



Beam Communications Holdings Limited
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25 February 2022

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4D Half Year Report and Financial Report

The Company, Beam Communications Holdings Limited, encloses its Appendix 4D (Half Year Report) and Half Year Financial Report for the six months ended 31 December 2021, including audited Financial Statements, Notes to the accounts, Directors Report and Auditors Review Report, for immediate release.

Yours faithfully

A handwritten signature in black ink, appearing to read "Dennis Payne".

Dennis Payne
Company Secretary

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Beam Communications Holdings Limited
ABN 39 010 568 804

Appendix 4D
Half Year Report
Half Year ended 31 December 2021

The information contained in this Appendix 4D should be read in conjunction with the most recent Annual Report covering the financial year ending 30 June 2021.

1. Reporting periods

Current reporting period	Half year ended 31 December 2021
Previous corresponding periods	Half year ended 31 December 2020 Financial year ended 30 June 2021

2. Results for announcement to the market

		\$A	
2.1	Total revenue	Up 39.3%	to \$ 12,468,278
2.2	Profit from ordinary activities after tax attributable to members	Profit up by \$204,148 from \$ 183,960 to \$ 388,108	
2.3	Net profit for the period attributable to members	Profit up by \$204,148 from \$ 183,960 to \$ 388,108	
2.4	Dividends (distributions)	Amount per security	Franked amount per security
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
	Previous corresponding period:		
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
2.5	Record date for determining entitlements to the dividend	N/A	

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2.6 EXPLANATION

Record revenue for the six months to 31 December 2021, with all key divisions contributing to the growth in both income and earnings.

First half revenue increased by 39.3% over the previous corresponding period (pcp) to \$12.5 million, the highest interim revenue figure in Beam's history. First half net profit after tax (NPAT) more than doubled to \$388,108 (1HFY21: \$183,960) despite Beam's ongoing investment to support the promotion of ZOLEO.

Beam's other product lines and businesses also reported strong growth in H1FY2022 compared to the same period last year. Its wholly owned subsidiary and Telstra's largest satellite equipment dealer, SatPhone Shop, recorded a 38% increase in interim sales vs. the pcp.

Meanwhile, sales of Beam equipment (not including ZOLEO) jumped 34% over the same period as the Company benefited from broad-based demand for portable satellite equipment as COVID-19 restrictions eased. This demand is not only coming from retail consumers but also business and government customers.

Project amortisation of \$488,404 related to the accumulated development costs of ZOLEO with the Australian Government R&D grants take up worth \$306,636 related to grants received to 31 December, partially offsetting development expenses.

Income tax expense comprises current year tax of \$18,770 incurred by the Group's USA subsidiary, which is unable to be claimed against Australian tax losses, and deferred tax benefit of \$31,304. The deferred tax benefit reflects the movements in the deferred tax assets and liabilities. The directors have maintained a conservative approach and have recognised 60% (2020: 60%) of the deferred tax assets and liabilities inclusive of carried forward tax losses.

3. Net Tangible Assets per security

	31 December 2021 Cents per share	30 June 2021 Cents per share
Net tangible assets per security	11.9638	8.2096

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

4.1 Name of the entity.

N/A

4.2 The date of the gain or loss of control.

N/A

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4.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity’s profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

Current period	Previous corresponding period
N/A	N/A

5. Individual and Total Dividend or Distribution Payments

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

6. Dividend or Distribution Reinvestment Plans

N/A

7. Details of associates and joint venture

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

8. Foreign entity accounting standards

N/A

9. Independent review of the financial report

The financial report for the half-year ended 31 December 2021 has been reviewed and will not be qualified or include any emphasis of matter.

