

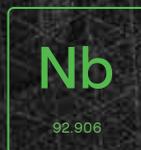


# Annual Report 2024

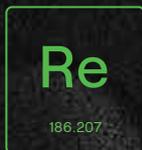
A new standard in premium metal powders



Titanium



Niobium



Rhenium



Molybdenum



Tungsten

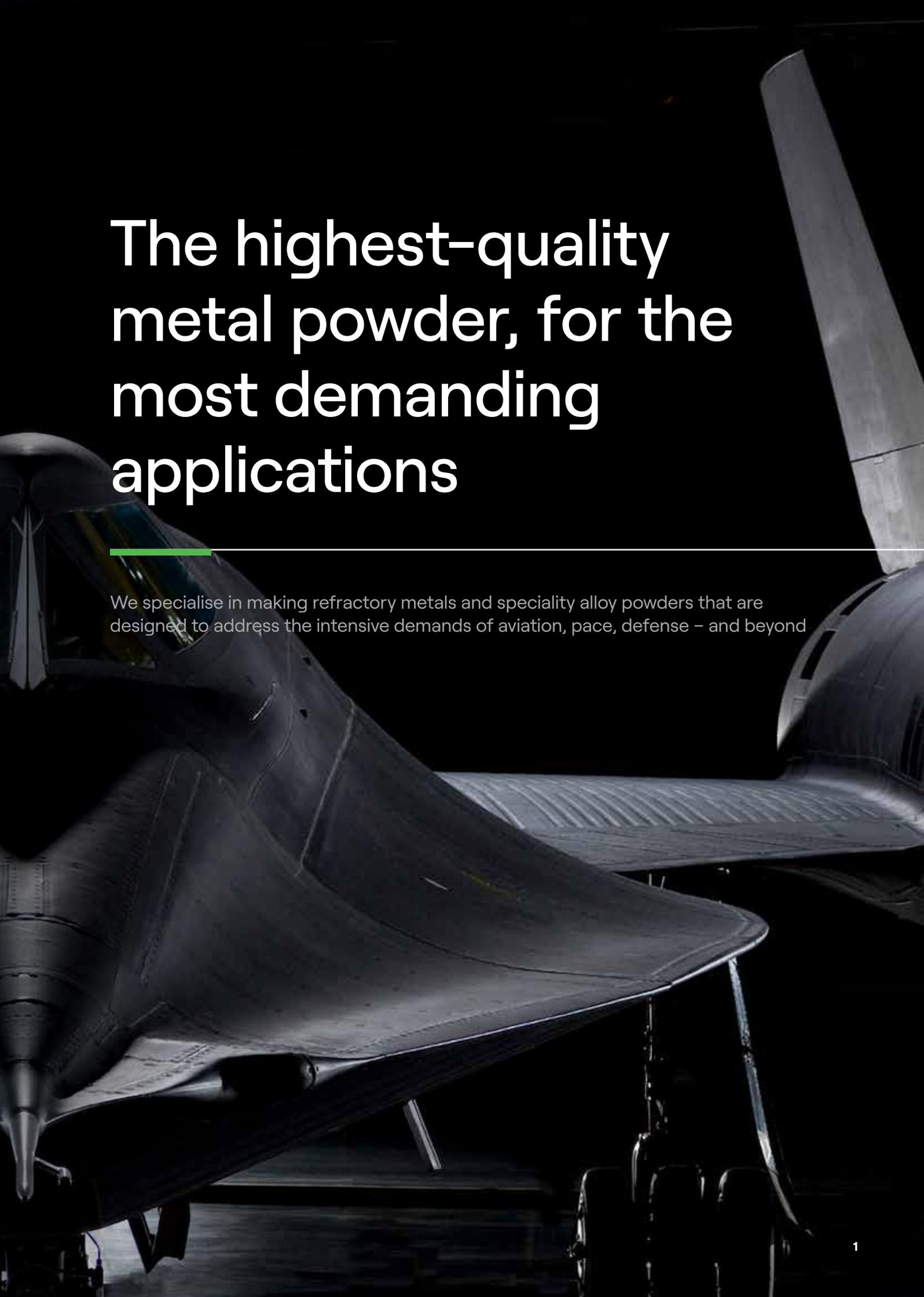


Tantalum

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# The highest-quality metal powder, for the most demanding applications

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We specialise in making refractory metals and speciality alloy powders that are designed to address the intensive demands of aviation, space, defense – and beyond

# Chairman and Chief Executive Officer Report

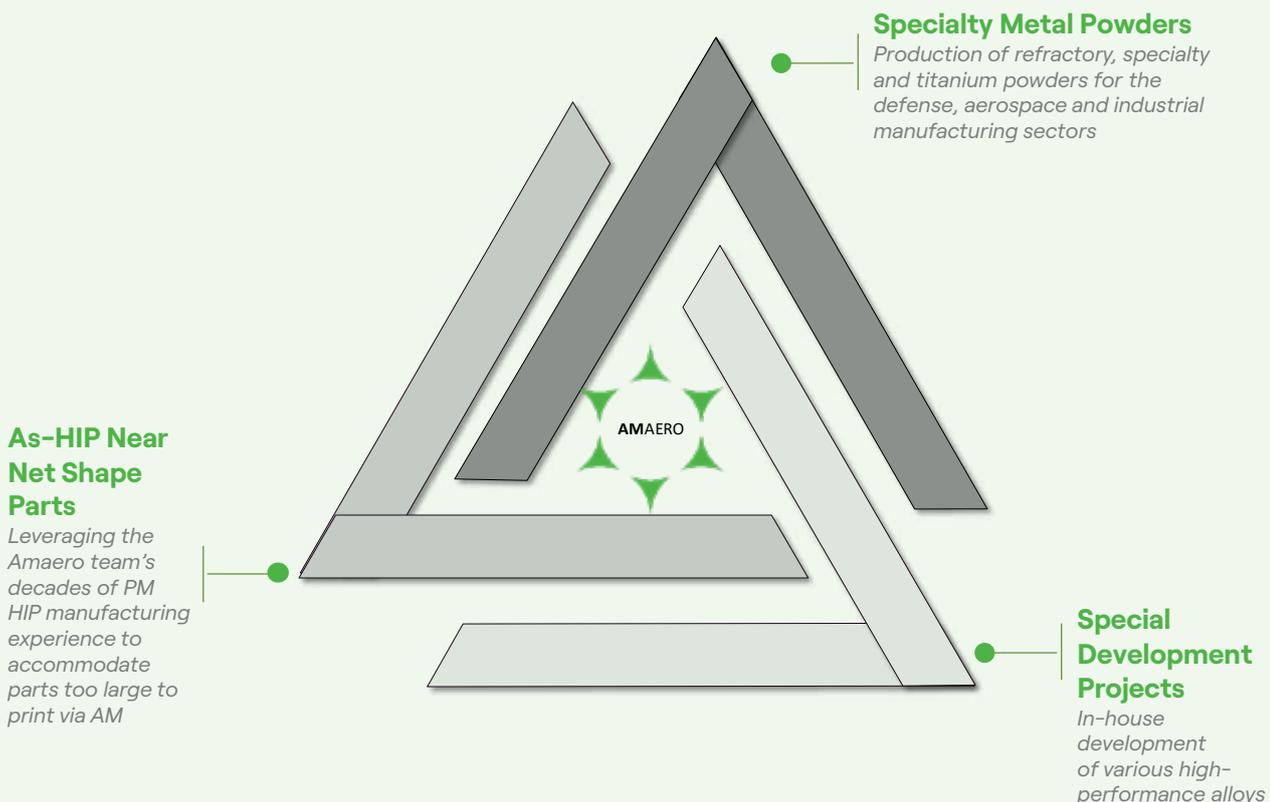


Dear shareholders,

The 2024 financial year was a transformative period for Amaero International Limited as we completed the corporate re-structuring and strategically re-positioned Amaero to be the largest and most responsive U.S. domestic supplier of C103, refractory and titanium alloy powder for additive manufacturing of critical components utilized by the defense and space industries.

Importantly, Amaero is on track to address gaps in the defense production supply chain and to enhance the resiliency, scalability and agility of the U.S. domestic supply chain. Amaero's capability and capacity will advance manufacturing readiness levels and address a legacy impediment to the insertion of additive manufacturing. Moreover, the flexibility of Amaero's production will enable more responsive collaboration with Department of Defense laboratories, defense prime contractors and 1st Tier suppliers to test and commercialize development alloys that are more cost effective and have improved material properties.

## Three Pillars of Amaero's Business





During the year, we made important progress in a number of important areas, including:

### Relocated operations and HQ from Australia to the U.S

In July 2023, Amaero announced that it would re-locate its manufacturing and corporate headquarters to the United States. The decision reflected financial, operational and strategic advantages. The State of Tennessee acted decisively to coordinate and to commit economic incentives from multiple stakeholders to attract the re-location of the flagship facility, as well as the Group's research & development and corporate headquarters. The economic incentives included cash payments of approximately A\$1.2 million and a 10-year subsidized electricity agreement at approximately A\$0.09/kWh. Also,

Amaero signed a 15-year lease with options to extend for additional 10 years for a "nearing completion" 100,000 square foot manufacturing facility in the Spring Branch Industrial Park near Chattanooga, Tennessee. The opportunity to lease a "nearing completion" facility accelerated the company's go-to-market strategy by approximately two years and saved Amaero approximately A\$33 million in working capital. In September 2023, the Company announced that it had value engineered the facility design to install the atomizers in the existing facility, without modification, and that the change would result in a savings of approximately A\$15 million.

In October 2023, Amaero announced it would cease operations in Australia to focus on operations in the U.S. and to prudently manage operating expenses.

### Executive hires

Importantly, the re-location to the U.S. enabled Amaero to attract key technical and operations executives.

In August 2023 Amaero hired Eric Bono as President & Chief Technology Officer. In September 2023 Mr. Bono was appointed as a Director of the Company. Eric brings extensive experience and relationships in powder metallurgy, additive manufacturing ("AM"), and near-net shape Isostatic Powder Processing (IPP) manufacturing. Over the past 29 years, Eric has held leadership roles across technical and sales functions for various industry leaders, including 6K, Carpenter Technology, Puris, Summit Materials and Crucible Research. His education includes a Bachelor of Science and a Master of Science in Mechanical Engineering from University of Pittsburgh, and an MBA from Carnegie Mellon.

# Chairman and Chief Executive Officer Report

continued

In September 2023, Chris Scanlon was appointed as Chief Financial Officer in September 2023 and brings extensive accounting, corporate finance, capital markets and FP&A experience at venture capital-backed, high growth businesses, as well as middle market and Fortune 200 companies. He began his career as an audit manager at EY and has since held accounting and finance positions at five (5) publicly listed companies, including CFO and Corporate Controller/Chief Accounting Officer for NASDAQ and NYSE listed companies. He received his bachelor's degree in accounting from Florida State University and his M.S. in Taxation from Robert Morris University. He is a Certified Public Accountant.

Also in September 2023, Jay Chandran was hired as VP of Operations and subsequently promoted to Chief Operating Officer. Jay brings a wealth of operational and procurement experience. His prior experience includes senior operational and commercial roles at Consolidated Precision Products and Precision Castparts Corp. He received a Bachelor's degree in Production Engineering from Nagpur University and Master of Science in Industrial Engineering from the University of Oklahoma.

In November 2023, the Company hired Dr. Ronald Aman. Ron, who serves as Vice President - Engineering, previously served as the senior technology leader and principal engineer at EWI, where he led the engineering team to deliver applied research and development focused on additive manufacturing and advanced materials for industrial clients, primarily in aerospace, nuclear, and industrial application markets. He also served as manager for the Additive Manufacturing Technology

Centre at Carpenter Technology Corporation. He was also a principal investigator on numerous US Department of Defense and Department of Energy programs involving niobium, molybdenum, titanium, and other refractories, as well as research related to the qualification and certification of materials and AM components. He also held numerous faculty positions at his alma mater, North Carolina State University, and at Rochester Institute of Technology, and has authored numerous research articles on additive manufacturing and metal properties. He received B.S., M.S. and PhD in Industrial Engineering from North Carolina State University.

Other important hires included Fred Yolton and Dr. David Schmidt. Mr. Yolton brings decades of pioneering experience in powder metallurgy and is credited with inventing the gas atomization process for titanium alloys. Dr. Schmidt is a leading authority in numerical modelling and computational fluid dynamics for the atomization process and for Isostatic Powder Processing (IPP) manufacturing.

Subsequent to 30 June 2024, Amaero also confirmed that former U.S. National Security Advisor Lieutenant General (ret.) H.R. McMaster joined the Company as Special Advisor to the Chairman and CEO. Hank Holland noted, "I've had the privilege of knowing H.R. McMaster and I know firsthand his passion for addressing U.S. domestic supply chain vulnerabilities and to buttressing the most strategic industrial base capabilities. McMaster's experience in the U.S. Army, the Pentagon and the White House, coupled with the trust and respect that he has established on Capitol Hill and in the private sector uniquely position him to provide thoughtful and highly relevant advice pertaining to strategic and commercial matters."

## Fairmont Consulting comprehensive market study

Once the Company re-located to the United States, Amaero began to receive inbound interest for C103 and refractory alloy powder. Given the high melting temperature of refractory alloys and given the necessity of traceability of feedstock, Amaero's gas atomization technology and the team's technical know-how differentiate Amaero as a U.S. domestic supplier of C103, refractory and titanium alloy powder; moreover, the Company has ordered a 2nd atomizer which is expected to be commissioned by end of FY2025. The capital investment coupled with the know-how, position Amaero to be the largest and the most responsive U.S. domestic producer.

The Company announced that it would prioritize the production of C103 and that it would focus exclusively on specialty alloy powders including C103, refractory and titanium alloys. As there is an inadequate supply of U.S. domestic titanium powder production and given that the price of titanium powder is approximately 5x higher than the stainless steel powder, it's an attractive market. As C103 AM powder is priced approximately 20x higher than titanium AM powder, the production prioritization is expected to accelerate revenue growth and the achievement of EBITDA breakeven.

Based on the high-temperature properties of C103 and the complex geometry of the end-parts, additive manufacturing parts from C103 is well suited for thermal protection and for propulsion applications in defense and space; examples include hypersonic weapon systems, strategic missiles, space launch and satellites. Given that many of the programs are advancing from development and demonstration phases to serial production and given the classified nature of the programs, it was

important to engage a consulting firm with deep defense and space expertise to research the programs, to assess the probable insertion of additive manufacturing with C103 and to estimate the demand signal. Amaero retained Fairmont Consulting Group, a leading consulting firm that specializes in the defense and space industries, and a comprehensive study was completed in February 2024. The Company lodged an ASX announcement that summarized the research insights pertaining to the supply landscape, pricing dynamics, as well as anticipated future demand. Based on the extensive and well-supported findings from the market study, the Company updated its production planning and its financial planning and analysis model.

