

# HALF YEARLY REPORT

FOR THE SIX MONTHS TO  
31<sup>ST</sup> DECEMBER 2021

INCLUDING APPENDIX 4D DISCLOSURES

Amaero International Ltd  
Appendix 4D  
For the half-year ended 31 December 2021

# Amaero International Ltd

## Appendix 4D

### Half-year ended 31 December 2021

Name of entity:	Amaero International Ltd
ABN:	82 633 541 634
Half-year ended:	31 December 2021

#### Results for announcement to the market

					\$
Revenue for ordinary activities	Up	80.0%	to	214,318	
Loss before interest and taxation (EBIT)	Up	24.6%	to	(3,506,524)	
Net loss for the period attributable to members	Up	24.6%	to	(3,506,524)	

#### Distributions

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

#### Explanation of results

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

This information should be read in conjunction with the 2021 Annual Report. Additional information supporting the Appendix 4D disclosure requirements can be found in the review of operations and activities, directors' report and the financial statements for the half-year ended 31 December 2021.

#### Net tangible assets per security

	31 December 2021 Cents	31 December 2020 Cents
Net tangible asset backing (per share)	4.51	5.73

The calculation of net tangible assets excludes right-of-use assets arising from AASB 16 Leases.

#### Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2021.

**Amaero International Ltd**  
**Appendix 4D**  
**For the half-year ended 31 December 2021**  
(continued)

**Other information required by Listing Rule 4.2A**

- 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:

	<b>Reporting entity's percentage holding</b>	
	<b>31 December 2021 %</b>	<b>30 June 2021 %</b>
<b>Name of associate/ joint venture entity</b>		
Strategic Alloys Pty Limited	<b>45</b>	45
d. Other information		N/A

**Interim review**

The financial statements have been reviewed by the group's independent auditor and the review report is attached as part of the Interim financial report.

# **Amaero International Ltd**

ABN 82 633 541 634

## **Interim financial report for the half-year 31 December 2021**

# Amaero International Ltd

ABN 82 633 541 634

## ***Interim report - 31 December 2021***

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Amaero International Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Your directors present their report on the consolidated entity (referred to hereafter as the 'group') consisting of Amaero International Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

### **Directors**

The following persons held office as directors of Amaero International Ltd during the financial period:

Mr David Hanna  
Mr Stuart Douglas  
Ms Kathryn Presser

### **Principal activities**

The principal activity of Amaero is the provision of end-to-end additive manufacturing solutions in terms of materials, services, equipment and technology to its key clients in the Aviation Defence and Space sectors and the Tool and Die industry.

There has been no significant change in the nature of these activities during the financial half-year.

### **Review of operations**

Amaero International Ltd has reported a loss for the period of \$3,506,524, with net assets amounting to \$11,803,840 as at 31 December 2021, including cash reserves of \$4,967,862.

Amaero is pleased to announce that it has achieved a number of significant milestones towards its strategic plan during half year ended 31 December 2021:

### **Operations**

#### *Australia*

- Committed to build an \$8 million customised and proprietary Titanium Alloy Powder Manufacturing Plant in Victoria, Australia. Revenue guidance for the plant was subsequently raised to ~\$40.8 million per annum.
- Achieved a successful build of the production version of the spinner tool for the Fletchers Insulation project and recorded positive test results.
- Received the first batch of ingots manufactured by Rio Tinto for the "Amaero HOT Al" project. This first batch was atomised into powder and testing commenced. The second shipment of Amaero H.O.T. Al was also dispatched from Rio Tinto.
- Executed a Heads of Agreement with Gilmour Space Technologies that will lead to a long-term supply agreement for the manufacture of rocket components and further Purchase Orders from Gilmour for the manufacture of rocket components.
- Received a letter of intent from Melbourne-based Australian Missile Corporation to explore opportunities to support the establishment of a Sovereign Guided Weapons and Explosive Ordnance Enterprise in Australia.
- Completed various samples for the Raytheon Intelligence and Space project.
- Finalised an agreement with metals process innovation company Kinaltek Pty Ltd, aimed at establishing a pilot demonstration facility for Kinaltek's proprietary technology for direct production of metal alloy powder (KinAlloys™).

#### *United States of America*

- Further development on the qualification of satellite components for US-based facility in El Segundo and delivery of evaluation parts to Boeing.
- Received a Purchase Order from Boeing for the F/A 18 Independent Research and Development (IRAD) project.

#### *International*

- Submission of draft Heads of Agreement for the proposed Saudi Additive Manufacturing Production Centre.