Signed by Chairman:



Name: Mr Simon Wallace

Date: 25 February 2022

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Beam Communications Holdings Limited

ABN 39 010 568 804

Half-year financial report
for the half-year ended 31 December 2021

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2021

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DIRECTORS' REPORT

The Directors of Beam Communications Holdings Limited submit herewith the Consolidated Financial Report of Beam Communications Holdings Limited and controlled entities ('Group') for the half-year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

Directors:

The names of the Directors of the Company during, or since the end of, the half-year are:

Non-Executive Directors:

Mark Allan Chartres (Appointed 1 February 2022)
David Paul James Stewart
Simon Lister Wallace

Managing Director:

Michael Ian Capocchi

Review of Operations

The consolidated Group financial results for the half-year ended 31 December 2021 and comparative results for the half-year ended 31 December 2020 are as follows:

	1 July 2021 to 31 Dec 2021 \$	1 July 2020 to 31 Dec 2020 \$
Revenue	12,468,278	8,953,723
Operating expenses	(12,003,021)	(8,472,954)
Operating profit/(loss) before interest and tax	465,257	480,769
Interest	(89,683)	(107,908)
Income tax (expense)/benefit	12,534	(188,901)
Profit/(loss) for the period	388,108	183,960
	At 31 Dec 2021 \$	At 31 Dec 2020 \$
Financial position / total equity	16,726,646	11,369,546
Cash and cash equivalents	8,396,162	4,433,375

Performance and Profit

The principal activity of the Group during the half-year ended 31 December 2021 continued to be the design, manufacture and global distribution of innovative satellite solutions, such as communication devices and terminals, docking units and handheld phone accessories.

First half revenue increased by 39.3% over the previous corresponding period (**pcp**) to \$12.5 million, the highest interim revenue figure in Beam's history. First half net profit after tax (**NPAT**) more than doubled to \$388,108 (1HFY21: \$183,960) despite Beam's ongoing investment to support the promotion of ZOLEO.

The sharp increase in sales of ZOLEO units to Beam's joint venture entity, ZOLEO Inc., was a large contributor to the strong top-line growth. Group earnings before interest, tax, depreciation and amortisation (**EBITDA**) improved by 6.3% pcp to \$1.1 million, with the ZOLEO device attractively priced to entice consumer adoption and encourage subscription revenue growth.

Subscriptions are a more important medium- to long-term profit driver for Beam than sales of the device.

To that end, the number of ZOLEO subscribers in Beam's territories of Australia and New Zealand continued to grow strongly. The Company has 2,000+ subscribers as of 31 December 2021, representing a substantial increase over the same period in FY21 with this growth momentum expected to carry into H2FY2022.

As a result, the royalty payment to Beam (that is based on 70% of gross subscription margin from customers in its territories) has grown exponentially, although off a modest base and accounting for the lag effect of subscription revenue. But as this subscription base builds, Beam's EBITDA margin is expected to expand materially.

Importantly, the global growth runway for ZOLEO subscriptions is significant, as highlighted by the recent increase in orders for the seamless global satellite solution. Beam received orders for 38,960 ZOLEO units in the December 2021 quarter alone, the highest in any quarter and 212% ahead of the pcp in 2020.

Further, Beam received additional orders for 20,824 units this month, as announced to the market on 11 February 2022. This takes the total number of ZOLEO devices ordered to 163,009 and the total number of devices shipped and invoiced to 66,745 since launch in early 2020.

Beam's other product lines and businesses also reported strong growth in H1FY2022 compared to the same period last year. Its wholly owned subsidiary and Telstra's largest satellite equipment dealer, SatPhone Shop, recorded a 38% increase in interim sales vs. the pcp.

Meanwhile, sales of Beam equipment (not including ZOLEO) jumped 34% over the same period as the Company benefited from broad-based demand for portable satellite equipment as COVID-19 restrictions eased. This demand is not only coming from retail consumers but also business and government customers.

This trend isn't confined to Australia either, as evidenced by the rise in sales of the Beam-developed Iridium GO! portable hotspot device to its long-standing partner **Iridium Communications Inc** (NASDAQ: IRDM). Sales of the device jumped 64% vs. the pcp and Iridium has continued to experience strong demand for Iridium GO! since the start of the current calendar year.

Project amortisation of \$488,404 related to the accumulated development costs of ZOLEO with the Australian Government R&D grants take up worth \$306,636 related to grants received to 31 December, partially offsetting development expenses.