Amaero continues to pursue a strategy of prioritising production of C103, development refractory alloys, other high value specialty alloys and Ti-64 powder production, to uniquely position the Company as a U.S. domestic, agile and scalable producer of high-value, specialty powder for additive manufacturing of mission-critical components for the defense, space and aviation industries.

### **Securing a binding offtake and preferred supplier agreement for C103 AM powder**

As previously disclosed on 27 March 2024, Amaero entered into a binding offtake and preferred supply agreement for C103 additive manufacturing (“AM”) powder. This agreement was contingent on successful qualification according to the counterparty’s specifications.

As announced on 9 September 2024 (Subsequent to financial year end), the Company completed the qualification of Niobium C103 in accordance with ADDMAN Group and its subsidiary Castheon’s technical specifications. Since announcing the strategic offtake

and preferred supplier agreement on March 27, Amaero and ADDMAN moved deliberately. Commissioning of the atomizer was completed ahead of guidance and delivery C103 AM powder to ADDMAN for testing was completed ahead of guidance. The achievement of qualification with a leading technical and manufacturing authority, and doing so ahead of guidance, is Amaero’s most significant milestone. With qualification having been achieved, Amaero is now the largest capacity and most responsive U.S. domestic producer of C103, refractory and specialty alloy powders for additive manufacturing.

Amaero’s successful qualification of C103 AM powder triggers ADDMAN’s obligation to purchase no less than 2.25 tonnes of C103 at a fixed price with 0.25 tonnes expected to be shipped in CY2024 and 2.0 tonnes expected to be shipped in CY2025. The attributable revenue is material to Amaero. Having had an entity with ADDMAN’s technical authority and role in the market with defense primes and DoD funded labs qualify its C103 AM powder, Amaero expects this will be looked upon favourably by other potential customers with whom it is speaking about potential new commercial agreements.

Further, the agreement establishes Amaero as the preferred and primary supplier of C103, refractory, and titanium alloy AM powders to ADDMAN Group including its Castheon and KAM subsidiaries. The preferred supplier agreement is for a period of five (5) years and does not establish a minimum order threshold. Amaero has confidence that its qualification in combination with its capacity and responsiveness will provide the foundation for Amaero to make additional future sales of C103 to ADDMAN. The expected future sales to ADDMAN are material to Amaero’s revenue; moreover, the attributable revenue is a key assumption underpinning Amaero’s expectation that it will achieve EBITDA breakeven in FY2026.

### **Commissioning of atomiser completed ahead of schedule**

At the time of announcing offtake and preferred supplier agreement, Amaero announced that it expected to commission its 1st atomizer by 30 June 2024. Subsequently, the Company announced that it completed final acceptance and commissioning of the atomizer in accordance with technical specifications in the Purchasing Agreement between Amaero and ALD Vacuum Technology GmbH a month ahead of schedule.

Immediately upon finishing the commissioning, ALD’s technicians left the facility and Amaero’s technical and manufacturing team commenced proprietary modifications of the atomization process and optimization of the operating parameters.

### **Capital raising and financials**

During the 2024 financial year, Amaero successfully completed two equity capital raises totaling A\$30 million, including a A\$10 million placement in December 2023 that was led by Pegasus Growth Capital and A\$20 million institutional placement in April 2024 that was led by Fidelity International (holds 5.6% ISC), IFM Investors and a leading Sydney-based investment management firm.

Funds from these activities were utilized to fund budgeted capital investment and to supplement ongoing cash requirements for operations.

Amaero estimates that the capital expense budget for FY2025 will total A\$43 million and the Company has provided guidance that it expects to achieve EBITDA breakeven in FY2026.

In the 2024 financial year, the Company reported a net loss of A\$14.2 million (FY23: A\$12.5 million). Amaero held A\$12.0 million in cash and equivalents as of 30 June 2024.

# Chairman and Chief Executive Officer Report

continued



# Amaero Milestones



Subsequent to the 2024 financial year, in September 2024, Amaero successfully completed an upsized institutional placement raise of A\$25 million following strong support from existing cornerstone institutional shareholders as well as from new Australian and international institutions. Net proceeds from this placement will primarily be used to fund the purchase of capital equipment including the second atomizer and improvements to the Company’s headquarters in Tennessee.

## Outlook

The Company enters the 2025 financial year with momentum and with transformative milestones on the horizon. In the near term, we achieved qualification of C103, the most significant event in the Company’s brief history – the Company will have demonstrated differentiated technical capabilities that are derived from state-of-art technology coupled

with leadership’s technical and manufacturing know-how that been established over decades of pioneering experience.

In FY2025, we expect to commence commercial sales in the 3rd quarter and to commission the 2nd atomizer by June 30. Importantly, we expect to transition from a bold, entrepreneurial start-up to a strategic advanced materials business with both a first mover advantage and with defensive moats.

Amaero’s team is relentlessly focused on two objectives – 1) execute, execute, execute and 2) establish Amaero as a valued and trusted partner to our customers including the DoD laboratories, the defense prime contractors and the Tier 1 suppliers.

Finally, Amaero is fortunate to have an incredibly supportive group of investors that include cornerstone institutional support and high net worth individual investors.

As Amaero’s largest shareholder, my financial interests are aligned with our shareholders – our partners. We are committed to communicating in a transparent and balanced manner with the objective of under promising and over delivering.

On behalf of the Board, I would like to thank the entire Amaero team, our customers, our shareholders and other stakeholders at large. We made important progress in 2024, but there is much work to be done. I look forward to advancing our aspirational goals in 2025 and to delivering tangible results for our customers and for our shareholders.

Thank you for your continued trust and confidence.

Hank J. Holland  
Chairman and Chief Executive Officer

# Board of Directors



**Hank J. Holland**  
Chairman and Chief  
Executive Officer

Appointed on 1 Nov 2022

Mr. Holland serves as Managing Partner of Pegasus Growth Capital ("Pegasus"), a U.S. based private equity firm, where he oversees deal origination, transaction structure and investment execution, and leads the strategy and general management of the fund. With 35 years of experience in investment, finance and capital market management across public and private markets, he has successfully sourced, structured and led investments in early-stage growth businesses. In addition to Amaero, Holland has led successful investment in LogicSource, Inc. and Trifecta, Inc.

Pegasus has led three capital raises for Amaero and owns approximately 35% of fully paid ordinary shares. On a fully converted, fully diluted basis, Pegasus ownership is approximately 42%.

Holland has previously held senior roles at First Republic Investment Management, Merrill Lynch and Sanford C. Bernstein. He received a B.S. in Civil Engineering from Southern Methodist University and a Master's in Agriculture from Colorado State University.



**Eric Bono**  
President and Chief  
Technical Officer

Appointed on 14 Sep 2023

Eric Bono brings extensive experience and relationships in powder metallurgy, additive manufacturing, and near-net shape Hot Isostatic Pressing (HIP) manufacturing. Over the past 28 years, Eric has held leadership roles across technical and sales functions for various industry leaders, including 6K, Carpenter Technology, Puris, Summit Materials and Crucible Research. His education includes a Bachelor of Science and a Master of Science in Mechanical Engineering from University of Pittsburgh, and an MBA from Carnegie Mellon.



**Omer Granit**  
Non-Executive Director

Appointed on 12 Jan 2023

Omer Granit joined Amaero's Board to assist with the group's global expansion and capital markets engagement. He began his career as a practicing attorney at White & Case in New York City, specializing in corporate and M&A groups. Omer later transitioned to finance, managing a multi-million dollar family office in London and serving as a Managing Director and senior member at Migdal Capital Markets, the asset management arm of the Migdal Group, where he was responsible for alternative investments.

He is the co-founder and former co-CEO of the high-end co-working company, Mixer Global, and the managing partner and founder of West 4 Capital, a leading hedge fund registered in London under the FCA.

Omer currently serves as a partner at EnPar Capital, a private investment firm based in New York. His previous positions include board directorships at the Monte Rosa Private Equity Fund, The Dragon Variation Fund, and the MGT hedge fund.

Omer holds an LL.M (Master of Law) from New York University School of Law, where he was elected to the Student Bar Association and was valedictorian for the class of 2007. He also holds LL.B (Law) and BA (Finance) degrees from Reichman University, earned between 2000 and 2004.



**Robert Latta**  
Non-Executive Director

Appointed on 4 Sep 2023

Robert "Bob" Latta was a Senior Partner at Wilson Sonsini Goodrich & Rosati, one of the U.S.' leading technology and growth business law firms, from 1979 until 2019, and was Senior of Counsel at the firm from 2019 until his retirement in 2024. He served on the firm's Executive, Policy, Compensation and WS Investments Committees during that time, and his practice covered a broad range of general corporate and transactional matters, including company formations, venture capital financings, public offerings, and mergers and acquisitions. He received a B.A. in Economics from Stanford University (where he was selected Phi Beta Kappa) and a J.D. from the Stanford Law School.



**Erik Levy**  
Non-Executive Director

**Appointed on 31 Mar 2023**

Based in New York City, Mr. Levy is an experienced director and investor who brings a depth of expertise in global capital markets, M&A and corporate strategy. He is Managing Partner of EnPar Capital and prior to that, he was a Founding Partner and Managing Director of BlackRock's Direct Private Equity business.

Prior, he spent over 11 years with CPP Investment Board building the firm's Direct Private Equity business and with Bain & Co prior to that. Over the years, he has served on numerous corporate boards including Skype, Informatica, Acelity, Suddenlink, etc. He received a BSc in Actuarial Mathematics from Concordia University and a Masters in Business Administration (MBA) from the University of Toronto - Rotman School of Management.



**Jamie Levy**  
Non-Executive Director

**Appointed on 28 Sep 2023**

Mr. Levy is a senior corporate lawyer and international business leader who has developed a unique combination of legal, commercial and advisory skills gained through working closely with some of the world's leading investment organisations over 20+ years, both in the private and public sectors. Presently, Jamie serves as Senior Advisor to the Abu Dhabi Investment Office (ADIO), the central government hub supporting private sector investment in the Emirate of Abu Dhabi. Jamie is also appointed by the United Arab Emirates to serve as an Advisory Board Member of the Australia UAE Business Council, with a focus on increasing bilateral trade and investment. Prior to joining ADIO, Jamie was a Corporate Law Partner in KPMG Law's Sydney office, advising on corporate transactions, corporate governance and legal technology adoption. Jamie spent over 8 years living and working in Abu Dhabi, and was General Counsel at Mubadala Investment Company, advising Aerospace, Defence, ICT, Private Equity and Healthcare business units, before returning to Sydney and taking up the position with KPMG. His formative legal years were spent at King & Wood Mallesons (Sydney) and New York Law firm, Debevoise & Plimpton (London) where he obtained significant experience in advising private equity fund sponsors and investors in relation to establishment and investment into private equity funds.



**Lucy Robb Vujcic**  
Non-Executive Director

**Appointed on 25 Nov 2022**

Lucy is a non-executive director and Chair of the Audit and Risk Committee. She is a commercial barrister specialising in the resolution of complex disputes involving corporate governance, defence procurement, government contracts and international arbitration.

Before coming to the Bar, Lucy was an associate at U.S. law firm Skadden, Arps, Slate, Meagher & Flom LLP, where she acted for multinational corporations in bilateral investor state disputes.

Lucy started her career as a member of the team defending Momcilo Krajisnik, a Bosnian Serb civilian leader charged with genocide, conspiracy and crimes against humanity at the International Criminal Tribunal for the Former Yugoslavia. She has lectured extensively in commercial law subjects and constitutional law at the University of Sydney.

Lucy has a Bachelor of Arts and a Bachelor of Laws with first class honours from the University of Sydney. She completed her Masters of Law as a Vanderbilt Scholar at New York University.

Lucy is a Fellow of the Governance Institute of Australia and a reserve officer in the Royal Australian Navy.

# Key Management Personnel



**Hank J. Holland**  
Chairman and Chief  
Executive Officer

Appointed on 1 Nov 2022

Mr. Holland serves as Managing Partner of Pegasus Growth Capital ("Pegasus"), a U.S. based private equity firm, where he oversees deal origination, transaction structure and investment execution, and leads the strategy and general management of the fund. With 35 years of experience in investment, finance and capital market management across public and private markets, he has successfully sourced, structured and led investments in early-stage growth businesses. In addition to Amaero, Holland has led successful investment in LogicSource, Inc. and Trifecta, Inc.

Pegasus has led three capital raises for Amaero and owns approximately 35% of fully paid ordinary shares. On a fully converted, fully diluted basis, Pegasus ownership is approximately 42%.

Holland has previously held senior roles at First Republic Investment Management, Merrill Lynch and Sanford C. Bernstein. He received a B.S. in Civil Engineering from Southern Methodist University and a Master's in Agriculture from Colorado State University.



**Eric Bono**  
President and Chief  
Technical Officer

Appointed on 28 Aug 2023

Eric Bono brings extensive experience and relationships in powder metallurgy and additive/alternative manufacturing. Over the past 28 years, Eric has held leadership roles across technical and sales functions for various industry leaders, including 6K, Carpenter Technology, Puris, Summit Materials and Crucible Research. His education includes a Bachelor of Science and a Master of Science in Mechanical Engineering from the University of Pittsburgh, and an MBA from Carnegie Mellon.



**Chris Scanlon**  
Chief Financial and  
Administrative Officer

Appointed on 4 Sep 2023

Chris Scanlon brings extensive accounting, corporate finance, capital markets and FP&A experience at venture capital-backed, high growth businesses, as well as middle market and Fortune 200 companies. He began his career as an audit Manager at EY and has since held accounting and finance positions at five (5) publicly listed companies, including CFO and Corporate Controller /Chief Accounting Officer for NASDAQ and NYSE listed companies. He received his bachelor's degree in accounting from Florida State University and his M.S. in Taxation from Robert Morris University. He is a Certified Public Accountant.



**Jay Chandran**  
Chief Operating Officer

**Appointed on 11 Sep 2023**

Jay Chandran has strong operational and general manager experience with leading industrial companies, Consolidated Precision Products Corp. (CPP) and Precision Castparts Corp. (PCC). He has been the General Manager for highly complex castings operations with revenues of \$550 million per annum, as well as managing the pre-development, development, and commissioning of greenfield manufacturing operations. He has worked with end customers in the automotive and the aerospace & defence sectors. He received his Bachelor of Science in Production Engineering from Nagpur University and a Master of Science in Industrial Engineering from the University of Oklahoma.



