

# Amaero International Ltd

## Appendix 4E

### Year ended 30 June 2021

Name of entity:	Amaero International Ltd
ABN:	82 633 541 634
Year ended:	30 June 2021
Previous period:	30 June 2020

#### Results for announcement to the market

				\$
Revenue from ordinary activities	Up	332.0%	to	504,141
Loss from ordinary activities after tax attributable to members	Up	21.0%	to	(6,990,084)
Net loss for the period attributable to members	Up	21.0%	to	(6,990,084)

#### Distributions

No dividends have been paid or declared by the company for the current financial year. No dividends were paid for the previous financial year.

#### Explanation of results

Please refer to the review of operations and activities for explanation of the results.

Additional information supporting the Appendix 4E disclosure requirements can be found in the review of operations and activities, directors' report and the financial statements for the year ended 30 June 2021.

#### Net tangible assets per security

	30 June 2021 Cents	30 June 2020 Cents
Net tangible asset backing (per security)	7.47	4.69

#### Changes in controlled entities

In November 2020, Amaero International Ltd formed a wholly owned subsidiary called Amaero Alloys Pty Ltd. For more information please refer to Note 12(a).

There have been no other changes in controlled entities during the year ended 30 June 2021.

#### Other information required by Listing Rule 4.3A

a. Details of individual and total dividends or distributions and dividend or distribution payments:	N/A
b. Details of any dividend or distribution reinvestment plans:	N/A
c. Details of associates and joint venture entities:	N/A
d. Other information	N/A

### **Audit**

The financial statements have been audited by the group's independent auditor without any modified opinion, disclaimer or emphasis of matter.

### **Annual General Meeting**

Amaero International Ltd advises that its Annual General Meeting will be held on 26 November 2021. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after dispatch.

# **Amaero International Ltd**

ABN 82 633 541 634

## **Audited financial report for the year ended 30 June 2021**

# *Amaero International Ltd*

ABN 82 633 541 634

## *Audited financial report - 30 June 2021*

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<b>Directors</b>	Mr David Hanna <i>Non-Executive Chairman</i>  Mr Stuart Douglas <i>Executive Director</i>  Ms Kathryn Presser <i>Non-Executive Director</i>
<b>Secretary</b>	Mr Mark Licciardo  Mr Richard Baker
<b>Registered office</b>	13 Normanby Road Notting Hill VIC 3168 Australia Telephone: +61 (0)3 9905 9847
<b>Principal registered office in Australia</b>	13 Normanby Road Notting Hill VIC 3168 Australia Telephone: +61 (0)3 9905 9847
<b>Share register</b>	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 Australia Telephone: +61 (0)2 9698 5414
<b>Auditor</b>	RSM Australia Partners Level 21, 55 Collins Street Melbourne VIC 3000 Australia Telephone: +61 (0)3 9286 8000
<b>Solicitors</b>	Elevate Legal Level 1 455 Bourke Street Melbourne VIC 3000 Australia Telephone: +61 1300 582 715
<b>Website</b>	<a href="http://www.amaero.com.au">www.amaero.com.au</a>

Your directors present their report on the consolidated entity consisting of Amaero International Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2021. Throughout the report, the consolidated entity is referred to as the group.

### **Directors and company secretary**

The following persons held office as directors of Amaero International Ltd during the whole of the financial year and up to the date of this report, except where otherwise stated:

Mr David Hanna, Non-Executive Chairman  
Mr Stuart Douglas, Executive Director  
Ms Kathryn Presser, Non-Executive Director

The following persons held office as company secretary of Amaero International Ltd during the whole of the financial year and up to the date of this report, except where otherwise stated:

Mr Mark Licciardo (appointed 30 November 2020)  
Mr Richard Baker (appointed 30 November 2020)  
Ms Carolin Darmanin (resigned 30 November 2020)

### **Principal activities**

During the year, the principal continuing activities of the group are the provision of end-to-end additive manufacturing solutions in terms of services, equipment and technology to its key clients in the Aviation, Defence and Space sectors and in the Tool and Die industry.

Amaero has worked with many of the world's leading manufacturers of aerospace and defence products in both an R&D and manufacturing capability and has a demonstrated ability to deliver aviation and military specification 3D printed alloy critical operation components.

Amaero was established with the support of Monash University in 2013 to take advantage of commercial opportunities identified by the Monash Centre for Additive Manufacturing (MCAM). Amaero is co-located with MCAM in Melbourne Australia. It operates two additional facilities, in Adelaide, South Australia, and El Segundo, California, USA.

### **COVID-19**

In response to the COVID-19 pandemic, both the Australian and United States governments implemented lockdowns. As a manufacturer servicing the defence sector, Amaero determined from public information obtained from Australian government websites that the company could continue operations during the lockdown period, albeit with a reduced on-site presence. In the United States, with respect to the statewide emergency shelter-in-place order (and related Los Angeles County rules), the activities at the El Segundo manufacturing facility met the definition of Critical Manufacturing sector under the Critical Infrastructure Sector, with operations also continuing.

### **Dividends - Amaero International Ltd**

No dividends were declared or paid to members for the year ended 30 June 2021. The directors do not recommend that a dividend be paid in respect of the financial year.

### **Review of operations**

The group has reported a loss for the year of \$6,990,084 (2020: \$5,777,946), with net assets amounting to \$15,147,353 as at 30 June 2021 (2020: \$8,193,728), including cash reserves of \$11,466,845 (2020: \$4,019,209).

### **Significant changes in the state of affairs**

Other than the information disclosed in the review of operations above, there are no significant changes in the state of affairs that the group has not disclosed.

### **Events since the end of the financial period**

Subsequent to the year end, Amaero has committed to build a world class customised and proprietary titanium alloy powder manufacturing plant in Victoria, Australia. The \$8 million dollar facility is expected to be the most advanced titanium alloy powder plant in the world, and is planned to be constructed and commissioned over an 18- month period. It is expected that this project will take titanium alloy bar stock inputs and convert the material into powder for 3D printing at approximately half the cost of the current global benchmark.

Apart from the announcement of the commitment of Amaero to the build of the Titanium Plant, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

### **Likely developments and expected results of operations**

Other than the information disclosed in the review of operations above, there are no likely developments or details on the expected results of operations that the group has not disclosed.

### **Environmental regulation**

The group is not affected by any significant environmental regulation in respect of its operations.

## Information on directors

The following information is current as at the date of this report.

<b>Mr David Hanna - Non-Executive Chairman</b>	
Experience and expertise	<p>David is an experienced Board member and senior bureaucrat. He was Director, Business Strategy for Monash University from 2012 until September 2020 where he led a small team providing strategic support and financial advice in relation to the University's major investment decisions. In the 15 years prior to joining Monash University, David held a variety of senior management positions in the Victorian Government, these positions focused mainly around economic development policy, international policy and operations and innovation policy. Earlier, David spent 15 years in the Commonwealth Government, including three years on the personal staff of then Prime Minister, Bob Hawke. He has substantial experience in strategy development and delivery, innovation, governance and stakeholder engagement and management.</p> <p>He sits or has sat on the finance and risk committees of Docklands Studios Melbourne, the Hudson Institute of medical Research and Unimutual Ltd giving him varied experience on both commercial and not for profit Board with particular focus on strategy, governance and financial accountability.</p> <p>David has a Bachelor of Economics and a Bachelor of Arts (Asian Studies) from The Australian National University. He is also a Graduate of the Australian Institute of Company Directors.</p>
Date of appointment	13 June 2019
Other current directorships	David is also Chairman of Docklands Studios Melbourne Pty Ltd (DSM), and President of Film Victoria.
Former directorships in last 3 years	No listed directorships in the last 3 years but was a Director of Unimutual Ltd, a Director of the Hudson Institute of Medical Research Ltd, and a Director of Springvale Monash Legal Service Ltd until June/September 2020.
Special responsibilities	Member of the Audit and Risk Committee



