

31 October 2022

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 Wednesday 30 November 2022 at 2.00pm (AEDT). The meeting will be held at the Company's office at Unit 5, 8 Anzed Court, Mulgrave, Victoria and virtually via a Zoom webinar conferencing facility.

The Zoom 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 and in accordance with the instructions set out on the Proxy Form. Voting in person will also be available for this Meeting.

Included in the attached package are the following documents:

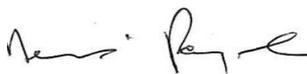
- 'Postcard' Notice of Annual General Meeting,
- Notice of Annual General Meeting,
- Explanatory Notes,
- Proxy Voting Form,
- Communications Preference Form,
- 2022 Annual Report

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 today, 31 October 2022.

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 2022 is attached here, it was lodged with the ASX on 30 August 2022 and is available on the Company's website.

Yours faithfully



Dennis Payne  
Company Secretary

For personal use only

31 October 2022

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2022 Annual General Meeting of Beam Communications Holdings Limited (*Company*) will be held at the Company's office at Unit 5, 8 Anzed Court, Mulgrave, Victoria and virtually via a Zoom webinar conferencing facility, on Wednesday, 30 November 2022 at 2.00pm (AEDT) (*AGM or Meeting*).

The Zoom 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 and in accordance with the instructions set out on the Proxy Form.

Voting in person will also be available for this Meeting. To vote in person at the Meeting you must physically attend the Meeting at the time, date and place set out above. **However, the Company strongly recommends that Shareholders instead participate via the Zoom webinar and lodge a directed proxy** in advance of the Meeting, even if they are planning to attend the Meeting at Mulgrave or online.

If you are a Shareholder who wishes to participate in the virtual meeting, please go to [www.beamcommunications.com/agm2022](http://www.beamcommunications.com/agm2022) for further details and a link to register for the Zoom webinar. The Company suggests that Shareholders register well in advance of the Meeting and log into the Zoom webinar 10 minutes before the 2.00pm start time.

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, and a link to register for the webinar, online at the Company's website [www.beamcommunications.com/agm2022](http://www.beamcommunications.com/agm2022)
- 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".

Yours faithfully,  
Dennis Payne  
Company Secretary  
Beam Communications Holdings Limited



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**BEAM COMMUNICATIONS HOLDINGS LIMITED**

**ACN 010 568 804**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2022 Annual General Meeting of Beam Communications Holdings Limited (*Company*) will be held at the Company's office at Unit 5, 8 Anzed Court, Mulgrave, Victoria and virtually via a Zoom webinar conferencing facility, on Wednesday, 30 November 2022 at 2.00pm (AEDT) (*AGM or 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 2022 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. ORDINARY RESOLUTIONS**

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

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

*THAT Mark Allan Chartres, a Director appointed by the Board on 1 February 2022 in accordance with the Company's Constitution, being eligible and having offered himself for election, be elected as a Director of the Company.*

**3. Adoption of Remuneration Report**

*THAT, for the purpose of section 250R(2) of the Corporations Act 2001 (Cth) 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 2022 be adopted by the Company.*

This is a non-binding advisory resolution.

**4. Grant of Options to Mr Mark Chartres (Non-Executive Director)**

*THAT, in accordance with ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 200,000 options to Mr Mark Chartres, an independent Non-Executive Director of the Company, exercisable at \$0.53 per option, vesting on 1 February 2023 and exercisable on or before 1 February 2025, on the terms and conditions set out in the Explanatory Notes.*

**C. SPECIAL RESOLUTIONS**

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

**5. Replacement of Company Constitution**

*THAT, for the purposes of sections 136(1)(b) and 136(2) of the Corporations Act 2001 (Cth) and for all other purposes, the existing constitution of the Company be repealed in its entirety and the Company adopt the Proposed Constitution (as defined in the Explanatory Notes) in its place.*

**6. 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 ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes.*

DATED: 31 October 2022

By Order of the Board

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Dennis Payne  
Company Secretary

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## GENERAL NOTES

### 1. Physical and Zoom webinar meeting

The Meeting will be held at the Company's offices at Mulgrave and via a Zoom webinar conferencing facility. If you are a Shareholder who wishes to participate in the virtual meeting, please go to [www.beamcommunications.com/agm2022](http://www.beamcommunications.com/agm2022) for further details and a link to register for the Zoom webinar. The Company suggests that Shareholders register well in advance of the Meeting and log into the Zoom webinar 10 minutes before the 2.00pm start time.

### 2. Voting

The Zoom 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.

Voting in person will also be available for this Meeting. To vote in person at the Meeting you must physically attend the Meeting at the time, date and place set out above. **However the Company strongly recommends that Shareholders instead participate via the Zoom webinar and lodge a directed proxy.**

### 3. Voting by proxy

3.1 **(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.

3.2 **(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).

3.3 **(Voting restrictions with respect to undirected proxies):** The *Corporations Act 2001* (Cth) (*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 Resolutions 3 and 4, 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 Resolutions 3 and 4 the Shareholder authorises the Chairman of the Meeting in respect of Resolutions 3 and 4 to exercise the proxy:

- (a) notwithstanding that Resolutions 3 and 4 are connected directly or indirectly with the remuneration of the Company's key management personnel; and

- (b) even if the Chairman of the Meeting has an interest in the outcome of the vote on Resolutions 3 and 4, and that any votes cast by the Chairman of the Meeting in respect of Resolutions 3 and 4, 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.

3.4 **(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:

- (a) post to Beam Communications Holdings Limited, Unit 5, 8 Anzed Court, Mulgrave VIC 3170; or
- (b) email to the Company Secretary, [dennis.payne@beamcommunications.com](mailto:dennis.payne@beamcommunications.com)

so that it is received by 2.00pm (AEDT) on Monday, 28 November 2022, 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 7.00pm (AEDT) on Monday, 28 November 2022, 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 2022) 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, and to assist Shareholders to determine how they wish to vote on these resolutions.

### A. ANNUAL REPORT

#### 1. Annual Report

The Corporations Act 2001 (Cth) (*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 2022 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 mailed to those Shareholders who have elected to receive a hard 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.

### B. ORDINARY RESOLUTIONS

#### 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 – Election of Director (Mark Allan Chartres)**

#### **3.1 Background**

ASX Listing Rule 14.4 and rule 13.2 of the Constitution of the Company provide that, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Mark Allan Chartres, who was appointed as a Non-Executive Director by the Board on 1 February 2022, retires in accordance with rule 13.2 of the Constitution and ASX Listing Rule 14.4 and, in accordance with the Company's Constitution and being eligible, offers himself for election at this Meeting of the Company.

#### **3.2 Director's Interest**

Mark Chartres does not hold shares in the Company.

#### **3.3 Personal Particulars**

Mark Chartres' personal particulars are set out in the information on Directors at page 5 of the Company's Annual Report.

#### **3.4 Recommendation**

The Directors recommend, with Mark Chartres abstaining from the recommendation, that Shareholders vote in favour of Resolution 2.

### **4. Resolution 3 – Adoption of Remuneration Report**

#### **4.1 Annual Report**

The Annual Report for the year ended 30 June 2021 contains a Remuneration Report (refer pages 10-17) 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.

#### **4.2 Voting Prohibition**

A vote on Resolution 3 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 3 in accordance with the direction on the proxy form.

#### **4.3 Recommendation**

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

### **5. Resolution 4 – Grant of Options to Mr Mark Chartres (Non-Executive Director)**

#### **5.1 Background**

Under Resolution 4, the Company seeks Shareholder approval under ASX Listing Rule 10.14 for the issue of 200,000 options to Mark Chartres as remuneration and also as a long term incentive in respect of performance in future financial years.

#### **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) Name and category of the related party

The options are proposed to be issued to Mark Chartres. Mr Chartres is a related party as he is a Non-Executive Director of the Company.

- (b) Maximum number options to be issued

The maximum number of options to be issued to Mr Chartres is 200,000.  
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 1 February 2023.
- (iii) The options are exercisable before 1 February 2025.
- (iv) The options are exercisable at a price of \$0.53 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 ASX 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 reorganisation 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 reorganisation of capital at the time of the reorganisation.

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 recognising a total estimated expense of \$10,400, being as follows in the following financial years:

- (i) Year ended 30 June 2022: \$4,545
- (ii) Year ended 30 June 2023: \$5,855

(c) Valuation

The Company has obtained a fair value of the options to be granted using the Black Scholes Model under several scenarios, including a scenario where the terms of the issue are as set out in paragraph (b) above. In such scenario, the assessed value of each Option was \$0.052, or a total of \$10,400 for the 200,000 options proposed to be issued to Mr Chartres. The valuation was obtained on 1 February 2022 (being the date that the issue of these options was agreed).

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

Valuation Input	Assumptions
Date of AGM	30 November 2022
Grant Date	1 February 2022
Assumed share price	\$0.37 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	1 February 2023
Expiry Date	1 February 2025
Stock volatility	65% 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	1.5% based on Treasury Bond yields sourced from the Reserve Bank of Australia 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.

\* As the Company's share price in the month prior to and around the date of this notice was approximately \$0.24, and the current relevant risk free rate is 2.6%, a current valuation of these options would be significantly less than the \$10,400 valuation if an assumed share price of \$0.24 and a risk free rate of 2.6% were used

(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 Chartres for the current and the previous financial year is set out below:

	<u>Current Year</u>	<u>Year ended 30 June 2022</u>
Mr Chartres	\$50,000 (estimate)	\$20,833*

\* Mr Chartres was appointed as a Director of the Company on 1 February 2022

(e) Details of prior issues

Mr Chartres has not previously received any securities under the Employee Option Plan (which was approved by Shareholders at the Company's annual general meeting held on 30 November 2021).

(f) Key terms of the options to be issued

The securities that are proposed to be issued are options. A summary of the key terms of the Employee Option Plan (which was approved by Shareholders at the Company's annual general meeting held on 30 November 2021) which govern the terms of the options to be issued are set out in Schedule 1 of these Explanatory Notes. The options are proposed to be issued to remunerate Mr Chartres as a long term incentive for future services.

(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 Chartres 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 Employee Options Plan.

(i) Issue Price and Use of Funds

The options will be issued to Mr Chartres 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 \$106,000. 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 Employee 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 ASX Listing Rule 10.14.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Employee 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 5.5 below.

The following information is provided for the purposes of ASX Listing Rule 14.1A: If Shareholders do not approve Resolution 4 then the Company would be unable to complete the proposed issue of the options to Mr Chartres as contemplated. The options are intended to serve as additional incentive to Mr Chartres to further align the interests of Mr Chartres with those of Shareholders. If Resolution 4 is not approved, then the Company may elect to provide additional cash remuneration to Mr Chartres which would reduce the cash resources of the Company being available to spend on its operations.

### 5.3 Chapter 2E of the Corporations Act

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 Corporations Act. Financial benefit is defined in the Corporations Act in broad terms and includes a public company issuing options.

The Directors (excluding Mr Chartres) 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 Chartres (including the responsibilities involved in his role as Non-Executive Director). Therefore, the Company considers that the issue of the options to Mr Chartres 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.