**Review of operations (continued)**

**Corporate**

- Appointment of John McKellar as Vice President, Strategic Operations. Mr McKellar will initially lead the Company's Titanium Alloy Powder Manufacturing Plant in Victoria and will then lead and co-ordinate the Middle East project
- Appointment of 3D printing industry expert Tuan TranPham to Amaero's Global Advisory Board.
- Amaero's Board Members opted to take 20% of their salary in equity under salary sacrifice arrangements and were issued 130,557 Shares in lieu of cash payments.

**Events since the end of the half-year**

Subsequent to 31 December 2021 and at the date of this report, Amaero completed the following milestones:

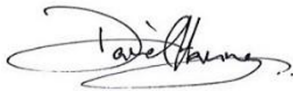
- Secured a 10-year lease for the Titanium Alloy Powder Manufacturing Plant facility.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected the group's operations, results or state of affairs, or is likely to do so in future periods.

**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 4.

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



Mr David Hanna  
Non-Executive Chairman

Melbourne  
28 February 2022



**RSM Australia Partners**

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

T +61(0) 3 9286 8000

F +61(0) 3 9286 8199

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

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

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

**RSM AUSTRALIA PARTNERS**

**M PARAMESWARAN**

Partner

Melbourne, Victoria

Dated: 28 February 2022

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**AUDIT | TAX | CONSULTING**

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**Amaero International Ltd**  
**Condensed consolidated statement of profit or loss and other comprehensive income**  
**For the half-year 31 December 2021**

		<b>31 December 2021</b>	31 December 2020
	Notes	\$	\$
Revenue from contracts with customers	2	<b>214,318</b>	119,050
Cost of sales		<u><b>(376,563)</b></u>	<u>(111,441)</u>
<b>Gross (loss)/profit</b>		<u><b>(162,245)</b></u>	<u>7,609</u>
Other income	3(a)	<b>795,479</b>	657,344
Other losses		<u><b>(8,899)</b></u>	<u>(49,113)</u>
Distribution costs		<b>(32,208)</b>	(27,013)
General and administrative expenses	3(b)	<b>(2,586,752)</b>	(2,333,383)
Research and development expenses		<b>(1,169,759)</b>	(771,048)
Selling and marketing expenses		<u><b>(246,356)</b></u>	<u>(186,424)</u>
<b>Operating loss</b>		<u><b>(3,410,740)</b></u>	<u>(2,702,028)</u>
Finance income		<b>15,123</b>	287
Finance expenses		<u><b>(110,907)</b></u>	<u>(112,926)</u>
<b>Finance costs - net</b>		<u><b>(95,784)</b></u>	<u>(112,639)</u>
<b>Loss before income tax</b>		<b>(3,506,524)</b>	(2,814,667)
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss for the period</b>		<u><b>(3,506,524)</b></u>	<u>(2,814,667)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations	6(b)	168,667	(410,592)
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period, net of tax</b>		<u><b>168,667</b></u>	<u>(410,592)</u>
<b>Total comprehensive loss for the period</b>		<u><b>(3,337,857)</b></u>	<u>(3,225,259)</u>
		<b>Cents</b>	Cents
<b>Loss per share for loss attributable to the ordinary equity holders of the company:</b>			
Basic/diluted loss per share	10	<b>(1.73)</b>	(1.59)

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

**Amaero International Ltd**  
**Condensed consolidated balance sheet**  
**As at 31 December 2021**

	31 December 2021	30 June 2021
Notes	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,967,862	11,466,845
Trade and other receivables	4(a) 1,138,199	165,825
Inventories	907,783	770,828
Other current assets	4(b) 426,703	139,532
<b>Total current assets</b>	<b>7,440,547</b>	<b>12,543,030</b>
<b>Non-current assets</b>		
Investments accounted for using the equity method	5(c) 353,131	321,535
Property, plant and equipment	5(a) 8,336,406	6,102,903
Other assets	182,129	179,773
<b>Total non-current assets</b>	<b>8,871,666</b>	<b>6,604,211</b>
<b>Total assets</b>	<b>16,312,213</b>	<b>19,147,241</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	4(c) 1,581,454	1,053,886
Employee benefit obligations	185,042	168,251
Deferred revenue	30,410	34,337
Other current liabilities	5(b) 256,623	235,223
<b>Total current liabilities</b>	<b>2,053,529</b>	<b>1,491,697</b>
<b>Non-current liabilities</b>		
Employee benefit obligations	47,503	37,768
Other non-current liabilities	5(b) 2,407,341	2,470,423
<b>Total non-current liabilities</b>	<b>2,454,844</b>	<b>2,508,191</b>
<b>Total liabilities</b>	<b>4,508,373</b>	<b>3,999,888</b>
<b>Net assets</b>	<b>11,803,840</b>	<b>15,147,353</b>
<b>EQUITY</b>		
Share capital	6(a) 27,701,454	27,173,600
Other reserves	6(b) 459,281	824,124
Accumulated losses	(16,356,895)	(12,850,371)
<b>Total equity</b>	<b>11,803,840</b>	<b>15,147,353</b>