**Information on directors (continued)**

<b>Mr Stuart Douglas - Executive Director</b>	
Experience and expertise	<p>Stuart joined the Board as an Executive Director in May 2019, providing strategic and operational advice to management and preparing the Company for capital raisings and scaling its operations in preparation for its anticipated IPO. Stuart successfully implemented a similar strategy for Titomic Limited (ASX: TTT). Stuart is the co-founder of Innovyz, one of Australia's leading commercialisation firms which has assisted more than 70 early stage innovations to commercialise.</p> <p>Stuart is a member of the Australian Institute of Company Directors.</p>
Date of appointment	17 May 2019
Other current directorships	Stuart is also a Director of Co-Hab Tonsley Limited, Innovyz Pty Ltd (who are Advisors to Amaero International Limited) as well as a number of small Proprietary companies.
Former directorships in last 3 years	No listed Directorships in the last 3 years
Special responsibilities	No additional responsibilities
<b>Ms Kathryn Presser - Non-Executive Director</b>	
Experience and expertise	<p>Kathryn Presser has previously served as CFO and Company Secretary for Beach Energy Limited (formerly Beach Petroleum Limited) (ASX: BPT), assisting the company from a junior explorer through numerous capital raisings as the CFO and then scaling for growth to become an ASX100 company. Kathryn has extensive experience in governance, risk and financial reporting and management. Kathryn serves as Chair of the Audit &amp; Risk Committee to oversee the financial elements of the business as well as providing direction to the Company Secretary.</p> <p>Kathryn has a Bachelor of Arts and Accounting from the University of South Australia, a Master's in Business Administration from the University of Adelaide and has completed a Women's Advanced Leadership Course at Harvard University. She is a Certified Practising Accountant and is a Fellow of the Australian Society of CPAs, the Institute of Company Directors and the Governance Institute of Australia.</p>
Date of appointment	1 September 2019
Other current directorships	Kathryn is also a Director of KP Advisory Pty Ltd, a Non-Executive Director of Funds SA and the Police Credit Union. She is also on the Council of the University of Adelaide and Walford Anglican School for girls.
Former directorships in last 3 years	No Listed Directorships in the past 3 years
Special responsibilities	Chair of the Audit and Risk Committee

## Information on directors (continued)

### Company secretary

#### Mr Mark Licciardo, appointed 30 November 2020

Mark Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

As a former Company Secretary of ASX 50 companies, Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with Boards of Directors in the areas of corporate governance, business management, administration, consulting and company secretarial matters. Mark is also an experienced Chairman and non-executive Director of a number of ASX listed public and private companies. Mark holds a Bachelor of Business Degree (Accounting) from Victoria University and a Graduate Diploma in Company Secretarial Practice, is a Fellow of the Australian Institute of Company Directors, the Governance Institute of Australia and the Institute of Company Secretaries and Administrators.

#### Mr Richard Baker, appointed 30 November 2020

Richard has extensive experience as a Company Secretary and CFO of listed and unlisted companies including emerging industries. Prior to his company secretarial roles he spent many years in client focused corporate consulting roles. His expertise obtained over a 30 year career is in establishing effective governance in both listed and unlisted companies, financial management and reporting, corporate compliance and the capital raising and ASX listing processes.

He is a Fellow of the Governance Institute of Australia and a Certified Practising Accountant with CPA Australia.

### Meetings of directors

The numbers of meetings of the company's Board of directors and of each Board committee held during the year ended 30 June 2021, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees	
			Audit and Risk	
	A	B	A	B
Mr David Hanna	12	12	4	4
Mr Stuart Douglas	12	12	-	-
Ms Kathryn Presser	12	12	4	4

A= Number of meetings attended.

B= Number of meetings held during the time the director held office or was a member of the Audit & Risk Committee during the year.

## **Remuneration report (audited)**

The directors present the Amaero International Ltd 2021 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Link between remuneration and performance
- (e) Remuneration expenses
- (f) Contractual arrangements with executive KMPs
- (g) Non-executive director arrangements
- (h) Additional statutory information

### *(a) Key management personnel covered in this report*

*Non-executive and executive directors (see pages 4 to 5 for details about each director)*

Mr David Hanna, Non-Executive Chairman  
Mr Stuart Douglas, Executive Director  
Ms Kathryn Presser, Non-Executive Director

### *Other key management personnel*

Mr Barrie Fennin, Chief Executive Officer

### *(b) Remuneration policy and link to performance*

Any review of remuneration is determined by the Board, as the company does not see a need for a separate Remuneration and Nomination Committee due to the size of the company. The Board reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. In particular, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent
- aligned to the company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders.

Element	Purpose	Performance metrics	Potential value
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at the market rate
Annual Key Performance Incentives (KPI's)	Reward for in-year performance and retention	KPI achievement, determined by the Board	CEO: An amount of approximately 825,000 shares across three years upon the achievement of agreed key performance indicators (KPI's)

## Remuneration report (audited) (continued)

### (b) Remuneration policy and link to performance (continued)

#### Assessing performance

The Board is responsible for assessing performance against KPIs and determining the STI to be paid.

Performance is monitored on an informal basis throughout the year and a formal evaluation is performed annually.

### (c) Elements of remuneration

#### (i) Fixed annual remuneration (FR)

Key management personnel may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance and car allowances. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The Board aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

#### (ii) Short-term incentives

All employees are entitled to participate in a short-term incentive scheme which provides for employees to receive short-term incentives (STI) as part of their total remuneration if they achieve certain performance indicators as set by the Board. The STI can be paid either by cash, or a combination of cash and the issue of equity in the company, at the determination of the Board.

The company's CEO is entitled to short-term incentives in the form of equity. To be entitled to receiving the equity, the CEO must complete agreed key performance indicators (KPIs). On an annual basis, KPIs are reviewed and agreed in advance of each financial year and include financial and non-financial company and individual performance goals.

### (d) Link between remuneration and performance

#### Statutory performance indicators

Amaero aligns Executive remuneration to the company's strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2021	2020	2019
Loss for the year attributable to owners	(6,990,084)	(5,777,946)	(82,341)
Basic loss per share (cents)	(3.70)	(4.05)	(0.3)
Share price at year end (\$)	0.575	0.140	0.00

The company's earnings have remained negative since inception due to the early stages of development of business. No dividends have been declared by Amaero International Ltd. The company continues to focus on revenue growth with the objective of achieving key commercial milestones in order to add shareholder value.

**Remuneration report (audited) (continued)**

*(e) Remuneration expenses*

The following tables show details of the remuneration expense recognised for the group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

The following table shows details of remuneration expenses recognised for the year ended 30 June 2021.

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Rights to deferred shares	Total
	Cash salary and fees	Cash bonus	Annual leave	Super-annuation	Long service leave	Options	Shares		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-executive directors</b>									
Ms Kathryn Presser	47,500	-	-	4,987	-	-	5,000	-	57,487
Mr David Hanna	57,000	-	-	5,985	-	-	6,000	-	68,985
<b>Executive directors</b>									
Mr Stuart Douglas	100,000	-	-	-	-	-	120,000	-	220,000
<b>Other KMP</b>									
Mr Barrie Finnin	258,938	-	8,391	25,000	9,338	-	86,185	61,950	449,802
<b>Total KMP compensation</b>	<b>463,438</b>	<b>-</b>	<b>8,391</b>	<b>35,972</b>	<b>9,338</b>	<b>-</b>	<b>217,185</b>	<b>61,950</b>	<b>796,274</b>

*Notes*

- Mr Stuart Douglas is compensated via Innovyz (a company of which he is a Principal)
- During the year, directors and other employees received a portion of their annual remuneration in the form of equity.

**Remuneration report (audited) (continued)**

*(e) Remuneration expenses (continued)*

The following table shows details of remuneration expenses recognised for the year ended 30 June 2020.

<b>2020</b>	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees \$	Cash bonus \$	Annual leave \$	Super-annuation \$	Long service leave \$	Options \$	Rights to deferred shares \$	
<b>Non-executive directors</b>								
Ms Kathryn Presser	29,167	-	-	2,771	-	-	-	31,938
Mr David Hanna	35,000	-	-	3,325	-	-	-	38,325
<b>Executive directors</b>								
Mr Stuart Douglas	80,000	-	-	-	-	-	-	80,000
<b>Other KMP</b>								
Mr Barrie Finnin	257,417	-	24,803	23,633	16,457	-	28,000	350,310
<b>Total KMP compensation</b>	<b>401,584</b>	<b>-</b>	<b>24,803</b>	<b>29,729</b>	<b>16,457</b>	<b>-</b>	<b>28,000</b>	<b>500,573</b>

*Notes*

- Mr Stuart Douglas is compensated via Innovyz (a company of which he is a Principal)
- Barrie Finnin's rights to deferred shares have not been granted at 30 June 2020. The amount has been taken up for accounting purposes at 30 June 2020.

**Remuneration report (audited) (continued)**

*(f) Contractual arrangements with executive KMPs*

**Name:** Mr Barrie Finnin  
**Position:** Chief Executive Officer  
**Contract duration:** Unspecified  
**Notice period:** 3 months by either party  
**Fixed remuneration:** \$275,000 per annum, plus 9.5% superannuation

*(g) Non-executive director arrangements*

Non-executive directors receive a Board fee and fees for chairing but not participating on Board committees, see table below. They do not receive performance-based pay or retirement allowances. The fees are exclusive of superannuation.