### 5.4 Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the key management personnel; or
  - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the key management personnel.

## 5.5 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) Mark Chartres and any person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- (b) an associate of that person or those persons.

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.

## 5.6 Recommendation

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

## C. SPECIAL RESOLUTIONS

### 6. Resolution 5 – Replacement of Company Constitution

#### 6.1 General

The Company is currently governed by its existing Constitution which it has had in place since 2008. Section 136 of the Corporations Act allows a company to:

- (a) adopt a new constitution after registration; and
- (b) modify or repeal its constitution,

by passing a special resolution. Accordingly, this Resolution 5, which seeks Shareholder approval to repeal the existing Constitution and adopt a new constitution (*Proposed Constitution*), is proposed as a special resolution. A special resolution requires 75% of the votes cast by Shareholders present and voting at the Meeting to be cast in favour in order to pass.

## 6.2 Background

As part of its regular review of its operations, the Company has identified the need to update its existing Constitution in order to permit the Company to streamline its administration, minimise costs and improve methods of communicating with Shareholders.

The Company now seeks to repeal the existing Constitution and adopt the Proposed Constitution, which incorporates amendments:

- (a) to provide for:
  - (i) virtual and hybrid meetings using video technology platforms; and
  - (ii) permitting the Company to utilise various electronic platforms and tools to hold and conduct shareholder meetings;
- (b) that reflect changes to the Corporations Act and ASX Listing Rules since the time that the current Constitution was adopted; and
- (c) that reflect developments in corporate governance,

as well as generally updating the Constitution in keeping with market standards and with provisions of constitutions customary to ASX-listed entities.

A copy of the Proposed Constitution is available for review by Shareholder at <https://www.beamcommunications.com/newconstitution> and at the offices of the Company. Shareholders are encouraged to read the Proposed Constitution in its entirety as the summary below is not intended to be an exhaustive comparison between the constitutions. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary at [dennis.payne@beamcommunications.com](mailto:dennis.payne@beamcommunications.com). Shareholders are invited to contact the Company if they have any queries or concerns in relation to the Proposed Constitution.

## 6.3 Summary of Material Differences Between Current Constitution and Proposed Constitution

The following sets out a summary of the material differences between the current constitution and Proposed Constitution:

Subject matter	Position in existing Constitution	Position in Proposed Constitution
<b>Shares</b>		
Joint Holders	Rule 3.5 The existing Constitution provides that the Company is not bound to register more than 3 persons as the holders of the shares	Rule 3.5 The Proposed Constitution provides that the Company is not bound to register more than the maximum number of persons prescribed by the ASX Settlement Operating Rules (except in the case of trustees, executors or administrators of a deceased shareholder).

Subject matter	Position in existing Constitution	Position in Proposed Constitution
Restricted Securities	<p>Rule 3.7 This rule sets out restrictions in relation to a disposal of, or an agreement or offer to dispose of shares during the escrow period applicable to the shares.</p>	<p>Rule 3.7 These rules provide detailed requirements of the ASX Listing Rules with respect to Restricted Securities and the provisions that apply in relation to securities which are classified as Restricted Securities by the ASX Listing Rules or the ASX.</p>
<b>General Meetings</b>		
General Meeting	<p>Rule 9.1 The existing Constitution is silent.</p>	<p>Rule 9.1 These rules permit the Company to hold a general meeting at multiple venues or without a physical venue and by way of virtual-only or hybrid meetings and set out procedural matters facilitating the holding of such a meeting (including the Chair’s powers to adjourn the meeting where technical difficulties prevent Shareholders from participating in the meeting).</p> <p>In addition, these rules set out the technical requirements for meetings held at 2 or more venues and/or virtual-only and hybrid meetings including that the technology used must (among other conditions) give the shareholders a reasonable opportunity to participate in proceedings of the general meeting. It also deals with the procedure to be adopted if the technology facilitating the meeting ceases to function.</p>
Admission to General Meeting	<p>Rule 9.2 The existing Constitution is silent.</p>	<p>Rule 9.2 These rules set out detailed requirements for the attendees regarding the admission to the general meeting.</p>
Content of Notice of Meeting	<p>Rule 9.4 The existing Constitution is silent.</p>	<p>Rule 9.4 These rules set out in detail the information the Company must include in every notice of a general meeting (including information about the general nature of the special business to be considered and the names of the Director candidates to be elected at the meeting) and the manner in which a notice of meeting may be given by the Company to a Shareholder.</p>
Forms of Notice of Meeting	<p>Rule 9.5 The existing Constitution is silent</p>	<p>Rule 9.5 These rules set out in detail the forms in which a notice of meeting may be given by the Company to a shareholder. This includes: (a) serving it on the shareholder personally;</p>

Subject matter	Position in existing Constitution	Position in Proposed Constitution
		(b) sending it by post to the shareholder; (c) ©unless the shareholder has request otherwise, sending the notice to an electric address; or (d) letter of postcard setting out URL.
General Conduct of Meeting	Rule 10.6 This rule provides in general terms that a general meeting	Rule 10.6 These rules set out in detail the information required if a separate meeting place is linked to the main place of a general meeting by an instantaneous audio-visual communication device which by itself or in conjunction with other arrangements: (a) gives the general body of shareholders in the separate meeting place a reasonable opportunity to participate in proceedings in the main place; (b) enables the Chairman to be aware of proceedings in the other place; and (c) ©enables the shareholders in the separate meeting place to vote on a show of hands or on a poll, a shareholder present at the separate meeting place is taken to be present at the general meeting and entitled to exercise all rights as if the shareholder was present at the main place
<b>Votes of Shareholders</b>		
Voting Rights	Rule 12.1 The existing rule sets out a comprehensive guideline to voting rights of the shareholders	Rule 12.1 The additional rules provide further guidelines regarding securityholders direct voting rights and provides that where a direct vote is placed by a shareholder, the shareholder is taken to have revoked any authority of a previously authorised proxy.
Direct Voting	Rule 12.2 The existing Constitution is silent.	Rules 12.2 These rules allow Shareholders to vote by providing to the Company (by hand, post or other electronic means) notice of their voting intention. This is in addition to Shareholders' existing rights of proxy voting. The Board shall determine rules to govern direct voting (including rules specifying the form, method and timing of giving the direct vote).
Joint Holders	Rule 12.7 The existing Constitution is silent.	Rule 12.7 These rules confirm that if two or more joint holders purport to vote, the vote of the joint holder whose name appears first in the Register will be accepted, to the exclusion of the other joint holder.
<b>Dividends</b>		

Subject matter	Position in existing Constitution	Position in Proposed Constitution
Transfer of Shares	Rule 23.10 This rule provides in general terms the rights to any dividend payment when a transfer of shares occurs	Rule 23.10 The additional rules provide further guidelines regarding the forms in which a person can transfer shares.
<b>Notices</b>		
When Notice Deemed to be Served	Rule 24.2 This rule provides in general terms when notice is deemed to be served	Rule 24.2 These rules set out a comprehensive guideline to understanding when notice is deemed to be served based on the method of service. It provides for notice to be given by making such notice available on the Company's website and/or the ASX Market Announcements Platform or by mail or emailing a link to a notice to a securityholder.
<b>ASX Listing Rules</b>		
Company not Admitted to Official List of ASX	Rule 28.1 This existing rule includes SCH Business Rules	Rule 28.1 These rules replace SCH Business rules with the ASX Settlement Operating Rules.
<b>Definitions</b>		
ASX Listing Rules	The existing definition did not include ASX Settlement Operating Rules as an example of any other ASX Rule	The definition of 'Listing Rules' has been expanded to include the Listing Rules of ASX and any other rules of ASX <i>such as ASX Settlement Operating Rules</i> which are applicable while the Company is admitted to the Official List of ASX.

## 7. Resolution 6 - Approval for Additional Placement Capacity

### 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 ASX 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
- (b) 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 6 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 ASX Listing Rule 7.1.

The Company is now seeking Shareholder approval of Resolution 6 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 6 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 x 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.

## 7.2 Information required by ASX Listing Rule 7.3A

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

During the 12 month period preceding the date of this Meeting, the Company has not issued or agreed to issue any securities under ASX Listing Rule 7.1A.2.

The Company notes that, on 23 November 2021, it agreed to issue 7,505,828 shares pursuant to the Company’s 10% placement capacity under Listing Rule 7.1A as approved by Shareholders at the Company’s annual general meeting held on 30 November 2020. Those shares were subsequently issued on 30 November 2021. As those shares were issued 12 months plus one day prior to the date of this Meeting, they were not issued in the 12 months prior to the date of this Meeting for the purposes of ASX Listing Rule 7.3A.6.

### (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)
- (iii) 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 6, 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 6 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 Capacity	Funds raised based on issue price of \$0.11 (50% decrease in current market price)	Funds raised based on issue price of \$0.22 (Closing price at market close on 19/10/2022)	Funds raised based on issue price of \$0.33 (50% increase in current market price)
<b>86,421,921 (Current)</b>	8,642,192	\$950,641	\$1,901,282	\$2,851,923
<b>129,632,881 (50% increase)</b>	12,963,288	\$1,425,962	\$2,851,923	\$4,277,885
<b>172,843,842 (100% increase)</b>	17,284,384	\$1,901,282	\$3,802,564	\$5,703,847

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 19 October 2022.
- The issue price set out above is the closing price of the shares on the ASX on 19 October 2022.
- 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 6.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) 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).

### **7.3 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 6.

### **7.4 Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 6.

## Schedule 1 – Summary of key terms of the Employee Option Plan

A Summary of the key terms of the Employee Option Plan are as follows:

(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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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 (where such approval was obtained from Shareholders at the Company's annual general meeting held on 30 November 2021).

**APPOINTMENT OF PROXY**

**The webinar conferencing facility will facilitate voting by Shareholders at the Meeting in addition to attendance at the Mulgrave office.**

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

<b>A</b>	The Chairman of the Meeting (mark box) <input type="checkbox"/>	<b>OR</b>	if you are <b>NOT</b> appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate <input style="width: 90%;" type="text"/>
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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 at the Company's office at Mulgrave and virtually via a webinar conferencing facility on Wednesday, 30 November 2022 at 2.00pm (AEDT)** and at any adjournment of that meeting. The webinar conferencing facility will facilitate voting by Shareholders at the Meeting in addition to attendance at Mulgrave, 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 3: 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 3 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 3, the Chairman of the Meeting will not cast your votes on Resolution 3 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 3).

 The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 3.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolution 3 (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 3 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

Resolution 1	For	Against	Abstain*
Re-election of Director, Simon Lister Wallace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	For	Against	Abstain*
Election of Director, Mark Allan Chartres	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	For	Against	Abstain*
Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b>	For	Against	Abstain*
Grant of Options to Mark Allan Chartres (Non-Executive 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

Resolution 5	For	Against	Abstain*
Replacement of Company Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6</b>	For	Against	Abstain*
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.

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 2.00pm (AEDT) on Monday 28 November 2022,** 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



Beam Communications Holdings Limited

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: +61 1300 554 474
Facsimile: +61 2 9287 0303
ASX Code: BCC
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au



COMMUNICATIONS PREFERENCE FORM

Everyone benefits from electronic securityholder communications. As an investor you will benefit from secure, convenient and prompt delivery of information by electing to receive your communications electronically which helps reduce the impact on the environment and costs associated with printing and sending materials by mail.

