the 12-month period immediately preceding the date of the issue or agreement; or
- if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.

## 6.2 Information required by ASX Listing Rule 7.3A

### (a) *Additional Information required by ASX Listing Rule 7.3A.6*

During the 12 month period leading to the 2021 Annual General Meeting, the Company has not issued or agreed to issue any securities under rule 7.1A.2.

### (b) *Minimum Price for future issues under the 10% Placement Capacity*

If the 10% Placement Capacity is used, the minimum price at which the equity securities may be issued is no less than 75% of the volume weighted average price of



the Company's equity securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed by the Company and the recipient of the securities; or
- (ii) if the equity securities are not issued within 10 ASX trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

(c) *Date of Issue*

If any equity securities are to be issued pursuant to the approval set out in Resolution 5, they will be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of the Meeting;
- (ii) the time and date of the Company's next Annual General Meeting; and
- (iii) the date of approval by the Company's holders of ordinary shares of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(d) *Risk of voting dilution*

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any shares under the issue. There is also a risk that:

- (i) the market price for the Company's shares may be significantly lower on the date the issue of the shares than on the date of the AGM;
- (ii) the shares may be issued at a price that is at a discount to the market price for the Company's shares on the issue date.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing shares would be as shown in the table below.

The table below shows:

- (i) the potential dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of shares and the current number of equity securities on issue as at the date of this Notice.
- (ii) The table also shows the voting dilution impact where the number of shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of shares issued under 10% Placement Capacity.

Number of shares on issue	Dilution			
	Number of shares issued under 10% Placement	Funds raised based on issue price of \$0.140	Funds raised based on issue price of \$0.280	Funds raised based on issue price of \$0.420

	Capacity	(50% decrease in current market price)	(Closing price at market close on 12/10/2021)	(50% increase in current market price)
<b>75,052,952</b> <b>(Current)</b>	7,505,295	\$1,050,741	\$2,101,483	\$3,152,224
<b>99,137,721</b> <b>(50% increase)</b>	11,257,943	\$1,579,112	\$3,152,224	\$4,202,965
<b>132,183,628</b> <b>(100% increase)</b>	15,010,590	\$2,101,483	\$4,202,965	\$6,304,448

of shares\*The number of shares on issue (variable A in the formula) could increase as a result of the issue of shares that do not require Shareholder approval (such as under a pro-rata rights issue or shares issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

- The current shares on issue are the shares on issue as at 12 October 2021.
- The issue price set out above is the closing price of the shares on the ASX on 12 October 2021.
- No options are exercised before the date of the issue of the equity securities.
- The Company issues the maximum possible number of equity securities available under the 10% Placement Capacity.
- The Company has not issued any equity securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- The calculations above do not show the dilution that may be caused to a particular Shareholder by reason of any issue of securities under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1, including dilution which may occur following issues of securities subject to approval under Resolutions 4 and 5.

Shareholders should note that there is a risk that:

- the market price for the Company's shares may be significantly lower on the issue date than on the date of the Meeting; and
- the shares may be issued at a price that is at a discount to the market price for those shares on the date of issue.

(e) *Purpose of Issue under 10% Placement Capacity*

The Company may seek to issue equity securities under the 10% Placement Capacity for cash consideration only, which the Company may use towards acquisition of new assets or investments (including expenses associated with such acquisition) and/or general working capital.

(f) *Allocation under the 10% Placement Capacity*

The allottees of the equity securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of equity securities could consist of current Shareholders or new investors (or both).

The Company will determine the allottees at the time of the proposed issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the equity securities on the control of the Company;
- (iv) the Company's circumstances, including, but not limited to, its financial position and solvency;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

6.3 Voting Exclusion

As at the date of this Notice, the Company has not invited any existing Shareholders to participate in an issue of equity securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

6.4 Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5.

**APPOINTMENT OF PROXY**

**The webinar conferencing facility will facilitate voting by Shareholders at the Meeting.**

I/We being a member(s) of Beam Communications Holdings Limited and entitled to attend & vote hereby appoint

**A**

The Chairman of the Meeting (mark box)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate

or, failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at **the Annual General Meeting of Beam Communications Holdings Limited to be held virtually via a webinar conferencing facility on Tuesday, 30 November 2021 at 10.00am (AEDT)** and at any adjournment of that meeting. The webinar conferencing facility will facilitate voting by Shareholders at the Meeting, however the Company strongly recommends that Shareholders lodge a directed proxy as soon as possible in advance of the Meeting. Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the commencement of the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

**Important for Resolution 2: If the Chairman of the Meeting is your proxy or is appointed your proxy by default.**

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolution 2 as set out below and in the Notice of Meeting. **If you do not mark this box and you have not directed your proxy how to vote on Resolution 2, the Chairman of the Meeting will not cast your votes on Resolution 2 and your votes will not be counted in computing the required majority.** If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Part B below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Resolution 2).

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 2.

**I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolution 2 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolution 2 is connected directly or indirectly with the remuneration of a member of key management personnel.**

**ORDINARY RESOLUTIONS:**

**B**

To direct your proxy how to vote on any resolution please insert ☒ in the appropriate box below

	For	Against	Abstain*
<b>Resolution 1</b> Re-election of Director, Simon Lister Wallace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Adoption of Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> Grant of Options to Michael Ian Capocchi (Managing Director)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SPECIAL RESOLUTIONS:**

**C**

To direct your proxy how to vote on any resolution please insert ☒ in the appropriate box below

	For	Against	Abstain*
<b>Resolution 5</b> Approval for Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf and your votes will not be counted in computing the required majority.

**D**

**SIGNATURE AND NAME OF SECURITYHOLDERS-THIS MUST BE COMPLETED**

Securityholder 1 (Individual) or Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual) or Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual) or Director

Name:.....

Name:.....

Name:.....

Holding No (if known):.....

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

# How to complete this Proxy Form

## 1. Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note: you cannot change ownership of your shares using this form.

## 2. Appointment of a Proxy using this Form

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

## 3. Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 4. Appointment of Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company or you may copy this form.

To appoint a second proxy you must:

- (a) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) Return both forms together.

## 5. Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, either security holder may sign.
- Power of Attorney: to sign under Power of Attorney, you must attach the instrument effecting the appointment (or a copy which appears on its face to be an authentic copy) to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.
- Digital signature: if you're unable to complete the digital signature, please print the form and sign manually.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company.

## Lodgement of a Proxy

**This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below by 10.00am (AEDT) on Sunday 28 November 2021,** being no later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged:

By posting to Beam Communications Holdings Limited as follows:  
Beam Communications Holdings Limited  
Unit 5 / 8 Anzed Court, Mulgrave,  
Victoria, Australia 3170

Or by email to the Company Secretary: [dennis.payne@beamcommunications.com](mailto:dennis.payne@beamcommunications.com)

Or by delivering it to the above address



# ANNUAL REPORT 21

BEAM COMMUNICATIONS HOLDINGS LIMITED





**Beam Communications Holdings Limited**  
ABN 39 010 568 804

5/8 Anzed Court,  
Mulgrave, Victoria  
Australia 3170

**Phone:** +61 3 8561 4200  
**Email:** investor@beamcommunications.com  
**Website:** beamcommunications.com



**Beam Communications Pty Ltd**  
ABN 97 103 107 919

5/8 Anzed Court,  
Mulgrave, Victoria  
Australia 3170

**Phone:** +61 3 8588 4500  
**Email:** info@beamcommunications.com  
**Website:** beamcommunications.com



**Beam Communications USA Inc.**  
Delaware Corporation No. 5228652

C/- Martensen Wright PC  
One Capitol Mall, Suite 670  
Sacramento, CA 95814 USA

**Phone:** +1 800 250 5819 (USA only)  
**Email:** info@beamcommunications.com  
**Website:** beamcommunications.com



**SatPhone Shop Pty Ltd**  
ABN 40 099 121 276

5/8 Anzed Court,  
Mulgrave, Victoria  
Australia 3170

**Phone:** 1300 368 611  
**Email:** info@satphoneshop.com  
**Website:** satphoneshop.com



**SatPhonerental Pty Ltd**  
ABN 18 114 959 992

5/8 Anzed Court,  
Mulgrave, Victoria  
Australia 3170

**Phone:** 1300 368 611  
**Email:** rentals@satphoneshop.com  
**Website:** satphonerentals.com

## 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

Beam Communications

Holdings Limited

Unit 5/8 Anzed Court

Mulgrave, VIC, 3170

Ph: (03) 8561 4200

Email: investor@beamcommunications.com

### SHARE REGISTER

Link Market Services Ltd

Locked Bag A14

Sydney South, NSW, 1235

Ph: 1300 554 474

### SOLICITORS TO THE COMPANY

GrilloHiggins Lawyers

Level 4, 114 William Street

Melbourne, VIC, 3000

Ph: (03) 8621 8888

### AUDITOR

RSM Australia Partners

Level 21, 55 Collins Street

Melbourne, VIC, 3000

Ph: (03) 9286 8000

### ASX OFFICE

Based in Melbourne

### ASX CODE

BCC

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Chairman: Simon Wallace

### Reflections

There are years in our personal and professional lives of which our memories, a long time from now, may merge into each other, with no 12 months particularly discernible from another in our reflections.