Income tax expense comprises current year tax of \$18,770 incurred by the Group's USA subsidiary, which is unable to be claimed against Australian tax losses, and deferred tax benefit of \$31,304. The deferred tax benefit reflects the movements in the deferred tax assets and liabilities. The directors have maintained a conservative approach and have recognised 60% (2020: 60%) of the deferred tax assets and liabilities inclusive of carried forward tax losses.

Outlook and Projects

The growth momentum that Beam has experienced to date is expected to maintain throughout the rest of the financial year, and beyond. This is particularly so for ZOLEO, which continues to gain traction in a largely untapped global marketplace.

Beam and its joint venture partner Roadpost Inc. are on track to launch the multi-award winning solution into Europe by April this year. There are five markets that will initially be targeted, comprising the United Kingdom, Denmark, Norway, Finland and Sweden.

The Company's confidence in the outlook for ZOLEO is further bolstered by the momentum building in the Enterprise & Government sector for trials and small initial orders, plus the addition of new Australian retailers partnering to sell ZOLEO. In the last two months alone, three retailers have joined the network.

These include **Bapcor Limited's** (ASX: BAP) Autobarn chain, leading recreational vehicle (**RV**) and outdoor equipment group **Leisure-Tec**, which is part of German company **Truma Gerätetechnik GmbH & Co. KG**, and **FWR Brands** – the owner of prominent outdoor retail websites Caravanrvcamping.com.au and MyGenerator.com.au. The latest partnerships takes the total number of Australian retail outlets selling ZOLEO to well over 400.

Further, ZOLEO is also now available on New Zealand's largest online auction and classifieds website **Trade Me** and Beam is close to signing on more key retailers and distributors in Australia and New Zealand.

Meanwhile, Beam is not seeing a slowdown in demand for its other equipment and devices. If anything, the Personal Communication Devices (**PCD**) segment remains one of the fastest growing parts of the satellite industry, and this is likely to persist over the next few years.

Beam is well placed to benefit from these consumer patterns, as it looks to launch its first Iridium Certus® device, which is capable of higher data speeds, later this year. Beam is exploring the opportunity to introduce value-added services with its new Certus® devices that will provide it with an additional recurring income stream.

In light of the multiple growth opportunities that lie ahead of Beam as outlined above, the Company believes it is embarking on a period of accelerated growth.

Cash and Funding

At 31 December 2021, the Group's cash holding was \$8.4 million compared with \$4.4 million in the previous corresponding period.

As announced on 23 November 2021, Beam completed a \$5 million placement to institutional and sophisticated investors with demand for the capital raising heavily exceeding expectations during the period. The Group issued a 11,363,636 ordinary shares at \$0.44 per share as a result of this placement. Additionally, 2,840,905 options were granted on a 1:4 basis in respect of the placement of shares and 500,000 options were granted to the Group's corporate advisor, Peak Asset Management. The options have an exercise price of \$1.00.

Beam will use the proceeds from the capital raise to:

- Expand the launch of ZOLEO into Europe in early 2022, beyond its initial plan to only include the UK and one other EU country;
- Ramp-up the development of APIs and SDKs to allow strategic partners to integrate the ZOLEO service into their platforms;
- Commence R&D of the next-generation ZOLEO device;
- Fund initial build of Iridium Certus devices in 2022;
- Provide Beam with optionality to consider, and if appealing then negotiate from a position of strength and certainty, strategic acquisitions; and
- Bolster working capital to drive continued growth in its key businesses at a time when demand for personal satellite communication devices is expected to increase following the global pandemic.

Beam also recorded a positive operating cashflow for the first half of \$1.136m, The Group has remained cashflow positive in the eight of the last nine quarters.

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. The Company repaid US\$255,284 on 15 October 2021. As at 31 December 2021, the balance of the loan was US\$326,117 (A\$449,445). The loan is secured by Beam's pledge of shares in Zoleo Inc, an entity established with Roadpost to manage the Zoleo business.

All bank facilities are secured by first ranking Registered Mortgage Debenture over the Consolidated Group's assets including uncalled capital and called but unpaid capital. At 31 December 2021, the company had the following unused bank facilities:

- an Australian dollar overdraft with a limit of \$300,000. The overdraft was not utilised at 31 December 2021.
- a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 31 December 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 \$973,000 was repaid on 19 May 2021 and is available to be redrawn if, as and when required. The loan was not utilised at 31 December 2021.