To receive your securityholder communications electronically via your nominated email address you can log on to the website: www.linkmarketservices.com.au and follow the instructions provided. Alternatively please tick one of the options below, insert your email address in the space provided and return the form.

If you do not select an option you will receive your securityholder communications (excluding annual report) by post and we will advise you when the annual report is available on our website.

If you wish to receive a printed version of the annual report, please contact the Registry, Link Market Services Limited.

SELECT YOUR PREFERENCE

ONLINE

www.linkmarketservices.com.au

OPTIONS - Please select one only

OPTION 1

All communications electronically, including notification of the annual report and payment statements (if applicable). I have provided my email address below.

OPTION 2

All communications electronically, except payment statements (if applicable) by post. I have provided my email address below.

My email address is:

Shareholder Name: \_\_\_\_\_

Shareholder Address: \_\_\_\_\_

Shareholding Number (HIN/SRN): \_\_\_\_\_

Personal Information Collection Notification Statement: Link Group advises that personal information it holds about you (including your name, address, date of birth and details of the financial assets) is collected by Link Group organisations to administer your investment. Personal information is held on the public register in accordance with Chapter 2C of the Corporations Act 2001. Some or all of your personal information may be disclosed to contracted third parties, or related Link Group companies in Australia and overseas. Your information may also be disclosed to Australian government agencies, law enforcement agencies and regulators, or as required under other Australian law, contract, and court or tribunal order. For further details about our personal information handling practices, including how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am-5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

BCC CPE002



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# 20 22 ANNUAL REPORT

# BEAM

LEADING THE WORLD IN INNOVATIVE SATELLITE COMMUNICATIONS





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

C/- Martensen Wright PC  
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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

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## DIRECTORATE

### NON EXECUTIVE CHAIRMAN

Mr Simon Lister Wallace

### MANAGING DIRECTOR

Mr Michael Ian Capocchi

### NON EXECUTIVE DIRECTORS

Mr David Paul James Stewart

Mr Mark Allan Chartres

### 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

### CORPORATE GOVERNANCE STATEMENT

The Corporate Governance statement can be found on the investors page at

<https://www.beamcommunications.com/document/435-beam-corporate-governance-statement>

### 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'S REPORT

Dear Shareholders

The past financial year has been a particularly pleasing time for our company.

This might sound like a contradiction given we are still living with the fallout from the global pandemic, geopolitical conflict and the volatile economic environment, but despite the many challenges the world is facing, the Group succeeded in breaking its FY21 record revenue with top line growth of 28% in FY22, to hit a new all-time high of \$23.7 million. That growth was expected by your board; driven by your company's senior management; and influenced by every one of our staff and commercial partners.

Yours is a company that promotes and relies upon revenues from devices and services of most value to remote end users, so given travel and even domestic movement was so restricted for much of Australia's population during the last financial year, to record such revenue growth is a tribute to the quality of what we offer, and of the people who do so.

Importantly, for the reasons I will outline in the sections below, the Group has never been in a better position to deliver a stronger result in the current financial year. You should not only hope that we do so – you should expect it.

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 2022 as the Group continues its important pivot to becoming a significant recurring revenue Company that is leveraged to the growing global utility and popularity of personal satellite communications devices.

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 Group's FY22 result was delivered against a challenging backdrop with economic, market and supply issues challenging the business, in ways that were at times neither predictable nor directly controllable. Yes, we all operate in the same economy, but a review of some of the issues experienced by our peers, and the extent to which their performance and valuation was buffeted, is both revealing and reflective of our achievements in this climate.

These headwinds resulted in the Group's earnings declining on a YoY basis, but reassuringly, the result was still ahead of our annual EBITDA guidance of around \$1 million, which was issued in early June.

Notwithstanding the lower net profitability in FY22, all of the Group's key business units contributed to its record revenue, particularly ZOLEO as the Group shipped and invoiced over 50,000 units of this multi-award winning seamless global satellite communicator in the last financial year, or 52% more than what we delivered in FY21.

Perhaps more importantly, royalty payments from ZOLEO to the Group are set to comprise a material proportion of the Group's EBITDA from FY23 onwards, especially as growth in Australian and New Zealand (ANZ) subscribers accelerates.

As pleasing as it is to witness ZOLEO's sales performance, it isn't the only part of our business that's delivering for shareholders. The Group's Sat-Phone Shop saw its sales expanding 23% YoY as it benefitted from increased demand for satellite equipment from business and government clients, while the eventual easing of lockdowns in New South Wales and Victoria also helped.

Meanwhile, the sale of Beam Equipment (excluding ZOLEO) increased by 15% YoY, along with the overall appreciation and hence demand for mobile satellite devices globally.

That the growth rate for both the SPS and Beam Equipment businesses would have been even stronger if not for component shortages, supply chain disruptions, rising cost pressures and delayed deliveries of devices is both frustrating and reassuring. The demand for some of the Group's products has exceeded the Group's ability to supply the market in the short-term, which is an infinitely preferable problem to one of oversupply and lack of demand.

The challenges faced by these two businesses and the robust growth of low-margin ZOLEO device deliveries in FY22 changed the Group's sales mix. This explains why the Group's margins are lower than its historical average, although management believes the Group margins have troughed and will rebound in the current financial year, as detailed below.

### CASH AND FUNDING

The Group's total available funds on 30 June 2022 were \$7.2 million, which is made up of \$5.8 million in cash and \$1.4 million in available, but undrawn debt.

Additionally, the Group recorded a positive operating cash flow in the June 2022 quarter.

The cash position of \$5.8 million was ahead of the \$3.7 million it held at the end of FY21, with the Group successfully undertaking a circa \$5 million new share placement to high net worth and institutional investors in November last year. Their support is something we value greatly, and further impresses upon us the importance of delivering for a larger suite of stakeholders than the Group has ever had.

The expenditure on major development projects in the financial year increased by 20%, to just over \$3 million. We do not take investment decisions lightly and we do not spend on speculative endeavours that are not expected to yield an adequate return on investment. This has been our track record and the spend on projects in FY22 largely relate to the new Iridium Certus® device, which is backed by a binding minimum US\$12 million order from Iridium (I invite existing and prospective shareholders to compare to our current market capitalisation to the magnitude of these assured revenues; of a single product; from an industry leading customer), and ZOLEO.

In this rising interest rate environment, we are also mindful of the importance of cashflows to a small and growing organisation like the Group. To be presenting to you such a robust, insulated, nimble and powerful balance sheet, after two financial years that have presented incredible challenges for almost every sector, is a privilege we do not take for granted.



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## OUTLOOK AND PROJECTS

Our prudence with cash needs to be viewed in the context of the many growth avenues that lie ahead of the Group in FY23. We believe Group EBIT-DA and margins in FY23 will come in materially above the last financial year, due to several factors.

These include the much-anticipated ZOLEO royalty payments, which are forecast to become material to our earnings from FY23.

The Group's subsidiary Beam Communications Pty Ltd and its joint venture partner, Roadpost Inc., should also benefit from the launch of our innovative solution into the United Kingdom and Europe, which began only three months ago.

Apart from ZOLEO, the Group is extremely excited about the upcoming launch of our first Iridium Certus® device, which is backed by a US\$12 million minimum order commitment from Iridium Communications Inc. The Group will not only profit from the supply of this device to Iridium, but we have an opportunity to sell recurring revenue services to users of our Iridium Certus® solution that is separate to ZOLEO. Yes, we are very mindful of the impact such passive revenues have on professional assessments of a company's value and you can be assured we do not intend to hide our light under a bushel, when those revenues are evidenced.

Further, in its latest earnings update, our long-standing partner Iridium expressed great enthusiasm about the growing demand and awareness of its satellite services, which in my view serves as a bullish bellwether for the Group. This expected growth in demand for personal SatComms may well coincide with the easing in the supply side challenges that I spoke about earlier. Fellow shareholders should be just as excited as we are about what lies ahead and, further, you should expect us to deliver.

## DIRECTORS AND INVESTORS

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.

The Group issued 11.4 million new shares and 3.3 million options with an exercisable price of \$1 and expiring on 1 December 2023 as part of the share placement undertaken in November last year.

## STAFF AND BOARD

I have written many times about the admiration and gratitude I have towards the dedicated team that have chosen to work with the Group, many of whom have been part of the family for years. I feel their contribution cannot be overstated even as we have supposedly emerged from the worst pandemic in recent times.

The Group has been successful in traversing the volatile and rapidly changing environment, and that is totally to the credit of the Group's staff who have helped the Group break new record revenue targets and position the Group at a critical inflection point in FY23.

While there are many tailwinds that will trigger a step change in the Group's earnings this financial year, it is the devotion, talent and commitment of staff that gives me the greatest confidence about our future.

Mr Simon Wallace  
Chairman

30 August 2022

## DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Beam Communications Holdings Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

## DIRECTORS

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

Mr Simon Lister Wallace  
Mr Michael Ian Capocchi  
Mr David Paul James Stewart  
*(resigning 30th September 2022)*  
Mr Mark Allan Chartres  
*(appointed 1st February 2022)*

## COMPANY SECRETARY

Mr Dennis Frank Payne

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



**Simon Lister Wallace**

*Non Executive Chairman*

Age: 48

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

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

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

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

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



**Michael Ian Capocchi**

*Managing Director*

Age: 51

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

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

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

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

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



**David Paul James Stewart**

*Non Executive Director (resigning 30th September 2022)*

Age: 68

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 in the Group.



**Mark Allan Chartres**

*Non Executive Director (appointed 1st February 2022)*

Age: 43

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

## 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.

## PRINCIPAL ACTIVITIES

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

## DIVIDENDS

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

## REVIEW OF OPERATIONS

The loss for the Group after providing for income tax amounted to \$176,805 (30 June 2021: profit of \$509,179).

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

	2022 (\$000)	2021 (\$000)
Revenue	23,663	18,497
Other income	665	1,028
Deduct:		
Cost of goods sold, research & development, administrative marketing and corporate expenses	(22,851)	(17,534)
<b>Operating profit before amortisation, depreciation, interest and tax</b>	<b>1,477</b>	<b>1,991</b>
Deduct:		
Amortisation and impairment	(1,006)	(810)
Depreciation	(199)	(200)
Interest	(151)	(200)
<b>Operating profit</b>	<b>121</b>	<b>781</b>
Net tax benefit/expense	(297)	(271)
<b>Net profit/(loss) for year</b>	<b>(176)</b>	<b>509</b>
<b>Total comprehensive income/(loss) for year</b>	<b>(176)</b>	<b>509</b>

## PERFORMANCE AND PROFIT

The Group broke last year's record revenue as FY22 revenue increased 27.9% to a new all-time high of \$23.7 million.

While earnings before interest, tax, depreciation and amortisation (**EBITDA**) fell by around a quarter year-on-year (YoY) to \$1.5 million, the result was still ahead of the Group's guidance of around \$1 million, which was issued in early June.