FY2021 was not one of those.

With the world facing seismic supply and demand disruptions, geopolitical uncertainties and economic plight, I am sincerely delighted that the Company of which I am proud to be the Chairman, and of which our investors are primary stakeholders, has not only navigated these treacherous waters, but emerged stronger and bolder than ever before.

I can certainly understand why some may wish to forget the 12 months to 30 June 2021, but this most recent financial year is one I will, when it comes to Beam, be pleased to remember. They were times of commitment, adaptation and sacrifice, but at a corporate level we are now well capitalised, served by a loyal and highly engaged management team and staff. Beam has strong winds in our sails leading into crucial, and exciting, times for your company.

I am therefore pleased to provide the following Chairman's Report on the Beam Communications Holdings Group of companies for the year ended 30 June 2021, reflecting a snapshot of Beam's important pivot to becoming a significant recurring revenue Company. The full Directors' Report contains more extensive information on the Group's performance in the financial year, but I would like to present the following highlights.

### Profit Performance and Major Impacts

The last financial year marks the beginning of Beam's transformation into a business that will generate very significant recurring subscription revenues to supplement its legacy business, which has a track record of strong hardware sales.

We are starting the next phase of this journey in a very robust financial position, as Beam reported both record sales and profit before tax (PBT) for FY2021. Group revenue advanced 24% to \$18.5 million, while PBT increased by \$2.3 million over the previous financial year to \$780,477.

Most areas of Beam's business contributed to these good results, but our growth in revenue was, pleasingly, largely driven by the success of the Beam-designed and developed ZOLEO global seamless messaging solution, which during FY2021 was available for sale through some of the largest retailers in the United States, Canada and Australia.

Importantly, these strong results do not include any meaningful recurring revenue from ZOLEO subscriptions. These revenues will only become material from FY2022 onwards.

As we have previously highlighted, Beam sells the ZOLEO device on a slim margin to encourage consumer adoption, as subscriptions are both the key profit driver for the product, but also most appreciated by existing and prospective investors when making valuation assessments.

For many years, Beam has been looking for an opportunity to develop a solution that will deliver the Group passive, recurring revenues, rather than merely product sales. And now we have one – not by accident, or acquisition, but by design.

The success of ZOLEO is reflected both in the almost 100,000 devices ordered from Beam since launch and the sharp increase in Australia-only subscribers to around 1,300 – most of whom were acquired in FY2021. The subscriber base in North America is many times higher, as the region was not impacted as much by COVID-19 lockdowns, and the traction ZOLEO has achieved in those markets point to a bright future for Australian subscriptions, given the similarities between these markets and shared knowledge with our JV partner.

As Beam adds new subscribers from its territories, which includes Australia, New Zealand, Japan and China, its profit margins are expected to expand thanks to our enhanced leverage in sourcing raw materials and broader economies of scale. Beam collects 70% of the gross margin from subscriptions in its territories with the balance remaining in its 50% owned joint venture, ZOLEO Inc, that it co-owns with Canadian company Roadpost Inc.

The six-fold increase in ZOLEO Inc's FY2021 revenue to \$13.5 million underscores the success of the messaging solution across the two continents, with sales from new markets to follow in the current financial year.

It wasn't only ZOLEO device sales that drove our numbers. Beam's wholly-owned subsidiary and Telstra's largest satellite equipment provider, SatPhone Shop, also contributed to the Group's financial performance with sales jumping 27.5% over the previous year.

There were a few reasons for the improved sales. SatPhone Shop received additional orders from medium-sized business customers and semi-government entities, and the business benefited from sales of ZOLEO devices where, like other retail partners, it pockets a reasonable margin on the hardware sale.

The ongoing success of Iridium GO! was another positive for the Group. Beam received an order for 5,000 Iridium GO! devices from its long-standing partner and leading satellite services company Iridium Communications Inc (NASDAQ: IRDM) during FY2021.

The momentum is carrying through to the current financial year as Beam has received its ninth - and largest to date - Iridium GO! order in July 2021. This order for 7,500 units of the enduringly popular portable satellite hotspot comes as Iridium expects demand for the highly reliable smartphone-to-satellite connectivity device to remain healthy for years to come.

While unit sales of ZOLEO have proved one of our largest sources of revenue for this period, it is the profitability and expertise behind our organic business sales that has underwritten our profitable performance.

## Outlook

The ongoing and ever evolving COVID-19 situation makes it unwise to provide a precise outlook, but the Board and I are confident that Beam can sustain the momentum it has built and deliver a stronger result in the current financial year. Our performance horizon extends well beyond the next 12 months and we are determined for that trajectory to continue well beyond FY2022.

There are several reasons for this optimism, not least of which is ZOLEO. While the harsh COVID lockdowns in New South Wales and Victoria could weigh on net subscriber growth in the very short-term, the selling proposition remains appealing, support from our partners is only growing and a return to a semblance of normality will provide the atmosphere for ZOLEO subscription revenues to grow – a lot.

This is true in the countries where ZOLEO was initially launched, namely the United States, Canada and Australia, but also in new markets. Beam has only recently launched ZOLEO into New Zealand and the JV is on track to start selling the device in the United Kingdom and select European markets early in calendar 2022.

Meanwhile, Beam is expecting demand for Iridium GO! to remain enthusiastic as feedback from Iridium indicates that demand for the device is exceeding expectations, due to strong organic growth in the personal communication devices market, which Iridium is forecasting to grow at a 29% compound annual growth rate (CAGR) to 2025, and the reopening of several countries from COVID restrictions.

Supplementing this growth is the new range of Iridium satellite devices that Beam is developing. These next-generation devices, called Iridium Certus®, are capable of faster data speeds. If sales of Beam's Certus devices were even to imitate, let alone exceed, the success of the Iridium GO!, the upside to Beam from executing the opportunity will be significant for many years to come.

This is particularly important because Beam is exploring the possibility of introducing value added services, together with the hardware. These potential services will provide the Group with an additional recurring revenue stream in addition to the hardware sales to Iridium.

We know, and have been not infrequently told, that a business model that targets and generates such revenue streams will attract stronger interest from the investment community than a mere unit designer and deliverer.

So that's what we're delivering.

## Cash and Funding

Beam's cash holdings at 30 June 2021 were \$3.7 million following its successful share placement in the December quarter, which saw demand heavily exceed expectations. This brings the Group's total available cash balance to \$5.4 million, if undrawn debt facilities were included.

Additionally, in Q4 of FY2021, Beam recorded its seventh consecutive quarter of positive operating cash flow, despite the disruption caused by COVID-19 and the investment made to support the launch and uptake of ZOLEO here in Australia.

The expenditure on major development projects in the financial year amounted to \$2.5 million. That is a significant figure, committed cautiously and with rigorous oversight. We do not do so lightly, or without firm and justified beliefs that this investment will be rewarded. The Board also believes that Beam presently has sufficient available resources to fund its current growth program. We were already mindful of the challenges cashflows present, well before COVID, but you can be assured that your Board adopts a granular and very forward-looking approach to all its financial needs.

## Directors and Investors

All directors of your Company hold shares in Beam Communications Holdings Limited. Like all shareholders, we have a personal interest in the future performance of the Group.

You can read more about all members of the board in the Directors' Report.

Beam issued 21.27 million new shares and 8.59 million options with an exercisable price of \$0.50 and expiring on 31 December 2022 as part of the share placement.

## Staff and Board

In the last financial year, your company has successfully traversed a global pandemic and transitioned into a faster growing technology group, with a significant recurring revenue business. Not only has Beam's staff and Board helped put the Group on the right path to growth, but they have each made temporary personal remuneration sacrifices, when the swell of the pandemic threatened to overwhelm many.

Now, they have also produced a record revenue and PBT for Beam. Words alone cannot express my gratitude and admiration for the tireless dedication shown by the many who work for Beam, each of whom have played a critical role in no small way in steering the Group through such a critical juncture.

While there are many more challenges ahead, the foundations have been laid that will allow Beam, over the medium-term, to transform into a coveted business that is many times larger and more profitable than it is today. Indeed, I think our story is compelling.

Some shareholders are veterans, and I thank each of you for your support and fervour.

Some investors have only recently joined our register, and to you, I welcome you and look forward to rewarding your confidence.

I thank you for your ongoing support and belief in the future direction of our Company as we progress to becoming a major player in the global PCD industry.

Anchors away.



Mr Simon Wallace

Chairman

Date: 14/09/21





## 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.



**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.



**Carl Cheung Hung**  
**Non Executive Director**  
*(retired on 30 November, 2020)*  
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.



### INDEMINIFCATION 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 the year were the development and marketing of a range of communication products and services, mainly satellite based.



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# 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).