**Ron Aman**  
Vice President  
of Engineering

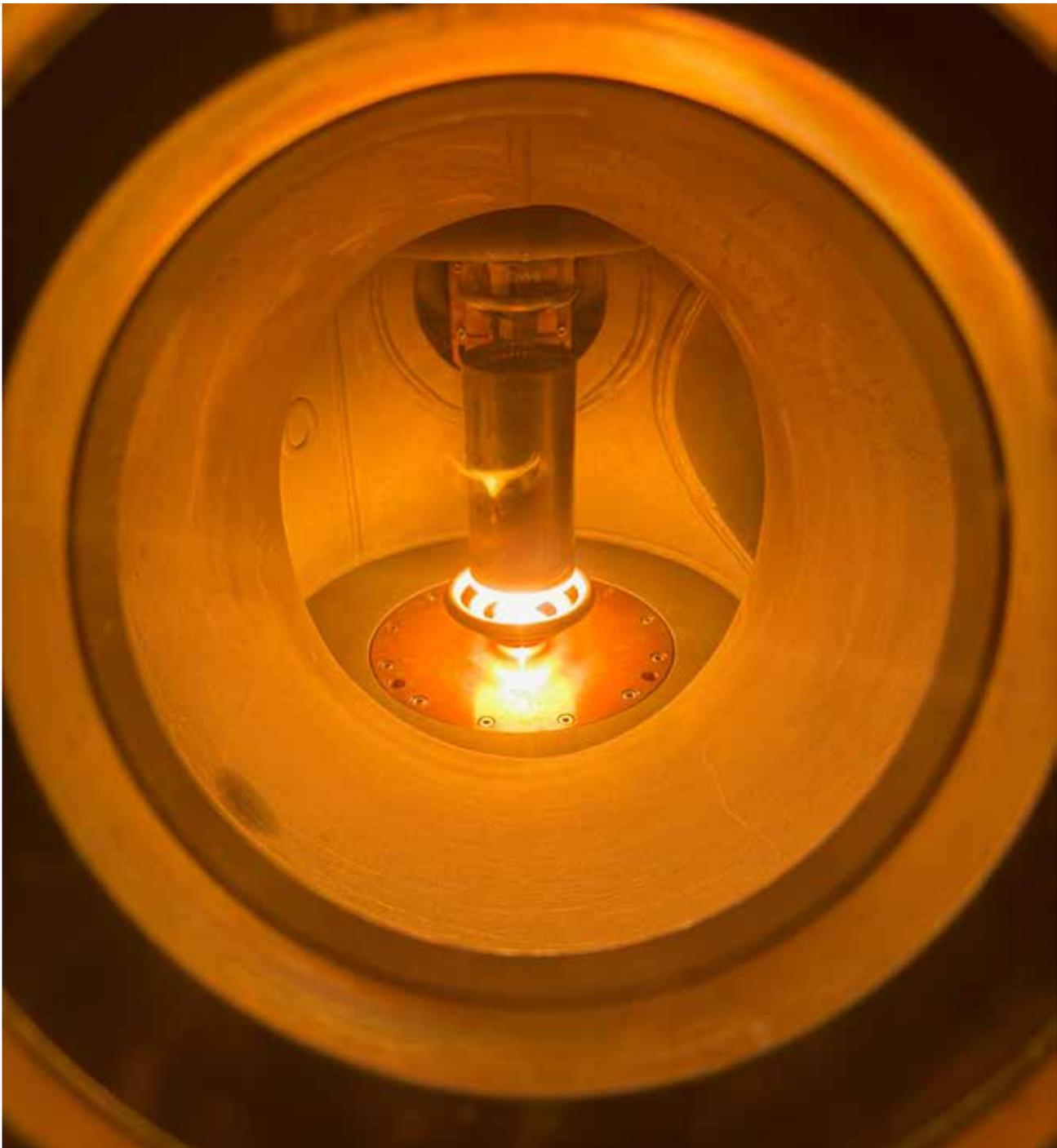
**Appointed on 27 Nov 2023**

Ron Aman previously served as the senior technology leader and principal engineer at EWI, where he led the engineering team to deliver applied research and development focused on additive manufacturing and advanced materials for industrial clients, primarily in aerospace, nuclear, and industrial application markets. He also served as manager for the Additive Manufacturing Technology Centre at Carpenter Technology Corporation. Aman is equipped with applied R&D experience in materials and process development of refractory alloys, nickel super alloys, stainless steels, aluminium, and copper. He was also a principal investigator on numerous US Department of Defense and Department of Energy programs involving niobium, molybdenum, titanium, and other refractories, as well as research related to the qualification and certification of materials and AM components. He also held numerous faculty positions at his alma mater, North Carolina State University, and at Rochester Institute of Technology, and has authored numerous research articles on additive manufacturing and metal properties.

# Corporate Governance

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Amaero and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board is responsible for ensuring that the Company has an appropriate corporate governance framework to protect and enhance company performance and build sustainable value for shareholders. The Board of Directors has reviewed the Company's corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The Corporate Governance Statement is available on the company's website at <https://investorhub.amaero.com.au>.



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# Directors' Report

30 June 2024

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Amaero International Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

## DIRECTORS

The following persons were Directors of Amaero International Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Hank J Holland – Executive Director, Chairman and Chief Executive Officer  
Mr Eric Bono – Executive Director, President and Chief Technology Officer (appointed on 14 September 2023)  
Ms Lucy Robb Vujcic – Non-Executive Director  
Mr Omer Granit – Non-Executive Director  
Mr Erik Levy – Non-Executive Director  
Mr Robert Latta – Non-Executive Director (appointed on 4 September 2023)  
Mr Jamie Levy – Non-Executive Director (appointed on 31 October 2023)  
Mr David Hanna – Non-Executive Director (resigned on 31 October 2023)

## PRINCIPAL ACTIVITIES

During the year, the principal continuing activities of the Group were primarily focused on producing high-value refractory, specialty alloy and Ti-64 powder for additive manufacturing ("AM") of mission-critical components for the defence, space and aviation industries. Amaero's strategic focus on specialty alloy production positions it at the intersection of national security and economic interests.

Based in McDonald, TN, and using next generation Electrode Induction Melting Inert Gas Atomiser (EIGA Premium) technology, the Company will produce powder for powder bed fusion ("PBF") applications utilized in AM.

The Company also utilises Hot Isostatic Pressing (HIP) to produce custom near net shape parts for use in demanding, critical applications. Our collaborative HIP process combines our extensive knowledge of numerical modelling with the expertise of powder metallurgy. This allows us to produce premium quality parts for the defence and aviation industries with precision and efficiency, helping alleviate the strained domestic supply chain for castings and forgings of large components.

The Group provides applied engineering and commercialisation services in collaboration with aerospace, defence and other industries that utilise additive manufacturing.

## DIVIDENDS

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

## REVIEW OF OPERATIONS

The loss for the Group after providing for income tax amounted to \$18,785,306 (30 June 2023: \$12,527,776).

### Relocation of operations and HQ from Australia to the U.S.

On 12 July 2023, the new entity in Tennessee was incorporated: Amaero Advanced Materials & Manufacturing, Inc. (100% subsidiary of the Group).

On 14 July 2023, Amaero announced that it had signed binding agreements to re-locate its manufacturing and corporate headquarters to Tennessee, USA. The decision reflected financial, operational and strategic advantages. The State of Tennessee acted decisively to coordinate and to commit economic incentives from multiple stakeholders to attract the re-location of the flagship facility, as well as the Group's research & development and corporate headquarters. The economic incentives included cash payments of approximately A\$1.2 million (to be received upon satisfaction of certain conditions under the terms of the incentive grant) and a 10-year subsidized electricity agreement at approximately \$0.09/kWh. Also, Amaero signed a 15-year lease with options to extend for additional 10 years for a "nearing completion" 100,000 square foot manufacturing facility in the Spring Branch Industrial Park near Chattanooga, Tennessee. The opportunity to lease a "nearing completion" facility accelerated the company's go-to-market strategy by approximately two years and saved the company approximately \$33 million in working capital.

In October 2023, Amaero announced it would cease operations in Australia to focus on operations in the U.S. and to prudently manage operating expenses.

The Company's principal place of business address changed from the Victorian premises to the Tennessee facility in the U.S. at the following address:

130 Innovation Drive SW McDonald, Tennessee, 37353.  
United States of America.

### Capital raise activity

During the 2024 fiscal year, Amaero successfully completed two equity capital raises totalling \$30 million, consisting of a \$10 million institutional placement in December 2023 and \$20 million institutional placement in April 2024.

In December 2023, Amaero completed a \$10 million two-tranche placement ('Placement') priced at \$0.1600 for 1 fully paid ordinary share in the capital of the Company ('Share') with 1 free attaching option for every 1 share issued.

Subject to shareholder approval, which was received in December 2023, free attaching unlisted options exercisable at \$0.2400 per Share and expiring on the date that is 3 years from the issue of those options, were issued under Tranche 1 and Tranche 2 of the placement ('Options'). A total of 62,500,000 Shares and 62,500,000 Options were issued pursuant to the Placement. The lead investor under the Placement was Pegasus Growth

Capital, an entity associated with two directors of the Company (Hank Holland and Bob Latta) with an investment of \$4 million.

In April 2024, Amaero announced it has raised \$20M through placement of shares to institutional investors. The placement was conducted at fixed price of \$0.33 per share resulting in 60.6M new shares issued, representing 12.6% of Amaero's existing share capital. Fidelity International led the capital raise.

The Company has been using the proceeds of these capital raises for general corporate purposes, including working capital, operating expenses, and capital expenditures.

### **Purchase of Second Atomiser**

In December 2023, Amaero executed a binding purchase order for its second atomiser, the next generation Electrode Induction Melting Inert Gas Atomiser (EIGA Premium).

The next generation atomiser is expected to produce industry-leading yields of the highest value powder that's utilised for AM/3D printing components for the defence, space and aerospace industries. Moreover, the atomiser is capable of producing the highest quality, spherical powder for C103, refractory alloys and other specialty alloys with high melting points. The atomiser projects annual capacity of 200+ tonnes of powder with yields exceeding 50% for Powder Bed Fusion (PBF) spectrum powder. The atomiser has a build time of approximately 14 months and the Company expects powder production to commence in the December 2025 quarter. An initial payment was made during the March 2024 quarter with subsequent progress payments through final commissioning.

### **Fairmont Consulting comprehensive market study**

To further increase the Company's understanding of the market and demand for Niobium C103 and other high-value specialty AM powders, Fairmont Consulting Group completed a study in February 2024 commissioned by Amaero, which has provided valuable insights pertaining to the supply landscape, pricing dynamics, as well as anticipated future demand.

Based on the extensive and well-supported findings from the market study, the Company updated its production planning and its financial planning and analysis estimates.

Amaero continues to pursue a strategy of prioritising production of C103, development refractory alloys, other high value specialty alloys and Ti-64 powder production, to uniquely position the Company as a U.S. domestic, agile and scalable producer of high-value, specialty powder for additive manufacturing of mission-critical components for the defence, space and aviation industries.

The study concluded that C103 PBF powder demand is expected to grow to 105 tonnes in FY2028 with demand growth estimated at 62% CAGR for 5-year period ending FY2028. The demand is driven by investment cycle in hypersonics, strategic missiles, space launch and satellites.

### **Binding offtake agreement for C103 AM powder**

In support of anticipated specialty alloy powder qualification and production, Amaero announced in March 2024 that it had entered into a Binding Offtake Agreement for C103 AM powder. Critically, the counterparty to the agreement has strong ties to the defence and space industries with leading technical and applied research capabilities operating out of multiple locations in the U.S and with Department of Defense ("DoD") funded laboratories, as well as prime defence contractors.

Assuming that qualification is achieved, the counterparty will be required to take 2.25 tonnes of Amaero C103 AM powder at a fixed price. Amaero anticipates that (assuming the qualification requirement is met) 0.25 tonnes will be shipped in late CY2024 with the remaining 2 tonnes expected to be shipped in CY2025.

### **Commissioning of atomiser completed ahead of schedule**

Amaero announced in June 2024 that the installation and testing of the atomiser in accordance with technical specifications in the Purchasing Agreement between Amaero and ALD Vacuum Technology GmbH, atomiser manufacturer, has been completed ahead of schedule.

The atomiser achieved all technical specifications that were stipulated in the contract and acceptance was formally acknowledged by both parties. Following this significant milestone, Amaero's technical and manufacturing team immediately commenced proprietary modifications of the atomisation process and optimization of the operating parameters.

Final commissioning of the atomiser is an important step towards C103 and specialty alloy powder production and toward the expected achievement of qualification of C103 powder in the second quarter of the 2025 financial year.

### **Executive hires**

In August 2023, Amaero hired Eric Bono as President & Chief Technology Officer. In September 2023, Mr. Bono was appointed as a Director of the Company. Eric brings extensive experience and relationships in powder metallurgy, additive manufacturing, and near-net shape Hot Isostatic Pressing (HIP) manufacturing. Over the past 29 years, Eric has held leadership roles across technical and sales functions for various industry leaders, including 6K, Carpenter Technology, Puris, Summit Materials and Crucible Research. His education includes a Bachelor of Science and a Master of Science in Mechanical Engineering from University of Pittsburgh, and an MBA from Carnegie Mellon.

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In September 2023, Chris Scanlon was appointed as Chief Financial Officer. Chris brings extensive accounting, corporate finance, capital markets and FP&A experience at venture capital-backed, high growth businesses, as well as middle market and Fortune 200 companies. He began his career as an audit manager at EY and has since held accounting and finance positions at five (5) publicly listed companies, including CFO and Corporate Controller/Chief Accounting Officer for NASDAQ and NYSE listed companies. He received his bachelor's degree in accounting from Florida State University and his M.S. in Taxation from Robert Morris University. He is a Certified Public Accountant.

In November 2023, the Company hired Dr. Ronald Aman. Ron, who serves as Vice President - Engineering, previously served as the senior technology leader and principal engineer at EWI, where he led the engineering team to deliver applied research and development focused on additive manufacturing and advanced materials for industrial clients, primarily in aerospace, nuclear, and industrial application markets. He also served as manager for the Additive Manufacturing Technology Centre at Carpenter Technology Corporation. He was also a principal investigator on numerous US Department of Defense and Department of Energy programs involving niobium, molybdenum, titanium, and other refractories, as well as research related to the qualification and certification of materials and AM components. He also held numerous faculty positions at his alma mater, North Carolina State University, and at Rochester Institute of Technology, and has authored numerous research articles on additive manufacturing and metal properties. He received B.S., M.S. and PhD in Industrial Engineering from North Carolina State University.

Also, during the reporting period, Jay Chandran was hired as VP of Operations and subsequently promoted to Chief Operating Officer. Jay brings a wealth of operational and procurement experience. His prior experience includes senior operational and commercial roles at Consolidated Precision Products and Precision Castparts Corp. He received a Bachelor's degree in Production Engineering from Nagpur University and Master of Science in Industrial Engineering from University of Oklahoma.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 12 July 2023, the new entity in Tennessee was incorporated: Amaero Advanced Materials & Manufacturing, Inc (100% subsidiary of the Group).

On 12 July 2023, the Group signed a lease to be the sole tenant in a 100,000 square feet manufacturing facility in McDonald, Tennessee.

On 14 July 2023, the Group announced it has green lighted its flagship titanium powder manufacturing facility in Tennessee, U.S instead of in the UAE. The State of Tennessee acted decisively to coordinate and to commit economic incentives from multiple stakeholders to attract the re-location of the flagship facility, as well as the Group's research & development and corporate headquarters.

In January 2024 the Group engaged Guggenheim Securities to Explore Strategic Financing Alternatives, with the objective of maximizing shareholder value while positioning the Group to be the largest and preferred supplier in the United States of C103, specialty alloy and Ti-64 powder for AM.