During September 2021, \$712,663 was received from the Australian Government R&D fund, which encourages Australian investment in research and development. That amount related to Beam's R&D expenditure in FY2020. The R&D grants are only brought to profit after receipt and on a monthly straight-line basis matching the amortisation of the related development project over the relevant product's useful life once sales commence. The next application to the R&D fund, relating to expenditure in FY2021, will be made with the Group's income tax return during 2022.

Directors and Investors

David Stewart continues as a Director of the Company. David joined the board in November 2017 and has acted as advisor to senior management in the rationalisation of development expenditure and provides hands-on assistance in the selection of trading partners. David is Beam's major shareholder, holding 12.62% of the shares in the Company, reflecting his positive view of the Group's growth prospects in the communications sector.

Simon Wallace continues as Chairman of the Board and is also a shareholder in the Company. Simon brings detailed expertise in legal and commercial matters to Beam and was re-elected as a Director by shareholders at the Annual General Meeting on 30 November 2021.

Michael Capocchi is an Executive Director and holds the positions of Managing Director and Chief Executive Officer for all companies in the Group, including the USA subsidiary. He resides in Chicago, USA, which enables him to more easily visit US destinations, as well as the Middle East and UK/Europe where many of the Group's core clients are based. Under more normal non-COVID circumstances, Michael travels to Australia every four to six weeks and is in daily contact with management. Michael is also a significant shareholder in the Company.

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

Options Outstanding

The total number of potential ordinary shares attributable to options outstanding as at 31 December 2021 is 12,857,037 (30 June 2021: 8,590,667) as noted:

- (i) 7,090,667 options were granted on 30 November 2020 to participants in a placement announced on 12 October 2020 with an expiry date of 31 December 2022 on the terms and conditions set out in the placement agreement. These options were exercisable from 30 November 2020 at \$0.50 per share. 5,333 options were exercised on 11 November 2021.
- (ii) 1,500,000 options were granted on 30 November 2020 to the Group's corporate advisor, Peak Asset Management with an expiry date of 31 December 2022 on the terms and conditions set out in the placement agreement. These options were exercisable from 30 November 2020 at \$0.50 per share. No options were exercised as at 31 December 2021.
- (iii) On 30 November 2021, 2,840,905 options were granted as 1:4 attaching options in respect of the placement of shares announced 23 November 2021 and 500,000 options were granted to the Group's corporate advisor, Peak Asset Management. These options have an expiry date of 31 December 2023 on the terms and conditions set out in the placement agreement. These options were exercisable from 30 November 2021 and 1 December 2021 respectively at \$1.00 per share.
- (iv) 530,798 options were granted on 30 November 2021 to a director with an expiry date of 31 August 2026 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 31 August 2024 at \$0.35per share.
- (v) 400,000 options were granted on 23 December 2021 to a key employee with an expiry date of 23 December 2026 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 23 December 2024 at \$0.35per share.

Significant Events Occurring After Half Year

There were no significant events after the balance date.

Significant Changes In The State of Affairs

Other than stated above, there have been no significant changes in the consolidated group's state of affairs during the period.

Auditor's Declaration of Independence

The auditor's independence declaration is included in the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the directors.

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

Simon Wallace
Chairman
Signed in Melbourne, 25 February 2022

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RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Beam Communications Holdings Limited for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