The Group's FY22 results are pleasing given some of the headwinds buffeting the business over the past year that are outside of management's control. The results would have been materially stronger if not for rising input prices, components shortages from global supply chain issues and the delay in the delivery of a shipments of devices late in Q4.

The Group posted a profit before tax of \$120,631 (FY21: \$780,447) and a net loss of \$176,804 compared to a net profit after tax of \$509,178 in FY21.

Notwithstanding the lower profitability in FY22, all of the Group's key business units contributed to its record revenue, particularly ZOLEO as the Group shipped and invoiced over 50,000 units of this multi-award winning seamless global satellite communicator in the last financial year, or 52% more than what it delivered in FY21.

Further, the royalty payments from ZOLEO to the Group is steadily building, especially in more recent months as growth in Australian and New Zealand (ANZ) subscribers accelerated. The Group receives 70% of the gross margin from subscriptions coming from its territories. While the royalty payment is relatively modest in FY22, the annualised run rate of these payments (as of 30 June 2022) stands around \$700,000 to \$800,000 and growing.

Royalty payments are high margin, and in the context of the Group's current and historical EBITDA, the payments are set to become material to the Group from FY23 onwards from both an earnings and margin perspective.

Meanwhile, the Group's wholly owned subsidiary and Telstra's largest satellite dealer, SatPhone Shop, also recorded growth in FY22 with sales expanding 23% year-on-year (YoY). The business benefitted from increased demand for satellite equipment from small to medium sized business and government clients, while the easing of lockdowns in New South Wales and Victoria also helped.

The sale of Beam Equipment (excluding ZOLEO) increased by 15% YoY along with the overall demand for mobile satellite devices globally.

Having said that, the growth rate for both the SPS and Beam Equipment businesses have been negatively impacted by high inflationary pressure, supply chain disruptions and the delayed shipments mentioned above.

Further, the demand for some of the Group's products has exceeded the Group's ability to supply the market in the short-term.

The headwinds faced by these two businesses and the robust growth of low-margin ZOLEO device deliveries in FY22 changed the Group's sales mix.

This explains why the Group's margins are lower than its historical average, although management believes Group margins have troughed and will rebound in the current financial year, as detailed below.

#### **CASH AND FUNDING**

The Group's total available funds at 30 June 2022, were \$7.2 million, which is made up of \$5.8 million in cash and \$1.4 million in available but undrawn debt.

The cash position of \$5.8 million was ahead of the \$3.7 million it held at the end of FY21 with the Group successfully undertaking a circa \$5 million new share placement to high net worth and institutional investors in November last year.

Proceeds from the capital raising were earmarked to launch ZOLEO into Europe, research and development (R&D) for the next-gen ZOLEO device, developing APIs/SDKs for third-party integration with the ZOLEO platform, support the manufacture of Iridium Certus® devices and for other growth opportunities.

The Group has capitalised \$4.9 million of development costs for the new Iridium Certus® device (which is backed by a binding US\$12 million order from Iridium) and ZOLEO. It received \$712,663 in R&D funding from the government.

## OUTLOOK AND PROJECTS

The growth momentum the Group experienced in FY22 is expected to accelerate in the current financial year and the Group believes that Group EBITDA in FY23 will rebound strongly to be materially in excess of the \$2.1 million it delivered in FY21, or more than 40% above FY22's figure.

The earnings drivers for this growth are anticipated to come from all key business units across the Group. These drivers include:

- **ZOLEO Royalty Payments:** The pick-up in the growth rate of ZOLEO ANZ subscribers in 4QFY22 is carrying through into FY23 and that bodes well for the Group's royalty payments, which are expected to make a material contribution to Group EBITDA this financial year. The royalty is high margin due to the relatively few expenses attached to this income stream.
- **Successful Launch of ZOLEO into Europe:** The Group and its joint-venture partner, Roadpost Inc, launched ZOLEO in the UK, Norway, Finland, Sweden and Denmark in May this year with more countries in Europe targeted for later this calendar year. The Group and Roadpost will share all profits from these markets equally.
- **Iridium Certus®:** The Group secured a minimum US\$12 million (~\$17 million) five-year binding contract to develop and supply a new generation mobile device to Iridium, which will be launched this calendar year. Looking at the past experience with the Iridium GO! (with a contracted minimum commitment for 5,000 units, the Group has sold 62,500 units to date and growing), the Group believes this contract will be worth materially more than its minimum value. The Group makes a good margin on this device, which is in line with the equipment it has developed in the past before ZOLEO.
- **Ongoing Orders for Iridium GO!:** The Group is expecting further orders from Iridium for the Iridium GO! hotspot as the Iridium Certus® device is not a replacement for Iridium GO!. In fact, the Group believes there is a few more years of life left in the hotspot device as it is not unusual for the lifecycle of satellite equipment to last >10 years.
- **New Value-Added Services (VAS):** The Group is in an advanced stage of negotiations with Iridium that will allow the Group to develop and offer VAS on the Iridium Certus® device in FY23. These services will generate an additional source of recurring revenue for the Group that is separate from ZOLEO. The Group will provide further updates if and when the negotiations reach a sufficiently advanced stage.
- **Easing Inflation and Bottlenecks:** There are early signs that pricing pressures and supply chain disruptions are easing. If these positive trends continue, they will provide an additional tailwind to Group sales and margins in the current financial year.
- **Outlook for Personal SatCom Devices:** The latest quarterly earnings results from NASDAQ-listed Iridium Communications Inc highlighted the robust demand outlook for personal satellite communication devices. Iridium's Chief Executive Officer, Matt Desch, said that Iridium "continued to ride on a wave of demand" for such devices in the June 2022 quarter and the Group is well placed to capitalise on this global trend.

## DIRECTORS AND INVESTORS

The Group issued 11,363,636 ordinary shares and 3,340,905 options with an exercisable price of \$1 and expiring on 1 December 2023 as part of the share placement undertaken in November last year.

Mr Simon Wallace, a shareholder in the Group, has been a Director for seven 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 announced his retirement effective 30 September 2022, after spending nearly five years on the Group's board. 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 the Group's major shareholder, holding 12.62% 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 travels frequently to Australia and retains direct and daily contact with management. Michael is also a significant shareholder in the Group.

Mr Mark Chartres was appointed to the Group's board on 1 February, 2022. He has spent nearly two decades professionally engaged in financial markets, including with Macquarie Group and Shaw and Partners (presently). He is very familiar with the Group's operations, aspirations and investment profile, and has in the past assisted in furthering the Group's funding requirements as well as providing counsel on key investor expectations and priorities.

The Directors believe the Group is well placed to deliver a significantly stronger result in FY23 due to the Group's strong balance sheet and many growth options, including the launch of the new Iridium Certus® device, ongoing geographical expansion of ZOLEO and the strong build in ZOLEO royalty payments.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The company will continue the development and marketing of a range of communications devices, mainly satellite based.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

## ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Directors meetings Attended	Directors meetings Held	Committees Attended	Committees Held
M Capocchi	13	13	-	-
D Stewart	13	13	3	3
S Wallace	13	13	3	3
M Chartres (Appointed 1 February 2022)	5	5	-	-

Held: represents the number of meetings held during the time the director held office.

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)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation

### PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

This report details the nature and amount of remuneration for each Director and KMP of Beam Communications Holdings Limited.

### REMUNERATION POLICY

The Group 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 Group 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 Group'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 Group performance. Consequently, performance-based remuneration is paid where a clear contribution to successful outcomes for the Group is demonstrated and the individual attains and excels against pre-agreed key performance indicators during a performance cycle.

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.

	2022	2021	2020	2019	2018
Net profit/(loss) before tax (\$'000)	121	780	(1,518)	722	(1,432)
EBITDA (\$'000)	1,477	1,991	3,276	2,104	(607)
Basic earnings per share (cents)	(0.22)	0.76	(0.31)	0.64	(3.07)
Share price at 30 June (\$)	0.20	0.24	0.17	0.27	0.16
Market Capitalisation at 30 June (\$m)	17.28	17.64	8.99	14.28	8.46
Dividends per share	Nil	Nil	Nil	Nil	Nil

The Board believes the above table goes some way to illustrate the positive direction the Group has taken over the past 5 years and is reflective of much, but not all, of the performance of senior executives during that period. Due to the nature of the Groups business, there are often major influences on a particular financial year's profit result. The FY22 result was in part influenced by delays in being able to complete (high margin) Certus device sales notwithstanding record revenue overall was able to be achieved.

Confidence in the strategy and growth agenda was clearly illustrated by the well subscribed capital raising undertaken during year providing recognition of the fundamental strength of the Group.

#### *Long-term Incentives*

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

As noted in this report, options were issued to key management personnel or Directors during the 2022 financial year, reflecting sign on obligations and achieved 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**

The employment contract for the Managing Director/CEO was renewed and executed by the Company and Michael Capocchi on 30 June 2022 with operative effect from 1 July 2022. The contract has a minimum term of 27 months. 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.

### **DETAILS OF REMUNERATION**

#### *Details of remuneration*

#### *Amounts of remuneration*

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of Beam Communications Holdings Limited:

- Mr S Wallace - Non-Executive Chairman
- Mr M Capocchi - Executive Managing Director
- Mr D Stewart - Non-Executive Director
- Mr M Chartres - Non-Executive Director (appointed 1 February 2022)

And the following persons:

- Mr D Payne - Chief Financial Officer (Ceased 30 November 2021) and Company Secretary
- Mr W Christie - Chief Technical Officer
- Mr D Sleight - Chief Financial Officer (Appointed 1 December 2021)

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

30 June 2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus and commission	Employee benefits payable (b)	Superannuation	Employee benefits payable	Options (a)	
	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
Mr S Wallace	68,182	-	-	6,818	-	-	75,000
Mr M Chartres	20,833	-	-	-	-	4,245	25,078
Mr D Stewart	41,666	-	-	-	-	-	41,666
Executive Directors:							
Mr M Capocchi (c)	432,506	52,969	8,319	52,591	7,210	25,865	579,460
Other Key Management Personnel:							
Mr D Payne	89,744	5,000	1,201	9,574	3,034	-	108,553
Mr W Christie	224,034	5,000	12,414	22,403	4,928	-	268,779
Mr D Sleigh	121,338	26,666	1,615	12,250	238	15,818	177,925
	998,303	89,635	23,549	103,636	15,410	45,928	1,276,461

30 June 2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus and commission	Employee benefits payable (b)	Superannuation	Employee benefits payable	Options (a)	
	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
Mr S Wallace	61,111	-	-	-	-	-	61,111
Mr C Hung	-	-	-	-	-	-	-
Mr D Stewart	27,777	-	-	-	-	-	27,777
Executive Directors:							
Mr M Capocchi (c)	441,236	179,088	9,460	41,917	6,818	-	678,519
Other Key Management Personnel:							
Mr D Payne	179,113	20,000	(1,727)	17,015	(9,918)	-	205,203
Mr W Christie	205,332	-	(1,952)	19,322	4,229	-	226,931
	914,569	199,088	5,781	78,254	1,849	-	1,199,541