Fees are reviewed annually by the Board taking into account comparable roles and market data.

The maximum annual aggregate directors' fee pool limit is \$500,000, adopted on initial public offering of Amaero International Ltd on 5 December 2019.

	<b>2021</b>
	<b>\$</b>
Chair	60,000
Director	40,000
Chair of Committee	10,000

**Remuneration report (audited) (continued)**

(h) *Additional statutory information*

(i) *Relative proportions of fixed vs variable remuneration expense*

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page 9 above:

Name	Fixed remuneration		At risk		At risk - LTI	
	2021 %	2020 %	2021 %	2020 %	2021 %	2020 %
<b>Non-executive director</b>						
Ms Kathryn Presser	91	100	9	-	-	-
Mr David Hanna	91	100	9	-	-	-
<b>Executive directors</b>						
Mr Stuart Douglas	45	100	55	-	-	-

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021 %	2020 %	2021 %	2020 %	2021 %	2020 %
<b>Other KMP</b>						
Mr Barrie Finnin	67	92	33	8	-	-

During the year, directors and other employees received a portion of their annual remuneration in the form of equity.

(ii) *Reconciliation of options and ordinary shares held by KMP*

*Option holdings*

2021	Balance at start of the period	Granted as remuneration	Exercised	Other changes <sup>1</sup>	Balance at end of the period	Vested and exercisable
<b>Options</b>						
Mr David Hanna	-	-	-	-	-	-
Mr Stuart Douglas	-	-	-	-	-	-
Ms Kathryn Presser	-	-	-	-	-	-
Mr Barrie Finnin	200,000	105,000	-	(200,000)	105,000	105,000
	<b>200,000</b>	<b>105,000</b>	-	<b>(200,000)</b>	<b>105,000</b>	<b>105,000</b>

*Notes*

<sup>1</sup> Other changes incorporates changes resulting from the acquisition or sale of shares during the reporting period.



**Remuneration report (audited) (continued)**

*(h) Additional statutory information (continued)*

*(ii) Reconciliation of options and ordinary shares held by KMP (continued)*

*Share holdings*

<b>2021</b>	<b>Balance at the start of the period<sup>1</sup></b>	<b>Granted as remuneration</b>	<b>Received on exercise of options</b>	<b>Other changes<sup>2</sup></b>	<b>Balance at the end of the period</b>
<b>Ordinary shares</b>					
Mr David Hanna	281,250	9,083	-	132,591	422,924
Mr Stuart Douglas	21,440,495	363,306	-	-	21,803,801
Ms Kathryn Presser	112,500	7,569	-	18,181	138,250
Mr Barrie Finnin	572,916	441,998	-	-	1,014,914
	<b>22,407,161</b>	<b>821,956</b>	<b>-</b>	<b>150,772</b>	<b>23,379,889</b>

*Notes*

<sup>1</sup> Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.

<sup>2</sup> Other changes incorporates changes resulting from the acquisition or disposal of shares from on or off market transactions including the Share Purchase Plan completed in January 2021.

**[This concludes the remuneration report, which has been audited]**

## **Shares under option**

### *(a) Unissued ordinary shares*

No options were granted to the directors of the company in the year ended 30 June 2021.

### *(b) Shares issued on the exercise of options*

No ordinary shares of Amaero International Ltd were issued during the year ended 30 June 2021 on the exercise of options granted.

## **Insurance of officers and indemnities**

### *(a) Insurance of officers*

During the financial year, Amaero International Ltd paid a premium of \$77,430 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of the group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

## **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.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

## **Non-audit services**

The group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the group and/or the group are important.

Details of the amounts paid or payable to the auditor (RSM Australia Partners) for audit and non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with advice received from the audit and risk committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

**Non-audit services (continued)**

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2021 \$	2020 \$
<b>Taxation services</b>		
RSM Australia Partners and its related entities and other network firms:		
Tax due diligence and review of prospectus	-	16,500
<b>Total remuneration for taxation services</b>	-	16,500
 RSM Australia Partners Australian firm:		
Investigating accountant's report	-	43,000
<b>Total remuneration for other services</b>	-	43,000
 <b>Total remuneration for non-audit services</b>	-	59,500

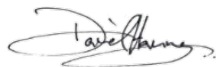
**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

**Rounding of amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

This report is made in accordance with a resolution of directors.



Mr David Hanna  
Non-Executive Chairman

Melbourne  
30 August 2021



**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Amaero International Limited and its controlled entities for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**RSM AUSTRALIA PARTNERS**

**J S CROALL**

Partner

Dated: 30 August 2021

Melbourne, Victoria

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

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

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation



Quality  
ISO 9001

# Amaero International Ltd

ABN 82 633 541 634

## ***Annual financial report - 30 June 2021***

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These financial statements are consolidated financial statements for the group consisting of Amaero International Ltd and its subsidiaries. A list of major subsidiaries is included in note 12.

The financial statements are presented in the Australian currency.

Amaero International Ltd is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

13 Normanby Road  
Notting Hill VIC 3168

Its principal place of business is:

Amaero International Ltd  
13 Normanby Road  
Notting Hill VIC 3168

The financial statements were authorised for issue by the directors on 30 August 2021. The directors have the power to amend and reissue the financial statements.

**Amaero International Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**

	Notes	30 June 2021 \$	30 June 2020 \$
Revenue from contracts with customers	2	504,141	116,584
Cost of sales		(424,809)	(115,023)
<b>Gross profit</b>		<b>79,332</b>	<b>1,561</b>
Other income	3(a)	839,353	208,620
Other (losses)/gains		(59,729)	100,090
Distribution costs		(51,940)	(41,846)
General and administrative expenses	3(b)	(5,347,061)	(4,573,530)
Research and development expenses		(1,743,270)	(954,803)
Selling and marketing expenses		(491,692)	(344,121)
<b>Operating loss</b>		<b>(6,775,007)</b>	<b>(5,604,029)</b>
Finance income		6,838	234
Finance expenses		(220,257)	(174,151)
<b>Finance costs - net</b>		<b>(213,419)</b>	<b>(173,917)</b>
Share of loss from equity accounted joint ventures	12(b)	(1,658)	-
<b>Loss before income tax</b>		<b>(6,990,084)</b>	<b>(5,777,946)</b>
Income tax expense	4	-	-
<b>Loss for the period</b>		<b>(6,990,084)</b>	<b>(5,777,946)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations	7(b)	(281,277)	(55,659)
<b>Total comprehensive loss for the period</b>		<b>(7,271,361)</b>	<b>(5,833,605)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share for loss attributable to the ordinary equity holders of the company:</b>			
Basic and diluted loss per share	18	(3.70)	(4.05)

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

**Amaero International Ltd**  
**Consolidated balance sheet**  
**As at 30 June 2021**

	Notes	30 June 2021 \$	30 June 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5(a)	11,466,845	4,019,209
Trade and other receivables	5(b)	165,825	126,646
Inventories	6(a)	770,828	548,076
Other current assets		139,532	90,888
<b>Total current assets</b>		<b>12,543,030</b>	<b>4,784,819</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	6(f)	321,535	-
Property, plant and equipment	6(b)	6,102,903	7,382,211
Other non-current assets	6(c)	179,773	196,930
<b>Total non-current assets</b>		<b>6,604,211</b>	<b>7,579,141</b>
<b>Total assets</b>		<b>19,147,241</b>	<b>12,363,960</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	5(c)	1,053,886	816,544
Deferred revenue		34,337	93,656
Employee benefit obligations	6(d)	168,251	116,615
Other current liabilities	6(e)	235,223	217,907
<b>Total current liabilities</b>		<b>1,491,697</b>	<b>1,244,722</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	6(d)	37,768	21,347
Other non-current liabilities	6(e)	2,470,423	2,904,163
<b>Total non-current liabilities</b>		<b>2,508,191</b>	<b>2,925,510</b>
<b>Total liabilities</b>		<b>3,999,888</b>	<b>4,170,232</b>
<b>Net assets</b>		<b>15,147,353</b>	<b>8,193,728</b>
<b>EQUITY</b>			
Share capital	7(a)	27,173,600	14,026,374
Other reserves	7(b)	824,124	27,641
Accumulated losses		<b>(12,850,371)</b>	<b>(5,860,287)</b>
<b>Total equity</b>		<b>15,147,353</b>	<b>8,193,728</b>