In February the Company announced Fairmont Consulting Group LLC ("Fairmont") completed a comprehensive market study commissioned by Amaero of Niobium C103 alloy ("Nb C103" or "C103") and other high-value specialty materials used in mission-critical defence and space applications. Fairmont is a leading specialist providing Aerospace and Defence ("A&D") and government market insights, engaged by Amaero to provide a detailed independent market assessment evaluating the current C103 market landscape and anticipated future demand.

The 72-page comprehensive market study and accompanying proprietary market model provides key details and analysis for 550 discrete programs in hypersonics, strategic missiles, space launch and satellite programs. The study and supporting analysis provide Amaero with a granular, program-by-program study of demand signals, market supply powder pricing and feedstock costs, as well as an analysis of Amaero market positioning and go-to-market recommendations.

For the purpose of strategic planning and financial analysis, Amaero has incorporated key assumptions and financial drivers from the market study. In April 2024 Amaero announced it has raised A\$20M through placement of shares to institutional investors. The placement was conducted at fixed price of A\$0.33 per share resulting in 60.6M new shares issued, representing 12.6% of Amaero's existing share capital. The Company is using the proceeds of the placement for general corporate purposes, including working capital, operating expenses and capital expenditures. In June 2024 the Company announced the successful installation and testing of its ELGA Premium atomiser in accordance with technical specifications in the purchase Agreement between Amaero and ALD Vacuum Technology GmbH, atomiser manufacturer. The atomiser achieved all technical specifications that were stipulated in the contract and acceptance was formally acknowledged by both parties.

There were no other significant changes in the state of affairs of the Group during the financial year.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 14 July 2024, Amaero International announced that former national security advisor to the United States, Lieutenant General (ret.) H.R. McMaster joined as special advisor to Chairman and CEO Hank Holland. In his role, McMaster will advise Holland on strategic and commercial matters, as well as engage on behalf of Amaero with key stakeholders including the U.S. government, Department of Defense, DoD-funded research and development laboratories and defence prime contractors.

Upon graduating from the US Military Academy in 1984, McMaster served as a commissioned officer for 34 years. He retired as a lieutenant general in June 2018 after serving as the 25th assistant to the US President for the Department of National Security Affairs. From 2014-2017, McMaster designed the future army as the director of Army Capabilities Integration Center and the deputy commanding general of the US Army Training and Doctrine Command. As the commanding general of the Maneuver Center of Excellence at Fort Moore, he oversaw all training and education for the army's infantry, armour and cavalry force.

He has commanded organisations in wartime including the Combined Joint Inter-Agency Task Force-Shafafiyat in Kabul, Afghanistan from 2010-2012, the Third Armored Cavalry Regiment in Iraq from 2005-2006 and Eagle Troop, Second Armored Cavalry Regiment in Operation Desert Storm from 1990-1991. McMaster also served overseas as advisor to the most senior commanders in the Middle East, Iraq and Afghanistan.

McMaster is the Fouad and Michelle Ajami Senior Fellow at the Hoover Institution, Stanford University, the Bernard and Susan Liautaud Fellow at Freeman Spogli Institute and lecturer at Stanford University's Graduate School of Business. He is a distinguished visiting fellow at Arizona State University. He holds a PhD in military history from the University of North Carolina at Chapel Hill.

In August 2024, the Joint Venture Strategic Alloys Pty Ltd applied for voluntary deregistration.

The lease for the office and manufacturing facilities in California, USA was formally exited on 31 July 2024.

The leasehold improvements and significant plant and equipment relating to the Group's facilities at Tennessee, USA were put to use in July 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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 has not been disclosed by the Group.

## BUSINESS RISKS

The following is a summary of the material risks of the Group (in no particular order of importance). These risks may adversely impact on the Group's financial and operating performance.

### 1. Company and industry risks

The risks outlined below are specific to the Group's operations.

#### 1.1 Product manufacturing and powder qualification

As announced on 4 June 2024, Amaero installed and commissioned the first of its electrode inert gas atomizers. Amaero is in process of optimising the process parameters to commence commercial powder production.

Achieving the desired quality and consistency in the produced powders requires precise control over various process parameters such as temperature, pressure, and gas flow rates. Any deviations or errors during the optimisation phase can lead to suboptimal powder characteristics and result in production delays and increased costs. In addition, operational risks, such as equipment malfunctions, unexpected downtimes, or technical failures, can disrupt the production process.

Once the powder production process is optimised, Amaero will work with aerospace & defence, as well as medical customers to qualify the powder. The qualification process in these industries can be rigorous and high value powder sales are subject to material qualification, often requiring extensive testing and validation to ensure that the powders meet stringent performance, quality and safety standards. Delays or failures in the qualification process can hinder Amaero's ability to secure contracts and generate revenue from customers in these sectors. Amaero's ability to attract and maintain relationships with major customers is integral to its financial performance.

#### 1.2 Fluctuations in demand for, and prices of, Titanium C103 and Specialty Alloys

We expect to generate revenue from the sale of titanium, C103 and specialty alloys. As a result, our profitability could be adversely affected by changes in demand and the market price of Titanium, C103 and specialty alloys. Certain alloys may be sourced outside of the United States and subject to tariff levy. Changes in levied tariffs could adversely impact both the purchase price of and sales price of each alloy.

#### 1.3 Regulatory and compliance Risk

The defence, space and aviation industries are highly regulated and Amaero faces risks associated with regulatory compliance. Ensuring adherence to stringent industry-specific standards involves significant costs related to quality assurance, certification processes, and continuous monitoring. Non-compliance can result in severe financial penalties, legal liabilities, operational restrictions, and loss of business opportunities, severely impacting Amaero's financial performance and reputation.

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## 1.4 Inability to retain and attract appropriately skilled employees.

The future financial and operational performance of the Group is significantly dependant on the performance and expertise of key personnel given the highly specialised industries in which the Group operates. Amaero's ability to innovate, maintain high product quality, and meet customer demands hinges on its ability to retain experienced personnel and attract new talent with the necessary technical skills and industry knowledge. The unplanned loss of key personnel, or the inability to retain high performing individuals may adversely impact the Group's ability to deliver its customer commitments and future financial performance.

## 1.5 Unanticipated risk of increased costs or delays with ongoing McDonald, TN facility build out.

Unanticipated costs or delays associated with our ongoing build out of our McDonald, TN facility could materially and adversely affect our financial condition or results of operations. The continued build out of our facility requires the commitment of substantial personnel resources and capital expenditures. Our future expenditures may increase should additional consultants, personnel and machinery and equipment be required. The success of the build out and the amounts and timing of expenditures will depend on the following: our ability to timely procure equipment, certain of which may involve long lead-times; procuring applicable state and local permits; negotiating contracts for equipment, timing of equipment installation, and completing infrastructure and construction work.

## 1.6 Future capital requirements

The Group is currently loss making and will require additional financing in the future to sufficiently fund its operations, research and development, and manufacturing. Any additional equity financing will likely be dilutive to shareholders and may be undertaken at lower prices than the current market price.

Although the Directors believe additional capital can be obtained if required, there can be no assurance that additional financing will be available on acceptable terms or at all. Any inability to obtain additional financing could have a material adverse effect on the Group's business, financial condition, and results of operations.

## 1.7 Competition Risk

A number of companies in the U.S., Canada and Europe manufacture titanium, C103 and speciality alloy powder. The company faces competition in its markets and the failure to effectively compete could lead to erosion of market position, decreased sales volumes, and reduced profitability, impacting both financial results and operational sustainability in the long term.

## 1.8 Contractual risk

The products we intend to produce may be used in critical applications. Use in these applications could result in death, personal injury, property damage, loss of production, punitive damages and consequential damages. Actual or claimed defects in the products we supply could result in contractual default. The outcome of any potential negative contractual claim cannot be predicted with certainty and may be determined adversely to us and as a result, could have a material adverse effect on our assets, liabilities, business, financial condition or results of operations.

## 2. General Risk

### 2.1 Cybersecurity Risks

Cybersecurity and cyber incidents may adversely affect our business. Attempts to gain unauthorized access to our information technology systems may be related to industrial or other espionage, include the introduction of malware to our computers and networks. The theft, unauthorized use, or publication of our confidential business information could harm our competitive position or otherwise adversely affect our business. In addition, the devotion of additional resources to the security of our information technology systems in the future could significantly increase the cost of doing business or otherwise adversely impact our financial results.

### 2.2 Insurance risk

The Group intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Group's insurance may not provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial position, and results of the Group.

### 2.3 Litigation risk

The Group is not currently engaged in any litigation proceedings. However, the industry is frequently subject to class actions and other litigation in the US as well as in other jurisdictions. There's a risk that a member of the Group could be made a party to such litigation. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow, share price and/or industry standing of the Group.

## ENVIRONMENTAL REGULATION

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

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## INFORMATION ON DIRECTORS

### **Mr Hank J. Holland - Executive Director, Chairman and Chief Executive Officer**

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Qualifications:	B.S. in Civil Engineering at Southern Methodist University and a Masters in Agriculture at Colorado State University
Experience and expertise:	<p>Mr. Holland serves as Managing Partner of Pegasus Growth Capital (“Pegasus”), a U.S.- based private equity firm, where he oversees deal origination, transaction structure and investment execution, and leads the strategy and general management of the fund. With 35 years of experience in investment, finance and capital market management across public and private markets, he has successfully sourced, structured and led investments in early-stage growth businesses. In addition to Amaero, Holland has led successful investment in LogicSource, Inc. and Trifecta, Inc.</p> <p>Pegasus has led three capital raises for Amaero and owns approximately 35% of fully paid ordinary shares. On a fully converted, fully diluted basis, Pegasus ownership is approximately 42%.</p> <p>Holland has previously held senior roles at First Republic Investment Management, Merrill Lynch and Sanford C. Berstein. He received a B.S. in Civil Engineering from Southern Methodist University and a Master’s in agriculture from Colorado State University.</p>
Other current directorships:	None
Former directorships (last 3 years):	No ASX listed Directorships in the past 3 years. Holland was a Director of LogicSource, Inc, DYLN, Inc, Trifecta, Inc and Warp Speed Mortgage in the U.S. W Motors in the UAE; Project Apollo in Poland.
Interests in shares:	192,124,968 ordinary shares
Interests in options:	179,224,637 options over ordinary shares

### **Mr Eric Bono - Executive Director, President and Chief Technical Officer**

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Qualifications:	Bachelor of Science and a Master of Science in Mechanical Engineering from University of Pittsburgh, and an MBA from Carnegie Mellon
Experience and expertise:	<p>Eric Bono brings extensive experience and relationships in powder metallurgy, additive manufacturing, and near-net shape Hot Isostatic Pressing (HIP) manufacturing. Over the past 28 years, Eric has held leadership roles across technical and sales functions for various industry leaders, including 6K, Carpenter Technology, Puris, Summit Materials and Crucible Research. His education includes a Bachelor of Science and a Master of Science in Mechanical Engineering from University of Pittsburgh, and an MBA from Carnegie Mellon.</p>
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	480,769 ordinary shares
Interests in options:	10,480,769 options over ordinary shares

# Directors' Report

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## Ms Lucy Robb Vujcic - Non-Executive Director

Qualifications:	Bachelor of Arts and a Bachelor of Laws with first class honours from the University of Sydney. She completed her Masters of Law as a Vanderbilt Scholar at New York University.
Experience and expertise:	<p>Lucy is a non-executive director and Chair of the Audit and Risk Committee. She is a commercial barrister specialising in the resolution of complex disputes involving corporate governance, defence procurement, government contracts and international arbitration. Before coming to the Bar, Lucy was an associate at U.S. law firm Skadden, Arps, Slate, Meagher &amp; Flom LLP, where she acted for multinational corporations in bilateral investor state disputes.</p> <p>Lucy started her career as a member of the team defending Momcilo Krajisnik, a Bosnian Serb civilian leader charged with genocide, conspiracy and crimes against humanity at the International Criminal Tribunal for the Former Yugoslavia. She has lectured extensively in commercial law subjects and constitutional law at the University of Sydney.</p> <p>Lucy has a Bachelor of Arts and a Bachelor of Laws with first class honours from the University of Sydney. She completed her Masters of Law as a Vanderbilt Scholar at New York University. Lucy is a Fellow of the Governance Institute of Australia and a reserve officer in the Royal Australian Navy.</p>
Other current directorships:	No other current listed directorships.
Former directorships (last 3 years):	No ASX listed Directorships in the last 3 years
Special responsibilities:	Chair of the Audit and Risk Committee
Interests in shares:	None
Interests in options:	1,000,000 options over ordinary shares

## Mr Omer Granit - Non-Executive Director

Qualifications:	LLM (Master of Law) & Corporate law 2006-2007 degrees from New York University School of Law where he was also Elected for the Student Bar Association as Valedictorian. He also has a LLB (Law) & BA, Finance LLB(Law) & BA, Finance 2000 - 2004 degrees form Reichman University
Experience and expertise:	<p>Omer Granit joined Amaero's Board to assist with the Group's global expansion and capital markets engagement. He began his career as a practicing attorney at White &amp; Case in New York City, specializing in corporate and M&amp;A groups. Omer later transitioned to finance, managing a multi-million dollar family office in London and serving as a Managing Director and senior member at Migdal Capital Markets, the asset management arm of the Migdal Group, where he was responsible for alternative investments.</p> <p>He is the co-founder and former co-CEO of the high-end co-working company, Mixer Global, and the managing partner and founder of West 4 Capital, a leading hedge fund registered in London under the FCA.</p> <p>Omer currently serves as a partner at EnPar Capital, a private investment firm based in New York. His previous positions include board directorships at the Monte Rosa Private Equity Fund, The Dragon Variation Fund, and the MGT hedge fund.</p> <p>Omer holds an LLM (Master of Law) from New York University School of Law, where he was elected to the Student Bar Association and was valedictorian for the class of 2007. He also holds LLB (Law) and BA (Finance) degrees from Reichman University, earned between 2000 and 2004.</p>
Other current directorships:	No other current listed directorships.
Former directorships (last 3 years):	No ASX listed directorships in the last 3 years but was a Member of the Board of the Monte Rosa Private Equity Fund until September 2017, and a Board Member of The Dragon Variation Fund and the MGT hedge fund until October 2014.
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	20,628,140 ordinary shares
Interests in options:	14,500,493 options over ordinary shares

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### **Mr Erik Levy – Non-Executive Director**