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

**Amaero International Ltd**  
**Condensed consolidated statement of changes in equity**  
**For the half-year 31 December 2021**

	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		-	-	(2,814,667)	(2,814,667)
Other comprehensive loss		-	(410,592)	-	(410,592)
<b>Total comprehensive income/ (loss) for the half-year</b>		-	<b>(410,592)</b>	<b>(2,814,667)</b>	<b>(3,225,259)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity, net of transaction costs and tax	6(a)	8,515,688	-	-	8,515,688
Employee share schemes - value of employee services	6(a)	354,252	(83,300)	-	270,952
Performance rights issued	6(a)	102,809	-	-	102,809
Issue of shares in lieu of payment for services	6(a)	125,500	-	-	125,500
Options issued as part of capital raise	6(b)	(627,550)	627,550	-	-
		8,470,699	544,250	-	9,014,949
<b>Balance at 31 December 2020</b>		<b>22,497,073</b>	<b>161,299</b>	<b>(8,674,954)</b>	<b>13,983,418</b>
<b>Balance at 1 July 2021</b>		27,173,600	824,124	(12,850,371)	15,147,353
Loss for the period		-	-	(3,506,524)	(3,506,524)
Other comprehensive loss		-	168,667	-	168,667
<b>Total comprehensive income/ (loss) for the half-year</b>		-	<b>168,667</b>	<b>(3,506,524)</b>	<b>(3,337,857)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Employee share schemes - value of employee services	6(a)	388,352	(454,300)	-	(65,948)
Performance rights issued	6(a)	79,502	(79,210)	-	292
Issue of shares in lieu of payment for services	6(a)	60,000	-	-	60,000
		527,854	(533,510)	-	(5,656)
<b>Balance at 31 December 2021</b>		<b>27,701,454</b>	<b>459,281</b>	<b>(16,356,895)</b>	<b>11,803,840</b>

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

**Amaero International Ltd**  
**Condensed consolidated statement of cash flows**  
**For the half-year 31 December 2021**

	31 December 2021	31 December 2020
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	261,475	161,394
Payments to suppliers and employees (inclusive of GST)	(4,585,797)	(2,951,087)
Interest received	55	287
Interest paid	(103,373)	(112,926)
Research and development tax incentive and other grants received	-	141,040
<b>Net cash outflow from operating activities</b>	<b>(4,427,640)</b>	<b>(2,761,292)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(1,994,202)	(322,920)
Payments for joint ventures	(24,062)	(100,000)
<b>Net cash outflow from investing activities</b>	<b>(2,018,264)</b>	<b>(422,920)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	-	9,000,000
Share issue transaction costs	-	(484,312)
Repayment of principal portion of leases	(109,048)	(114,404)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(109,048)</b>	<b>8,401,284</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,554,952)</b>	<b>5,217,072</b>
Cash and cash equivalents at the beginning of the financial year	11,466,845	4,019,209
Effects of exchange rate changes on cash and cash equivalents	55,969	(77,242)
<b>Cash and cash equivalents at end of the half-year</b>	<b>4,967,862</b>	<b>9,159,039</b>

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

## **1 Segment and revenue 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 contract with customers**

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

	<b>31 December 2021</b>	31 December 2020
	\$	\$
<b>Sale of goods and services</b>		
Component sales	<b>214,318</b>	104,328
Machine hours rental	-	6,522
Engineering services	-	8,200
	<b>214,318</b>	119,050

## **3 Income/ Expense items**

### **(a) Other income**

	<b>31 December 2021</b>	31 December 2020
	\$	\$
Research and development tax incentive	<b>795,479</b>	516,304
Other grants	-	141,040
	<b>795,479</b>	657,344

**Amaero International Ltd**  
**Notes to the condensed consolidated financial statements**  
**31 December 2021**  
(continued)