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

**Amaero International Ltd**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2021**

Notes	Attributable to owners of Amaero International Ltd			Total equity \$
	Share capital \$	Other reserves \$	Accumulated losses \$	
<b>Balance at 1 July 2019</b>	561,542	-	(82,341)	479,201
Loss for the period	-	-	(5,777,946)	(5,777,946)
Other comprehensive loss	-	(55,659)	-	(55,659)
<b>Total comprehensive loss for the period</b>	-	<b>(55,659)</b>	<b>(5,777,946)</b>	<b>(5,833,605)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs and tax	7(a)	13,464,832	-	13,464,832
Employee share schemes - value of employee services	7(b)	-	83,300	83,300
		13,464,832	83,300	13,548,132
<b>Balance at 30 June 2020</b>		<b>14,026,374</b>	<b>27,641</b>	<b>8,193,728</b>
Notes	Attributable to owners of Amaero International Ltd			Total equity \$
	Share capital \$	Other reserves \$	Accumulated losses \$	
<b>Balance at 1 July 2020</b>	14,026,374	27,641	(5,860,287)	8,193,728
Loss for the period	-	-	(6,990,084)	(6,990,084)
Other comprehensive loss	-	(281,277)	-	(281,277)
<b>Total comprehensive loss for the period</b>	-	<b>(281,277)</b>	<b>(6,990,084)</b>	<b>(7,271,361)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs and tax	7(a)	13,192,215	-	13,192,215
Issue of shares in lieu of payment for services	7(a)	125,500	-	125,500
Performance rights issued		102,809	-	102,809
Employee share schemes - value of employee services	7(b)	354,252	(4,090)	350,162
Options issued as part of capital raise	7(b)	(627,550)	627,550	-
Issue of deferred shares		-	454,300	454,300
		13,147,226	1,077,760	14,224,986
<b>Balance at 30 June 2021</b>		<b>27,173,600</b>	<b>824,124</b>	<b>15,147,353</b>

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



**Amaero International Ltd**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2021**

	30 June 2021	30 June 2020
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	456,714	192,953
Payments to suppliers and employees (inclusive of GST)	(5,960,856)	(4,452,452)
R&D tax incentive and other grants received	839,353	208,620
Interest received	3,645	234
Interest paid	(220,257)	(174,151)
<b>Net cash outflow from operating activities</b>	8(a) <u>(4,881,401)</u>	<u>(4,224,796)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(358,152)	(3,703,918)
Payments for joint ventures	(320,000)	-
Payments for rental bonds	-	(196,930)
<b>Net cash outflow from investing activities</b>	<u>(678,152)</u>	<u>(3,900,848)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	7(a) 13,825,000	13,500,000
Share issue transaction costs	7(a) (632,785)	(1,283,168)
Repayment of borrowings	-	(30,000)
Repayment of principal portion of leases	(215,210)	(137,142)
<b>Net cash inflow from financing activities</b>	<u>12,977,005</u>	<u>12,049,690</u>
<b>Net increase in cash and cash equivalents</b>	7,417,452	3,924,046
Cash and cash equivalents at the beginning of the financial year	4,019,209	169,991
Effects of exchange rate changes on cash and cash equivalents	30,184	(74,828)
Cash and cash equivalents at end of year	5(a) <u>11,466,845</u>	<u>4,019,209</u>

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

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## 1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of Amaero International Ltd. The group has identified one reportable segment; that is, the research, development, manufacture and sales of laser-based metal additive (3D printed) goods. The segment details are therefore fully reflected in the body of the financial statements.

## 2 Revenue from contracts with customers

### (a) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of goods at a point in time and the transfer of services over time:

	30 June 2021 \$	30 June 2020 \$
<b>Sale of goods</b>		
Component sales	490,153	106,740
<b>Services</b>		
Machine hours rental	6,522	7,776
Engineering services	7,466	2,068
	<b>504,141</b>	<b>116,584</b>

### (b) Accounting policies

#### (i) Component sales

Revenue from the sale of laser-based metal additive (3D printed) goods are recognised at a point in time. The performance obligation is satisfied when the customer has access and thus control of the product. This occurs at the time of delivery of goods to the customer. Delivery occurs when the products have been shipped to the specific location, the risks and rewards have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

#### (ii) Machine hours rental

Revenue from the rental of metal additive manufacturing machine hours is recognised over time in the accounting period in which the machine use occurs. This is determined based on the actual machine hours spent relative to the total expected machine hours.

Some contracts include multiple deliverables. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

#### (iii) Engineering services

Revenue from the provision of engineering services is recognised over time in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

## 2 Revenue from contracts with customers (continued)

### (b) Accounting policies (continued)

Some contracts include multiple deliverables. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

#### *Critical judgements in allocating the transaction price*

Revenue relating to the provision of services is recognised based on managements' best estimate of forecast final costs required to complete the service and the forecast final margin. Management reviews these forecasts on a regular basis and adjusts revenue recognised when there are material changes.

#### *(iv) Financing components*

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

## 3 Other income and expense items

### (a) Other income

	30 June 2021 \$	30 June 2020 \$
Research and development tax incentive	516,304	-
Other grants	323,049	208,620
	<b>839,353</b>	<b>208,620</b>

#### *(i) Fair value of R&D tax incentive*

The group's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured.

#### *(ii) Fair value of other grants*

The group's other grant income consists of grants received by the group and government assistance received in relation to COVID-19. For the year ended 30 June 2021, the group received \$141,000 (2020: \$208,620) in government assistance packages.

### 3 Other income and expense items (continued)

#### (b) Breakdown of expenses by nature

		30 June 2021	30 June 2020
	Notes	\$	\$
<b>General and administrative expenses</b>			
Accounting and audit		174,241	178,389
Contracting and consulting		571,335	520,548
Depreciation		1,126,127	517,599
Employee benefits		1,205,603	825,542
Equipment expenses		336,099	180,735
Insurance		185,656	142,110
Investor and public relations		95,021	54,120
Legal and company secretarial		165,328	179,367
Listing and share registry		154,557	275,835
Occupancy	6(e)	154,800	152,658
Share-based payments	16(d)	745,726	931,300
Superannuation		90,428	62,123
Travel		106,127	343,561
Other		236,013	209,643
		<b>5,347,061</b>	<b>4,573,530</b>

### 4 Income tax expense

#### (a) Numerical reconciliation of income tax expense to prima facie tax payable

	30 June 2021	30 June 2020
	\$	\$
Loss from continuing operations before income tax expense	(6,990,084)	(5,777,946)
Tax at the Australian tax rate of 26% (2020: 27.5%)	(1,817,422)	(1,588,935)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D tax incentive	(134,239)	-
Accounting expenditure subject to R&D tax incentive	308,595	-
Other grants	27,642	-
Blackhole expenditure (Section 40-880, ITAA 1997)	(13,479)	(14,256)
Employee leave obligations	13,752	20,881
Gain on debt defeasance	-	(38,148)
Initial public offering costs	-	71,281
Legal fees	43,033	49,326
Share-based payments	193,889	256,108
Other items	17,624	14,434
Subtotal	<b>(1,360,605)</b>	<b>(1,229,309)</b>

#### 4 Income tax expense (continued)

(a) Numerical reconciliation of income tax expense to prima facie tax payable (continued)

	<b>30 June 2021</b>	30 June 2020
	\$	\$
Difference in overseas tax rates	<b>(12,619)</b>	-
Tax losses and other timing differences for which no deferred tax asset is recognised	<b>1,373,224</b>	1,229,309
Income tax expense	<u>-</u>	<u>-</u>

(b) Tax losses

	<b>30 June 2021</b>	30 June 2020
	\$	\$
Unused tax losses for which no deferred tax asset has been recognised	<b>9,845,314</b>	5,545,103
Tax benefit of debt defeasance clawed back through reduction of tax losses (Division 245, ITAA 1997)	-	(138,721)
Total unused tax losses	<u><b>9,845,314</b></u>	<u>5,406,382</u>
Potential tax benefit @ 26% (2020: 27.5%)	<u><b>2,559,782</b></u>	<u>1,486,755</u>

Unused tax losses comprise those attributed to the group for the year ended 30 June 2021 and pre-acquisition losses attributed to Amaero Engineering Pty Ltd.