- (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 2022 his remuneration has been converted into AU dollars at the exchange rate on 30 June 2022 of 0.6889 (2021: 0.7158)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name:	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Non-Executive Directors:						
Mr S Wallace	100%	100%	-	-	-	-
Mr C Hung	-	100%	-	-	-	-
Mr D Stewart	100%	100%	-	-	-	-
Mr M Chartres	83%	-	-	-	17%	-
Executive Directors:						
Mr M Capocchi (c)	86%	74%	9%	26%	5%	-
Other Key Management Personnel:						
Mr D Payne	95%	90%	5%	10%	-	-
Mr W Christie	98%	100%	2%	-	-	-
Mr D Sleigh	76%	-	15%	-	9%	-

#### SHARE-BASED COMPENSATION

##### 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.

2022	Balance 1 July 2021	Received as remuneration	Options exercised	Placement issue	Ceasing to be a KMP	Net change other (a)	Balance 30 June 2022
Directors:							
Mr S Wallace	200,000	-	-	-	-	-	200,000
Mr M Capocchi	2,671,897	-	-	-	-	160,202	2,832,099
Mr D Stewart (c)	10,905,000	-	-	-	-	-	10,905,000
Mr M Chartres (b)	-	-	-	-	-	-	-
Other:							
Mr D Payne	328,570	-	-	-	(328,570)	-	-
Mr W Christie	62,778	-	-	-	-	-	62,778
Mr D Sleigh	-	-	-	18,182	-	-	18,182
	14,168,245	-	-	18,182	(328,570)	160,202	14,018,059

2021	Balance 1 July 2020	Received as remuneration	Options exercised	Placement issue	Ceasing to be a KMP	Net change other (a)	Balance 30 June 2021
Directors:							
Mr S Wallace	200,000	-	-	-	-	-	200,000
Mr M Capocchi	1,603,899	-	907,500	-	-	160,498	2,671,897
Mr C Hung (d)	5,409,874	-	-	-	(5,409,874)	-	-
Mr D Stewart	10,905,000	-	-	-	-	-	10,905,000
Other:							
Mr D Payne	328,570	-	-	-	-	-	328,570
Mr W Christie	62,778	-	-	-	-	-	62,778
	18,510,121	-	907,500	-	(5,409,874)	160,498	14,168,245

- (a) Net Change Other refers to shares purchased or sold on-market or off-market at current market prices during the financial year.  
(b) Mark Chartres was appointed as a director on 1 February 2022. Upon appointment Mr Chartres held no shares in the Group.  
(c) David Stewart announced his intention to the market to retire at 30 September 2022. He remains a director for the full 2022 financial year.  
(d) Carl Hung retired on 30 November 2020 and was no longer a director at the end of the 2021 financial year.

#### Options

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.

2022	Balance 1 July 2021	Granted as remuneration	Issued as equity investment	Options exercised	Options lapsed	Balance 30 June 2022
Directors:						
Mr S Wallace	-	-	-	-	-	-
Mr M Capocchi	-	530,798	-	-	-	530,798
Mr D Stewart	-	-	-	-	-	-
Mr M Chartres	-	200,000	-	-	-	200,000
Other:						
Mr D Payne	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-
Mr D Sleigh	-	400,000	4,546	-	-	404,546
	-	1,130,798	4,546	-	-	1,135,344

2021	Balance 1 July 2021	Granted as remuneration	Issued as equity investment	Options exercised	Options lapsed	Balance 30 June 2022
Directors:						
Mr S Wallace	-	-	-	-	-	-
Mr M Capocchi	907,500	-	-	(907,500)	-	-
Mr C Hung	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-
Other:						
Mr D Payne	190,575	-	-	-	(190,575)	-
Mr W Christie	272,250	-	-	-	(272,250)	-
	1,370,325	-	-	(907,500)	(462,825)	-

All options held by Directors and key management personnel at 30 June 2022 were currently un-exercisable as at balance date.

#### SHARES ISSUED ON EXERCISE OF REMUNERATION OPTIONS

No options were issued during the current period.

#### VOTING AND COMMENTS MADE AT THE COMPANY'S 2021 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.

#### OPTIONS ISSUED

Details of options over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the years ended 30 June 2022 and 30 June 2021 are set out below:

2022							
Name	Grant date	Vesting date	Number of options granted	Value of options granted \$	Value of options vested \$	Value of options exercised \$	Value of options lapsed \$
Directors:							
Mr S Wallace	-	-	-	-	-	-	-
Mr M Capocchi	23/12/2021	31/08/2024	530,798	122,614	25,865	-	-
Mr D Stewart	-	-	-	-	-	-	-
Mr M Chartres	01/02/2022	01/02/2023	200,000	10,400	4,245	-	-
Other:							
Mr D Payne	-	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-	-
Mr D Sleigh	23/12/2021	23/12/2024	400,000	92,400	15,818	-	-
2021							
Name	Grant date	Vesting date	Number of options granted	Value of options granted \$	Value of options vested \$	Value of options exercised \$	Value of options lapsed \$
Directors:							
Mr S Wallace	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	229,588	-
Mr C Hung	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-
Other:							
Mr D Payne	-	-	-	-	-	-	21,916
Mr W Christie	-	-	-	-	-	-	31,309

Details of options granted to and/or vested to key management personnel during the 2022 financial year are outlined below:

2022							
Name	Vested No.	Granted No.	Grant date	Value of options granted date	Exercise price	First exercise date	Expiry date
Directors:							
Mr S Wallace	-	-	-	-	-	-	-
Mr M Capocchi	-	530,798	23/12/2021	0.231	0.35	31/08/2024	31/08/2026
Mr D Stewart	-	-	-	-	-	-	-
Mr M Chartres	-	200,000	01/02/2022	0.052	0.53	01/02/2023	01/02/2025
		<u>730,798</u>					
Other:							
Mr D Payne	-	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-	-
Mr D Sleigh	-	400,000	23/12/2021	0.231	0.35	23/12/2024	23/12/2026
		<u>400,000</u>					
		<u>1,130,798</u>					

No options were granted and/or vested to key management personnel in the 2021 financial year.

This concludes the remuneration report, which has been audited.

#### SHARES UNDER OPTION

Unissued ordinary shares of Beam Communications Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
30 November 2020	31 December 2022	\$0.50	7,085,334
30 November 2020	31 December 2022	\$0.50	1,500,000
30 November 2021	31 December 2023	\$1.00	3,340,905
23 December 2021	31 August 2026	\$0.35	530,798
23 December 2021	23 December 2026	\$0.35	400,000
			<u>12,857,037</u>

#### Shares issued on the exercise of options

The following ordinary shares of Beam Communications Holdings Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
30 November 2020	\$0.50	5,333

#### INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

During the year, the Group 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 Group.

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

#### INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

#### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

#### NON-AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor.

#### AUDITOR'S INDEPENDENCE DECLARATION

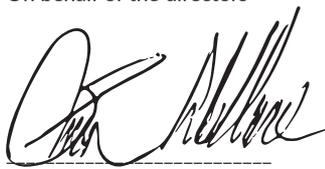
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

#### AUDITOR

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

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Simon Wallace  
Chairman

30 August 2022

## GENERAL INFORMATION

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

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2022. The directors have the power to amend and reissue the financial statements.



**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 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**RSM AUSTRALIA PARTNERS**

**M PARAMESWARAN**  
Partner

Melbourne, VIC  
Dated: 30 August 2022

**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

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Beam Communications Holdings Limited  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the year ended 30 June 2022

	Note	Consolidated	
		30 June 2022	30 June 2021
		\$	\$
<b>Revenue</b>	4	23,662,530	18,497,060
Other income	5	664,689	1,028,018
<b>Expenses</b>			
Cost of sales		(17,237,342)	(12,780,319)
Employment expense		(3,445,277)	(2,818,700)
Depreciation and amortisation expense		(1,205,446)	(1,010,377)
Finance costs		(150,643)	(200,057)
Administrative expense		(390,944)	(570,356)
Legal, insurance and patent		(262,380)	(203,970)
Marketing and ICT		(729,603)	(605,555)
Share of loss from interest in Joint Venture		(248,820)	(137,080)
Other		(536,132)	(418,217)
<b>Profit before income tax expense</b>		120,632	780,447
Income tax expense	7	(297,437)	(271,268)
<b>Profit/(loss) after income tax expense for the year attributable to the owners of Beam Communications Holdings Limited</b>		(176,805)	509,179
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income/(loss) for the year attributable to the owners of Beam Communications Holdings Limited</b>		<u>(176,805)</u>	<u>509,179</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	28	(0.22)	0.76
Diluted earnings per share	28	(0.22)	0.76

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

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Beam Communications Holdings Limited  
**STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2022

	Note	Consolidated	
		30 June 2022	30 June 2021
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	5,774,988	3,707,484
Trade and other receivables	9	6,035,433	3,156,473
Inventories	10	4,335,631	3,071,973
Total current assets		<u>16,146,052</u>	<u>9,935,930</u>
<b>Non-current assets</b>			
Plant and equipment	13	91,272	71,530
Right-of-use assets	11	218,881	360,309
Development costs	14	7,569,088	5,500,054
Deferred tax	15	317,503	596,169
Interest in joint venture	12	-	232,560
Total non-current assets		<u>8,196,744</u>	<u>6,760,622</u>
<b>Total assets</b>		<u>24,342,796</u>	<u>16,696,552</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	6,048,193	2,633,268
Lease liabilities	18	221,492	207,437
Provisions	19	1,199,544	1,101,924
Total current liabilities		<u>7,469,229</u>	<u>3,942,629</u>
<b>Non-current liabilities</b>			
Borrowings	17	485,756	735,112
Lease liabilities	18	105,208	309,129
Provisions	19	48,098	48,112
Total non-current liabilities		<u>639,062</u>	<u>1,092,353</u>
<b>Total liabilities</b>		<u>8,108,291</u>	<u>5,034,982</u>
<b>Net assets</b>		<u>16,234,505</u>	<u>11,661,570</u>
<b>Equity</b>			
Issued capital	20	17,374,871	12,703,060
Reserves		163,429	85,500
Accumulated losses		<u>(1,303,795)</u>	<u>(1,126,990)</u>
<b>Total equity</b>		<u>16,234,505</u>	<u>11,661,570</u>

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

**Beam Communications Holdings Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 30 June 2022

<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2020	7,646,641	320,394	(1,956,563)	6,010,472
Profit after income tax expense for the year	-	-	509,179	509,179
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	509,179	509,179
<i>Transactions with owners in their capacity as owners:</i>				
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	176,962	-	-	176,962
Balance at 30 June 2021	<u>12,703,060</u>	<u>85,500</u>	<u>(1,126,990)</u>	<u>11,661,570</u>
<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2021	12,703,060	85,500	(1,126,990)	11,661,570
Loss after income tax expense for the year	-	-	(176,805)	(176,805)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(176,805)	(176,805)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued, net of transaction costs	4,701,144	-	-	4,701,144
Remuneration based option payments	-	45,929	-	45,929
Adjustment for broker options issued	(32,000)	32,000	-	-
Adjustment for share options exercised	2,667	-	-	2,667
Balance at 30 June 2022	<u>17,374,871</u>	<u>163,429</u>	<u>(1,303,795)</u>	<u>16,234,505</u>

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

**Beam Communications Holdings Limited**  
**STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2022

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		28,175,997	19,191,491
Payments to suppliers and employees (inclusive of GST)		(27,856,077)	(18,496,129)
Interest received		1,276	561
Interest and finance charges paid		(98,661)	(158,066)
Income tax credit		104,447	28,645
COVID-19 relief		-	366,500
		<u>326,982</u>	<u>933,002</u>
Net cash from operating activities	23		
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	13	(60,464)	(22,037)
Payments for capitalised development costs		(3,061,489)	(2,507,345)
Proceeds from research and development grant		712,663	689,703
		<u>(2,409,290)</u>	<u>(1,839,679)</u>
Net cash used in investing activities			
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of transaction costs	20	4,703,811	4,964,957
Net loan payments		(345,539)	(1,046,592)
Lease liability repayments		(208,460)	(178,164)
		<u>4,149,812</u>	<u>3,740,201</u>
Net cash from financing activities			
Net increase in cash and cash equivalents		2,067,504	2,833,524
Cash and cash equivalents at the beginning of the financial year		<u>3,707,484</u>	<u>873,960</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>5,774,988</u></u>	<u><u>3,707,484</u></u>

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

## Note 1. Significant accounting policies

### **New or amended Accounting Standards and Interpretations adopted**

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

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

### **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.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

### **Accounting policies**

The following is a summary of the material accounting policies adopted by the 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 30.