## 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.

	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)*
<b>Operating profit before amortisation, depreciation, interest and tax</b>	<b>\$1,990</b>	<b>\$3,276</b>
Deduct:		
Amortisation and impairment	\$(810)	\$(4,311)
Depreciation	\$(200)	\$(211)*
Interest	\$(200)	\$(272)*
<b>Operating profit/(loss)</b>	<b>\$780</b>	<b>\$(1,518)</b>
Net tax benefit/(expense)	\$(271)	\$(112)
<b>Net profit/(loss) for year</b>	<b>\$509</b>	<b>\$(1,629)</b>
<b>Total comprehensive income/(loss) for year</b>	<b>\$509</b>	<b>\$(1,629)</b>

*\* 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.*

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 longstanding 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 COVID19 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
			<u>8,590,667</u>

## 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:

Director	Directors Meetings		Committees	
	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)

### Performance Bonus

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.

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 allup 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.

### (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 D Stewart	Non-Executive Director	
Mr C Hung	Non-Executive Director	(retired on 30 November 2020)
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:

2021	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total	Performance related	Remuneration consisting of options
	Cash salary & fees	Cash bonus & Commissions	Motor vehicle & other allowances	Employee benefits payable [b]	Superannuation	Employee benefits payable	Eligible termination benefits	Options [a]			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Directors</b>											
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%
<b>Other</b>											
Mr D Payne	179,113	20,000	-	(1,727)	17,013	(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%
<b>Total</b>	<b>914,9569</b>	<b>199,088</b>	<b>-</b>	<b>5,781</b>	<b>78,254</b>	<b>1,849</b>	<b>-</b>	<b>-</b>	<b>1,199,541</b>		

2020	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total	Performance related	Remuneration consisting of options
	Cash salary & fees	Cash bonus & Commissions	Motor vehicle & other allowances	Employee benefits payable [b]	Superannuation	Employee benefits payable	Eligible termination benefits	Options [a]			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Directors</b>											
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%
<b>Other</b>											
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%
<b>Total</b>	<b>924,228</b>	<b>160,684</b>	<b>4,906</b>	<b>43,531</b>	<b>78,428</b>	<b>13,365</b>	<b>-</b>	<b>-</b>	<b>1,225,142</b>		

- [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 \$
<b>Directors</b>							
Mr S Wallace	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	(229,598)	-	(229,598)
Mr C Hung	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-
<b>Other</b>							
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 \$
<b>Directors</b>							
Mr S Wallace	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-
<b>Other</b>							
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	Terms & conditions for each grant							
	Vested No.	Granted No.	Grant date	Value per option at grant date \$	Exercise price \$	Expiry date	First exercise date	Last exercise date
<b>Directors</b>								
Mr S Wallace	-	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-
<b>Other</b>								
Mr D Payne	-	-	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

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



# 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
<b>Directors</b>									
Mr S Wallace	-	-	-	-	-	-	-	-	-
Mr M Capocchi	907,500	-	-	(907,500)	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-	-
<b>Other</b>									
Mr D Payne	190,575	-	-	-	(190,575)	-	-	-	-
Mr W Christie	272,250	-	-	-	(272,250)	-	-	-	-
<b>Total</b>	<b>1,370,325</b>	<b>-</b>	<b>-</b>	<b>(907,500)</b>	<b>(462,825)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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
<b>Directors</b>									
Mr S Wallace	-	-	-	-	-	-	-	-	-
Mr M Capocchi	907,500	-	-	-	-	907,500	907,500	907,500	-
Mr C Hung	-	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-	-
<b>Other</b>									
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	-
<b>Total</b>	<b>1,833,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(462,825)</b>	<b>1,370,325</b>	<b>1,370,325</b>	<b>1,370,325</b>	<b>-</b>



## 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
<b>Directors</b>						
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
<b>Other</b>						
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
<b>Directors</b>						
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
<b>Other</b>						
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.

A handwritten signature in blue ink, appearing to read 'Simon Wallace', is positioned above the printed name and title.

**Mr Simon Wallace**

*Chairman*

Date: 30 August 2021

**RSM Australia Partners**

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**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.

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

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink that appears to read "M Parameswaran".

**M PARAMESWARAN**

Partner

Dated: 30 August 2021  
Melbourne, Victoria

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.  
RSM Australia Partners ABN 36 965 185 036



The Directors of Beam Communications Holdings Limited (**BCC or the Company**) are committed to protecting and enhancing shareholder value and conducting the company's business ethically and in accordance with the highest standards of corporate governance.

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations: 4th Edition (**the Principles**), this corporate governance statement reports on the Company's adoption of the Principles on an exception basis. This statement provides specific information whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. The Company's corporate governance principles and policies are therefore structured with reference to the Principles, which are as follows:

- 1. Lay solid foundations for management and oversight.**
- 2. Structure the Board to be effective and add value.**
- 3. Instil a culture of acting lawfully, ethically and responsibly.**
- 4. Safeguard the integrity of corporate reports.**
- 5. Make timely and balanced disclosure.**
- 6. Respect the rights of security holders.**
- 7. Recognise and manage risk.**
- 8. Remunerate fairly and responsibly.**

## **1. Lay Solid Foundations for Management and Oversight**

### **Recommendation 1.1: The Board and Senior Management – Roles and Responsibilities**

#### **Board Processes**

The Board recognises that its responsibilities should accord with the following general principles:

- the Board should be made up of a majority of Independent Directors;
- the Chairman of the Board should be an Independent Director;
- the roles of Chairman and Chief Executive Officer should not be exercised by the same person;
- the Board should meet on a monthly basis;
- all available information in connection with items to be discussed at a meeting of the Board shall be provided to each Director prior to that meeting; and

- Directors are entitled to seek independent professional advice.

To assist in the execution of its responsibilities the Board has established an Audit Committee with a formalised charter and operating principles. Activities which may be conducted by separate committees in a larger company such as Directors Nomination, Risk Management and Remuneration are dealt with by the full Board as separate and specific agenda items in accordance with the principles and policies set down in the Company's corporate governance programme.

The Company has adopted a Board Charter which details the functions and responsibilities of the Board of Directors. A copy of the Board Charter is on the Company's website. The employment contract between the Company and the Chief Executive Officer and the letter of engagement for the Chief Financial Officer and senior executives details the terms of employment, job specifications and responsibilities.

#### **The Role of the Board of Directors**

The BCC Board is responsible to its shareholders for the protection and enhancement of long-term shareholder value.

To fulfil this role the Board is responsible for:

- oversight of the Group, including its controls, risk management, financial structures and accountability systems;
- setting strategic direction for management with a view to maximising shareholder value;
- input into and final approval of strategic plans and goal and performance objectives and key operational and financial matters;
- determining dividend payments;
- selecting, appointing and reviewing the performance of the Chief Executive Officer (CEO);
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (CFO) and Company Secretary;
- approval of annual and half yearly financial reports and related Australian Securities Exchange reports;
- selecting and appointing new non-executive directors;
- approving major capital expenditure and acquisitions;
- evaluating the Board's performance and that of individual directors;

- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- dealing with approaches to take over the company; and
- approving and monitoring financial and other reporting.

#### **Chairman's Appointment and Responsibilities**

The Chairman is appointed by the Board from the non-executive directors. The Chairman:

- provides appropriate leadership to the Board and the Company;
- ensures membership of the Board is balanced and appropriate for the Company's needs;
- facilitates Board discussions to ensure the core issues facing the organisation are addressed;
- maintains a regular dialogue and mentor relationship with the Chief Executive Officer;
- monitors Board performance; and
- guides and promotes the on-going effectiveness and development of the Board and individual directors.

#### **Conduct of Board Business**

The Board normally holds monthly formal Board meetings and will also meet whenever necessary to carry out its responsibilities. In the year ended 30 June 2021, the Board and/or its committees met 16 times. When conducting Board business, Directors have a duty to question, request information, raise any issue of concern, and fully canvas all aspects of any issue confronting the Company and vote on any resolution according to their own judgment. Directors keep confidential, board discussions, deliberations and decisions that are not publicly known.

#### **Access to Information**

Directors are encouraged to access members of the senior management team at any time to request relevant information in accordance with protocols adopted by the Board. Where Directors perceive an irregularity in a Company related matter, they are entitled to seek independent advice at the Company's expense. Directors must ensure that the costs

are reasonable and must inform the Chairman before the advice is sought. The advice must be made available to the rest of the Board.

### Independent Professional Advice

Each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

### Conflicts of Interest

Directors are required to continually monitor and disclose any potential conflicts of interest that may arise. Directors must:

- disclose to the Board any actual or potential conflicts of interest that may exist as soon as the situation arises;
- take necessary and reasonable steps to resolve any conflict of interest within an appropriate period, if required by the Board or deemed appropriate by that director; and
- comply with the Corporations Act requirements about disclosing interests and restrictions on voting.

Directors should discuss with the Chairman any other proposed Board or executive appointments they are considering undertaking and advise the Company of their appointments to other companies as soon as possible after the appointment is made.

The same requirement exists for related party transactions including financial transactions with the Company. Related party transactions are reported in writing to the Company Secretary and where appropriate, raised for consideration at the next board meeting.

### Retirement of Directors

One-third of the Directors are required to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire at the third AGM since last elected or re-elected. A Director appointed as an additional or casual director by the Board will hold office until the next AGM when the Director may be re-elected. This re-election will be in addition to any rotational retirements.