#### 5 Financial assets and financial liabilities

(a) Cash and cash equivalents

	<b>30 June 2021</b>	30 June 2020
	\$	\$
<b>Current assets</b>		
Cash at bank and in hand	<b>11,416,406</b>	3,969,209
Deposits at call	<b>50,439</b>	50,000
	<u><b>11,466,845</b></u>	<u>4,019,209</u>

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

## 5 Financial assets and financial liabilities (continued)

### (a) Cash and cash equivalents (continued)

	<b>30 June 2021 \$</b>	30 June 2020 \$
Balances as above	<b>11,466,845</b>	4,019,209
Balances per statement of cash flows	<b>11,466,845</b>	4,019,209

#### (ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest. See note 20(k) for the group's other accounting policies on cash and cash equivalents.

### (b) Trade and other receivables

	30 June 2021			30 June 2020		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Trade receivables	106,914	-	106,914	91,052	-	91,052
Provision for impairment (see note 10(b))	-	-	-	(6,911)	-	(6,911)
	106,914	-	106,914	84,141	-	84,141
Other receivables	58,911	-	58,911	42,505	-	42,505
Total trade and other receivables	165,825	-	165,825	126,646	-	126,646

#### (i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 10(b).

#### (ii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

#### (iii) Impairment and risk exposure

Information about the impairment of trade receivables and the group's exposure to foreign currency risk and credit risk can be found in note 10(a) and 10(b).

## 5 Financial assets and financial liabilities (continued)

### (c) Trade and other payables

	30 June 2021			30 June 2020		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Trade payables	847,564	-	847,564	595,445	-	595,445
Accrued expenses	162,449	-	162,449	142,296	-	142,296
Other payables	43,873	-	43,873	78,803	-	78,803
	<b>1,053,886</b>	<b>-</b>	<b>1,053,886</b>	<b>816,544</b>	<b>-</b>	<b>816,544</b>

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## 6 Non-financial assets and liabilities

### (a) Inventories

	30 June 2021			30 June 2020		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Raw materials	770,063	-	770,063	548,076	-	548,076
Work in progress	765	-	765	-	-	-
	<b>770,828</b>	<b>-</b>	<b>770,828</b>	<b>548,076</b>	<b>-</b>	<b>548,076</b>

#### (i) Impairment

The level of the provision is assessed by taking into account the life of the raw material based on use. This is assessed by experts within the group.



## 6 Non-financial assets and liabilities (continued)

### (b) Property, plant and equipment

Non-current	Plant and equipment \$	Furniture, fittings and equipment \$	Leasehold improvements \$	Right-of-use assets \$	Total \$
<b>At 1 July 2019</b>					
Cost or fair value	536,370	2,011	-	-	538,381
Net book amount	536,370	2,011	-	-	538,381
<b>Year ended 30 June 2020</b>					
Opening net book amount	536,370	2,011	-	-	538,381
Additions	3,129,404	63,283	511,231	3,656,123	7,360,041
Exchange differences	1,388	-	-	-	1,388
Depreciation charge	(197,428)	(11,949)	(23,483)	(284,739)	(517,599)
Closing net book amount	3,469,734	53,345	487,748	3,371,384	7,382,211
<b>At 30 June 2020</b>					
Cost or fair value	3,665,774	65,294	511,231	3,656,123	7,898,422
Accumulated depreciation	(196,040)	(11,949)	(23,483)	(284,739)	(516,211)
Net book amount	3,469,734	53,345	487,748	3,371,384	7,382,211
<b>At 1 July 2020</b>					
Cost or fair value	3,665,774	65,294	511,231	3,656,123	7,898,422
Accumulated depreciation	(196,040)	(11,949)	(23,483)	(284,739)	(516,211)
Net book amount	3,469,734	53,345	487,748	3,371,384	7,382,211
<b>Year ended 30 June 2021</b>					
Opening net book amount	3,469,734	53,345	487,748	3,371,384	7,382,211
Additions	308,523	49,629	-	-	358,152
Exchange differences	(263,800)	(51,266)	4,947	(201,214)	(511,333)
Depreciation charge	(669,139)	(16,209)	(48,840)	(391,939)	(1,126,127)
Closing net book amount	2,845,318	35,499	443,855	2,778,231	6,102,903
<b>At 30 June 2021</b>					
<b>Cost</b>	<b>3,703,676</b>	<b>63,471</b>	<b>515,297</b>	<b>3,438,140</b>	<b>7,720,584</b>
<b>Accumulated depreciation</b>	<b>(858,358)</b>	<b>(27,972)</b>	<b>(71,442)</b>	<b>(659,909)</b>	<b>(1,617,681)</b>
<b>Net book amount</b>	<b>2,845,318</b>	<b>35,499</b>	<b>443,855</b>	<b>2,778,231</b>	<b>6,102,903</b>

#### (i) Depreciation methods and useful lives

Property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

## **6 Non-financial assets and liabilities (continued)**

### **(b) Property, plant and equipment (continued)**

- Plant and equipment 5 - 10 years
- Furniture, fittings and equipment 2 - 10 years
- Leasehold improvements 10 years
- Right-of-use assets 10 years

Right-of-use assets are depreciated over the term of the lease.

See note 20(p) for the other accounting policies relevant to property, plant and equipment.

### **(c) Other non-current assets**

	Notes	30 June 2021 \$	30 June 2020 \$
<b>Non-current assets</b>			
Rental bond		<b>179,773</b>	196,930

### **(d) Employee benefit obligations**

	Current \$	30 June 2021 Non- current \$	Total \$	Current \$	30 June 2020 Non- current \$	Total \$
Leave obligations (i)	<b>168,251</b>	<b>37,768</b>	<b>206,019</b>	116,615	21,347	137,962

#### **(i) Leave obligations**

The leave obligations cover the group's liabilities for annual leave which are classified as short-term benefits, as explained in note 20(s).

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$168,251 (2020: \$116,615) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

### **(e) Leases**

The group leases three office and manufacturing facilities in Melbourne and Adelaide, Australia and El Segundo, California, USA.

The group leases office and manufacturing facilities in California, USA. Commencing November 2019, the term of the lease is for five years with an option to extend for a further term of five years.

The group has a sub-lease agreement with the University of Adelaide for the use of manufacturing and office facilities in Womma Road, Edinburgh North, South Australia. Commencing October 2019, the term of the lease is for three years and six months with a further term of four years and eight months commencing on 30 April 2023.

## 6 Non-financial assets and liabilities (continued)

### (e) Leases (continued)

The group has a sub-lease agreement with Monash University for its head office and manufacturing facility at 13 Normanby Road, Notting Hill, Victoria. Commencing 1 October 2019, the term of the lease is for one year and eleven months with a further term of five years commencing 1 September 2021.

The group entered a Strategic Partnership Agreement with The University of Adelaide for the provision of facility, equipment and services. Commencing 14 October 2019, the term is for 5 years.

#### (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	30 June 2021 \$	30 June 2020 \$
<b>Right-of-use assets<sup>1</sup></b>		
Properties	2,778,231	3,371,384
	<u>2,778,231</u>	<u>3,371,384</u>
<b>Lease liabilities<sup>2</sup></b>		
Current	235,223	217,907
Non-current	2,470,423	2,904,163
	<u>2,705,646</u>	<u>3,122,070</u>

<sup>1</sup>: Included in the line item 'property, plant and equipment' in the consolidated balance sheet.

<sup>2</sup>: Included in the line items 'other current liabilities' and 'other non-current liabilities' in the consolidated balance sheet.

#### (ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	30 June 2021 \$	30 June 2020 \$
Notes		
<b>Depreciation charge of right-of-use assets</b>		
Properties	391,939	287,828
	3(b) <u>391,939</u>	<u>287,828</u>
Interest expense (included in finance cost)	217,064	170,086
Expense relating to short-term leases (included in other expenses)	3(b) -	-
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	3(b) 154,800	152,658
Expense relating to variable lease payments not included in lease liabilities (included in other expenses)	3(b) -	-

The total cash outflow for leases in 2021 was \$371,864 (2020: \$322,744).

## 6 Non-financial assets and liabilities (continued)

### (e) Leases (continued)

#### (iii) The group's leasing activities and how these are accounted for

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

The incremental borrowing rate used for the calculation of leases and lease terms was 7.74%.

### (f) Investments accounted for using the equity method

	30 June 2021 \$	30 June 2020 \$
<b>Non-current assets</b>		
Interest in joint venture partnership	<b>321,535</b>	-

Refer to note 12(b) for further information on interests in joint ventures.