**Note 1. Significant accounting policies (continued)**

**(b) Income tax**

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

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

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

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

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. At each reporting date, the 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. The current tax liability of each group entity and deferred tax assets arising from tax losses are immediately assumed by the parent entity.

**(c) Trade and other receivables**

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**(d) Plant and 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.

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 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	5-10 years
Computer and test equipment	3 years
Rental equipment	3-5 years

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.

**Note 1. Significant accounting policies (continued)**

**(e) Inventories**

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

**(f) 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 2022.

**(g) 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 re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

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

**(h) 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 21 for a detailed review of the group's financial instruments.

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

**Note 1. Significant accounting policies (continued)**

**(i) 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.

**(j) 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.

**(k) 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 had been classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied was 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.

**(l) 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.

**(m) 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.

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

**Note 1. Significant accounting policies (continued)**

**(n) 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.

**(o) 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.

**(p) 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.

**(q) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(r) Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(s) New Accounting Standards and Interpretations not yet mandatory or early adopted**

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:

**Note 1. Significant accounting policies (continued)**

Accounting Standards and Interpretations	Applicable to annual reporting periods beginning on or after
AASB 2020-1 Amendments to AASs - Classification of Liabilities as Current or Non-current liabilities as Current or Non-current	1 Jan 2023
AASB 2020 -3 Amendments to AASs - Annual Improvements 2018-2020 and Other Amendments	1 Jan 2022
AASB 2020-6 Amendments to AASs - Classification of Liabilities as Current or Non-current liabilities as Current or Non-current – Deferral of Effective Date	1 Jan 2022
AASB 2021-2 Amendments to AASs - Disclosure of Accounting Policies and Definition of Accounting Estimates	1 Jan 2023
AASB 2021-5 Amendments to AASs - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
AASB 2014-10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2025

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

*Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

*Estimation of useful lives of assets*

The consolidated group determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Lease liabilities*

The incremental borrowing rate applied to various lease liabilities recognised under AASB 16 ranges between 7.3% - 8%.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Income tax*

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The deferred tax expense reflects the movements in the deferred assets and liabilities. The directors have maintained a consistent approach and have recognised 60% (2021: 60%) of the deferred tax assets and liabilities relating to 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 \$762,526 (2021: \$765,430) and capital tax losses of \$1,681,896 (2021: \$1,681,896).

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 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.

*Employee benefits provision*

As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Warranty provision*

In determining the level of provision required for warranties the Group has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

**Note 3. Operating segments**

*Identification of reportable operating segments*

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

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

*Major customers*

The Group has a number of customers to whom it provides products and services. The Group supplied a single customer in Canada accounting for 34% of external revenue (2021: 29%) and the second largest customer, located in the United States, accounted for 15% of external revenue (2021: 13%). The next most significant customer also accounts for 10% of external revenue (2021: 10%).

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**Note 3. Operating segments (continued)**

*Geographical information*

The geographical disaggregation of sales has been presented in Note 4.

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Equipment sales	22,423,412	17,353,524
Airtime	699,967	969,627
Other	539,151	173,909
Revenue	<u>23,662,530</u>	<u>18,497,060</u>

*Disaggregation of revenue*

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

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
<i>Geographical regions</i>		
Australia	5,114,365	4,166,871
United States of America	4,520,584	3,454,692
United Arab Emirates	574,837	760,875
United Kingdom	1,328,640	1,279,838
China	133,315	227,169
Canada	9,153,440	6,053,935
Japan	363,400	343,460
Other foreign countries	2,473,949	2,210,220
	<u>23,662,530</u>	<u>18,497,060</u>
<i>Timing of revenue recognition</i>		
Goods and services transferred at a point in time	22,549,205	17,423,393
Goods and services transferred over time	1,113,325	1,073,667
	<u>23,662,530</u>	<u>18,497,060</u>

**Note 5. Other income**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Research and development grant	470,138	363,258
Interest	1,276	561
COVID-19 relief	-	366,500
Foreign exchange	193,275	-
Gain on reversal of joint venture loss accrual	-	294,893
Other	-	2,806
Other income	<u>664,689</u>	<u>1,028,018</u>

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**Note 6. Expenses**

Profit before income tax includes the following specific expenses:

	2022 \$	2021 \$
<i>Cost of sales</i>		
Opening inventories	3,071,973	3,576,082
Add: Purchases and other stock adjustments	18,501,000	12,276,210
	<u>21,572,973</u>	<u>15,852,292</u>
Less: Closing inventories (note 10)	<u>(4,335,631)</u>	<u>(3,071,973)</u>
	<u>17,237,342</u>	<u>12,780,319</u>
<i>Finance costs expense</i>		
Interest expense on lease liabilities	31,629	45,432
Other financial costs	119,014	154,625
	<u>150,643</u>	<u>200,057</u>
<i>Other expenses</i>		
Product development costs expensed	248,897	241,071
Operating lease payments	36,118	34,409

**Note 7. Income tax expense**

	Consolidated 30 June 2022 \$	30 June 2021 \$
<i>Income tax expense</i>		
US tax loss (credit)	18,770	(147,976)
Current movement of temporary difference in net deferred tax assets	274,310	310,941
Movement in deferred tax asset associated with carry forward tax losses	4,357	108,303
	<u>297,437</u>	<u>271,268</u>
Aggregate income tax expense		
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	120,632	780,447
Tax at the statutory tax rate of 25%	30,158	195,112
Tax reconciling items	(30,158)	(195,112)
US tax loss (credit)	18,771	(147,976)
Deferred tax assets loss	278,666	419,244
	<u>297,437</u>	<u>271,268</u>

Income tax expense includes a tax expense of \$18,770, incurred by the Group's USA subsidiary, which is unable to be combined with Australian tax losses.

There are no franking credits available to equity holders.

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**Note 8. Cash and cash equivalents**

**Consolidated**  
**30 June 2022**   **30 June 2021**  
**\$**                      **\$**

<i>Current assets</i>		
Cash at bank and on hand	5,774,988	3,707,484

**Note 9. Trade and other receivables**

**Consolidated**  
**30 June 2022**   **30 June 2021**  
**\$**                      **\$**

<i>Current assets</i>		
Trade receivables	1,376,942	1,793,387
Less: Allowance for expected credit losses	-	-
	<u>1,376,942</u>	<u>1,793,387</u>
Other receivables and prepayments	4,544,705	1,249,621
Rental & other security deposits	113,786	113,465
	<u>4,658,491</u>	<u>1,363,086</u>
	<u>6,035,433</u>	<u>3,156,473</u>

Ageing reconciliation	Within trade terms	Past due but not impaired (days overdue) 31-60	Past due but not impaired (days overdue) 61-90	Past due but not impaired (days overdue) 90+	Past due & impaired	Gross amount
<b>2022</b>						
<u>Current</u>						
Trade receivables	1,031,925	345,017	-	-	-	1,376,942
Other receivables	4,544,706	-	-	-	-	4,544,706
Rental & other security deposits	113,786	-	-	-	-	113,786
Expected credit loss rate	-	-	-	-	-	-
<b>2021</b>						
<u>Current</u>						
Trade receivables	1,521,905	248,880	17,296	5,306	-	1,793,387
Other receivables	1,249,621	-	-	-	-	1,249,621
Rental & other security deposits	113,465	-	-	-	-	113,465
Expected credit loss rate	-	-	-	-	-	-

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

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**Note 10. Inventories**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
<i>Current assets</i>		
Raw materials - at cost	677,249	364,113
Finished goods - at cost	4,058,382	2,987,860
Less: Provision for impairment	<u>(400,000)</u>	<u>(280,000)</u>
	<u><u>4,335,631</u></u>	<u><u>3,071,973</u></u>

**Note 11. Right-of-use assets**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - right-of-use	1,330,659	1,312,066
Less: Accumulated depreciation	<u>(1,111,778)</u>	<u>(951,757)</u>
	<u><u>218,881</u></u>	<u><u>360,309</u></u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Balance</b>
	<b>\$</b>
Balance at 1 July 2020	519,068
Depreciation expense	<u>(158,759)</u>
Balance at 30 June 2021	360,309
Additions	18,594
Depreciation expense	<u>(160,022)</u>
Balance at 30 June 2022	<u><u>218,881</u></u>

The Group leases several assets, which includes building, forklift and printers with original lease terms of 9, 5 and 5 years respectively. There are no variable lease payment terms in any lease contracts.

There are no extension or termination options on the leases.

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Amount recognised in profit or loss</b>		
Depreciation expense on right-of-use assets	160,022	158,759
Interest expense on lease liabilities	31,629	45,432
Expense relating to short-term leases	18,665	11,892

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**Note 12. Interest in joint venture**

**Consolidated**  
**30 June 2022   30 June 2021**  
**\$                    \$**

<i>Non-current assets</i>		
Investment in joint venture	1,098,699	1,082,439
Group's accumulated share of loss from Zoleo Inc joint venture for the year ended	<u>(1,098,699)</u>	<u>(849,879)</u>
	<u>-</u>	<u>232,560</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 2022.

The Group's accumulated contribution US\$775,100 had been previously recognised as an increase in investment as per the equity accounting method and was written down to nil during the financial year as the Group's share of the accumulated losses exceeds the investment total.