A CEO, if also a Managing Director, is not subject to retirement by rotation and is not to be taken into account in determining the rotation of retirement of Directors.

### Functions of Senior Executives

The Chief Executive Officer reports to the Board and is responsible for the operation and administration of the Company including the implementation of the Company's strategies, plans, policies and control programmes. He is supported by a management team whose responsibilities are delineated by formal authority delegations. The team meets regularly to co-ordinate activities and to review and monitor performance.

### Recommendation 1.2: Board Nominations

#### Appointment of Directors

The Company has not established a nomination committee for recommending the appointment of Directors.

Given the nature and size of the Company, the Board considers that as a three-member Board of a small public company the selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nominations process. The structure of the Board is reviewed annually as to qualifications, skills, experience and diversity to ensure the Board has an appropriate mix. In a three-member Board the highest requirement is for appropriate skill. Where a vacancy exists or there is a need for particular skills, the Board will determine the selection criteria and identify and appoint a suitable candidate. In this regard, the Company also notes that the Company operated with a four-member Board for part of this financial year. Mr Carl Cheung Hung retired from the Board on 30 November 2020 after having served as a Non-Executive Director on the Board for nearly eight years.

The Company will undertake appropriate checks before appointing a person, or putting forward a candidate for election as a Director, and provide shareholders with this information. Candidates will be assessed through interviews, meetings and background reference checks as appropriate. External advisors may be used in this process. The Company will provide shareholders with all material information in its possession relevant to the decision on whether or not to elect (or re-elect) a Director, either in

the notice of the meeting at which the election of the Director is to be held, or by including in the notice a clear reference to the location on the Company's website, Annual Report or other document lodged with ASX where the information can be found. Directors appointed by the Board must stand for re-election at the next meeting of shareholders.

Further information regarding Director nominations can be found in the Company's Election of Directors Policy as posted on the Company's website.

### Recommendation 1.3: Terms of Appointment – Directors and Senior Executives

Each new Non-Executive Director will receive a letter formalising their appointment and outlining the material terms of their appointment. Non-Executive Directors of the Company have not been appointed for fixed terms. Senior Executives will generally have written employment agreements with the Company setting out their duties, obligations and remuneration.

The above-mentioned appointment letter and employment agreements are with the Non-Executive Director or Senior Executive personally.

The remuneration paid/payable to the Company's 'key management personnel' is outlined within the Remuneration Report in the Company's latest Annual Report.

### Recommendation 1.4: The Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the systems and processes that are appropriate for the Board to fulfil its role. The Company Secretary is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is also responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

### Recommendation 1.5: Diversity Policy

The Company has taken measures to establish a corporate culture in which the principles of diversity are embedded. By promoting and supporting transparent recruiting processes,



flexible work practices, an enlightened code of conduct, equal employment opportunity policies and clear reporting of outcomes, the Board feels that the objectives of diversity will be achieved. The results of recruiting and the composition of staff are reported by the Chief Executive Officer and reviewed at monthly Board meetings.

The Board, at this time, has not established an explicit policy on diversity or measurable objectives for achieving gender diversity. Because of the size of the Company (40 staff including Board members, as at the date of this report), the Board is of the view that the scale and nature of the Company's operations does not currently lend itself to an effective and meaningful application of a targeted diversity policy.

Rather, the Board recognises the positive benefits for the organisation of increased diversity, especially gender, and has sought to integrate diversity objectives within the existing policies and procedures of the Company. The Board intends to reconsider the adoption of a formal diversity policy periodically.

At the date of this report the Company has a total staff excluding Board members of 38 employees (including Chief Executive Officer and Managing Director) of which 26% (10 employees) are women. The Senior Executive team is made up of 7 managers including Chief Executive Officer and Managing Director and 2 female managers. At this time there are no women on the Board which comprises three positions.

## **Recommendations 1.6 and 1.7 – Performance Review and Evaluation**

### **Evaluating the Performance of Directors**

The Board has adopted a self-evaluation process to measure its own performance and the performance of its Committees.

On an annual basis, the Chairman facilitates a discussion and evaluation of the Board's performance in accordance with this process. This includes discussions about the Board's role, processes, performance and other relevant issues. Each Director's performance is reviewed by the Chairman and Board prior to the Director standing for re-election. Performance evaluations will take place during September at the same time as those for all staff members. A performance evaluation was

undertaken during the reporting period. If the contribution of a Non-Executive Director appears to a majority of Directors to be less than adequate, they may direct the Chairman to inform that Director accordingly and ask that person to consider his or her position on the Board. If the Director takes no action in response, a circulated minute signed by a majority of Directors will authorise the Company Secretary to inform the shareholders that the Board will not support the re-election of the Director at the general meeting where they are next due to offer for re-election.

### **Evaluating the Performance of Senior Executives**

Arrangements put in place by the Board to monitor the performance of the Group's key executives include:

- regular monthly reporting submitted to the Board and attendance at all Board Meetings by the Chief Executive Officer and Chief Financial Officer;
- a review by the Board of the Group's financial performance and revised forecast results on a monthly and annual basis at Board meetings at which reports are presented by the key executives; and
- an evaluation of the detailed presentations made by the Chief Executive Officer and his direct reports during business planning/ strategy meetings which are at least bi-annual.

A performance evaluation was undertaken during the reporting period.

## **2. Structure Board to Be effective and Add Value**

### **Recommendation 2.1: Nomination Committee**

Due to the small size of the Board and the Company's current level of operations, the Company does not have a separate nomination committee. Nominations for positions on the Board are considered by the entire Board.

### **Recommendation 2.2: Skills, Knowledge and Experience**

Directors are appointed based on the specific business, industry and governance skills and experience as required by the Company. The Board recognises the need for Directors to have a relevant and applicable range of skills and personal experience in a range of disciplines as required for the proper management and oversight of the Company's operations, as having regard to the scale and nature of its activities. The Board skills matrix set out below describes

the skills, experience and expertise that the Board would look to maintain and build on:

- capital markets;
- corporate finance;
- regulatory and compliance;
- operations;
- legal;
- sales;
- marketing;
- corporate governance; and
- financial and business acumen.

## **Recommendations 2.3 and 2.4: Independent Directors**

### **Directors Independence**

At the date on which the Directors' report is made out, the Company's Board has three Directors. The Board currently consists of two Non-Executive Directors. At this time only one (Mr Simon Wallace) of the three Non-Executive Directors is considered by the Board to be independent, and as such the Company does not comply with Recommendation 2.4 of the Corporate Governance Council, which recommends that a majority of Board members should be independent. However, the Board considers that both its structure and composition are appropriate given the size of the Group and that the interests of shareholders are well met.

The Board regularly assesses its composition, having regard to the nature and size of the Company's operations and the relevant skills, knowledge, and experience of each Board member.

In the interest of clear disclosure:

- Mr Carl Hung, who served as a Non-Executive Director until his retirement on 30 November 2020, is also the President and CEO of Season Group. The Company has subcontracted manufacturing on an arms-length basis to Season Group and Mr Hung, through SGV1 Holdings Limited, holds a relevant interest in 5,409,874 shares in the Company, representing 7.21% of the Company's issued shares and is thereby a substantial holder.
- Mr David Stewart, a Non-Executive Director, is not regarded as being independent, as two companies associated with and/ or controlled by Mr Stewart in total hold a relevant interest in 10,905,000 shares in the Company, representing 14.53% of the issued capital of the Company and Mr Stewart is thereby a substantial holder.

The names, qualifications and experience of each Director of the Company are detailed in the Directors' Report in the Annual Report.

**Recommendation 2.5: Independent Chairman**

The Chairman, Mr Simon Wallace, is the only independent Non-Executive Director of the Company at this time. Mr Wallace was appointed as Chairman of the Company on 22 December 2016, based on his extensive experience in legal and commercial matters, project finance and fundraising background and his experience as a Director including of an ASX-listed entity.

The Chief Executive Officer of the Company is Mr Michael Capocchi.

**Recommendation 2.6: Induction of New Directors and Regular Review for Existing Directors**

The Company has a program for inducting new Directors. This includes giving new Directors a full briefing about the nature of the business, current issues, the corporate strategy and the expectations of the Board concerning the performance of the Directors and access to all employees to gain full background to the Company's operations. The Company does not have a formal program to periodically review whether there is a need for existing directors to undertake professional development to maintain their skills and knowledge. However, existing Directors are generally encouraged to attend director training and professional development courses, as may be required to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, at the Company's expense (as approved by the Chairman and or the Board, as appropriate and applicable).

**3. Act Lawfully, Ethically and Responsibly**

**Recommendation 3.1: Articulate and disclose its cultures**

BCC values are behaviours that guide the actions and decision-making of staff, and reflect the Company's brand and culture. The values are conducting its business activities openly, with honesty, integrity and responsibility and maintaining a strong sense of corporate social responsibility. In maintaining its corporate social responsibility, BCC will conduct its business ethically and accordingly its values, encourage community initiatives, consider

the environment and ensure a safe, equal and support workplace.

The values were developed collaboratively by management and endorsed by the Board. Management is responsible for instilling these values across the Company.