## 7 Equity

### (a) Share capital

	Notes	30 June 2021 Shares	30 June 2020 Shares	30 June 2021 \$	30 June 2020 \$
Ordinary shares	7(a)(ii)				
Fully paid		<b>201,777,549</b>	174,853,651	<b>27,173,600</b>	14,026,374
	7(a)(i)	<b>201,777,549</b>	174,853,651	<b>27,173,600</b>	14,026,374

#### (i) Movements in ordinary shares:

Details	Notes	Number of shares	Total \$
<b>Balance at 1 July 2019</b>		<b>75,011,983</b>	<b>561,542</b>
Issue at \$0.06 pursuant to private placement (2019-07-01)		6,666,666	-
Issue at \$0.12 pursuant to private placement (2019-09-10)		16,666,668	2,000,000
Issue at \$0.16 to suppliers in lieu of payment for services (2019-10-10)		5,300,000	848,000
Issue at \$0.12 to suppliers in lieu of payment for services (2019-10-15)		3,333,334	400,000
Issue at \$0.16 pursuant to private placement (2019-10-29)		21,875,000	3,500,000
Issue at \$0.20 pursuant to private placement (2019-11-29)		40,000,000	8,000,000
Issue at \$0.20 to suppliers in lieu of payment for services (2019-11-29)		6,000,000	1,200,000
Less: Transaction costs arising on share issues (Pre-IPO)		-	(784,752)
Less: Transaction costs arising on share issues (IPO Cash)		-	(498,416)
Less: Transaction costs arising on share issues (IPO Non-Cash)		-	(1,200,000)
<b>Balance 30 June 2020</b>		<b>174,853,651</b>	<b>14,026,374</b>
<b>Details</b>	<b>Notes</b>	<b>Number of shares</b>	<b>Total \$</b>
<b>Balance at 1 July 2020</b>		<b>174,853,651</b>	<b>14,026,374</b>
Issue at \$0.33 performance milestone shares (2020-09-01)		595,000	196,529
Issue at \$0.33 salary sacrifice shares (2020-09-01)		269,713	89,086
Issue at \$0.33 performance rights shares (2020-10-01)		311,260	102,809
Issue at \$0.66 salary sacrifice shares (2020-11-17)		104,518	68,637
Issue at \$0.33 in lieu of payment for services (2020-11-30)		379,958	125,500
Issue at \$0.55 pursuant to placement (2020-12-10)		16,490,909	9,070,000
Issue at \$0.55 pursuant to Share Purchase Plan (2021-02-02)		8,772,540	4,825,000
Less: Transaction costs arising on share issues (Cash)		-	(632,785)
Less: Transaction costs arising on share issues (Non-Cash)		-	(697,550)
<b>Balance 30 June 2021</b>		<b>201,777,549</b>	<b>27,173,600</b>

## 7 Equity (continued)

### (a) Share capital (continued)

#### (ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

### (b) Other reserves

The following table shows a breakdown of the consolidated balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Notes	Share-based payments reserve \$	Foreign currency translation \$	Total other reserves \$
<b>At 1 July 2019</b>		-	-	-
No movements noted		-	-	-
Currency translation differences		-	(55,659)	(55,659)
<b>Other comprehensive income</b>		-	(55,659)	(55,659)
Transactions with owners in their capacity as owners				
Share-based payment expenses	16	83,300	-	83,300
<b>At 30 June 2020</b>		<b>83,300</b>	<b>(55,659)</b>	<b>27,641</b>
<b>At 1 July 2020</b>		<b>83,300</b>	<b>(55,659)</b>	<b>27,641</b>
Currency translation differences		-	(281,277)	(281,277)
<b>Other comprehensive income</b>		-	(281,277)	(281,277)
Transactions with owners in their capacity as owners				
Share-based payment expenses		(4,090)	-	(4,090)
Issue of options	16	627,550	-	627,550
Issue of deferred shares		454,300	-	454,300
<b>At 30 June 2021</b>		<b>1,161,060</b>	<b>(336,936)</b>	<b>824,124</b>

#### (i) Nature and purpose of other reserves

##### Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options issued to key management personnel, other employees and eligible contractors.

## 7 Equity (continued)

### (b) Other reserves (continued)

#### *Foreign currency translation*

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 20(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

#### *(ii) Performance rights*

On 7 July 2020, the Amaero Board resolved to offer approximately 3 million Retention Performance Rights to their employees subject to certain conditions. The number of Retention Performance rights issued on 1 September 2020 was 1,422,883 based on the 5-day VWAP (volume weighted average price) for the period from 24 to 28 August 2020 inclusive. Each of the Retention Performance Rights entitles the holder to be issued one fully paid ordinary share of the group for no cash consideration upon vesting. The Retention Performance Rights will convert into ordinary shares upon achievement of each performance condition and will expire when the performance condition is met. If the employee does not remain as an employee of Amaero at the time of the performance condition, the remainder of their Retention Performance Rights will lapse. The performance conditions are set out to incentivise employees to remain with Amaero to ensure their interests and motivations are aligned with the interests and motivations of shareholder of Amaero. The number of offered Retention Performance Rights that each employee is to receive is based on 30% of their salary as at 30 June 2020.

During the financial year 311,260 Performance Rights vested upon the attainment of conditions and a further 389,538 Performance Rights were cancelled due to conditions not being met.

As at 30 June 2021, 722,085 Performance Rights remain outstanding.

Performance right class	Performance condition	Approximate number of rights
Class B	Performance rights vest on 1 July 2021	240,695
Class C	Performance rights vest on 1 July 2022	240,695
Class D	Performance rights vest on 1 July 2023	240,695
	<b>Total</b>	<b>722,085</b>

#### *(iii) Movements in options:*

Details	Number of options	Total \$
<b>Balance at 1 July 2019</b>	-	-
No movement during the period	-	-
<b>Balance 30 June 2020</b>	-	-
Issue of listed options at \$1.00 (2020-12-10)	3,500,000	627,550
<b>Balance 30 June 2021</b>	<b>3,500,000</b>	<b>627,550</b>

3.5 million options were issued to the Lead Manager of the 2020 capital raise at an exercise price of \$1 and which will expire on 10 December 2022.

## 8 Cash flow information

### (a) Reconciliation of loss after income tax to net cash inflow from operating activities

	30 June 2021	30 June 2020
Notes	\$	\$
<b>Loss for the period</b>	<b>(6,990,084)</b>	<b>(5,777,946)</b>
Adjustments for		
Depreciation and amortisation	1,126,127	517,599
Finance costs	220,257	174,151
Finance income	(6,838)	(234)
Gain on debt defeasance	-	(138,721)
Movement in employee benefits liability	68,057	97,265
Share-based payments	16 745,726	931,300
Share of loss of joint ventures	1,658	-
Unrealised net foreign currency (gains)/losses	41,839	20,885
Change in operating assets and liabilities:		
Movement in trade and other receivables	(39,179)	(28,668)
Movement in inventories	(222,752)	(486,520)
Movement in other operating assets	(48,644)	(14,258)
Movement in trade and other payables	222,432	480,351
<b>Net cash inflow (outflow) from operating activities</b>	<b>(4,881,401)</b>	<b>(4,224,796)</b>

### (b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- shares issued for no cash consideration - note 7(a)(i)

## 9 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.



## **9 Critical estimates, judgements and errors (continued)**

### **(a) Significant estimates and judgements**

The areas involving significant estimates or judgements are:

- Estimation of R&D tax incentive income accrual - note 3(a)(i)
- Estimation of employee benefit obligations - note 6(d)(i)
- Estimation of share-based payments - note 16(a)
- Estimation of useful lives of property, plant and equipment - note 6(b)(i)
- Estimation of incremental borrowing rates for leases and lease terms - note 6(e)(iii)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### **(b) Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic

## **10 Financial risk management**

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance.

The group's risk management is predominantly controlled by the Board. The Board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

### **(a) Market risk**

#### *(i) Foreign exchange risk*

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange rate risk arises from financial assets and financial liabilities denominated in a currency that is not the group's functional currency. Exposure to foreign currency risk may result in the fair value of future cash flows of a financial instrument fluctuating due to the movement in foreign exchange rates of currencies in which the group holds financial instruments which are other than the Australian dollar (AUD) functional currency of the group. This risk is measured using sensitivity analysis and cash flow forecasting. The cost of hedging at this time outweighs any benefits that may be obtained.

## 10 Financial risk management (continued)

### (a) Market risk (continued)

#### *Exposure*

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	30 June 2021		30 June 2020	
	USD	EUR	USD	EUR
	\$	\$	\$	\$
Cash and cash equivalents	270,831	113	740,841	117
Trade receivables	23,814	-	44,663	-
Trade payables	327,835	144,197	263,643	-
<b>Total exposure</b>	<b>622,480</b>	<b>144,310</b>	<b>1,049,147</b>	<b>117</b>

#### *Sensitivity*

As shown in the table above, the group is primarily exposed to changes in USD/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments.