M PARAMESWARAN
Partner

Melbourne, VIC
25 February 2022

BEAM COMMUNICATIONS HOLDINGS LIMITED
 ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Half-year ended	
		31-Dec-21	31-Dec-20
		\$	\$
Revenue	11	12,468,278	8,953,723
Changes in inventories of raw materials, finished goods and work in progress		154,848	1,050,314
Raw materials, consumables and other costs of sale		(8,587,062)	(6,974,758)
Employee benefits expense		(1,777,863)	(1,259,115)
Amortisation expense		(488,404)	(405,226)
Depreciation expense		(97,777)	(102,183)
Finance costs expense		(89,683)	(107,908)
Consultancy and contractor expense		(94,573)	(161,648)
Legal and insurance expense		(136,799)	(101,604)
Accounting, share registry and secretarial expenses		(70,239)	(54,468)
Auditor remuneration expense		(38,400)	(25,200)
Marketing and ICT expense		(398,682)	(264,108)
Share of loss from interest in joint venture		(93,363)	(90,084)
Other expenses		<u>(374,707)</u>	<u>(84,874)</u>
Profit before income tax expense		375,574	372,861
Income tax benefit/(expense)	3	<u>12,534</u>	<u>(188,901)</u>
Profit after income tax expense for the half-year		<u>388,108</u>	<u>183,960</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year		<u>388,108</u>	<u>183,960</u>
Profit and total comprehensive income are both fully attributable to owners of the Company			
Overall operations			
Basic profit per share (cents)	2	0.50	0.31
Diluted profit per share (cents)	2	0.50	0.31

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
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31-Dec-21 \$	30-Jun-21 \$
Current assets			
Cash and cash equivalents		8,396,162	3,707,484
Inventories		3,264,480	3,071,973
Trade and other receivables	4	4,761,556	3,156,473
Total current assets		<u>16,422,198</u>	<u>9,935,930</u>
Non-current assets			
Interest in joint venture		147,594	232,560
Plant and equipment		81,761	71,530
Right-of-use assets	5	280,928	360,308
Deferred tax assets		627,473	596,169
Intangible assets	6	6,418,564	5,500,055
Total non-current assets		<u>7,556,320</u>	<u>6,760,622</u>
Total assets		<u>23,978,518</u>	<u>16,696,552</u>
Current liabilities			
Trade and other payables	7	5,177,950	2,633,268
Lease liabilities		218,752	207,437
Provisions		1,127,055	1,101,924
Total current liabilities		<u>6,523,757</u>	<u>3,942,629</u>
Non-current liabilities			
Other financial liabilities	8	449,445	735,112
Lease liabilities		198,853	309,129
Provisions		48,517	48,112
Total non-current liabilities		<u>696,815</u>	<u>1,092,353</u>
Total liabilities		<u>7,220,572</u>	<u>5,034,982</u>
Net assets		<u>16,757,946</u>	<u>11,661,570</u>
Equity			
Issued capital	9	17,374,871	12,703,060
Reserves		121,957	85,500
Accumulated losses		(738,882)	(1,126,990)
Total equity		<u>16,757,946</u>	<u>11,661,570</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued capital \$	Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2020	7,646,641	320,394	(1,956,563)	6,010,472
Profit for the period	-	-	183,960	183,960
Other comprehensive income for the year, net of income tax	-	-	-	-
Transactions with owners in their capacity as owners				
- Shares issued, net of transaction costs	4,998,310	-	-	4,998,310
- Adjustment for broker options issued	(85,500)	85,500	-	-
- Adjustment for employee share options lapsed	-	(320,394)	320,394	-
- Adjustment for employee share options exercised	176,963	-	-	176,963
- Adjustment for foreign currency translation	(159)	-	-	(159)
Balance at 31 December 2020	12,736,255	85,500	(1,452,209)	11,369,546
Balance at 1 July 2021	12,703,060	85,500	(1,126,990)	11,661,570
Profit for the period	-	-	388,108	388,108
Other comprehensive income for the year, net of income tax	-	-	-	-
Transactions with owners in their capacity as owners				
- Shares issued, net of transaction costs	4,701,144	-	-	4,701,144
- Remuneration based option payments	-	4,457	-	4,457
- Adjustment for broker options issued	(32,000)	32,000	-	-
- Adjustment for share options exercised	2,667	-	-	2,667
Balance at 31 December 2021	17,374,871	121,957	(738,882)	16,757,946