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Qualifications:	BSc in Actuarial Mathematics at Concordia University and Masters Business Administration (MBA) from University of Toronto – Rotman School of Management.
Experience and expertise:	<p>Based in New York City, Mr. Levy is an experienced director and investor who brings a depth of expertise in global capital markets, M&amp;A and corporate strategy. He is Managing Partner of EnPar Capital and prior to that, he was a Founding Partner and Managing Director of BlackRock’s Direct Private Equity business.</p> <p>Prior, he spent over 11 years with CPP Investment Board building the firm’s Direct Private Equity business and with Bain &amp; Co prior to that. Over the years, he has served on numerous corporate boards including Skype, Informatica, Acelity, Suddenlink, etc. He received a BSc in Actuarial Mathematics from Concordia University and a Masters in Business Administration (MBA) from the University of Toronto – Rotman School of Management.</p>
Other current directorships:	None
Former directorships (last 3 years):	No ASX listed directorships in the last 3 years but Erik was previously a Director of Informatica Corporation, Altice USA, Suddenlink Communications, Acelity, JemPak and Skype technologies.
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	None
Interests in options:	1,000,000 options over ordinary shares

### **Mr Robert Latta – Non-Executive Director**

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Qualifications:	B.A. in Economics from Stanford University (where he was selected Phi Beta Kappa) and a J.D. from the Stanford Law School.
Experience and expertise:	<p>Robert “Bob” Latta was a Senior Partner at Wilson Sonsini Goodrich &amp; Rosati, one of the U.S.’ leading technology and growth business law firms, from 1979 until 2019, and was Senior of Counsel at the firm from 2019 until his retirement in 2024. He served on the firm’s Executive, Policy, Compensation and WS Investments Committees during that time, and his practice covered a broad range of general corporate and transactional matters, including company formations, venture capital financings, public offerings, and mergers and acquisitions. He received a B.A. in Economics from Stanford University (where he was selected Phi Beta Kappa) and a J.D. from the Stanford Law School.</p>
Other current directorships:	Western Alliance Bank
Former directorships (last 3 years):	None
Interests in shares:	192,124,968 ordinary shares
Interests in options:	170,851,503 options over ordinary shares

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## Mr Jamie Levy - Non-Executive Director

Qualifications:	Bachelor of Laws - LLB (Hons), Finance
Experience and expertise:	<p>Mr. Levy is a senior corporate lawyer and international business leader who has developed a unique combination of legal, commercial and advisory skills gained through working closely with some of the world's leading investment organisations over 20+ years, both in the private and public sectors.</p> <p>Presently, Jamie serves as Senior Advisor to the Abu Dhabi Investment Office (ADIO), the central government hub supporting private sector investment in the Emirate of Abu Dhabi. Jamie is also appointed by the United Arab Emirates to serve as an Advisory Board Member of the Australia UAE Business Council, with a focus on increasing bilateral trade and investment. Prior to joining ADIO, Jamie was a Corporate Law Partner in KPMG Law's Sydney office, advising on corporate transactions, corporate governance and legal technology adoption.</p> <p>Jamie spent over 8 years living and working in Abu Dhabi, and was General Counsel at Mubadala Investment Company, advising Aerospace, Defence, ICT, Private Equity and Healthcare business units, before returning to Sydney and taking up the position with KPMG. His formative legal years were spent at King &amp; Wood Mallesons (Sydney) and New York Law firm, Debevoise &amp; Plimpton (London) where he obtained significant experience in advising private equity fund sponsors and investors in relation to establishment and investment into private equity funds.</p>
Other current directorships:	HA Law
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	500,000 options over ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

## COMPANY SECRETARY

### Mr Mark Licciardo, appointed 30 November 2020

Mark was the founder and Managing Director of Mertons Corporate Services, and following Mertons' acquisition by Acclime, is Managing Director, Listed Company Services for Acclime Australia. Acclime provides a range of professional services including company secretarial and corporate governance consulting to ASX listed and unlisted public and private companies. He is also a former Company Secretary of ASX listed companies Transurban Group and Australian Foundation Investment Company Limited.

Mark holds a Bachelor of Business Degree (Accounting) 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 Chartered Governance Institute.

## MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee	
	A	B	A	B
Mr Hank J Holland	4	4	2	2
Mr Eric Bono	3	4	1	2
Mr David Hanna	2	2	–	–
Ms Lucy Robb Vujcic	4	4	2	2
Mr Omer Granit	3	4	2	2
Mr Erik Levy	4	4	1	2
Mr Robert Latta	4	4	1	1
Mr Jamie Levy	2	2	1	1

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.

The Company does not currently have a Nomination Committee or a Remuneration Committee. Please refer to the Company's Corporate Governance Statement, to be released with the Annual Report, for further details.

## REMUNERATION REPORT (AUDITED)

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

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

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

### Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that

# Directors' Report

30 June 2024

it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

## Non-executive Directors' remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 5 December 2019, where the shareholders approved a maximum annual aggregate remuneration of \$500,000.

	2024 \$	2023 \$
Chair	75,000	72,000
Director	60,000	50,000
Chair of committee	10,000	10,000

## Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long-term incentives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') are share-based payments. Shares and/or options are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the Group's direct competitors. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2024.

## Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

## Use of remuneration consultants

During the financial year ended 30 June 2024, the Group had not engaged any remuneration consultants to review or advise upon its existing remuneration policies.

## Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')

At the 2023 AGM, 98.6% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

## Details of remuneration

### Amounts of remuneration

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

The key management personnel of the Group consisted of the Directors of Amaero International Ltd and the following persons:

- Mr Chris Scanlon – Chief Financial Officer (appointed on 4 September 2023)
- Mr Jay Chandran – Chief Operating Officer (appointed on 11 September 2023)
- Mr Ronald Aman – Vice President of Engineering (appointed on 27 November 2023)
- Mr Steve Kachur – Chief Commercial Officer (appointed on 18 December 2023)
- Mr Barrie Finnin – Chief Technology Officer and Manager of Australian Operations (ceased on 31 December 2023)

2024	Short-term benefits			Post-employment benefits Super-annuation \$	Long-term benefits Long service leave \$	Share-based payments Equity-settled \$	Total \$
	Cash salary and fees \$	Cash bonus \$	Annual leave \$				
<i>Non-Executive Directors:</i>							
Ms Lucy Robb Vujcic	70,000	–	–	–	–	130,062	200,062
Mr Omer Granit	60,000	–	–	–	–	130,062	190,062
Mr Erik Levy	59,970	–	–	–	–	130,062	190,032
Mr Robert Latta	40,000	–	–	–	–	130,062	170,062
Mr Jamie Levy	40,000	–	–	–	–	54,368	94,368
Mr David Hanna **	20,000	–	–	2,200	–	75,694	97,894
<i>Executive Directors:</i>							
Mr Hank J. Holland	762,638	–	–	16,524	–	130,062	909,224
Mr Eric Bono *	647,264	76,264	–	3,813	–	874,206	1,601,547
<i>Other Key Management Personnel:</i>							
Mr Chris Scanlon *	381,319	45,758	–	2,288	–	259,202	688,567
Mr Jay Chandran *	340,202	–	–	6,744	–	242,175	589,121
Mr Ronald Aman *	232,489	–	–	2,021	–	148,976	383,486
Mr Steve Kachur *	246,124	–	–	2,288	–	178,771	427,183
Mr Barrie Finnin **	248,453	–	87,228	15,756	41,602	–	393,039
	3,148,459	122,022	87,228	51,634	41,602	2,483,702	5,934,647

\* Mr Chris Scanlon was appointed on 4 September 2023, Mr Jay Chandran was appointed on 11 September 2023, Mr Eric Bono was appointed on 14 September 2023, Mr Ronald Aman was appointed on 27 November 2023 and Mr Steve Kachur was appointed on 18 December 2023, hence their remuneration represents from their appointment date to year end.

\*\* Mr David Hanna resigned on 31 October 2023 and Mr Barrie Finnin ceased as KMP on 31 December 2023.

# Directors' Report

30 June 2024

2023	Short-term benefits			Post-employment benefits Super-annuation \$	Long-term benefits Long service leave \$	Share-based payments Equity-settled \$	Total \$
	Cash salary and fees \$	Cash bonus \$	Annual leave \$				
<i>Non-Executive Directors:</i>							
Mr David Hanna	65,408	-	-	6,868	-	-	72,276
Ms Lucy Robb Vujcic **	34,167	-	-	-	-	-	34,167
Mr Omer Granit	35,000	-	-	-	-	-	35,000
Mr Erik Levy	15,000	-	-	-	-	-	15,000
Ms Kathryn Presser *	16,290	-	-	-	-	-	16,290
Mr Stuart Douglas *	80,000	-	-	-	-	-	80,000
<i>Executive Directors:</i>							
Mr Hank J. Holland ***	700,152	-	28,554	31,825	-	-	760,531
<i>Other Key Management Personnel:</i>							
Mr Barrie Finnin	348,919	41,812	(7,572)	27,500	9,860	-	420,519
	1,294,936	41,812	20,982	66,193	9,860	-	1,433,783

\* Ms Kathryn Presser resigned on 29 September 2022 and Mr Stuart Douglas resigned on 25 November 2022. In addition, Mr Stuart Douglas was compensated via Innovyz (a company of which he is a Principal).

\*\* Ms Lucy Robb Vujcic was appointed Chair of the Audit committee during the year.

\*\*\* Mr Hank J.Holland is compensated via Pegasus (a company of which he is a Principal).

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
Ms Lucy Robb Vujcic	35%	100%	-	-	65%	-
Mr Omer Granit	32%	100%	-	-	68%	-
Mr Erik Levy	32%	100%	-	-	68%	-
Ms Kathryn Presser	-	100%	-	-	-	-
Mr Stuart Douglas	-	100%	-	-	-	-
Mr Robert Latta	24%	-	-	-	76%	-
Mr Jamie Levy	42%	-	-	-	58%	-
Mr David Hanna	23%	100%	-	-	77%	-
<i>Executive Directors:</i>						
Mr Hank J. Holland	86%	100%	-	-	14%	-
Mr Eric Bono	40%	-	5%	-	55%	-
<i>Other Key Management Personnel:</i>						
Chris Scanlon	56%	-	7%	-	37%	-
Jay Chandran	59%	-	-	-	41%	-
Ronald Aman	61%	-	-	-	39%	-
Steve Kachur	58%	-	-	-	42%	-
Mr Barrie Finnin	100%	90%	-	10%	-	-

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures as described above in the section 'Consolidated entity performance and link to remuneration'. The maximum bonus values are established at the start of each financial year and amounts payable are determined by the Board and paid in the final month of the financial year.

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2024	2023	2024	2023
<i>Executive Directors:</i>				
Mr Eric Bono	100%	-	-	-
<i>Other Key Management Personnel:</i>				
Mr Chris Scanlon	100%	-	-	-
Mr Barrie Finnin	-	100%	-	-

### Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

#### Mr Hank J. Holland - Chairman and Chief Executive Officer

Agreement commenced: 24 August 2023

Details: Salary of \$762,637 per annum plus \$45,758 superannuation. Also entitled to shares across three years, the number to be determined on the Black Scholes option pricing model that values 25% of base salary on the date of grant.

#### Mr Eric Bono - President & Chief Technical Officer

Agreement commenced: 28 August 2023

Details: Salary of \$762,637 per annum plus superannuation. Sign-on bonus of \$76,264 plus maximum relocation expense of \$38,132. Options issued on commencing employment was 10,000,000.

Performance incentives: Annual number of options to be determined on the Black Scholes option pricing model that values 25% of base salary on the date of grant. Plus a cash bonus for a period of five years following the commencement of employment with the Company equal to 12.5% of the amount of the Gross Profit that the Company receives from HIP manufacturing of near net shape parts, so long as the Company exceeds a minimum Gross Profit threshold of 40% as determined by the Company.

#### Mr Chris Scanlon - Chief Financial Officer

Agreement commenced: 4 September 2023

Details: Salary of \$457,582 per annum plus superannuation. Sign-on bonus of \$45,758 plus maximum relocation expense of \$38,132. Options issued on commencing employment was 3,000,000.

Performance incentives: Annual number of options to be determined on the Black Scholes option pricing model that values 25% of base salary on the date of grant.

# Directors' Report

30 June 2024

## Mr Jay Chandran - Chief Operating Officer

Agreement commenced:	11 September 2023
Term of agreement:	30 Days
Details:	Salary of \$457,582 per annum plus superannuation. Maximum relocation expense of \$38,132. Options issued on commencing employment was 3,000,000.  Performance incentives: Annual number of options to be determined on the Black Scholes option pricing model that values 25% of base salary on the date of grant.

## Dr Ronald Aman - Vice President of Engineering

Agreement commenced:	27 November 2023
Term of agreement:	30 Days
Details:	Salary of \$381,319 per annum plus superannuation. Signing bonus of \$38,132 and relocation expense of \$38,132. Options issued on commencing employment was 2,500,000.  Performance incentives: Annual number of options to be determined on the Black Scholes option pricing model that values 25% of base salary on the date of grant.

## Mr Steve Kachur - Chief Commercial Officer

Agreement commenced:	18 December 2023
Term of agreement:	30 Days
Details:	Salary of \$457,582 per annum plus superannuation. Maximum relocation expense of \$38,132. Options issued on commencing employment was 3,000,000.  Performance incentives: Annual number of options to be determined on the Black Scholes option pricing model that values 25% of base salary on the date of grant.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

## Share-based compensation

### Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2024.

### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Hank Holland	500,000	31-Oct-23	31-Oct-23	31-Oct-33	\$0.1900	\$0.1514
Lucy Robb Vujcic	500,000	31-Oct-23	31-Oct-23	31-Oct-33	\$0.1900	\$0.1514
Omer Granit	500,000	31-Oct-23	31-Oct-23	31-Oct-33	\$0.1900	\$0.1514
Erik Levy	500,000	31-Oct-23	31-Oct-23	31-Oct-33	\$0.1900	\$0.1514
Robert Latta	500,000	31-Oct-23	31-Oct-23	31-Oct-33	\$0.1900	\$0.1514
David Hanna	500,000	31-Oct-23	31-Oct-23	31-Oct-33	\$0.1900	\$0.1514

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Eric Bono	2,000,000	31-Oct-23	31-Oct-23	31-Oct-33	\$0.1860	\$0.1514
Eric Bono	2,000,000	31-Oct-23	28-Aug-24	31-Oct-33	\$0.1860	\$0.1681
Eric Bono	2,000,000	31-Oct-23	28-Aug-25	31-Oct-33	\$0.1860	\$0.1857
Eric Bono	2,000,000	31-Oct-23	28-Aug-26	31-Oct-33	\$0.1860	\$0.1982
Eric Bono	2,000,000	31-Oct-23	28-Aug-27	31-Oct-33	\$0.1860	\$0.2075
Chris Scanlon	600,000	31-Oct-23	31-Oct-23	31-Oct-33	\$0.1920	\$0.1514
Chris Scanlon	600,000	31-Oct-23	4-Sep-24	31-Oct-33	\$0.1920	\$0.1676
Chris Scanlon	600,000	31-Oct-23	4-Sep-25	31-Oct-33	\$0.1920	\$0.1852
Chris Scanlon	600,000	31-Oct-23	4-Sep-26	31-Oct-33	\$0.1920	\$0.1975
Chris Scanlon	600,000	31-Oct-23	4-Sep-27	31-Oct-33	\$0.1920	\$0.2070
Jay Chandran	500,000	31-Oct-23	31-Oct-23	31-Oct-33	\$0.1910	\$0.1513
Jay Chandran	500,000	31-Oct-23	11-Sep-24	31-Oct-33	\$0.1910	\$0.1679
Jay Chandran	500,000	31-Oct-23	11-Sep-25	31-Oct-33	\$0.1910	\$0.1855
Jay Chandran	500,000	31-Oct-23	11-Sep-26	31-Oct-33	\$0.1910	\$0.1978
Jay Chandran	500,000	31-Oct-23	11-Sep-27	31-Oct-33	\$0.1910	\$0.2073
Hank Holland	500,000	31-Oct-23	31-Oct-24	31-Oct-33	\$0.2480	\$0.1638
Lucy Robb Vujcic	500,000	31-Oct-23	31-Oct-24	31-Oct-33	\$0.2480	\$0.1638
Omer Granit	500,000	31-Oct-23	31-Oct-24	31-Oct-33	\$0.2480	\$0.1638
Erik Levy	500,000	31-Oct-23	31-Oct-24	31-Oct-33	\$0.2480	\$0.1638
Robert Latta	500,000	31-Oct-23	31-Oct-24	31-Oct-33	\$0.2480	\$0.1638
Jamie Levy	500,000	31-Oct-23	31-Oct-24	31-Oct-33	\$0.2480	\$0.1638
Jay Chandran	100,000	9-Jan-24	9-Jan-24	9-Jan-34	\$0.2150	\$0.1413
Jay Chandran	100,000	9-Jan-24	9-Jan-25	9-Jan-34	\$0.2150	\$0.1413
Jay Chandran	100,000	9-Jan-24	9-Jan-26	9-Jan-34	\$0.2150	\$0.1413
Jay Chandran	100,000	9-Jan-24	9-Jan-27	9-Jan-34	\$0.2150	\$0.1413
Jay Chandran	100,000	9-Jan-24	9-Jan-28	9-Jan-34	\$0.2150	\$0.1413
Steve Kachur	600,000	16-Jan-24	16-Jan-24	16-Jan-34	\$0.2150	\$0.1531
Steve Kachur	600,000	16-Jan-24	16-Jan-25	16-Jan-34	\$0.2150	\$0.1531
Steve Kachur	600,000	16-Jan-24	16-Jan-26	16-Jan-34	\$0.2150	\$0.1531
Steve Kachur	600,000	16-Jan-24	16-Jan-27	16-Jan-34	\$0.2150	\$0.1531
Steve Kachur	600,000	16-Jan-24	16-Jan-28	16-Jan-34	\$0.2150	\$0.1531
Ronald Aman	500,000	16-Jan-24	16-Jan-24	16-Jan-34	\$0.2150	\$0.1531
Ronald Aman	500,000	16-Jan-24	16-Jan-25	16-Jan-34	\$0.2150	\$0.1531
Ronald Aman	500,000	16-Jan-24	16-Jan-26	16-Jan-34	\$0.2150	\$0.1531
Ronald Aman	500,000	16-Jan-24	16-Jan-27	16-Jan-34	\$0.2150	\$0.1531
Ronald Aman	500,000	16-Jan-24	16-Jan-28	16-Jan-34	\$0.2150	\$0.1531

Options granted carry no dividend or voting rights.

# Directors' Report

30 June 2024

Values of options over ordinary shares granted, exercised and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Mr Hank Holland	130,062	-	-	14%
Mr David Hanna	75,694	-	-	77%
Ms Lucy Robb Vujcic	130,062	-	-	65%
Mr Omer Granit	130,062	-	-	68%
Mr Eric Bono	874,206	-	-	55%
Mr Erik Levy	130,062	-	-	68%
Mr Robert Latta	130,062	-	-	76%
Mr Jamie Levy	54,368	-	-	58%
Mr Chris Scanlon	259,202	-	-	38%
Mr Jay Chandran	242,175	-	-	41%
Mr Ronald Aman	148,976	-	-	39%
Mr Steve Kachur	178,771	-	-	42%

## Performance rights

There were no performance rights over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

## Additional information

The earnings of the Group for the five years to 30 June 2024 are summarised below:

	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Sales revenue	902,573	790,514	569,834	504,141	116,584
Loss after income tax	(18,785,306)	(12,527,776)	(8,621,489)	(6,990,084)	(5,777,946)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end (\$)	0.38	0.10	0.17	0.58	0.14
Basic earnings per share (cents per share)	(4.04)	(3.62)	(4.17)	(3.70)	(4.00)

## Additional disclosures relating to key management personnel

### Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>				
Mr Hank J. Holland	163,524,968	28,200,000	–	191,724,968
Mr Eric Bono	–	480,769	–	480,769
Mr Omer Granit	18,224,294	2,403,846	–	20,628,140
Mr Robert Latta*	163,524,968	28,200,000	–	191,724,968
Mr Jay Chandran*	961,538	–	–	961,538
Mr David Hanna**	681,273	–	(681,273)	–
Mr Barrie Finnin**	1,870,657	–	(1,870,657)	–
	<b>348,787,698</b>	<b>59,284,615</b>	<b>(2,551,930)</b>	<b>405,520,383</b>

\* Balance at start of the year include shares held prior to appointment as a director.

\*\* Other includes shares held by KMP on the date they ceased being KMP

### Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Acquired/ expired/ forfeited/ other *	Balance at the end of the year
<i>Options over ordinary shares</i>					
Mr Hank J. Holland *	153,224,637	1,000,000	–	25,000,000	179,224,637
Mr Eric Bono	–	10,000,000	–	480,769	10,480,769
Ms Lucy Robb Vujcic	–	1,000,000	–	–	1,000,000
Mr Omer Granit	11,096,647	1,000,000	–	2,403,846	14,500,493
Mr Erik Levy	–	1,000,000	–	–	1,000,000
Mr Robert Latta * **	144,851,503	1,000,000	–	25,000,000	170,851,503
Mr Jamie Levy	–	500,000	–	–	500,000
Mr David Hanna ***	252,324	500,000	–	(752,324)	–
Chris Scanlon	–	3,000,000	–	–	3,000,000
Jay Chandran	–	3,000,000	–	961,538	3,961,538
Ronald Aman	–	2,500,000	–	–	2,500,000
Steve Kachur	–	3,000,000	–	–	3,000,000
Mr Barrie Finnin ***	750,746	–	–	(750,746)	–
	<b>310,175,857</b>	<b>27,500,000</b>	<b>–</b>	<b>52,343,083</b>	<b>390,018,940</b>

\* Includes 169,851,503 options held indirectly through Pegasus Growth Capital

\*\* Balance at start of the year include options held prior to appointment as a director

\*\*\* Expired/forfeited/other includes the options held by KMP on the date they ceased being KMP

**This concludes the remuneration report, which has been audited.**

# Directors' Report

30 June 2024

## SHARES UNDER OPTION

Unissued ordinary shares of Amaero International Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
04/07/2022	04/07/2025	\$0.4200	7,520,439
01/08/2022	01/08/2025	\$0.4200	18,673,464
02/12/2022	02/12/2025	\$0.1800	187,840,679
31/10/2023	31/10/2033	\$0.1900	3,000,000
31/10/2023	31/10/2033	\$0.1900	10,000,000
31/10/2023	31/10/2033	\$0.1900	3,000,000
31/10/2023	31/10/2033	\$0.1900	2,750,000
31/10/2023	31/10/2033	\$0.1900	2,500,000
31/10/2023	31/10/2033	\$0.1900	2,000,000
8/11/2023	8/11/2033	\$0.2500	3,000,000
27/12/2023	27/12/2026	\$0.2400	60,251,986
5/04/2024	5/04/2027	\$0.5000	1,000,000
29/04/2024	16/12/2033	\$0.2800	3,553,000
4/06/2024	31/10/2033	\$0.2500	950,000
4/06/2024	27/11/2033	\$0.1700	2,500,000
4/06/2024	18/12/2033	\$0.2500	3,000,000
4/06/2024	20/12/2033	\$0.2400	500,000
4/06/2024	4/06/2034	\$0.4100	4,125,000
4/06/2024	8/02/2027	\$0.3600	1,000,000
			317,164,568

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

## SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares of Amaero International Ltd under performance rights at the date of this report are as follows:

	Exercise price	Number under rights
	\$0.0000	239,504

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Amaero International Ltd were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
2 December 2022	\$0.1800	219,023
27 December 2023	\$0.2400	2,248,014
		2,467,037

## SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

The following ordinary shares of Amaero International Ltd were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of performance rights granted:

<u>Date performance rights granted</u>	<u>Exercise price</u>	<u>Number of shares issued</u>
2 December 2022	\$0.0000	494,131

## INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## INDEMNITY AND INSURANCE OF AUDITOR

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

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

## PROCEEDINGS ON BEHALF OF THE COMPANY

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

## NON-AUDIT SERVICES

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

## OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

## AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the Directors



Mr Hank J. Holland  
Chairman and Chief Executive Officer

Melbourne  
28 August 2024

# Auditor's Independence Declaration



**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 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

A handwritten signature in blue ink, appearing to read 'M Parameswaran'.

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink, appearing to read 'M Parameswaran'.

**M PARAMESWARAN**  
Partner

Melbourne, Victoria  
Dated: 28 August 2024

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

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

RSM Australia Partners ABN 36 965 185 036

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# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	Consolidated	
		2024 \$	2023 \$
<b>CONTINUING OPERATIONS</b>			
Revenue from contracts with customers	5	463,856	68,301
Cost of sales		(339,599)	(78,378)
Gross profit/(loss)		124,257	(10,077)
Other (loss)/income	6	(13,237)	587,686
<b>EXPENSES</b>			
Distribution costs		(181,477)	(37,769)
General and administrative expenses	7	(13,570,727)	(3,356,666)
Restructuring costs		(35,918)	(1,678,507)
Research and development expenses		(2,568,122)	(2,751,821)
Selling and marketing expenses		(1,321,541)	(119,210)
<b>Operating loss</b>		<b>(17,566,765)</b>	<b>(7,366,364)</b>
Finance income	7	277,800	21,016
Finance costs		(829,110)	(198,368)
Finance costs - net		(551,310)	(177,352)
<b>Loss before income tax expense from continuing operations</b>		<b>(18,118,075)</b>	<b>(7,543,716)</b>
Income tax expense	8	(4,195)	-
Loss after income tax expense from continuing operations		(18,122,270)	(7,543,716)
Loss after income tax expense from discontinued operations	9	(663,036)	(4,984,060)
<b>Loss after income tax expense for the year attributable to the owners of Amaero International Ltd</b>		<b>(18,785,306)</b>	<b>(12,527,776)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of continuing foreign operations		264,227	76,290
Exchange differences on translation of discontinued foreign operations		37,596	-
Other comprehensive income for the year, net of tax		301,823	76,290
<b>Total comprehensive income for the year attributable to the owners of Amaero International Ltd</b>		<b>(18,483,483)</b>	<b>(12,451,486)</b>
Total comprehensive income for the year is attributable to:			
Continuing operations		(17,858,043)	(7,641,177)
Discontinued operations		(625,440)	(4,810,309)
		<b>(18,483,483)</b>	<b>(12,451,486)</b>

		Cents	Cents
<b>Earnings per share for loss from continuing operations attributable to the owners of Amaero International Ltd</b>			
Basic earnings/(loss) per share	36	(3.90)	(2.18)
Diluted earnings/(loss) per share	36	(3.90)	(2.18)
<b>Earnings per share for loss from discontinued operations attributable to the owners of Amaero International Ltd</b>			
Basic earnings/(loss) per share	36	(0.14)	(1.44)
Diluted earnings/(loss) per share	36	(0.14)	(1.44)
<b>Earnings per share for loss attributable to the owners of Amaero International Ltd</b>			
Basic earnings/(loss) per share	36	(4.04)	(3.62)
Diluted earnings/(loss) per share	36	(4.04)	(3.62)

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

# Statement of Financial Position

as at 30 June 2024

	Note	Consolidated	
		2024 \$	2023 \$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	10	11,987,989	8,833,468
Trade and other receivables	11	187,835	155,763
Inventories	12	1,477,295	1,026,757
Other current assets	13	430,803	117,455
		14,083,922	10,133,443
Non-current assets classified as held for sale	14	322,592	-
<b>Total current assets</b>		<b>14,406,514</b>	<b>10,133,443</b>
<b>NON-CURRENT ASSETS</b>			
Investments accounted for using the equity method	15	-	209,099
Property, plant and equipment	16	16,668,347	6,142,925
Right-of-use assets	17	18,660,343	1,515,015
Other non-current assets	13	377,415	245,981
<b>Total non-current assets</b>		<b>35,706,105</b>	<b>8,113,020</b>
<b>Total assets</b>		<b>50,112,619</b>	<b>18,246,463</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	1,362,030	826,247
Lease liabilities	19	30,419	674,177
Income tax	8	144,883	-
Employee benefits		67,072	269,520
Provisions	20	-	469,240
<b>Total current liabilities</b>		<b>1,604,404</b>	<b>2,239,184</b>
Non-current liabilities			
Lease liabilities	19	16,040,568	968,464
Employee benefits		7,980	80,205
Provisions	20	3,034,420	-
<b>Total non-current liabilities</b>		<b>19,082,968</b>	<b>1,048,669</b>
<b>Total liabilities</b>		<b>20,687,372</b>	<b>3,287,853</b>
<b>Net assets</b>		<b>29,425,247</b>	<b>14,958,610</b>
<b>EQUITY</b>			
Issued capital	21	77,425,224	48,271,499
Reserves	22	4,157,415	59,197
Accumulated losses		(52,157,392)	(33,372,086)
<b>Total equity</b>		<b>29,425,247</b>	<b>14,958,610</b>

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

# Statement of Changes in Equity

for the year ended 30 June 2024

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
<b>BALANCE AT 1 JULY 2022</b>	35,254,248	888,594	(21,471,860)	14,670,982
Loss after income tax expense for the year	-	-	(12,527,776)	(12,527,776)
Other comprehensive income for the year, net of tax	-	76,290	-	76,290
Total comprehensive income for the year	-	76,290	(12,527,776)	(12,451,486)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>				
Contributions of equity, net of transaction costs (Note 21)	12,822,455	-	-	12,822,455
Share-based payments (Note 37)	194,796	(278,137)	-	(83,341)
Options lapsed/expired	-	(627,550)	627,550	-
<b>BALANCE AT 30 JUNE 2023</b>	48,271,499	59,197	(33,372,086)	14,958,610

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
<b>BALANCE AT 1 JULY 2023</b>	48,271,499	59,197	(33,372,086)	14,958,610
Loss after income tax expense for the year	-	-	(18,785,306)	(18,785,306)
Other comprehensive income for the year, net of tax	-	301,823	-	301,823
Total comprehensive income for the year	-	301,823	(18,785,306)	(18,483,483)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>				
Contributions of equity, net of transaction costs (Note 21)	29,153,725	-	-	29,153,725
Share-based payments (Note 37)	-	3,796,395	-	3,796,395
<b>BALANCE AT 30 JUNE 2024</b>	77,425,224	4,157,415	(52,157,392)	29,425,247

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

# Statement of Cash Flows

For the year ended 30 June 2024

	Note	Consolidated	
		2024 \$	2023 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		1,162,504	881,507
Payments to suppliers and employees (inclusive of GST)		(14,622,479)	(12,882,569)
R&D tax incentive and other grants received		1,373,927	1,392,828
Interest received		300,000	27,126
Interest paid		(810,537)	(240,577)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	33	(12,596,585)	(10,821,685)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	16	(12,230,331)	(1,559,710)
Payments for security deposits		(370,682)	-
Payments for joint ventures		-	(10,000)
Proceeds from disposal of property, plant and equipment		-	750,000
Net cash used in investing activities		(12,601,013)	(819,710)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	21	30,578,736	10,607,925
Share issue transaction costs		(1,538,203)	(1,345,387)
Repayment of principal portion of leases		(589,967)	(299,558)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		28,450,566	8,962,980
Net increase/(decrease) in cash and cash equivalents		3,252,968	(2,678,415)
Cash and cash equivalents at the beginning of the financial year		8,833,468	11,117,957
Effects of exchange rate changes on cash and cash equivalents		(98,447)	393,926
Cash and cash equivalents at the end of the financial year	10	11,987,989	8,833,468

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

# Notes to the Financial Statements

30 June 2024

## 1 GENERAL INFORMATION

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

Amaero International Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
L7 330 Collins Street Melbourne VIC 3000 Australia	130 Innovation Drive SW McDonald, Tennessee, 37353. United States

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 August 2024. The Directors have the power to amend and reissue the financial statements.