**Recommendation 3.2: Code of Conduct**

As part of the Board's commitment to the highest standard of personal and corporate behaviour, the Company adopts a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities including responsibility for reporting and investigating unethical practices;
- employment practices including a fair and open approach to all forms of diversity; and
- responsibilities to the environment and the community.

The Code of Conduct is available at the Company's website.

**Recommendation 3.3: Whistleblower policy**

The Board has established and adopted a Whistleblower Policy. The Whistleblower Policy will be reviewed regularly by the Board. The Policy sets out the steps and process to ensure that the Board is informed of any material breaches of the Whistleblower Policy.

A copy of the Company's Whistleblower Policy is available on the Company's website.

**Recommendation 3.4: Corporate Ethics and Anti-Bribery and Corruption Policy**

In addition to the Code of Conduct, the Company has established a specific Corporate Ethics Policy setting out the Company's behavioural expectations of its employees when conducting business in Australia and internationally and specifically aims to maintain the good standing and reputation of the Company along with highlighting the importance of anti-bribery and anti-corruption practices to its employees and directors. The Corporate Ethics Policy also sets out the process for employees and officers of the

Company to inform the Board of any behaviour or situation which they believe breaches or potentially breaches the Policy.

The Corporate Ethics Policy is also available at the website.

The Company's objective is to maintain and further develop its business to increase shareholder value while also adding value for customers, employees and other stakeholders. To ensure this occurs, the Group conducts its business within the ethical responsibilities documented and outlined in the Company's Code of Conduct and Corporate Ethics Policy.

**4. Safeguard Integrity in Corporate Reporting**

**Recommendation 4.1: Audit Committee**

The Board has established an Audit Committee to consider certain issues and functions in further detail. The chairman of the Audit Committee reports to the Board on any matters of substance at the next full board meeting. The Audit Committee has its own terms of reference, approved by the Board and reviewed annually, with additional review when appropriate.

The members of the Committee at the date of this report are Mr David Stewart and Mr Simon Wallace. David Stewart is the current Chairman of the Audit Committee. Details of the qualifications, experience and attendance at Committee meetings by each Committee Member is included in the Directors' Report in the Annual Report.

The ASX Corporate Governance Council has made recommendations for the composition of the Audit Committee:

- the Committee should consist only of Non-Executive Directors;
- it should have a majority of Independent Directors;
- it should be chaired by an Independent Director who is not Chairman of the Board;
- the Committee should have at least 3 members.

While recognising these recommendations, the Board is restricted by having currently only three Board positions. The Board's small size is a function of the relatively small scale of the Company's operations. The Company may assess the composition of the Board from time to time, with a view to considering compliance





with the recommendation that the Audit Committee have a majority of Independent Directors.

The one Independent Director on the Board is a member of the Audit Committee. Mr David Stewart, although not an Independent Director was appointed Chairman of the Audit Committee due to his financial and commercial experience.

Audit Committee assists the Board to discharge its corporate governance responsibilities, in regard to the business' relationship with, and the independence of, the external auditors. It especially:

- recommends appointment of external auditors and fees;
- ensures reliability and integrity of disclosure in the financial statements and external related financial communications, although ultimate responsibility rests with the full Board;
- reviews compliance with statutory responsibilities;
- reviews budgets and accounting policy;
- ensures maintenance of an effective framework of business risk management including compliance and internal controls and monitoring of the internal audit function;
- reviews adequacy of the Company's insurance program, including directors' and officers' professional indemnity and other liability insurance cover;
- promotes and ensures an ethical financial culture is embedded throughout the Company; and
- undertakes any special investigations required by the Board.

The Audit Committee provides a forum for the effective communication between the Board and external auditors. The Committee reviews:

- the annual and half-year financial report prior to their approval by the Board;
- the effectiveness of management information systems and systems of internal control; and
- the efficiency and effectiveness of external audit functions, including reviewing the respective audit plans.

The Committee invites the CEO, the CFO, the Company's remaining Director and the external auditors to attend Committee meetings where appropriate. The Committee also meets with and receives regular reports from the external auditors concerning any matters which arise

in connection with the performance of their respective roles, including the adequacy of internal controls.

The Company's Audit Committee met 3 times during the course of the financial year ended 30 June 2021.

The Company's Audit Committee has a formal charter setting out the Committee's role and responsibilities. The charter is posted on the Company's website.

## **Recommendation 4.2: Approval of Financial Statements**

The Board receives regular reports about the financial condition and operational results of the Company and its controlled entities. The CEO and CFO periodically provide formal statements to the Board that, in all material aspects, the Company's financial statements present a true and fair view of the Company's financial condition and operational results.

The CEO and the CFO each provide declarations to the Board in accordance with Section 295A of the Corporations Act 2001 confirming that in their opinion, with regard to risk management and internal compliance and control systems:

- the statements made with respect to the integrity of financial statements and notes thereto are founded on a sound system of risk management and internal control systems which, in all material respects, implement the policies adopted by the Board of Directors; and
- the risk management and internal control systems are operating effectively and efficiently in all material respects in relation to financial reporting risks.

## **Auditor independence**

Best practice in financial and audit governance is rapidly evolving and the independence of the external auditor is particularly important to shareholders and the Board. The Company's practices in this area are reviewed regularly by the Board to ensure they are in line with emerging practices both domestically and internationally. The Company's current approach in relation to independence of its auditor encompasses the following:

- rotation of the senior audit partner every five years;
- annual confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence;

- half yearly reporting on the levels of audit and non-audit fees; and
- specific exclusion of the audit firm from work which may give rise to a conflict.

## **Recommendation 4.3: Verification process for periodic corporate report**

Before the financial statements for the half-year and full-year are approved, the Board receives a statement from the CEO and CFO consistent with the requirements of the Corporations Act 2001 (Cth). The Company has also appointed RSM Australia Partners as its external auditor, who reviews the above statements and provides an opinion on whether the Company's financial report gives a true and fair view of the Company's financial position and financial performance, and whether it complies with Australian Accounting Standards and the Corporations Regulations 2001.

The Company's external Auditor attends the Company's AGMs and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

As to periodic corporate reports which are not subject to audit or review by an external auditor, the Company has not established a Disclosure Committee. However, due to the small size of the Board, all Directors and Company Secretary are required to comment on and approve an announcement before it is published.

## **5. Make Timely and Balanced Disclosure**

### **Recommendation 5.1: Continuous Disclosure Policy**

The Board and senior management are aware of the continuous disclosure requirements of the ASX and have written policies and procedures in place, including a Continuous Disclosure Policy.

The guiding principle of this policy is that the Company must immediately notify the market via an announcement to the ASX of any information concerning the Company that a reasonable person would expect to have a 'material' effect on the price or value of the Company's securities.

The Board must ensure that Company announcements:

- are made in a timely manner;

- are factual;
- do not omit material information; and
- are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Where that information, however, is incomplete or confidential, or its disclosure is illegal, no disclosure is required. The Directors and senior management of the Company ensure that the Company Secretary is aware of all information to be presented at briefings with analysts, stockbrokers, shareholders, the media and the public. Prior to being presented, information that has not already been the subject of disclosure to the market and is not generally available to the market is the subject of disclosure to the ASX. Only when confirmation of receipt of the disclosure and release to the market by the ASX is received may the information be presented.

If the Company becomes aware of market-sensitive information which ought to be disclosed, but the Company is not in a position to issue an announcement promptly and without delay, the Company may request that the ASX grant a trading halt or suspend the Company's securities from quotation. Management of the Company may consult external professional advisers and the ASX in relation to whether a trading halt or suspension is required.

The Company's Continuous Disclosure Policy is available on the Company's website.

#### **Recommendation 5.2: Board's visibility of information disclosed**

Material market announcements are approved by the Board at regular board meetings scheduled to coincide with ASX filing timetable requirements. Other material market announcements are always circulated to the Board via e-mail.

#### **Recommendation 5.3: Release of investor or analyst presentations**

Presentations and transcripts of the Managing Director's address at annual general meetings will be released on the ASX Market Announcements Platform before the start of the meetings. Other presentations to new or substantive shareholders or investor analysts are released on the ASX Market Announcements Platform prior to the relevant presentation.

### **6. Respect the Rights of Security Holders**

#### **Recommendation 6.1: Communication to Shareholders and Investors**

The Company is committed to increasing the transparency and quality of its communication and to be regarded by our shareholders as an outstanding corporate citizen. Our approach to communication with shareholders and financial markets is set out in the Company's Shareholder Communication Policy document.

Information is communicated to shareholders through the distribution of the Company's Annual Report and other communications. All significant information is posted on the Company's website as soon as it is disclosed to the ASX. All investors will have equal and timely access to information on the Company's financial position, performance, ownership and governance. Shareholders who wish to send and receive communications with the Company electronically should contact the Company Secretary, Mr Dennis Payne.

The Company ensures that shareholders are informed of all major developments affecting the Group promptly through the issue of ASX announcements and commentary on operations in quarterly reports. All ASX announcements and quarterly reports are posted on the ASX website for the Company and on the Company's website.

All shareholders receive copies of shareholders notices by email or post and a copy of the annual report is distributed to all shareholders who elect to receive one (hardcopy in the mail or electronically). The Company's most recent annual report is also available on the Company's website.