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

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	31-Dec-21	31-Dec-20
	\$	\$
Cash flow from operating activities		
Receipts from customers	10,811,757	8,470,872
Payments to suppliers and employees	(9,750,156)	(8,461,399)
Interest received	782	209
Interest and finance charges paid	(50,069)	(86,697)
Income tax refunded/(paid)	123,827	(2,633)
COVID-19 relief	-	469,000
Net cash provided by operating activities	<u>1,136,141</u>	<u>389,352</u>
Cash flow from investing activities		
Payment for development of intangibles	(1,404,500)	(1,189,526)
Purchases of plant and equipment	(29,127)	(8,694)
Research and development grant receipts	712,663	-
Net cash used in investing activities	<u>(720,964)</u>	<u>(1,198,220)</u>
Cash flow from financing activities		
Net lease liability repayments	(98,961)	(83,435)
Net loan repayments	(345,539)	(546,592)
Net cash proceeds on share placement	4,718,001	4,998,310
Net cash provided by financing activities	<u>4,273,501</u>	<u>4,368,283</u>
Net increase in cash and cash equivalents	4,688,678	3,559,415
Cash and cash equivalents at beginning of full-year	3,707,484	873,960
Cash and cash equivalents at end of half-year	<u><u>8,396,162</u></u>	<u><u>4,433,375</u></u>

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1 Summary of significant accounting policies

(a) Reporting entity

Beam Communications Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX Code: BCC). The consolidated interim financial report of the company as at 31 December 2021 comprises the parent company and its subsidiaries (together referred to as 'the consolidated entity' or 'the Group').

(b) General information and basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not include all of the information required in annual financial statements in accordance with Australian Accounting Standards. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made during the following half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The consolidated interim financial statements have been approved and authorised for issue by the Board of Directors on 25 February 2022.

(c) Accounting policies

The accounting policies applied in preparing these consolidated financial statements for the half-year ended 31 December 2021 are the same as those applied by the consolidated entity in its consolidated annual financial report as at and for the year ended 30 June 2021.

(d) 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 that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments and Interpretations effective for the current year that are relevant to the Group are:

- AASB 2020-8 Amendments to AASs Interest Rate Benchmark Reform - Phase 2
- AASB 2021-3 Amendments to Australia Accounting Standards - COVID-19 Related Rent Concessions beyond 30 June 2021

In the current half-year, the adoption of new or amended Accounting Standards or Interpretations has not had any material impact on the disclosures or on the amounts reported in the financial statements.

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

2 Earnings per share

Both the basic and diluted earnings per share have been calculated using the earnings attributable to shareholders of the Parent Company as the numerator. i.e. no adjustments to earnings were necessary for the six months to 31 December 2021 and 31 December 2020.

Overall operations

Basic earnings per share	0.50	0.31
Diluted earnings per share	0.50	0.31
	No.	No.

Weighted average number of ordinary shares used in the calculation of Basic / Diluted Earnings Per Share	76,979,397	59,312,286
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Options have not been considered in the dilutive earnings per share calculation due to the average market price being less than the exercisable price.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

3 Income tax

Current tax expense (a)
Deferred tax income (b)

Half-year ended	
31-Dec-21	31-Dec-20
\$	\$
18,770	2,633
(31,304)	186,268
(12,534)	188,901

(a) Income tax expense comprises current year tax of \$18,770 incurred by the Group's USA subsidiary which is unable to be claimed against Australian tax losses.

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

4 Trade and other receivables

(a) Trade and other receivables consist of the following:

Trade receivables
Less: Provision for expected credit losses
Other receivables and prepayments
Rental & other security deposits

Half-year ended	Full-year ended
31-Dec-21	30-Jun-21
\$	\$
2,622,324	1,793,387
-	-
2,025,697	1,249,621
113,535	113,465
4,761,556	3,156,473

(b) Ageing reconciliation

31-Dec-21

Current

Trade receivables
Other receivables
Rental & other security deposits

Gross amount	Within trade terms	Past due but not impaired (days overdue)			Past due & impaired
		31 - 60	61 - 90	90+	
2,622,324	2,447,501	142,242	22,644	9,937	-
2,025,697	2,025,697	-	-	-	-
113,535	113,535	-	-	-	-

Expected credit loss rate

0%	0%	0%	0%	0%	0%
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30-Jun-21

Current

Trade receivables
Other receivables
Rental & other security deposits

1,793,387	1,521,905	248,880	17,296	5,306	-
1,249,621	1,249,621	-	-	-	-
1,113,465	1,113,465	-	-	-	-

Expected credit loss rate

0%	0%	0%	0%	0%	0%
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All trade receivables past due terms but not impaired are expected to be received in the normal course of business.