**3** Income/ Expense items (continued)  
**(b) Breakdown of expenses by nature**

	<b>31 December 2021</b>	31 December 2020
	\$	\$
<b>General and administrative expenses</b>		
Accounting and audit	<b>55,490</b>	66,952
Contracting and consulting	<b>292,151</b>	250,415
Depreciation	<b>524,264</b>	577,635
Employee benefits	<b>785,833</b>	577,669
Equipment expenses	<b>161,416</b>	101,656
Insurance	<b>124,404</b>	84,304
Investor and public relations	<b>61,170</b>	32,991
Legal and company secretarial	<b>102,686</b>	82,928
Listing and share registry	<b>82,980</b>	94,821
Occupancy	<b>91,946</b>	73,770
Share-based payments (net)	<b>(64,652)</b>	212,216
Superannuation	<b>60,889</b>	42,499
Travel	<b>55,281</b>	23,461
Other	<b>252,894</b>	112,066
	<b>2,586,752</b>	2,333,383

**4 Financial assets and financial liabilities**

**(a) Trade and other receivables**

	<b>31 December 2021</b>	30 June 2021
	\$	\$
<b>Trade and other receivables</b>		
Trade receivables	<b>152,624</b>	106,914
Research and development tax incentive	<b>795,479</b>	-
Other receivables	<b>190,096</b>	58,911
	<b>1,138,199</b>	165,825

**(b) Other current assets**

	<b>31 December 2021</b>	30 June 2021
	\$	\$
<b>Other current assets</b>		
Prepayments	<b>351,149</b>	130,075
Other items	<b>75,554</b>	9,457
	<b>426,703</b>	139,532

#### 4 Financial assets and financial liabilities (continued)

##### (c) Trade and other payables

	<b>31 December 2021</b>	<b>30 June 2021</b>
	\$	\$
<b>Trade and other payables</b>		
Trade payables	<b>1,313,585</b>	847,564
Accrued expenses	<b>216,036</b>	162,449
Other payables	<b>51,833</b>	43,873
	<b>1,581,454</b>	1,053,886

#### 5 Non-financial assets and liabilities

##### (a) Property, plant and equipment

	<b>Plant and equipment</b>	<b>Furniture, fittings and equipment</b>	<b>Leasehold improvements</b>	<b>Right-of-use assets</b>	<b>Assets under construction</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2021</b>						
Opening net book amount	2,845,318	35,499	443,855	2,778,231	-	6,102,903
Additions	3,600	1,999	-	-	2,583,359	2,588,958
Exchange differences	86,594	343	14,505	67,366	-	168,808
Depreciation charge	(294,677)	(4,850)	(25,523)	(199,213)	-	(524,263)
Closing net book amount	2,640,835	32,991	432,837	2,646,384	2,583,359	8,336,406

##### (i) Assets under construction

Amaero Engineering Ltd is in the process of constructing a gas atomiser for the titanium powder plant.

##### (b) 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.

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.

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

### (b) Leases (continued)

(i) Amounts recognised in the balance sheet

	31 December 2021 \$	30 June 2021 \$
<b>Right-of-use assets<sup>1</sup></b>		
Properties	2,646,384	2,778,231
	<u>2,646,384</u>	<u>2,778,231</u>
<b>Lease liabilities<sup>2</sup></b>		
Current	256,623	235,223
Non-current	2,407,341	2,470,423
	<u>2,663,964</u>	<u>2,705,646</u>

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

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

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

	31 December 2021 \$	31 December 2020 \$
Interest expense (included in finance costs)	103,373	112,926

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

The group's lease agreement does not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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.

### (c) Instruments accounted for using the equity method

	31 December 2021 \$	30 June 2021 \$
<b>Non-current assets</b>		
Interest in joint venture partnership (i)	353,131	321,535

(i) Interest in joint venture partnership

Amaero subsidiary, Amaero Alloys Pty Ltd, entered a Joint Venture Research Agreement (JV) with PPK Group Ltd subsidiary, PPK Aust Pty Ltd, and Deakin University in November 2020 to develop super strength aluminium alloy.



## 6 Equity

### (a) Share capital

	<b>31 December 2021 Shares</b>	30 June 2021 Shares	<b>31 December 2021 \$</b>	30 June 2021 \$
Fully paid	<b>202,918,801</b>	201,777,549	<b>27,701,454</b>	27,173,600

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

Details	Number of shares	\$
<b>Balance at 1 July 2021</b>	<b>201,777,549</b>	<b>27,173,600</b>
Issue at \$0.33 performance rights shares (6-7-2021)	240,695	79,502
Issue at \$0.50 performance milestones shares (1-9-2021)	770,000	383,352
Issue at \$0.50 salary sacrifice shares (30-11-2021)	10,042	5,000
Issue at \$0.50 in lieu of payment for services (30-11-2021)	120,515	60,000
<b>Balance at 31 December 2021</b>	<b>202,918,801</b>	<b>27,701,454</b>

### (b) Other reserves

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

	Share- based payments reserve \$	Foreign currency translation \$	Total other reserves \$
<b>At 1 July 2021</b>	<b>1,161,060</b>	<b>(336,936)</b>	<b>824,124</b>
Currency translation differences	-	168,667	168,667
Transactions with owners in their capacity as owners			
Share-based payments (net)	(533,510)	-	(533,510)
<b>At 31 December 2021</b>	<b>627,550</b>	<b>(168,269)</b>	<b>459,281</b>

## 6 Equity (continued)

### (b) Other reserves (continued)

#### (i) 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 shareholders 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 half-year 240,695 Performance Rights vested upon the attainment of conditions. As 31 December 2021, 481,390 Performance Rights remain outstanding.