#### **Website Information**

The Company has established a website at [www.beamcommunications.com](http://www.beamcommunications.com), where shareholders can access information about the Company's corporate governance policies and practices. Information lodged on this website in a specific corporate governance section includes:

- Board Charter;
- Audit Committee Charter;
- Risk Management Policy;
- Remuneration Policy;
- Securities Trading Policy;
- CEO and CFO Declarations;
- Whistle Blower Policy;
- Code of Conduct;

- Election of Directors Policy;
- Disclosure Policy;
- Shareholder Communication Policy;
- Health and Safety Policy;
- Environmental and Community Relations Policy;
- Corporate Ethics Policy; and
- Related Parties and Conflicts Policy.

#### **Recommendation 6.2: Investor Relations Program**

Two-way communication between the Company and its shareholders is facilitated primarily via the Company's AGM. The Board encourages shareholder participation at the AGM and other general meetings of the shareholders. The Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. Shareholders who are unable to attend the AGM or a general meeting may submit questions and comments before the meeting to the Company and/or to the Auditor (in the case of the AGM).

#### **Recommendation 6.3: Shareholders' Participation at General Meetings**

All shareholders are encouraged to attend and participate in shareholder meetings. All Directors, senior managers, Auditors and the Company Secretary attend these meetings and respond to shareholder questions in relation to specific agenda items and general business. In light of the Covid-19 pandemic and restrictions on in-person gatherings and travel which may be in place at the time of the Company's 2021 Annual General Meeting, the Company will consider available methods of facilitating virtual attendance by shareholders at the Annual General Meeting. Further details regarding the nature of the Annual General Meeting and how shareholders may ask questions about agenda items will be contained in the notice of meeting. The Annual General Meeting features an address by the Chairman and an extensive presentation by the CEO which is also released as an ASX announcement for shareholders who cannot attend the meeting.

A description of the arrangements the Company has to promote communications with shareholders is detailed in the Shareholder Communication Policy, available at the Company's website.



## **Recommendation 6.4: Substantive Resolutions decided by Polls**

The Company is committed to the principle of “one share one vote” and substantive resolutions at shareholder meetings are decided by a poll instead of by a show of hands which does not take into account the number of shares held.

## **Recommendation 6.5: Electronic Communication**

Shareholders may elect to send communication to and receive communications from the Company and its Share Registry electronically. The contact email address for the Company is [info@beamcommunications.com](mailto:info@beamcommunications.com) and shareholders may submit electronic queries to the Company's Share Registry via its website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## **7. Recognise and Manage Risk**

### **Recommendation 7.1: Risk Committee**

Due to the size of the Company and the nature of the Company's operations, a formal Risk Committee has not been established. The Board is responsible for ensuring appropriate measures are in place in order to manage risk in line with the Company's risk strategy. An external consultant has assisted the Board in this process.

The Board has required management to implement internal control systems to manage the Company's material business risks and to report on whether risks are being effectively managed.

Arrangements put in place by the Board to monitor risk include:

- review of risk areas at monthly Board meetings;
- regular monthly reporting to the Board in respect of operations, the financial position of the Company and new contracts;
- reports by the Chairman of the Audit Committee;
- attendance and reports by the Managing Director, CFO and the Company's management team at Board Meetings; and
- any Director may request that operational and project audits be undertaken either internally or be external consultants.

## **Recommendation 7.2: Risk Management Framework**

The Company has implemented a risk management program that enables the business to identify and assess risks, respond appropriately and monitor risks and controls.

The Company is exposed to risk from operations (employee health and safety, environmental, insurance, litigation, disaster, business continuity), compliance issues and financial risks (interest rate, foreign currency, credit and liquidity). To mitigate these risks, the Company has established risk and assurance policies and procedures, which aim to:

- assist management to discharge its corporate and legal responsibilities; and
- assure management and the Board that the framework is effective.

Responsibility for control and risk management is delegated to the appropriate levels of management within the Company and the CEO has ultimate responsibility to the Board for risk management and control. Areas of significant business risk to the Company are detailed in the Business Plan presented to the Board by the CEO at the start of each financial year. The Board reviews and approves the parameters under which significant business risks will be managed before adopting the Business Plan. Risk parameters and compliance information are reported monthly to the Board by the CEO and CFO.

The Board has adopted reporting procedures which allow it to:

- monitor the Company's compliance with the continuous disclosure requirements of the ASX; and
- assess the effectiveness of its risk management and control framework.

The Company reviews its risk management framework on at least an annual basis. The review examines the processes and procedures that the Company must initiate to control and/or mitigate these risks from impacting upon the performance of the Company. The key risk categories to which the Company is exposed, and how it manages or intends to manage those risks, are set out in the Risk Management Policy on the Company's website.

The abovementioned review took place in the 2020-2021 financial year with input from external consultants.

## **Recommendation 7.3: Internal Audit Function**

The Audit Committee assists the Board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the Group's risk management and control framework.

The Audit Committee meets regularly to ensure, amongst other things, that the risk management internal control structures and compliance with laws and regulations are operating effectively. Details of the Audit Committee are also set out in the Risk Management Policy, available at the Company's website.

## **Recommendation 7.4: Exposure to Environmental or Social Risks**

The Company recognises, in particular, the environmental and social risks to which it may be exposed. The Company considers environmental risk to be the ability to continue its undertakings without compromising the health of the ecosystems in which it operates. The Company views social sustainability as the ability to continue operations in a manner that is acceptable to social norms.

The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risk. Since the beginning of the ongoing Covid-19 pandemic, the Board has continued to monitor the impact of the pandemic on the Company's operations, compliance obligations and finances, and risks to the Company resulting from the pandemic associated with macroeconomic factors. The Company has provided and intends to continue to provide updates to the market on the impact of Covid-19 on the Company periodically.

The Board intends to manage risks related to Covid-19 and other social and environmental risks in accordance with the Company's Risk Management Policy, if such risks should be identified in the future.

## **8. Remunerate Fairly and Responsibly**

### **Recommendation 8.1: Remuneration Committee**

The Board considers that, due to its small size, and the current level of the Company's operations, all members of the Board should be involved in determining remuneration levels. Accordingly it has not established a separate remuneration committee. Instead time is set aside at two Board meetings each

year specifically to address the matters usually considered by a remuneration committee. Executive Directors absent themselves during discussion of their remuneration.

At these two meetings the Board reviews the following:

- the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives;
- senior executive remuneration and incentives;
- superannuation arrangements;
- remuneration framework for Directors; and
- whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees.

#### **Recommendation 8.2: Remuneration of Executive and Non-Executive Directors**

The remuneration structure of Non-Executive Directors and executives is disclosed in the Remuneration Report within the Directors' Report in the Annual Report. 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.

The aggregate amount payable to the Company's Non-Executive Directors 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.

The Company is committed to remunerating its Executive Directors and senior executives in a manner that motivates them to pursue the long-term growth and success of the Company and is consistent with best practice. The Company aims to align the interests of Executive Directors and senior executives with those of shareholders through short-term and long-term incentive plans which demonstrate a clear relationship between performance and remuneration.

Consequently, Executive Directors and senior executives' remuneration consists of the following elements:

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

#### *Fixed Salary*

The salary of Executive Directors and 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;
- the Company's legal and industrial obligations;
- labour market conditions; and
- the size and complexity of the Company's business.

#### *Performance Bonus*

The purpose of the performance bonus is to reward actual achievement by the individual 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.

#### *Other Benefits*

Senior executives are entitled to statutory superannuation and may also receive other bonus payments subject to the discretion of the Board.

#### *Long-Term Incentives*

The Company has a share options scheme which is discussed further below which is designed to provide long-term incentives to senior executives.

#### *Termination Payments*

Senior executives may be entitled to a payment upon termination of employment from the Company. Where so entitled, the termination payment has been agreed in the senior executive's contract of employment and it is not payable where termination of employment is for misconduct.

Further details in relation to the Company's remuneration policies are contained in the Remuneration Report within the Directors' Report in the Annual Report. The Company's Remuneration Policy is available on the Company's website.

#### **Recommendation 8.3: Equity Based Remuneration**

##### *Long-Term Incentives*

The Company has a share option scheme in which senior executives may be invited to participate. The Share Option Incentive Plan was approved by shareholders on 27 October 2017 and authorises the Directors to issue options up to 10% of the shares issued by the Company. The number of shares and options issued under the scheme is reasonable in relation to the existing capitalisation of the Company and all payments under the scheme are made in accordance with thresholds set in plans approved by shareholders. Any issue of options to Executive and Non-Executive Directors must be approved by Shareholders.

The Company has a Securities Trading Policy which aims to:

- protect stakeholders' interests at all times;
- ensure that directors and employees do not use any information they possess for their personal advantage or the Company's detriment; and
- ensure that Directors and employees comply with insider trading legislation of the various jurisdictions in which transactions may take place.