5 Right-of-use assets

(a) Cost

Balance recognised at the beginning of the period
Additions
Balance at the end of period

Half-year ended	Full-year ended
31-Dec-21	30-Jun-21
\$	\$
677,829	677,829
-	-
677,829	677,829

(b) Accumulated depreciation

Balance at the beginning of period
Charge for the year
Balance at the end of period

(317,521)	(158,761)
(79,380)	(158,760)
(396,901)	(317,521)

Carrying amount

280,928	360,308
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The Group leases several assets, which includes building, forklift and printers with original lease terms of 9, 3 and 5 years respectively. The remaining lease terms at the end of the current reporting period are all less than 3 years.

There are no variable lease payment terms, extension or termination options in any lease contracts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

5 Right-of-use assets (continued)

(c) Amount recognised in profit or loss

Depreciation expense on right-of-use assets	
Interest expense on lease liabilities	
Expense relating to short-term leases	
Expense relating to leases of low value assets	

Half-year ended	
31-Dec-21	31-Dec-20
\$	\$
79,380	79,380
17,473	24,412
6,604	1,800
4,679	4,467

(d) Lease liabilities

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

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

6 Intangible assets

Development costs capitalised - at cost	
Accumulated amortisation and impairment	

Half-year ended	Full-year ended
31-Dec-21	30-Jun-21
\$	\$
8,055,107	6,648,194
(1,636,543)	(1,148,139)
6,418,564	5,500,055

(a) Movements in carrying amounts

Balance at the beginning of period	
Additional costs capitalised	
Amortisation expense	
Balance at the end of period	

5,500,055	3,803,161
1,406,913	2,507,345
(488,404)	(810,451)
6,418,564	5,500,055

7 Trade and other payables

Current

Trade payables and accruals	
Deferred R&D income	
Deferred income other	

4,128,490	1,795,657
989,780	583,753
59,680	253,858
5,177,950	2,633,268

8 Finance facilities

Non Current

Secured loan (a)	
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449,445	735,112
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Secured loans

- (a) 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. The Company repaid US\$255,284 on 15 October 2021. As at 31 December 2021, the balance of the loan was US\$326,117 (A\$449,445), which represents the fair value of the loan. The loan is secured by Beam's pledge of shares in Zoleo Inc, an entity established with Roadpost to manage the Zoleo business.

(b) Bank facilities

All bank facilities are secured by first ranking Registered Mortgage Debenture over the Consolidated Group's assets including uncalled capital and called but unpaid capital. At 31 December 2021, the company had the following unused bank facilities:

- an Australian dollar overdraft with a limit of \$300,000. The overdraft was not utilised at 31 December 2021.
- a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 31 December 2021.

Bank guarantee facilities of the Consolidated Group total \$150,000 of which \$100,000 has been allocated to a subsidiary company and \$50,000 to the parent. Both were fully utilised at 31 December 2021.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

8 Finance facilities (continued)

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

On May 2021 the outstanding principal of both loan totalling \$972,970 was repaid in full and converted into a new redrawable partially secured five-year loan facility for the same amount. As at 31 December 2021, the combined 5-year facility was undrawn.

Half-year ended 31-Dec-21		Full-year ended 30-Jun-21	
Shares	\$	Shares	\$

9 Issued capital

issued and paid up capital

Ordinary shares fully paid	86,421,921	17,374,871	75,052,952	12,703,060
Total issued capital	<u>86,421,921</u>	<u>17,374,871</u>	<u>75,052,952</u>	<u>12,703,060</u>

	Number of shares	\$
Balance at 30 June 2021	75,052,952	12,703,060
Shared Issued, net of transaction costs (a)	11,363,636	4,669,144
Shares Issued on the exercise of options (b)	5,333	2,667
Balance at 31 December 2021	<u>86,421,921</u>	<u>17,374,871</u>

(a) Shares issued

During the half-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.