The group has conducted a sensitivity analysis of its exposure to foreign currency risk. The group is currently materially exposed to the United States dollar (USD). The sensitivity analysis is conducted on a currency-by-currency basis using the sensitivity analysis variable, which is based on the average annual movement in exchange rates over the past five years at year-end spot rates. The variable for each currency the group is materially exposed to is listed below:

- USD: 4.9% (2020: 3.6%)
- EUR: 2.7% (2020: 2.5%)

	Impact on loss for the period		Impact on other components of equity	
	2021	2020	2021	2020
	\$	\$	\$	\$
USD/AUD exchange rate - change by 4.9% (2020: 3.6%)*	30,502	37,572	-	-
EUR/AUD exchange rate - change by 2.7% (2020: 2.5%)*	3,896	-	-	-

\* Holding all other variables constant

### (b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

#### *(i) Risk management*

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are normally 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

## **10 Financial risk management (continued)**

### **(b) Credit risk (continued)**

#### *(ii) Security*

For some trade receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

#### *(iii) Impairment of financial assets*

The group has one type of financial asset subject to the expected credit loss model:

- trade receivables for sales of goods and from the provision of services

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

#### *Trade receivables*

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 June 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2021 was determined for trade receivables as nil (2020: \$6,911). Uncollectible amounts were written off as bad debts by Amaero Engineering Pty Ltd immediately prior to the business acquisition.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 121 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### **(c) Liquidity risk**

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

## 10 Financial risk management (continued)

### (c) Liquidity risk (continued)

#### (i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	\$	\$	\$	\$	\$	\$	\$
<b>At 30 June 2021</b>							
Trade and other payables	1,053,886	-	-	-	-	1,053,886	1,053,886
<b>Total</b>	<b>1,053,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,053,886</b>	<b>1,053,886</b>

#### At 30 June 2020

Trade and other payables	816,544	-	-	-	-	816,544	816,544
<b>Total</b>	<b>816,544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>816,544</b>	<b>816,544</b>

## 11 Capital management

### (a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the group's management, the Board monitors the need to raise additional equity from the equity markets.

### (b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2021 (2020: nil). The group's franking account balance was nil at 30 June 2021 (2020: nil).

## 12 Interests in other entities

### (a) Material subsidiaries

The group's principal subsidiaries at 30 June 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	
		2021 %	2020 %
Amaero Engineering Pty Ltd	Australia	100	100
AM Aero Inc	United States	100	100
Amaero Alloys Pty Ltd	Australia	100	-

In November 2020, Amaero International Ltd formed a wholly owned subsidiary Amaero Alloys Pty Ltd. The nature of the business is the same as Amaero International Ltd's, that being, the provision of end-to-end additive manufacturing solutions in terms of services, equipment and technology to its key clients in the Aviation Defence and Space sectors and the Tool and Die industry.

### (b) Interests in joint ventures

Amaero has a 45% interest in a Joint Venture Research Agreement (JV) with PPK Group Ltd (45%) and Deakin University (10%). The parties incorporated Strategic Alloys Pty Limited to develop a super strength aluminium alloy. The group's interest in Strategic Alloys Pty Limited is accounted for using the equity method in the financial statements.

#### (i) Summarised financial information for joint ventures

Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	30 June 2021 \$	30 June 2020 \$
<b>Summarised balance sheet</b>		
Assets		
Current assets (including cash and other cash equivalents)	70,975	-
Intangible assets	572,399	-
Total current assets	<b>643,374</b>	-
Liabilities		
Financial liabilities	<b>646,957</b>	-
Total liabilities	<b>646,957</b>	-
<b>Net assets</b>	<b>(3,583)</b>	-

## 12 Interests in other entities (continued)

### (b) Interests in joint ventures (continued)

	2021 \$	2020 \$
<b>Summarised statement of comprehensive income</b>		
Administration expenses	(3,684)	-
<b>Loss before income tax</b>	(3,684)	-
Income tax expense	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<u>(3,684)</u>	<u>-</u>
	<b>30 June 2021 \$</b>	<b>30 June 2020 \$</b>
<b>Reconciliation of the consolidated entity's carrying amount</b>		
Opening carrying amount	-	-
Investment in Strategic Alloys Pty Ltd	323,193	-
Share of loss after income tax	(1,658)	-
	<u>321,535</u>	<u>-</u>

### (c) Group's transactions with joint ventures

Loan given to joint venture \$320,000 (2020: nil).

Loans and capitalised interest to the joint venture are included in the carrying amount of investment.

## 13 Contingent liabilities

The group had no contingent liabilities at 30 June 2021 (2020: nil).

## 14 Events occurring after the reporting period

Subsequent to the year end, Amaero has committed to build a world class customised and proprietary titanium alloy powder manufacturing plant in Victoria, Australia. The \$8 million dollar facility is expected to be the most advanced titanium alloy powder plant in the world, and is planned to be constructed and commissioned over an 18- month period. It is expected that this project will take titanium alloy bar stock inputs and convert the material into powder for 3D printing at approximately half the cost of the current global benchmark.

Apart from the announcement of the commitment of Amaero to the build of the Titanium Plant, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

## **15 Related party transactions**

### **(a) Subsidiaries and joint ventures**

Interests in subsidiaries and joint ventures are set out in note 12(a) and 12(b) respectively.

### **(b) Key management personnel compensation**

	<b>30 June 2021 \$</b>	30 June 2020 \$
Short-term employee benefits	<b>471,829</b>	426,387
Post-employment benefits	<b>35,972</b>	29,729
Long-term benefits	<b>9,338</b>	16,457
Share-based payments	<b>279,135</b>	28,000
	<b>796,274</b>	500,573

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 13.

### **(c) Transactions with related parties**

The following transactions occurred with related parties:

	<b>30 June 2021 \$</b>	30 June 2020 \$
<i>Sales and purchases of goods and services</i>		
Purchases of various services from an entity having a significant influence over the group - Innovyz Institute Pty Ltd	<b>133,365</b>	174,178
Purchases of various services from an entity related to a director - Monash University	<b>519,743</b>	120,752
Loan forgiven by entity related to a director - Monash University	-	138,721

### **(d) Outstanding balances arising from sales/purchases of goods and services**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	<b>30 June 2021 \$</b>	30 June 2020 \$
Current payables (purchases of goods and services)		
Entity having a significant influence over the group - Innovyz Institute Pty Ltd	<b>74,905</b>	11,000
Entity related to the director - Monash University	<b>62,685</b>	80,570

## 15 Related party transactions (continued)

### (e) Loans to/from related parties

	<b>30 June 2021 \$</b>	30 June 2020 \$
<i>Loans from entity with significant influence over the group</i>		
Beginning of the period	-	30,000
Loans repayments made	-	(30,000)
End of year	-	-

### (f) Terms and conditions

#### (i) Loans from entity with significant influence over the group

Loans from entity with significant influence over the group comprises \$30,000 advanced by Innovyz Institute Pty Ltd as at 30 June 2019, recognised on acquisition of Amaero Engineering Pty Ltd. Entered into on 13 May 2019, the agreement provided Amaero Engineering Pty Ltd with a short-term unsecured loan to fund immediate needs for additional working capital. This loan was repaid in the year ending 30 June 2020.

## 16 Share-based payments

### (a) Options

Amaero International Ltd has the ability to issue options to employees under the employee option plan (ESOP) which was approved by shareholders at the 2019 annual general meeting. Additionally, the group has the ability to issue options to consultants under its 15% capacity. The issuance of options is designed to provide long-term incentives for the holder to deliver long-term shareholder returns. Issuance of the equity is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Set out below are summaries of options granted to consultants as part of the 2020 capital raise which were issued under the plan and have an expiry of 10 December 2022, being 24 months after the date of issue:

	<b>30 June 2021</b>		30 June 2020	
	<b>Average exercise price per share option</b>	<b>Number of options</b>	<b>Average exercise price per share option</b>	<b>Number of options</b>
As at 1 July	-	-	-	-
Granted during the year	<b>\$1.00</b>	<b>3,500,000</b>	-	-
As at 30 June	<b>\$1.00</b>	<b>3,500,000</b>	-	-
Vested and exercisable at 30 June	<b>\$1.00</b>	<b>3,500,000</b>	-	-

Share options outstanding at the end of the year have the following expiry date and exercise prices:

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price (\$)</b>	<b>Share options 30 June 2021</b>	<b>Share options 30 June 2020</b>
2020-12-10	2022-12-10	1	3,500,000	-



## 16 Share-based payments (continued)

### (a) Options (continued)

Weighted average remaining contractual life of options outstanding at end of period 1.45 -

#### (i) Fair value of options granted

The assessed fair value of options at grant date was determined using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

The model inputs for options granted during the year ended 30 June 2021 included:

Grant date	Expiry date	Exercise price (\$)	No. of options	Share price at grant date (\$)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date per option (\$)
2020-12-10	2022-12-10	1.00	3,500,000	0.57	87.00%	0.00%	0.11%	0.1793
			<u>3,500,000</u>					

### (b) Deferred shares - executive short-term incentive scheme

Under the group's short-term incentive (STI) scheme, employees were offered subject to certain conditions deferred shares based on the achievement of KPI's in FY2021. The shares are offered subsequent to the balance date subject to receiving signed documentation from the employees.