Purchase or sale of the Company's shares and/or options over such shares by Directors, executives and staff of the Company should only occur in circumstances where the market is considered to be fully informed of the Company's activities. This policy requires that the relevant person notify the Company Secretary of their intention to trade in the Company's shares and/or options over such shares prior to the transaction and that the Company Secretary be required to discuss the proposed trading intentions with the Chairman. The Board recognises that it is the individual responsibility of each Director to comply with this policy. Breaches of this policy may lead to disciplinary action being taken, including dismissal in serious cases. The Company's Securities Trading Policy is available on the Company's website.

The Corporations Act prohibits the key management personnel of an ASX listed company established in Australia, or a closely related party of such personnel, from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.



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

	Note	Year ended	
		30 June 2021 \$	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)
<b>Profit (loss) before income tax</b>		<b>780,446</b>	<b>(1,517,523)</b>
Tax expense	3(a)	(271,268)	(111,711)
<b>Profit (loss) for the year</b>		<b>509,178</b>	<b>(1,629,234)</b>
Other comprehensive income		-	-
<b>Total comprehensive income (loss) for the year</b>		<b>509,178</b>	<b>(1,629,234)</b>
Net Profit (loss) and total comprehensive loss are both fully attributable to owners of the Company			
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.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Year ended	
		30 June 2021 \$	30 June 2020 \$
<b>Current assets</b>			
Cash and cash equivalents	4	3,707,484	873,906
Inventories	5	3,071,973	3,576,082
Trade and other receivables	6	3,156,473	2,337,993
<b>Total current assets</b>		<b>9,935,930</b>	<b>6,788,035</b>
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>6,760,622</b>	<b>5,836,371</b>
<b>Total assets</b>		<b>16,696,552</b>	<b>12,624,406</b>
<b>Current liabilities</b>			
Trade and other payables	12	2,633,268	2,785,037
Other financial liabilities	13	-	971,392
Lease liabilities	14	207,437	182,930
Provisions	15	1,101,924	1,294,111
<b>Total current liabilities</b>		<b>3,942,629</b>	<b>5,233,471</b>
<b>Non-current liabilities</b>			
Other financial liabilities	13	735,112	818,737
Lease liabilities	14	309,129	514,606
Provisions	15	48,112	47,120
<b>Total non-current liabilities</b>		<b>1,092,353</b>	<b>1,380,463</b>
<b>Total liabilities</b>		<b>5,034,982</b>	<b>6,613,934</b>
<b>Net assets</b>		<b>11,661,570</b>	<b>6,010,472</b>
<b>Equity</b>			
Issued capital	16	12,703,060	7,646,641
Reserves		85,500	320,394
Accumulated losses		(1,126,990)	(1,956,563)
<b>Total equity</b>		<b>11,661,570</b>	<b>6,010,472</b>

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



**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	-	-	-	-
- Adjustment for employee share option lapsed	-	(90,795)	90,795	-
<b>Balance at 30 June 2020</b>	<b>7,646,641</b>	<b>320,394</b>	<b>(1,956,563)</b>	<b>6,010,472</b>
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
<b>Balance at 30 June 2021</b>	<b>12,703,060</b>	<b>85,500</b>	<b>(1,126,990)</b>	<b>11,661,570</b>

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

		Year ended	
	Note	30 June 2021 \$	30 June 2020 \$
<b>Cash flow from operating activities</b>			
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
<b>Net cash provided by operating activities</b>	19(a)	933,002	1,554,387
<b>Cash flow from investing activities</b>			
Purchases of plant and 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)
<b>Net cash used in investing activities</b>		(1,839,679)	(3,280,791)
<b>Cash flow from financing activities</b>			
Net loan payments		(1,046,593)	220,978
Lease liability repayments		(178,164)	(152,900)
Net cash proceeds on share placement		4,964,957	-
<b>Net cash provided by financing activities</b>		3,740,200	68,078
<b>Net increase (decrease) in cash and cash equivalents</b>		2,833,524	(1,658,326)
Cash and cash equivalents at beginning of year		873,960	2,532,285
<b>Cash and cash equivalents at end of financial year</b>	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.

## 1. Summary of significant accounting policies (continued)

### (iii) Accounting policies (continued)

#### (b) Income tax (continued)

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 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.

## **1. Summary of significant accounting policies (continued)**

### **(iii) Accounting policies (continued)**

#### **(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.

##### ***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 remeasurements 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.

## 1. Summary of significant accounting policies (continued)

### (iii) Accounting policies (continued)

#### (g) Financial instruments (continued)

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%.

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.



## **1. Summary of significant accounting policies (continued)**

### **(iii) Accounting policies (continued)**

#### **(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.

#### **(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.

## 1. Summary of significant accounting policies (continued)

### (iii) Accounting policies (continued)

#### (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 Noncurrent liabilities as Current or Non-current	1 July 2023
AASB 2020 -3 Amendments to AASs - Annual Improvements 2018-2020 and Other Amendments	1 July 2022
ASB 2020-6 Amendments to AASs - Classification of Liabilities as Current or Noncurrent liabilities as Current or Non-current – Deferral of Effective Date	1 July 2022
AASB 2021-2 Amendments to AASs - Disclosure of Accounting Policies and Definition of Accounting Estimates	1 July 2023
AASB 2021-5 Amendments to AASs - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 July 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		Year ended	
		30 June 2021	30 June 2020
		\$	\$
<b>2</b>	<b>Profit (loss) before income tax</b>		
	(a) Disaggregation of revenue:		
	<i>Type of goods or services</i>		
	- Equipment sales	17,353,524	13,023,662
	- Airtime	969,627	1,514,365
	- Other	173,909	385,273
		<u>18,497,060</u>	<u>14,923,300</u>
	<i>Geographical markets</i>		
	- 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
		<u>18,497,060</u>	<u>14,923,299</u>
	<i>Timing of revenue recognition</i>		
	- 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
		<u>18,497,060</u>	<u>14,923,300</u>
	(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
		<u>1,028,018</u>	<u>1,917,865</u>
	(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) (I). 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
		<u>15,852,293</u>	<u>11,929,872</u>
	Closing inventories (Note 5)	(3,071,973)	(3,576,082)
		<u>12,780,320</u>	<u>8,353,790</u>
	(d) Finance costs expense		
	Interest expense on financial liabilities	154,625	213,864
	Interest expense on lease liabilities	45,432	57,652
		<u>200,057</u>	<u>271,516</u>
	(e) Other expenses include:		
	- Product development costs expensed	241,071	273,796
	- Operating lease payments	34,409	47,005

	Year ended	
	30 June 2021 \$	30 June 2020 \$

### 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	<u>271,268</u>	<u>111,711</u>

(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%)	<u>195,112</u>	<u>(417,319)</u>
Add / (Less):		
Tax effect of:		
- Tax reconciling items	(195,112)	446,721
- US tax expense (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	<u>271,268</u>	<u>111,711</u>

(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2021

		Year ended	
		30 June 2021	30 June 2020
		\$	\$
<b>4</b>	<b>Cash and cash equivalents</b>		
	Cash at bank and on hand	3,707,484	873,960
<b>5</b>	<b>Inventories</b>		
	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**

Ageing reconciliation	Gross amount	Within trade terms	Past due but not impaired (days overdue)			Past due & impaired
			31 - 60	61 - 90	90+	
2021						
<u>Current</u>						
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						
<u>Current</u>						
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	30 June 2020
		\$	\$
<b>7 Interest in joint venture</b>			
Investment in joint venture		1,082,439	1,117,717
Group's accumulated share of loss from ZOLEO Inc joint venture		(849,879)	(712,799)
		<u>232,560</u>	<u>404,918</u>
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 2020.			
The Group contributed U\$475,000 to the joint venture during the year, which was recognised as an increase in investment as per the equity accounting method.			
Summarised financial information:		<b>ZOLEO Inc</b>	
		<b>30 June 2021</b>	<b>30 June 2020</b>
<b>Summarised statement of financial position:</b>			
Current Assets		3,484,866	1,430,190
Total Assets		<u>3,484,866</u>	<u>1,430,190</u>
Current Liabilities		3,021,515	620,365
Non-current Liabilities		2,061,719	2,258,488
Total Liabilities		<u>5,083,234</u>	<u>2,878,853</u>
Net Asset Deficiency		<u>(1,598,368)</u>	<u>(1,448,663)</u>
Share Capital		266	291
Accumulated Losses		(1,598,634)	(1,448,954)
Net Equity		<u>(1,598,368)</u>	<u>(1,448,663)</u>
<b>Summarised statement of profit or loss and other comprehensive income:</b>			
Revenue		13,477,482	2,174,203
Cost of goods sold		<u>(12,766,594)</u>	<u>2,196,968</u>
Expenses:			
Operating staff costs		(604,867)	(572,107)
Marketing		(28,100)	(21,626)
Professional services		(46,135)	(59,190)
Billing & support services		(183,389)	(10,419)
Other expenses		(124,020)	(93,126)
Total expenses		<u>(986,511)</u>	<u>(756,468)</u>
Gain on FX		1,463	-
Loss for the year		<u>(274,160)</u>	<u>(779,233)</u>
Group's share of loss for the year ended		<u>(137,080)</u>	<u>(389,617)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2021

		Year ended	
		30 June 2021	30 June 2020
		\$	\$
<b>8</b>	<b>Plant and equipment</b>		
	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

	Office Furniture & Equipment	Computer & Test Equipment	Rental Equipment	Total
<b>(a) Movements in carrying amounts</b>				
Movements in the carrying amounts of each class of plant and equipment between the beginning and the end of the current financial year:				
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

		Year ended	
		30 June 2021	30 June 2020
		\$	\$
<b>9</b>	<b>Right-of-use assets</b>		
	<b>Cost</b>		
	Balance recognised at the beginning of the year	677,829	677,829
	Additions	-	-
	Disposals	-	-
	Balance at the end of year	677,829	677,829
	<b>Accumulated depreciation</b>		
	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.