Summarised financial information:

**Zoleo Inc            Zoleo Inc**  
**2022                    2021**  
**\$                        \$**

**Summarised statement of financial position:**

Current assets	7,397,880	3,484,866
Total assets	<u>7,397,880</u>	<u>3,484,866</u>
Current liabilities	(7,620,740)	(3,021,515)
Non-current liabilities	<u>(2,249,964)</u>	<u>(2,061,719)</u>
Total liabilities	<u>(9,870,704)</u>	<u>(5,083,234)</u>
Net asset deficiency	<u>(2,472,824)</u>	<u>(1,598,368)</u>
Share capital	290	266
Accumulated losses	<u>(2,473,114)</u>	<u>(1,598,634)</u>
Net equity	<u>(2,472,824)</u>	<u>(1,598,368)</u>

**Summarised statement of profit or loss and other comprehensive income:**

Revenue	30,386,673	13,477,482
Cost of goods sold	<u>(27,767,580)</u>	<u>(12,766,594)</u>
Gross profit	<u>2,619,093</u>	<u>710,888</u>
<i>Expenses</i>		
Operating staff costs	(2,618,583)	(604,867)
Marketing	(205,802)	(28,100)
Professional services	(33,804)	(46,135)
Billing & support fees	(175,619)	(183,389)
Other expenses	<u>(241,919)</u>	<u>(124,020)</u>
Total expenses	<u>(3,275,727)</u>	<u>(986,511)</u>
Gain on FX	-	1,463
Non-operating expense	<u>(71,884)</u>	<u>-</u>
Loss for the year	<u>(728,518)</u>	<u>(274,160)</u>
Group's share of loss for the year ended	(364,259)	(137,080)

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**Note 13. Plant and equipment**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
<i>Non-current assets</i>		
Office furniture and equipment - at cost Less:	498,346	491,431
Accumulated depreciation	<u>(472,515)</u>	<u>(462,463)</u>
	25,831	28,968
Computer and test equipment - at cost Less:	456,722	410,808
Accumulated depreciation	<u>(402,920)</u>	<u>(378,864)</u>
	53,802	31,944
Rental equipment - at cost	45,952	43,493
Less: Accumulated depreciation	<u>(34,313)</u>	<u>(32,875)</u>
	11,639	10,618
Total plant and equipment	<u>91,272</u>	<u>71,530</u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Office furniture &amp; equipment \$</b>	<b>Computer &amp; test equipment \$</b>	<b>Rental equipment \$</b>	<b>Total \$</b>
Balance at 1 July 2020	42,451	34,559	16,801	93,811
Additions	-	22,037	-	22,037
Disposals	-	(2,200)	(952)	(3,152)
Depreciation expense	<u>(13,483)</u>	<u>(22,452)</u>	<u>(5,231)</u>	<u>(41,166)</u>
Balance at 30 June 2021	28,968	31,944	10,618	71,530
Additions	6,915	45,915	7,635	60,465
Disposals	-	-	(1,680)	(1,680)
Depreciation expense	<u>(10,052)</u>	<u>(24,057)</u>	<u>(4,934)</u>	<u>(39,043)</u>
Balance at 30 June 2022	<u>25,831</u>	<u>53,802</u>	<u>11,639</u>	<u>91,272</u>

**Note 14. Development costs**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
<i>Non-current assets</i>		
Development costs	9,385,922	6,310,505
Less: Accumulated amortisation	<u>(1,816,834)</u>	<u>(810,451)</u>
	<u>7,569,088</u>	<u>5,500,054</u>

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**Note 14. Development costs (continued)**

*Reconciliations*

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

**Movement in carrying amount of development costs**

<b>Consolidated</b>	<b>\$</b>
Balance at 1 July 2020	3,803,161
Additions	2,507,344
Amortisation expense	<u>(810,451)</u>
Balance at 30 June 2021	5,500,054
Additions	3,885,868
Amortisation expense	<u>(1,816,834)</u>
Balance at 30 June 2022	<u><u>7,569,088</u></u>

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 2022 financial year.

The balance at 30 June 2022 included an ongoing Iridium product development costs of an accumulated total of \$4,905,745 not subject to amortisation during the year.

In line with the accounting policy detailed in Note 1(i), 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.

**Note 15. Deferred tax**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Deferred tax asset	<u>317,503</u>	<u>596,169</u>
<b>Deferred tax assets</b>	<b>Balance at 1 July 2021</b>	<b>Charged to income</b>
Carrying amount of patents and capital raising costs	48	(45)
Accruals	41,427	(3,486)
Provisions	218,725	39,043
Lease liabilities	77,485	(28,480)
Tax losses	1,148,144	(4,355)
	<u>1,485,829</u>	<u>2,677</u>
<b>Deferred tax liabilities</b>		<b>Balance at 30 June 2022</b>
Product development costs	(825,008)	(1,135,363)
Right-of-use assets	(54,046)	(32,832)
Other financial liabilities	(10,606)	(2,809)
	<u>596,169</u>	<u>(278,667)</u>
		<u>317,502</u>

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**Note 16. Trade and other payables**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables and accruals	4,428,550	1,795,657
Deferred R&D income	826,278	583,753
Other deferred income	793,365	253,858
	<u>6,048,193</u>	<u>2,633,268</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. \$470,138 of R&D grant income was recognised in the statement of profit & loss for the year as shown in Note 5.

Refer to Note 21 for further information on financial instruments.

**Note 17. Borrowings**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
<i>Non-current liabilities</i>		
Secured loan	<u>485,756</u>	<u>735,112</u>

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 2022, US\$344,716 has been drawn down. The total loan balance of A\$485,756 represents the fair value of the loan at 30 June 2022. The loan is secured by Beam's pledge of shares in Zoleo Inc, an entity established with Roadpost to manage the Zoleo business.

Refer to Note 21 for further information on financial instruments.

**Banking facilities**

All bank facilities are secured by first ranking Registered Mortgage Debenture over the Group's assets including uncalled capital and called but unpaid capital. At 30 June 2022, the company had the following unused bank facilities:

- An Australian dollar overdraft with a limit of \$300,000 (2021: \$300,000). The overdraft was not utilised at 30 June 2022 or 30 June 2021.
- A US dollar overdraft with a limit of US\$320,000 (2021: US\$320,000). The US dollar overdraft was not utilised at 30 June 2022 or 30 June 2021.
- Bank guarantee facilities of the Group total \$150,000 (2021: \$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 2022 and 30 June 2021.

On 1 July 2020 the NAB granted Beam a 3 year, low interest term loan of \$500,000 and a further \$500,000 on 10 May 2021 part secured by the Australian government under their Covid19 relief program to assist with funding of Beam's product development program. The principal outstanding of \$972,970 was repaid on 19 May 2021 and, after allowing for amortisation, \$665,979 was available to be redrawn at 30 June 2022.

Beam Communications Holdings Limited  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 18. Lease liabilities**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability	221,492	207,437
<i>Non-current liabilities</i>		
Lease liability	105,208	309,129
	<u>326,700</u>	<u>516,566</u>

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.

Refer to Note 21 for further information on financial instruments.

**Carrying amounts and movements**

	<b>\$</b>
Balance at 1 July 2020	697,536
Additional	-
Decrease in liability	(180,970)
Balance at 30 June 2021	<u>516,566</u>
Additional	18,594
Decrease in liability	(208,460)
Balance at 30 June 2022	<u>326,700</u>

**Note 19. Provisions**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Employee benefits	1,004,004	1,001,500
Warranty costs	84,852	100,424
Other	110,688	-
	<u>1,199,544</u>	<u>1,101,924</u>
<i>Non-current liabilities</i>		
Employee benefits	48,098	48,112
	<u>1,247,642</u>	<u>1,150,036</u>

**Beam Communications Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2022**

**Note 19. Provisions (continued)**

*Movements in provisions*

Movements in each class of provision during the current financial year are set out below:

	Employee benefits \$	Warranty costs \$	Other \$	Total \$
<b>Consolidated - 30 June 2022</b>				
Carrying amount at the start of the year	1,049,612	100,424	-	1,150,036
Additional provisions recognised	679,721	26,660	110,688	817,069
Amounts used	(677,230)	(42,232)	-	(719,463)
Carrying amount at the end of the year	<u>1,052,103</u>	<u>84,852</u>	<u>110,688</u>	<u>1,247,642</u>

**Note 20. Issued capital**

	Consolidated			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>86,421,921</u>	<u>75,052,952</u>	<u>17,374,871</u>	<u>12,703,060</u>

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	52,873,452		7,646,641
Shares Issued, net of transaction costs		21,272,000	\$0.25	4,879,457
Shares issued on the exercise of options		<u>907,500</u>	\$0.20	<u>176,962</u>
Balance	30 June 2021	75,052,952		12,703,060
Shares Issued, net of transaction costs (a)		11,363,636	\$0.44	4,669,144
Shares issued on the exercise of options (b)		<u>5,333</u>	\$0.50	<u>2,667</u>
Balance	30 June 2022	<u>86,421,921</u>		<u>17,374,871</u>

*(a) Shares issued*

During the 2022 financial year, the Group issued a placement for 11,363,636 ordinary shares on 30 November 2021 for \$0.44 per share. The total transaction costs for issuance of the shares was \$330,846. Proceeds from the capital raise will be used to fund sales and device development activities and provide the Company with the opportunity to consider strategic acquisitions.

Investors participating under the placement were issued with 2,840,905 options as 1:4 attaching options, and the Group's corporate advisor, Peak Asset Management, also received 500,000 share options as payment for corporate advisory services provided, as outlined at note 25. These options were granted on 30 November 2021 at an exercisable price of \$1.00 and have an expiry date of 1 December 2023.

*(b) Exercise of options*

On 11 November 2021, 5,333 options, which had been granted on 30 November 2020 to participants in a share placement with an expiry date of 31 December 2022, were exercised by the holder. These options had been exercisable from 30 November 2020.

*(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.

**Note 20. Issued capital (continued)**

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) Share buy-back*

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

*(e) Capital risk management*

When managing capital, management's objective is to ensure the 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 2022 financial year or prior years.

The 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.

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

**Note 21. Financial instruments**

***Financial risk management objectives***

The Group undertakes transactions in a range of financial instruments including:

- cash assets;
- receivables;
- payables;
- deposits

Activities undertaken by entities within the 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 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 Group's policies for minimising these risks are detailed below.

**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 Group primarily arises from bank funding.

Facilities are provided by the 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 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:

**Note 21. Financial instruments**  
(continued)

2022	Floating interest \$	Fixed interest \$	Weighted average interest rate %	Non-interest bearing \$	Total \$
<i>Financial asset</i>					
Cash assets	5,774,988	-	0.00%	-	5,774,988
Receivables	-	-	0.00%	6,035,433	6,035,433
	<u>5,774,988</u>	<u>-</u>	<u>-</u>	<u>6,035,433</u>	<u>11,810,421</u>
<i>Financial liability</i>					
Payables (excluding deferred income)	-	-	0.00%	4,914,306	4,914,306
Lease liabilities	-	326,700	7.36%	-	326,700
	<u>-</u>	<u>326,700</u>	<u>-</u>	<u>4,914,306</u>	<u>5,241,006</u>
<b>2021</b>	<b>Floating interest \$</b>	<b>Fixed interest \$</b>	<b>Weighted average interest rate %</b>	<b>Non-interest bearing \$</b>	<b>Total \$</b>
Cash assets	3,707,484	-	0.00%	-	3,707,484
Receivables	-	-	0.00%	3,156,473	3,156,473
	<u>3,707,484</u>	<u>-</u>	<u>-</u>	<u>3,156,473</u>	<u>6,863,957</u>
Payables (excluding deferred income)	-	-	0.00%	2,530,769	2,530,769
Lease liabilities	-	516,566	7.36%	-	516,566
	<u>-</u>	<u>516,566</u>	<u>-</u>	<u>2,530,769</u>	<u>3,047,335</u>

**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 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 2022 \$	Year ended 30 June 2021 \$
Impact on profit after tax	+/- 10%	+/- 23,299	+/-157,692
Impact on equity	+/- 10%	+/- 23,299	+/-157,692

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.