Performance right class	Performance condition	Approximate number of rights
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>481,390</b>

#### (ii) Movements in options:

Details	Notes	Number of options	\$
Opening balance 1 July 2021		3,500,000	627,550
Balance at 31 December 2021		<u>3,500,000</u>	<u>627,550</u>

## 7 Interests in other entities

### (a) Material subsidiaries

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	
		31 December 2021 %	30 June 2021 %
Amaero Engineering Pty	Australia	100	100
AM Amaero Inc	United States	100	100
Amaero Alloys Pty Ltd	Australia	100	100

## 8 Events occurring after the reporting period

Subsequent to 31 December 2021 and at the date of this report, Amaero completed the following milestones:

- Secured a 10-year lease for the titanium powder plant facility, with additional works commencing in January 2022 to prepare for the installation of the titanium powder facility.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected the group's operations, results or state of affairs, or is likely to do so in future periods.

## 9 Related party transactions

### (a) Transactions with other related parties

The following transactions occurred with related parties:

#### (i) Sales and purchases of goods and services

	<b>31 December 2021</b>	31 December 2020
	\$	\$
Purchases of various services from an entity having a significant influence over the group - Innovyz Institute Pty Ltd	<b>120,000</b>	22,946
Purchases of various services from an entity related to a director - Monash University	<b>202,532</b>	320,054

#### (ii) Purchases from entities controlled by key management personnel

The group acquired the following services from an entity having a significant influence to the group.

- reimbursements for expenses incurred on behalf of the group.

#### (iii) Purchases from entities related to key management personnel

The group acquired the following services from an entity having a significant influence to the group.

- payments for leasing facilities and patent costs.

## 10 Loss per share

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

	<b>31 December 2021</b>	31 December 2020
	\$	\$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations	<u><b>(3,506,524)</b></u>	<u>(2,814,667)</u>

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

	<b>2021 Number</b>	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u><b>202,538,750</b></u>	<u>177,547,355</u>

Performance rights and options issued and outstanding at the end of the reporting period have not been included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive in nature due to the losses incurred during the period.

## 11 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. These financial statements also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Amaero International Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

### Going concern assumption

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. As disclosed in the financial statements, the Group incurred a net loss of \$3,506,524, and cash outflow from operating activities of \$4,427,640 during the half-year ended 31 December 2021.

These factors indicate a material uncertainty which may cast doubt as to whether the Group will continue as a going concern and therefore whether it will realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Directors believe the Group would be able to access additional funds to support working capital requirements and execute its strategic growth initiatives; and
- A cash flow forecast for the twelve-month period from the date of signing the financial statements, which has been prepared based on assumptions about certain economic and operating performance supports the directors' assertion.

## **11 Basis of preparation of half-year report (continued)**

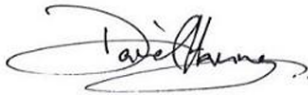
Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 1 to 17 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with AASB 134 *Interim Financial Reporting*, 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 31 December 2021 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Amaero International Ltd will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'David Hanna', with a large, sweeping flourish underneath.

Mr David Hanna  
Non-Executive Chairman

Melbourne  
28 February 2022

**RSM Australia Partners**

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

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

[www.rsm.com.au](http://www.rsm.com.au)

## INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Amaero International Limited

### *Conclusion*

We have reviewed the accompanying half-year financial report of Amaero International Limited ("the Company"), and its subsidiaries (collectively "the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration.

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

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

### *Basis for Conclusion*

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

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

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 11 in the interim financial report, which indicates that the Group incurred a net loss of \$3,506,524 and cash outflow from operating activities of \$4,427,640 during the half year ended 31 December 2021. As stated in Note 11, these events or conditions, along with other matters as set forth in Note 11, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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#### *Directors' Responsibility for the Half-Year Financial Report*

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

#### *Auditor's Responsibility for the Review of the Financial Report*

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

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



**RSM AUSTRALIA PARTNERS**



**M PARAMESWARAN**

Partner

Date: 28 February 2022  
Melbourne, Victoria