## 2 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

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

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

The following Accounting Standards and Interpretations have been adopted from 1 July 2023:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules

### Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

For the year ended 30 June 2024, the Group incurred a loss after tax of \$18,785,306 and had net cash outflows from operating activities of \$12,596,585. As at 30 June 2024, the Group had working capital of \$12,802,110.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The budget and 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 conditions, operating and strategic transactions, shows that the Group will continue to hold a cash surplus and therefore supports the Directors' assertion;
- As at 30 June 2024, the Group holds cash and cash equivalents of \$11.9 million and has access to corporate credit facility of \$7.5 million to support its capital expenditure and operating commitments; and
- The Directors believe the Group would be able to access additional funds from existing shareholders and new investors to support working capital and execute its strategic growth initiatives.

# Notes to the Financial Statements

30 June 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### Historical cost convention

The financial statements have been prepared under the historical cost convention.

### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

### Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 30.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Amaero International Ltd ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Amaero International Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those 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 de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Foreign currency translation

The financial statements are presented in Australian dollars, which is Amaero International Ltd's functional and presentation currency.

### Foreign currency transactions

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

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## 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### Comparative information

Some comparatives in the statement of profit or loss and statement of financial position have been realigned where necessary to agree with current year presentation, mostly due to the discontinued operations. There was no change in the loss or net assets of the Group.

# Notes to the Financial Statements

30 June 2024

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group does not expect these amendments to have a material impact on the amounts recognised in prior periods or will affect the current or future periods. The main standards are listed below:

- AASB 18 Presentation and Disclosure in Financial Statements
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities
- AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements
- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability
- AASB 2014-10 Sale or contribution of assets between investor and its associate or joint venture

## 3 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

### Share-based payment transactions

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

### Estimation of useful lives of assets

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

### Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

### Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

## 4 OPERATING SEGMENTS

### Identification of reportable operating segments

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 refractory metals and specialty alloy powders for critical applications. The segment details are therefore fully reflected in the body of the financial statements.

### Major customers

During the year ended 30 June 2024 the Group's external revenue was derived from two major customers comprising 61% and 13% of sales (2023: two major customers comprising 42% and 15% of sales).

### Geographical information

From continuing operations	Sales to external customers		Geographical non-current assets	
	2024 \$	2023 \$	2024 \$	2023 \$
Australia	-	-	-	5,108,981
United States of America	463,856	68,301	35,706,105	2,141,197
United Arab Emirates	-	-	-	862,843
	463,856	68,301	35,706,105	8,113,021

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

### Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## 5 REVENUE

FROM CONTINUING OPERATIONS	Consolidated	
	2024 \$	2023 \$
Component sales	132,096	68,301
Engineering services	331,760	-
	463,856	68,301

# Notes to the Financial Statements

30 June 2024

## 5 REVENUE (CONTINUED)

### Disaggregation of revenue

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

	Consolidated	
	2024 \$	2023 \$
<b>MAJOR PRODUCT LINES</b>		
Component sales	132,096	68,301
Engineering services	331,760	-
	463,856	68,301
<b>GEOGRAPHICAL REGIONS</b>		
United States of America	132,096	68,301
<b>TIMING OF REVENUE RECOGNITION</b>		
Goods transferred at a point in time	132,096	68,301
Services transferred over time	331,760	-
	463,856	68,301

### Accounting policy for revenue recognition

The Group recognises revenue as follows:

#### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

#### 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.

## 5 REVENUE (CONTINUED)

### 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.

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.

## 6 OTHER (LOSS)/INCOME

	Consolidated	
	2024 \$	2023 \$
Net foreign exchange (losses)/gains	(266,374)	158,021
Profit on lease modification	74,488	373,042
Other grants	178,649	36,600
Miscellaneous income	–	20,023
Other (loss)/income	(13,237)	587,686

### Other grants

Grant income consists of government assistance received in relation to economic development incentives. Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss as other income over the periods necessary to match them with the costs that they are intended to compensate.

### Profit on lease modification

Represents profit on remeasurement of lease liability resulting from reassessment of lease terms in accordance with AASB 16 Leases.

# Notes to the Financial Statements

30 June 2024

## 7 EXPENSES

	Consolidated	
	2024 \$	2023 \$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	339,599	78,378
<i>Depreciation</i>		
Leasehold improvements	59,378	254,365
Plant and equipment	306,873	538,891
Furniture, fittings and equipment	2,875	7,002
Buildings right-of-use assets	804,952	723,723
Less: Depreciation relating to discontinued operations	(132,627)	(236,156)
Total depreciation	1,041,451	1,287,825
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	10,946	13,483
Interest and finance charges paid/payable on lease liabilities	818,164	184,885
Finance costs expensed	829,110	198,368
<i>Leases</i>		
Low-value assets lease payments	216,973	405,322
<i>General and administration expenses</i>		
Employee benefits	3,325,751	(114,397)
Share-based payments	3,754,347	(69,876)
Defined contribution plans - Superannuation	251,094	30,985
Depreciation	1,041,451	1,287,825
Travel	648,970	76,224
Accounting and audit	255,518	226,740
Contracting and consulting	397,889	536,081
Legal and company secretarial	505,502	355,809
Listing and share registry	146,364	187,287
Equipment expenses	237,680	111,365
Loss on disposal of assets	845,089	-
Occupancy	512,315	229,847
Insurance	447,454	250,198
Investor and public relations	227,090	125,107
Other	974,213	123,471
	13,570,727	3,356,666

## 8 INCOME TAX

	Consolidated	
	2024 \$	2023 \$
Income tax expense is attributable to:		
Loss from continuing operations	4,195	-
Loss from discontinued operations	147,362	-
Aggregate income tax expense	151,557	-
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense from continuing operations	(18,118,075)	(7,543,716)
Loss before income tax expense from discontinued operations	(515,674)	(4,984,060)
	(18,633,749)	(12,527,776)
Tax at the statutory tax rate of 25%	(4,658,437)	(3,131,944)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D tax incentive	(298,819)	(329,907)
Accounting expenditure subject to R&D tax incentive	686,940	758,407
Other grants	(40,171)	(18,300)
Accrued expenses	23,567	46,106
Employee leave obligations	38,107	10,256
Entertainment	1,486	3,180
Legal fees	105,292	103,007
Share-based payments	938,587	(17,469)
Unrealised currency (gains)/losses	208,728	(76,736)
Provisions	(12,645)	-
Other items	-	27,450
	(3,007,365)	(2,625,950)
Difference in overseas tax rates	(547,423)	(21,458)
Tax losses and other timing differences for which no deferred tax asset is recognised	3,706,345	2,647,408
Income tax expense	151,557	-

	Consolidated	
	2024 \$	2023 \$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	36,599,615	27,568,899
Potential tax benefit @ 25%	9,149,904	6,892,225

Unused tax losses comprise those attributed to the Group for the year ended 30 June 2024 and pre-acquisition losses attributed to Amaero Engineering Pty Ltd. The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

# Notes to the Financial Statements

30 June 2024

## 8 INCOME TAX (CONTINUED)

	Consolidated	
	2024 \$	2023 \$
Provision for income tax		
Provision for income tax	144,883	–

### Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

## 9 DISCONTINUED OPERATIONS

### Description

On 10 October 2023, the Group announced that the Board has resolved to commence with the cessation of its operations in Australia to focus its executive team on flagship operations in the USA. In addition, the Group has wound down its operations in the UAE. Accordingly, the financial results of the Australia (including the joint venture operations) and UAE operations have been classified as Discontinued Operations.

## 9 DISCONTINUED OPERATIONS (CONTINUED)

### Financial performance information

	Consolidated	
	2024 \$	2023 \$
Revenue from contracts with customers	438,717	722,213
Cost of sales	(233,724)	(589,429)
Gross profit	204,993	132,784
Other income (including research and development tax incentive) *	827,993	1,404,867
Distribution costs	(1,788)	(71,099)
General and administrative expenses	(1,030,884)	(4,133,002)
Restructuring costs	–	(1,170,585)
Research and development expenses	(169,930)	(571,441)
Selling and marketing expenses	(22,275)	(150,594)
Depreciation	(132,627)	(236,156)
Share of loss from equity accounted joint ventures	(215,750)	(173,751)
Finance income/(costs) – net	24,594	(15,083)
Total expenses	(1,548,660)	(6,521,711)
Loss before income tax expense	(515,674)	(4,984,060)
Income tax expense	(147,362)	–
Loss after income tax expense from discontinued operations	(663,036)	(4,984,060)

### Cash flow information

	Consolidated	
	2024 \$	2023 \$
Net cash used in operating activities	(791,491)	(1,498,950)
Net cash (used in)/from investing activities	(1,031,370)	2,449,692
Net cash used in financing activities	(21,072)	(39,721)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	(1,843,933)	911,021

\* Other income – revenue from research and development 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.

### Accounting policy for discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

# Notes to the Financial Statements

30 June 2024

## 10 CASH AND CASH EQUIVALENTS

	Consolidated	
	2024 \$	2023 \$
<i>Current assets</i>		
Cash at bank	11,935,531	8,782,689
Deposit on call	52,458	50,779
	11,987,989	8,833,468

### Accounting policy for cash and cash equivalents

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.

## 11 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2024 \$	2023 \$
<i>Current assets</i>		
Trade receivables	101,892	84,719
Less: Allowance for expected credit losses	(50,579)	-
	51,313	84,719
Other receivables	136,522	71,044
	187,835	155,763

### Allowance for expected credit losses

The Group has recognised a loss of \$50,579 (2023: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024. The amount relates to one specific customer and reflects management's assessment of the outstanding balance. Based on past experience no further losses are expected in the immediate future that need to be provided for.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2024 \$	2023 \$
Opening balance	-	-
Additional provisions recognised	50,579	-
Closing balance	50,579	-

### Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

## 12 INVENTORIES

	Consolidated	
	2024 \$	2023 \$
<i>Current assets</i>		
Raw materials - at cost	84,566	1,026,757
Stock in transit - at cost	1,392,729	-
	1,477,295	1,026,757

### Accounting policy for inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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.

## 13 OTHER

	Consolidated	
	2024 \$	2023 \$
<i>Current assets</i>		
Prepayments	231,297	117,455
Rental bond	199,506	-
	430,803	117,455
<i>Non-current assets</i>		
Rental bond	377,415	245,981
	808,218	363,436

## 14 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The following assets were reclassified as held for sale in relation to the discontinued operations as at 30 June 2024. Refer to Note 9 'Discontinued operations' for further details.

	Consolidated	
	2024 \$	2023 \$
<i>Current assets</i>		
Machinery and equipment	322,592	-

# Notes to the Financial Statements

30 June 2024

## 14 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

### Accounting policy for non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

## 15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2024 \$	2023 \$
<i>Non-current assets</i>		
Interest in joint venture	-	209,099

### Interest in joint venture partnership

Amaero had 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 Ltd to develop a super strength aluminium alloy. The Group's interest in Strategic Alloys Pty Ltd was accounted for using the equity method in the financial statements. As mentioned in Note 9 'Discontinued operations' the operations in Australia have been discontinued including the joint venture.

Refer to Note 32 for further information on interests in joint ventures.

### Accounting policy for 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 Group'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.

## 16 PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2024 \$	2023 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	-	584,315
Less: Accumulated depreciation	-	(395,372)
	-	188,943
Plant and equipment - at cost	173,367	3,525,893
Less: Accumulated depreciation	(88,223)	(1,532,960)
	85,144	1,992,933
Furniture, fittings and equipment - at cost	21,679	68,029
Less: Accumulated depreciation	(13,422)	(46,398)
	8,257	21,631
Assets under construction - at cost	16,574,946	3,939,418
	16,668,347	6,142,925

### Reconciliations

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

Consolidated	Leasehold improvements \$	Plant and equipment \$	Furniture, fittings and equipment \$	Assets under construction \$	Total \$
Balance at 1 July 2022	427,875	2,695,600	28,209	2,900,020	6,051,704
Additions	-	501,711	-	1,039,398	1,541,109
Disposals	-	(742,826)	-	-	(742,826)
Exchange differences	15,433	77,339	424	-	93,196
Depreciation expense	(254,365)	(538,891)	(7,002)	-	(800,258)
Balance at 30 June 2023	188,943	1,992,933	21,631	3,939,418	6,142,925
Additions	3,804	375,228	-	13,225,724	13,604,756
Disposals *	(133,369)	(1,999,101)	(10,520)	(590,196)	(2,733,186)
Exchange differences	-	22,957	21	-	22,978
Depreciation expense	(59,378)	(306,873)	(2,875)	-	(369,126)
Balance at 30 June 2024	-	85,144	8,257	16,574,946	16,668,347

\* Includes assets transferred to held for sale.

# Notes to the Financial Statements

30 June 2024

## 16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	5-10 years
Furniture, fittings and equipment	2-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Assets under construction

Costs arising directly from the construction of plant and equipment are recognised as an asset. The costs are transferred to plant and equipment from the time the asset is held ready for use on a commercial basis. Assets under construction are not depreciated.