**Note 21. Financial instruments (continued)**

**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 Group.

The credit risk on financial assets of the Group that have been recognised in the statement of financial position is the carrying amount, net of any provision for doubtful debts. The Group minimises credit risk by performing credit assessments on all new customers, and 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 Group does not have any credit risk arising from money market instruments, foreign currency contracts, cross currency and interest rate swaps.

**Liquidity risk management**

Liquidity risk includes the risk that, as a result of the 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 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 Group's exposure to liquidity risk on classes of financial assets and financial liabilities, is as follows:

	<b>&lt;1 year</b>	<b>1 - 5 years</b>	<b>Total contractual cash flows</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2022</b>			
<i>Asset/Liability class</i>			
Cash and cash equivalents	5,774,988	-	5,774,988
Receivables	5,921,649	113,785	6,035,434
Payables and borrowings (excluding deferred income)	(4,428,550)	(485,756)	(4,914,306)
Lease liabilities	(221,492)	(105,208)	(326,700)
Net maturities	<u>7,046,595</u>	<u>(477,179)</u>	<u>6,569,416</u>
<b>2021</b>			
<i>Asset/Liability class</i>			
Cash and cash equivalents	3,707,484	-	3,707,484
Receivables	3,043,008	113,465	3,156,473
Payables and borrowings (excluding deferred income)	(1,795,657)	(735,112)	(2,530,769)
Lease liabilities	(207,437)	(309,129)	(516,566)
Net maturities	<u>4,747,398</u>	<u>(930,776)</u>	<u>3,816,622</u>

**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 upon inception of the loan. This assumption is not directly observable. Any increase in the discount rate would decrease the fair value of the loan.

**Note 22. Commitments and contingencies**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
<i>Capital expenditure projects</i>		
Within one year	3,943,920	2,294,233
One to five years	-	-
More than five years	-	-
	<u>3,943,920</u>	<u>2,294,233</u>

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.

**Note 23. Reconciliation of profit/(loss) after income tax to net cash from operating activities**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Profit/(loss) after income tax expense for the year	(176,805)	509,179
Adjustments for:		
Depreciation	199,063	199,926
Amortisation	1,006,383	810,451
Net loss on disposal of plant and equipment	1,680	3,152
Share of loss in joint venture	248,820	137,080
Unrealised foreign currency net gain	(75,985)	(27,235)
Share options expensed	77,929	-
Notional interest expense	51,982	41,992
Change in operating assets and liabilities:		
Increase in trade and other receivables	(2,820,961)	(832,809)
Decrease/(increase) in inventories	(1,383,658)	469,109
Decrease in deferred tax assets	278,666	419,244
Increase/(decrease) in trade and other payables	2,812,949	(640,891)
Decrease in employee benefits	2,491	(80,488)
Decrease in provision for warranty costs	(15,572)	(110,708)
Increase in provision for stock obsolescence	120,000	35,000
Net cash from operating activities	<u>326,982</u>	<u>933,002</u>

**Beam Communications Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2022**

**Note 24. Key management personnel disclosures**

*Compensation*

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

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,111,487	1,119,438
Post-employment benefits	103,636	78,254
Long-term benefits	15,410	1,849
Termination benefits	-	-
Share-based payments	45,928	-
	<u>1,276,461</u>	<u>1,199,541</u>

**Note 25. Share-based payments**

**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.

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:

	<b>30 June 2022</b>	<b>WAEP</b>	<b>30 June 2021</b>	<b>WAEP</b>
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
Outstanding at the beginning of the financial year	-	-	1,697,025	0.1950
Issued during the financial year	1,130,798	0.3818	-	-
Lapsed during the financial year	-	-	(789,525)	-
Exercised during the financial year	-	-	(907,500)	0.1950
Outstanding at the end of the financial year	<u>1,130,798</u>	-	-	-
Outstanding at the date of this report	<u>1,130,798</u>	-	-	-

**Other share based payments**

During the financial year, the Group issued 500,000 share options to the Group's corporate advisor, Peak Asset Management, as payment for corporate advisory services provided. (See also Note 20).

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

**Beam Communications Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2022**

**Note 25. Share-based payments (continued)**

	<b>Peak</b>	<b>KMP: CEO</b>	<b>KMP: CFO</b>	<b>KMP: NED</b>
Grant date	19 November 2021	30 November 2021	30 November 2021	2 January 2022
Number of options in series	500,000	530,798	400,000	200,000
Expiry date	30 November 2023	31 August 2026	31 August 2026	1 February 2023
Share price at grant date	\$0.45	\$0.42	\$0.42	\$0.37
Exercise price	\$1.00	\$0.35	\$0.35	\$0.53
Expected volatility	65%	65%	65%	65%
Risk-free interest rate	0.67%	1.29%	1.29%	1.50%
Dividend yield	0%	0%	0%	0%
Fair value of option at grant date	\$0.064	\$0.231	\$0.231	\$0.052

**Note 26. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services -</i>		
Audit or review of the financial statements	79,800	69,400

**Note 27. Related party transactions**

*Parent entity*

Beam Communications Holdings Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in Note 30.

*Key management personnel*

Disclosures relating to key management personnel are set out in Note 24 and the remuneration report included in the directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Transactions with the Season Group</i>		
Purchases	-	2,357,459
Sales	-	(40,603)

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.

The Season Group was not considered a related party in the 2022 financial year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

**Beam Communications Holdings Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2022**

**Note 27. Related party transactions (continued)**

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 28. Earnings per share**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) after income tax attributable to the owners of Beam Communications Holdings Limited	(176,805)	509,179
Profit/(loss) after income tax attributable to the owners of Beam Communications Holdings Limited used in calculating diluted earnings per share	<u>(176,805)</u>	<u>509,179</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>81,674,718</u>	<u>67,139,375</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>81,674,718</u>	<u>67,139,375</u>
Options have not been considered in the dilutive earnings per share calculation due to the average market price being less than the exercisable price.		
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.22)	0.76
Diluted earnings per share	(0.22)	0.76

**Note 29. Parent entity information**

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	<b>Parent</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Loss from continuing operations	(1,176,610)	(564,814)
Tax expense	<u>(278,666)</u>	<u>(419,244)</u>
<b>Loss for the year attributable to owners of the Company</b>	<u>(1,455,276)</u>	<u>(984,058)</u>
Other comprehensive income	-	-
<b>Total loss and other comprehensive income for the year attributable to owners of the Company</b>	<u>(1,455,276)</u>	<u>(984,058)</u>

Beam Communications Holdings Limited  
**NOTES TO THE FINANCIAL STATEMENTS**  
30 June 2022

**Note 29. Parent entity information**  
(continued)

*Statement of financial position*

	Parent 30 June 2022 \$	Parent 30 June 2021 \$
<b>Assets</b>	5,148,860	1,855,443
Current assets	616,016	1,017,389
Non-current assets	5,764,876	2,872,832
Total assets		
<b>Liabilities</b>	1,447,565	1,646,051
Current liabilities	153,306	357,241
Non-current liabilities	1,600,871	2,003,292
Total liabilities		
Net assets	<u>4,164,005</u>	<u>869,540</u>
<b>Equity</b>	17,374,871	12,703,060
Issued capital	163,429	85,500
Reserves	(13,374,295)	(11,919,020)
Accumulated losses		
	<u>4,164,005</u>	<u>869,540</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

*Capital commitments*

The parent entity had no capital commitments as at 30 June 2022 and 30 June 2021.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1.

**Note 30. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	30 June 2021 %
Beam Communications Pty Ltd	Australia	100.00%	100.00%
SatPhonerental Pty Ltd	Australia	100.00%	100.00%
SatPhone Shop Pty Ltd	Australia	100.00%	100.00%
Beam Communications USA Inc	USA	100.00%	100.00%
Pacarc (PNG) Limited (Dormant)	Papua New Guinea	100.00%	100.00%

**Note 31. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Simon Wallace  
Chairman

30 August 2022

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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 (together 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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**

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## Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed this matter
<b>Impairment of Development costs</b>	
Refer to Note 14 in the financial statements	
<p>The Group has intangible assets of \$7.6m, 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 one Zoleo Post Launch were not available for use as at 30 June 2022.</p> <p>Management have performed an impairment assessment and testing 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 development costs 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 test 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, exchange rates, discount rates, and any sensitivities used;</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 reviewing contracts in place and discussions with management; and</li> <li>Reviewing the adequacy of disclosures against the requirements of AASB 136.</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 2022, 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 2022.

In our opinion, the Remuneration Report of Beam Communications Holdings Limited., for the year ended 30 June 2022, 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 handwritten signature in blue ink that reads 'RSM'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink that reads 'M Parameswaran'.

**M PARAMESWARAN**  
Partner

Melbourne, VIC  
Dated: 30 August 2022

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## SHAREHOLDERS INFORMATION

The shareholder information set out below was applicable as at 11 August 2022.

Distribution of equitable securities - Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	272	21%	3	1%
1,001 to 5,000	339	26%	68	15%
5,001 to 10,000	186	14%	149	32%
10,001 to 100,000	414	31%	227	48%
100,001 and over	103	8%	19	4%
	1,314	100%	466	100%
	327	0.2	-	-

### EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders - The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
David Stewart	10,905,000	12.6
FF Okram Pty Ltd	8,634,258	10.0
SGV1 Holdings Limited	5,409,874	6.3
Bolivianos Group	4,869,400	5.6
Michael Capocchi	2,832,099	3.3
HSBC Custody Nominees	2,155,289	2.5
Artpreciation Pty Ltd	1,798,632	2.1
Vincent Galante	1,667,922	1.9
Trent Millar	1,600,000	1.9
Catch 88 Pty Ltd	1,456,070	1.7
Dr Malaka Ameratunga	1,450,000	1.7
Hotton Family	1,101,730	1.3
G Chan Pension Pty Ltd	985,191	1.1
Tom Bekiaris	911,835	1.1
Rapaki Pty Ltd	876,473	1.0
Paul Riethmaier	811,639	0.9
Mrs Anna Vocale	800,000	0.9
Citicorp Nominees	769,538	0.9
Gavin Dunhill	750,000	0.9
Snowball Asset Management Pty Ltd	685,250	0.8
	50,470,200	58.5

Unquoted equity securities - There are no unquoted equity securities.

Substantial holders - David Stewart is the only substantial holder in the company.

### VOTING RIGHTS:

The voting rights attached to ordinary shares are set out below:

#### Ordinary shares

There are 86,421,921 ordinary fully paid shares held by 1,314 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. There are no other classes of equity securities.