**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	-	-

	Balance at July 1 2020	Charged to Income	Balance at 30 June 2021
<b>10 Tax</b>			
Non-current			
Deferred tax assets			
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	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) Movement 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.



		Year ended	
		30 June 2021	30 June 2020
		\$	\$
<b>12 Trade and other payables</b>			
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
		<u>2,633,268</u>	<u>2,785,037</u>

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

Current			
Secured loan (a)		-	971,392
Non Current			
Secured loan (b)		735,112	758,703
Unsecured loan (c)		-	60,034
		<u>735,112</u>	<u>818,737</u>

#### 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.

	Year ended	
	30 June 2021 \$	30 June 2020 \$

## 14 Lease liabilities

### (a) Carry amounts and movements:

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

### 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
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### (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
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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:

### (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:

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

## 17 Financial instruments (continued)

### (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 \$	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:

	< 1 Year	1 - 5 Years	Total contractual cash flows	Carrying amount
2021				
<u>Asset/Liability class</u>				
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				
<u>Asset/Liability class</u>				
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.

	Year ended	
	30 June 2021	30 June 2020
	\$	\$

## 18 Commitments and contingencies

### 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

	Year ended	
	30 June 2021	30 June 2020
	\$	\$

## 19 Notes to the statement of cash flows

### (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)
<b>Adjustments for</b>		
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
<b>Changes in assets and liabilities:</b>		
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
<b>Net cash provided by operating activities</b>	<b>933,002</b>	<b>1,554,387</b>

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

### (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 redrawable partially secured five-year loan facility for the same amount. As at 30 June 2021, the combined 5-year facility was undrawn.

	Year ended	
	30 June 2021	30 June 2020
	\$	\$

**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:

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

	Year ended	
	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
---	--------	--------

	Year ended	
	30 June 2021	30 June 2020
	\$	\$

## 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:

### *Transactions with 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.

	Year ended	
	30 June 2021	30 June 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 its sole segment. Accordingly, revenue and results are fully disclosed in the consolidated statement of profit or loss and other comprehensive income for this aggregated sole operating segment.

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

### (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
<b>Loss for the year attributable to owners of the Company</b>	<b>(984,058)</b>	<b>(571,890)</b>
Other comprehensive income	-	-
<b>Total loss and other comprehensive income for the year attributable to owners of the Company</b>	<b>(984,058)</b>	<b>(571,890)</b>

### (b) Statement of financial position

<b>Assets</b>		
Current assets	1,855,443	412,459
Non-current assets	1,017,389	1,611,491
<b>Total assets</b>	<b>2,872,832</b>	<b>2,023,950</b>
<b>Liabilities</b>		
Current liabilities	1,646,051	4,750,545
Non-current liabilities	357,241	561,726
<b>Total liabilities</b>	<b>2,003,292</b>	<b>5,312,271</b>
<b>Net assets (deficiency)</b>	<b>869,540</b>	<b>(3,288,321)</b>
<b>Equity</b>		
Issued capital	12,703,060	7,646,641
Reserves	85,500	320,394
Accumulated losses	(11,919,020)	(11,255,356)
<b>Total equity</b>	<b>869,540</b>	<b>(3,288,321)</b>

### (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

	Incorporated	Share class	Holding	
Investments in unquoted corporations being controlled entities:			2021	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 30 to 60 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: 14/09/21





# CELEBRATING THE Iridium GO!®



The demand for the highly reliable smartphone-to-satellite connectivity device Iridium GO! remains strong. Beam have manufactured over 50,000 units since the product launch in 2014.



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## 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.

## THE POWER OF BEING UNDERSTOOD

### AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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## Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
<b>Impairment of Intangible Assets</b> Refer to Note 11 in the financial statements	
<p>The Group has intangible assets of \$5.5m, being capitalised development costs relating to the Marconi, GO! SFX and Zoleo Post Launch projects.</p> <p>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.</p> <p>Management have performed an impairment assessment for material project assets based on a value in use calculation, which determined that no impairment had occurred.</p> <p>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.</p>	<p>Our audit procedures in relation to intangible assets included:</p> <ul style="list-style-type: none"> <li>Assessing management's review for any indicators of impairment;</li> <li>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;</li> <li>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</li> <li>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.</li> <li>Reviewing the adequacy of disclosures against the requirements of AASB 136.</li> </ul>
<b>Fair Value of Interest Free Loan</b> Refer to Note 13 in the financial statements	
<p>The group has a \$0.74m loan that bears no interest.</p> <p>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.</p>	<p>Our audit procedures in relation to the accounting for interest free loans included:</p> <ul style="list-style-type: none"> <li>Reviewing the loan agreement to verify loan amount, interest rate and maturity date;</li> <li>Obtaining confirmation from the lender verifying the loan balance at balance date;</li> <li>Assessing management's assumptions in determining the fair value of the loan, including the discount rate/market interest rate used; and</li> <li>Reviewing the accounting treatment for the difference between fair value of the loan and the face value of the loan.</li> </ul>

## 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](http://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.

A stylized blue ink signature of 'RSM'.

**RSM AUSTRALIA PARTNERS**

A blue ink signature of 'M Parameswaran'.

**M PARAMESWARAN**

Partner

Dated: 30 August 2021  
Melbourne, Victoria

## AUSTRALIAN SECURITIES EXCHANGE INFORMATION

As at 31 August 2021.

This section includes information required by ASX Listing Rules which is not disclosed elsewhere in this Annual Report.

TWENTY LARGEST SHAREHOLDERS		
	Number	% of Class
DAVID STEWART	10,905,000	14.53%
FF OKRAM PTY LTD	8,634,258	11.50%
SGV1 HOLDINGS LIMITED	5,409,874	7.21%
MICHAEL CAPOCCHI	2,671,897	3.59%
BOLIVIANOS GROUP	2,482,117	3.31%
TRENT MILLAR	2,000,000	2.66%
ARTPRECIATION PTY LTD	1,798,632	2.40%
HSBC CUSTODY NOMINEES	1,653,157	2.20%
VINCENT GALANTE	1,354,146	1.80%
HOTTON FAMILY	1,115,500	1.49%
BNP PARIBAS NOMINEES P/L	1,100,537	1.47%
RAPAKI PTY LTD	1,076,473	1.43%
CATCH 88 PTY LTD	897,485	1.20%
TOM BEKIARIS	881,835	1.17%
CITICORP NOMINEES PTY LTD	843,227	1.12%
ANNA VOCALE	800,000	1.07%
NHAN PHAM	785,000	1.05%
PAUL RIETHMAIER	600,277	0.80%
DAVSAM PTY LTD	590,000	0.79%
ROBERT MANSFIELD NIALL	527,200	0.70%
TOTAL TOP 20:	46,126,615	61.46%
TOTAL ISSUED	75,052,952	100.00%

### HOLDERS OF EACH CLASS OF EQUITY SECURITY

The company has issued:

- 75,052,952 ordinary fully paid shares to 1,374 shareholders.
- 8,590,667 options to subscribe for ordinary shares to 291 option holders.

## VOTING RIGHTS

There are 75,052,952 ordinary fully paid shares held by 1,374 members and these are the only class of share currently issued. The Company's Constitution provides that every member present in person, by proxy or by corporate representative or by appointed attorney shall on the show of hands have one vote and shall on a poll have one vote for each fully paid share held. The Constitution also authorises the Chairman to adopt any procedure which is in the Chairman's opinion necessary or desirable for the proper and orderly casting or recording of votes at any general meeting of the Company, whether on a show of hands or on a poll.

SUBSTANTIAL SHAREHOLDERS		
	Number of Shares	% of Class
DAVID STEWART	10,905,000	14.53%
FF OKRAM PTY LTD	8,634,258	11.50%

- These shareholders do not hold any options to subscribe for ordinary shares.

DISTRIBUTION OF SHARES			
Size of Holdings	Number of Holders	Number of Shares	%
1 to 1,000	265	75,854	0.10%
1,001 to 5,000	392	1,145,596	1.53%
5,001 to 10,000	220	1,747,543	2.33%
10,001 to 100,000	417	14,095,128	18.78%
100,001 and over	80	57,988,831	77.26%
TOTAL	1,347	75,052,952	100.00%

HOLDERS OF LESS THAN A MARKETABLE PARCEL OF QUOTED ORDINARY SHARES			
Number of Holders	% of Total Holders	Number of Shares	% of Total Quoted Shares
356	25.91%	221,904	0.30%