The number of shares offered was determined based on the achievement of certain KPI's. The fair value of the shares offered was determined based on taking the 5-day volume weighted average price (VWAP) per share over the period of 24 June to 30 June (\$0.59).

The following table shows the deferred shares offered and outstanding at the beginning and end of the reporting period:

	30 June 2021 Number of shares	30 June 2020 Number of shares
As at 1 July	-	-
Granted during the year	770,000	595,000
Vested during the year	(770,000)	(595,000)
As at 30 June	<u>-</u>	<u>-</u>

Weighted average remaining contractual life of the deferred shares outstanding at end of period 0 0

## **16 Share-based payments (continued)**

### **(c) Share-based transactions with suppliers**

On 30 November 2019, Amaero International Ltd entered into an agreement with Rosewood Engineering Pty Ltd to provide the company with shares for the rights to the Ampro Agreement. The distribution agreement allows for Amaero International to be the distributor of Ampro 3D metal printers and ancillary equipment with exclusive rights to the North American market, subject to the agreement. Rosewood Engineering Pty Ltd received 5,300,000 shares in Amaero International Ltd at \$0.16 per share.

### **(d) Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	<b>30 June 2021 \$</b>	30 June 2020 \$
Deferred shares and performance rights issued under the short-term incentive scheme	<b>745,726</b>	83,300
Shares-based transactions with suppliers	-	848,000
	<b>745,726</b>	931,300

## 17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

### (a) RSM Australia Partners

#### (i) Audit and other assurance services

	2021 \$	2020 \$
Audit and review of financial statements	42,500	35,000
Total remuneration for audit and other assurance services	<u>42,500</u>	<u>35,000</u>

#### (ii) Taxation services

Tax due diligence and review of prospectus	-	16,500
Total remuneration for taxation services	<u>-</u>	<u>16,500</u>

#### (iii) Other services

Investigating accountant's report	-	43,000
Total remuneration for other services	<u>-</u>	<u>43,000</u>

<b>Total auditor's remuneration</b>	<u><b>42,500</b></u>	<u><b>94,500</b></u>
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## 18 Loss per share

### (a) Reconciliation of loss used in calculating loss per share

	30 June 2021 \$	30 June 2020 \$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	<u>6,990,084</u>	<u>5,777,946</u>

### (b) Weighted average number of shares used as the denominator

	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u><b>188,769,742</b></u>	<u><b>142,769,475</b></u>

## 19 Parent entity financial information

### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	<b>30 June 2021 \$</b>	30 June 2020 \$
Balance sheet		
Current assets	<b>10,636,096</b>	3,252,883
Non-current assets	<b>13,358,656</b>	8,980,420
Total assets	<b>23,994,752</b>	12,233,303
Current liabilities	<b>365,733</b>	350,938
Non-current liabilities	<b>353,626</b>	453,904
Total liabilities	<b>719,358</b>	804,842
<i>Shareholders' equity</i>		
Share capital	<b>27,173,600</b>	14,026,374
Reserves		
Share-based payments reserve	<b>1,161,060</b>	83,300
Accumulated losses	<b>(5,059,266)</b>	(2,678,879)
	<b>23,275,394</b>	11,430,795
<b>(Loss) for the period</b>	<b>(2,378,055)</b>	(2,596,538)
<b>Total comprehensive (loss)</b>	<b>(2,378,055)</b>	(2,596,538)

### (b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries in the year ended 30 June 2021 (2020: nil).

### (c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

### (d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2021 (2020: nil).

### (e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except for the following:

#### (i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Amaero International Ltd.

## **20 Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Amaero International Ltd and its subsidiaries.

### **(a) 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 and the *Corporations Act 2001*. Amaero International Ltd is a for-profit entity for the purpose of preparing the financial statements.

#### *(i) Compliance with IFRS*

The consolidated financial statements of the Amaero International Ltd group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *(ii) Historical cost convention*

The financial statements have been prepared on a historical cost basis.

#### *(iii) New and amended standards adopted by the group*

There are no new accounting standards or interpretations that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

#### *(iv) New standards and interpretations not yet adopted*

There are no new standards and interpretations that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

### **(b) Principles of consolidation**

#### *(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 20(i)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### **(c) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

## **20 Summary of significant accounting policies (continued)**

### **(d) Foreign currency translation**

#### *(i) Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Amaero International Ltd's functional and presentation currency.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

#### *(iii) Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that consolidated balance sheet
- income and expenses for each consolidated income statement and consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

### **(e) Revenue recognition**

The accounting policies for the group's revenue from contracts with customers are explained in note 2.

## **20 Summary of significant accounting policies (continued)**

### **(f) Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Note 3 provides further information on how the group accounts for government grants.

### **(g) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **(h) Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The accounting policies for the group's leases are explained in note 6(e)(iii).

### **(i) Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and

## **20 Summary of significant accounting policies (continued)**

### **(i) Business combinations (continued)**

- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

### **(j) Impairment of assets**

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **(k) Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

### **(l) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 5(b) for further information about the group's accounting for trade receivables and note 10(b) for a description of the group's impairment policies.

### **(m) Inventories**

#### ***(i) Raw materials and stores, work in progress and finished goods***

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



## **20 Summary of significant accounting policies (continued)**

### **(n) Joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

### **(o) Investments and other financial assets**

#### *(i) Classification*

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

#### *(ii) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

#### *(iii) Measurement*

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

## **20 Summary of significant accounting policies (continued)**

### **(o) Investments and other financial assets (continued)**

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### *(iv) Impairment*

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

#### *(v) Income recognition*

##### *Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### **(p) Property, plant and equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are disclosed in note 6(b).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 (note 20(j)).

## **20 Summary of significant accounting policies (continued)**

### **(p) Property, plant and equipment (continued)**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### **(q) Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **(r) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### **(s) Employee benefits**

#### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### *(ii) Other long-term employee benefit obligations*

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

## **20 Summary of significant accounting policies (continued)**

### **(t) Contributed equity**

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.

### **(u) Loss per share**

#### *(i) Basic loss per share*

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### *(ii) Diluted loss per share*

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### **(v) Rounding of amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

### **(w) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

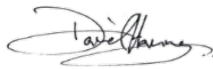
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**In the directors' opinion:**

- (a) the financial statements and notes set out on pages 17 to 56 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 20(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of directors.



Mr David Hanna  
Director

Melbourne  
30 August 2021

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Amaero International Limited

#### Opinion

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

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

#### Key Audit Matters

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

## Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
<b>Share-based payments</b> Refer to Note 7 and Note 16 in the financial statements	
<p>The Company raised \$13.83 Million of equity capital during the year through placement and Share Purchase Plan (SPP) and has issued share-based payments of \$0.63 Million in relation to the capital raise.</p> <p>The company has also issued performance rights to employees during the year. Share-based payments expense of \$ 0.75 Million was recognised for the year ended 30 June 2021.</p> <p>We considered this area as a key audit matter due to the materiality of the amount and the estimates used in the valuation of share-based payments.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> <li>Reviewed the agreements and plans relating to share-based payments and assessed the appropriateness of valuation methods used; and</li> <li>assessed the reasonableness of the accounting treatment and appropriateness of disclosures relating to share-based payments in accordance with AASB 2 <i>Share-based Payments</i>.</li> </ul>

## Other Information

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

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

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

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

## Responsibilities of the Directors for the Financial Report

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

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

## **Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

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

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

### *Responsibilities*

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



**RSM AUSTRALIA PARTNERS**



**J S CROALL**  
Partner

Dated: 30 August 2021  
Melbourne, Victoria