(b) Options

During the half-year, the Group issued 2,840,905 options as 1:4 attaching options to participants in the placement, and 500,000 options to the Group's corporate advisor, Peak Asset Management, as payment for corporate advisory services provided. The share options granted to Peak Asset Management had a fair value at the grant date of \$0.064 per option.

The total number of potential ordinary shares attributable to options outstanding as at 31 December 2021 is 12,857,037 (30 June 2021: 8,590,667). The following arrangements existed at 31 December 2021.

- (i) 7,090,667 options were granted on 30 November 2020 to participants in a placement announced on 12 October 2020 with an expiry date of 31 December 2022 on the terms and conditions set out in the placement agreement. These options were exercisable from 30 November 2020 at \$0.50 per share.

5,333 options were exercised on 11 November 2021.

- (ii) 1,500,000 options were granted on 30 November 2020 to the Group's corporate advisor, Peak Asset Management with an expiry date of 31 December 2022 on the terms and conditions set out in the placement agreement. These options were exercisable from 30 November 2020 at \$0.50 per share.

No options were exercised as at 31 December 2021.

- (iii) On 30 November 2021, 2,840,905 options were granted in respect of the placement of shares noted in (a) above and 500,000 options were granted to the Group's corporate advisor, Peak Asset Management. These options have an expiry date of 31 December 2023 on the terms and conditions set out in the placement agreement. These options were exercisable from 30 November 2021 and 1 December 2021 respectively at \$1.00 per share.

- (iv) 530,798 options were granted on 30 November 2021 to a director with an expiry date of 31 August 2026 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 31 August 2024 at \$0.35 per share.

- (v) 400,000 options were granted on 23 December 2021 to a key employee with an expiry date of 23 December 2026 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 23 December 2024 at \$0.35 per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

10 Segment reporting

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 and 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.

Revenue and results are fully disclosed in the consolidated statement of profit or loss and other comprehensive income for the aggregated sole operating segment.

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

11 Revenue

The Group's revenue disaggregated as follows:

	Half-year ended	
	31-Dec-21	31-Dec-20
	\$	\$
Type of goods or services		
Equipment sales	11,756,005	8,106,162
Airtime	470,242	438,400
Other	242,030	409,161
	<u>12,468,278</u>	<u>8,953,723</u>
Geographical Market		
Australia	2,421,504	1,494,379
United States of America	2,647,076	1,610,869
United Kingdom	758,474	630,647
Canada	4,631,894	3,042,455
United Arab Emirates	387,532	333,893
Japan	220,007	194,428
China	22,938	157,575
Other foreign countries	1,378,853	1,489,477
	<u>12,468,278</u>	<u>8,953,723</u>
Timing of revenue recognition		
Goods and services transferred at a point in time	11,823,984	8,106,162
Goods and services transferred over time	644,294	847,562
	<u>12,468,278</u>	<u>8,953,723</u>

12 Financial instruments

Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

13 Events after the end of the interim period

The Directors are not aware of any significant events applicable to AASB 110 since the end of the interim period.

14 Impacts of COVID-19

During the interim period, the Group continued to grow in sales and finished the period with a strong cash position despite COVID-19-related challenges in the macro environment. The Group is expected to maintain the positive momentum as COVID disruptions are expected to wane further.

DIRECTORS' REPORT

The directors of Beam Communications Holdings Limited declare that:

1. The financial statements and notes as set out in pages 8 to 16 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards;
 - (b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the half year ended on that date of the company and consolidated group; and
 - (c) any other matters that are prescribed by the regulations for the purposes of this declaration in relation to the financial statements and the notes for the financial year are also satisfied.
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the half year ending 31 December 2021.

This declaration is made in accordance with a resolution of the Board of Directors on 25 February 2022.



Simon Wallace
Chairman

Date: 25 February 2022

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

Conclusion

We have reviewed the accompanying half-year financial report of Beam Communications Holdings Limited (company) which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Responsibility of the Directors' for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



RSM AUSTRALIA PARTNERS



M PARAMESWARAN
Partner

Dated: 25 February 2022
Melbourne, Victoria