## 17 RIGHT-OF-USE ASSETS

	Consolidated	
	2024 \$	2023 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	20,384,435	3,375,315
Less: Accumulated depreciation	(1,724,092)	(1,860,300)
	18,660,343	1,515,015

The Group leases land and buildings for its offices and manufacturing facilities under agreements of between 5 to 15 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

## 17 RIGHT-OF-USE ASSETS (CONTINUED)

### Reconciliations

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

Consolidated	Land and buildings \$
Balance at 1 July 2022	2,541,554
Additions	874,590
Lease modification	(1,145,955)
Exchange differences	(31,451)
Depreciation expense	(723,723)
Balance at 30 June 2023	1,515,015
Additions	19,014,836
Lease modification/termination	(1,062,577)
Exchange differences	(1,979)
Depreciation expense	(804,952)
Balance at 30 June 2024	18,660,343

For other lease related disclosures refer to the following:

- Note 7 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- Note 19 for lease liabilities at 30 June 2024;
- Note 24 for undiscounted future lease commitments; and
- consolidated statement of cash flow for repayment of lease liabilities.

Due to the cessation of the operations in Australia, the lease for the facilities in Melbourne and Adelaide have been terminated during the period. The lease of office premises in Abu Dhabi, UAE has also been surrendered effective September 2023.

The Group leases office and manufacturing facilities in El Segundo, 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. As at 30 June 2024 the Group entered into a lease termination agreement wherein the lease terminates on 31 July 2024.

On 12 July 2023 the Group signed a lease to be the sole tenant of a manufacturing facility in McDonald, Tennessee, USA. The lease agreement was amended in September 2023 wherein the lease commences 1 January 2024 for an initial term of 15 years with an option to extend for two five year terms,

# Notes to the Financial Statements

30 June 2024

## 17 RIGHT-OF-USE ASSETS (CONTINUED)

### Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

## 18 TRADE AND OTHER PAYABLES

	Consolidated	
	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	967,812	312,579
Accrued payables	354,765	458,227
Other payables	39,453	55,441
	1,362,030	826,247

Refer to Note 24 for further information on financial instruments.

### Accounting policy for trade and other payables

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

## 19 LEASE LIABILITIES

	Consolidated	
	2024 \$	2023 \$
<i>Current liabilities</i>		
Lease liability	30,419	674,177
<i>Non-current liabilities</i>		
Lease liability	16,040,568	968,464
	16,070,987	1,642,641

Refer to Note 24 for further information on financial instruments.

## 19 LEASE LIABILITIES (CONTINUED)

### Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 20 PROVISIONS

	Consolidated	
	2024 \$	2023 \$
<i>Current liabilities</i>		
Restructuring	-	469,240
<i>Non-current liabilities</i>		
Lease make good	3,034,420	-
	3,034,420	469,240

### Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

### Restructuring

The provision represents the costs incurred to discontinued operations in Australia and UAE, and reorganisation in United States. The provision was recognised once the detailed restructuring plan has been drawn up by management and communicated to the public and those affected by the plans.

### Movements in provisions

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

	Lease make good \$	Restructuring \$
<b>Consolidated - 2024</b>		
Carrying amount at the start of the year	-	469,240
Additional provisions recognised	3,034,420	-
Amounts used	-	(469,240)
Carrying amount at the end of the year	3,034,420	-

# Notes to the Financial Statements

30 June 2024

## 20 PROVISIONS (CONTINUED)

### Accounting policy for provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## 21 ISSUED CAPITAL

	Consolidated			
	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	542,912,442	416,845,213	77,425,224	48,271,499

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	241,347,942		35,254,248
Performance right shares	18 July 2022	219,629	\$0.1850	40,631
Performance milestone shares	18 July 2022	432,563	\$0.1690	73,060
Pursuant to private placement	1 August 2022	513,948	\$0.2100	107,929
Conversion of convertible notes	9 August 2022	13,362,663	\$0.2100	2,806,159
Performance milestone shares	5 October 2022	837,862	\$0.0970	81,105
Entitlement offer shares	2 December 2022	156,716,418	\$0.0670	10,500,000
Lieu of payment for services	13 December 2022	2,029,188	\$0.0710	144,072
Lieu of payment for services	1 May 2023	1,385,000	\$0.1600	221,600
Transaction costs				(957,305)
Balance	30 June 2023	416,845,213		48,271,499
Exercise of options 3DAO	15 November 2023	1,177	\$0.1800	212
Issue of shares - tranche 1	27 November 2023	21,110,580	\$0.1600	3,377,693
Issue of shares - tranche 2	27 December 2023	41,389,420	\$0.1600	6,622,307
Performance milestone shares	14 February 2024	83,740	\$0.0000	-
Exercise of options 3DAAQ	14 March 2024	175,000	\$0.2400	42,000
Exercise of options 3DAAQ	28 March 2024	825,821	\$0.2400	198,197
Issue of shares	5 April 2024	60,606,061	\$0.3300	20,000,000
Exercise of options 3DAAQ	5 April 2024	39,620	\$0.2400	9,509
Exercise of options 3DAO	5 April 2024	89,659	\$0.1800	16,139
Exercise of options 3DAO	12 April 2024	25,000	\$0.1800	4,500
Exercise of options 3DAAQ	16 April 2024	156,250	\$0.2400	37,500
Exercise of options 3DAAQ	19 April 2024	217,188	\$0.2400	52,125
Exercise of options 3DAO	26 April 2024	69,999	\$0.1800	12,600
Performance milestone shares	29 April 2024	27,741	\$0.0000	-

## 21 ISSUED CAPITAL (CONTINUED)

Details	Date	Shares	Issue price	\$
Exercise of options 3DAAQ	1 May 2024	343,750	\$0.2400	82,500
Exercise of options 3DAAQ	23 May 2024	200,000	\$0.2400	48,000
Performance milestone shares	4 June 2024	382,650	\$0.0000	–
Exercise of options 3DAO	13 June 2024	15,000	\$0.1800	2,700
Exercise of options 3DAO	17 June 2024	13,776	\$0.1800	2,480
Exercise of options 3DAAQ	19 June 2024	240,385	\$0.2400	57,692
Exercise of options 3DAAQ	28 June 2024	50,000	\$0.2400	12,000
Exercise of options 3DAO	28 June 2024	4,412	\$0.1800	794
Transaction costs		–		(1,425,223)
Balance	30 June 2024	542,912,442		77,425,224

### Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Share buy-back

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

### Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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.

The capital risk management policy remains unchanged from the 2023 Annual Report.

### Accounting policy for issued capital

Ordinary shares are classified as equity.

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

# Notes to the Financial Statements

30 June 2024

## 22 RESERVES

	Consolidated	
	2024 \$	2023 \$
Foreign currency reserve	361,020	59,197
Share-based payments reserve	3,796,395	-
	4,157,415	59,197

### Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

### Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments reserve \$	Foreign currency reserve \$	Total \$
Balance at 1 July 2022	905,687	(17,093)	888,594
Transfer to retained earnings	(627,550)	-	(627,550)
Foreign currency translation	-	76,290	76,290
Share-based payments (net)	(278,137)	-	(278,137)
Balance at 30 June 2023	-	59,197	59,197
Foreign currency translation	-	301,823	301,823
Share-based payments (net)	3,796,395	-	3,796,395
Balance at 30 June 2024	3,796,395	361,020	4,157,415

## 23 DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year. The Group's franking account balance was \$nil at 30 June 2024 (2023: \$nil).

## 24 FINANCIAL INSTRUMENTS

### Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

## 24 FINANCIAL INSTRUMENTS (CONTINUED)

### Market risk

#### Foreign currency risk

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

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The cost of hedging at this time outweighs any benefits that may be obtained.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets		Liabilities	
	2024 \$	2023 \$	2024 \$	2023 \$
US dollars	11,749,275	6,261,035	16,792,775	159,010
Euro	-	24,322	-	-
	11,749,275	6,285,357	16,792,775	159,010

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 specific 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: 4.8% (2023: 5.8%)
- EUR: 3.5% (2023: 3.8%)

	Impact on loss for the period		Impact on other components of equity	
	2024 \$	2023 \$	2024 \$	2023 \$
US/AUD exchange rate *	239,625	372,363	-	-
EUR/AUD exchange rate *	-	924	-	-

\* Holding all other variables constant.

#### Price risk

The Group is not exposed to any significant price risk.

#### Interest rate risk

The Group is not exposed to any significant interest rate risk.

### CREDIT RISK

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.

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.

# Notes to the Financial Statements

30 June 2024

## 24 FINANCIAL INSTRUMENTS (CONTINUED)

### Impairment of financial assets

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

### Impairment of 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 2024 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 2024 was determined for trade receivables as \$50,579 (2023: nil).

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.

### Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity 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.

### Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2024	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	967,812	-	-	-	967,812
Other payables	-	39,453	-	-	-	39,453
Leases	9.59%	1,448,521	1,477,491	4,612,148	37,681,929	45,220,089
Total non-derivatives		2,455,786	1,477,491	4,612,148	37,681,929	46,227,354

## 24 FINANCIAL INSTRUMENTS (CONTINUED)

Consolidated - 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	312,579	-	-	-	312,579
Other payables	-	55,441	-	-	-	55,441
Leases	7.74%	1,622,984	1,392,769	3,393,335	-	6,409,088
Total non-derivatives		1,991,004	1,392,769	3,393,335	-	6,777,108

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## 25 KEY MANAGEMENT PERSONNEL DISCLOSURES

### Compensation

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

	Consolidated	
	2024 \$	2023 \$
Short-term employee benefits	3,357,709	1,357,730
Post-employment benefits	51,634	66,193
Long-term benefits	41,602	9,860
Share-based payments	2,483,702	-
	5,934,647	1,433,783

## 26 REMUNERATION OF AUDITORS

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

	Consolidated	
	2024 \$	2023 \$
Audit services - RSM Australia Partners		
Audit and review of the financial statements	125,000	74,500

## 27 CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2024 and 30 June 2023.

## 28 COMMITMENTS

The Group had commitments for capital expenditure of \$19,663,612 as at 30 June 2024 (30 June 2023: \$609,236).

# Notes to the Financial Statements

30 June 2024

## 29 RELATED PARTY TRANSACTIONS

### Parent entity

Amaero International Ltd is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in Note 31.

### Joint ventures

Interests in joint ventures are set out in Note 32.

### Key management personnel

Disclosures relating to key management personnel are set out in Note 25 and the remuneration report included in the Directors' report.

### Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2024 \$	2023 \$
Payment for goods and services:		
Purchases of various services from an entity having a significant influence over the Group - Innovyz Institute Pty Ltd	–	89,466
Purchases of various services from an entity related to a director - Monash University	145,217	539,381

### Receivable from and payable to related parties

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

	Consolidated	
	2024 \$	2023 \$
Current payables:		
Entity related to the director - Monash University	–	80,071
Amounts payable to directors:		
Hank Holland	–	101,340
Omer Granit	–	35,000
Lucy Robb Vujcic	–	5,500
Erik Levy	15,000	15,000

### Loans to/from related parties

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

### Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except where stated otherwise.

### 30 PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

#### Statement of profit or loss and other comprehensive income

	Parent	
	2024 \$	2023 \$
Loss after income tax	(8,444,643)	(4,250,434)
Total comprehensive income	(8,444,643)	(4,250,434)

#### Statement of financial position

	Parent	
	2024 \$	2023 \$
Total current assets	336,665	6,759,359
Total assets	62,616,908	38,826,310
Total current liabilities	329,816	842,123
Total liabilities	329,816	1,044,695
Equity		
Issued capital	77,425,224	48,271,499
Share-based payments reserve	3,796,395	–
Accumulated losses	(18,934,527)	(10,489,884)
Total equity	62,287,092	37,781,615

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

#### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

#### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

#### Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

# Notes to the Financial Statements

30 June 2024

## 31 INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2024 %	2023 %
Amaero Engineering Pty Ltd	Australia	100.00%	100.00%
AM Aero Inc	United States of America	100.00%	100.00%
Amaero Alloys Pty Ltd	Australia	100.00%	100.00%
Amaero Advanced Metals Ltd*	United Arab Emirates	–	100.00%
Amaero Advanced Materials & Manufacturing Inc**	United States of America	100.00%	–

\* Deregistered on 7 May 2024

\*\* Incorporated on 12 July 2023

## 32 INTERESTS IN JOINT VENTURES

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Group are set out below:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2024 %	2023 %
Strategic Alloys Pty Ltd	Australia	45.00%	45.00%

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 Ltd to develop a super strength aluminium alloy. The group's interest in Strategic Alloys Pty Ltd is accounted for using the equity method in the financial statements. As at 30 June 2024 the deregistration of Strategic Alloys Pty Ltd was in progress.

## Summarised financial information

	2024 \$	2023 \$
<i>Summarised statement of financial position</i>		
Current assets (including cash and cash equivalents)	1,433	3,432
Non-current assets - intangibles	749,933	739,195
Total assets	751,366	742,627
Current financial liabilities (including trade and other payables and provisions)	819,780	803,542
Total liabilities	819,780	803,542
Net liabilities	(68,414)	(60,915)
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Administration expenses	(10,000)	(35,084)
Loss before income tax	(10,000)	(35,084)
Income tax expense	–	–
Loss after income tax	(10,000)	(35,084)
Other comprehensive income	–	–
Total comprehensive income	(10,000)	(35,084)

### 32 INTERESTS IN JOINT VENTURES (CONTINUED)

	2024 \$	2023 \$
<i>Reconciliation of the Group's carrying amount</i>		
Opening carrying amount	209,099	351,834
Investment in Strategic Alloys Pty Ltd:		
Loan to joint venture	–	10,000
Capitalised interest	6,651	21,016
Share of loss after income tax	(215,750)	(173,751)
Closing carrying amount	–	209,099

### 33 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2024 \$	2023 \$
Loss after income tax expense for the year	(18,785,306)	(12,527,776)
Adjustments for:		
Lease modification	(74,489)	(401,831)
Depreciation and amortisation	1,174,079	1,523,981
Finance income	(2,395)	(21,016)
Loss on sale of property, plant and equipment	1,036,168	(20,023)
Movement in employee benefits liability	–	61,202
Share-based payments	3,796,395	(69,876)
Share of loss of joint ventures	215,750	173,751
Unrealised net foreign currency (gains)/losses	343,732	(392,844)
Issue of shares to vendors	–	221,600
Expected credit losses	50,579	–
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(82,651)	210,375
(Increase)/decrease in inventories	(450,538)	61,103
Increase in other operating assets	(436,434)	(24,664)
Increase/(decrease) in trade and other payables	536,025	(84,912)
Increase in provision for income tax	144,883	–
(Decrease)/increase in other operating liabilities	(62,383)	469,245
Net cash used in operating activities	(12,596,585)	(10,821,685)

### 34 NON-CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated	
	2024 \$	2023 \$
Additions to the right-of-use assets	19,014,836	874,590

# Notes to the Financial Statements

30 June 2024

## 35 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Consolidated	Lease liabilities \$
Balance at 1 July 2022	2,646,846
Net cash used in financing activities	(299,558)
Other	(401,831)
Additions to land and buildings by means of leases	874,590
Exchange differences	(31,451)
Lease modifications	(1,145,955)
Balance at 30 June 2023	1,642,641
Net cash used in financing activities	(1,617,380)
Other	(1,904,554)
Additions to land and buildings by means of leases	19,014,836
Exchange differences	(1,979)
Lease modifications	(1,062,577)
Balance at 30 June 2024	16,070,987

## 36 EARNINGS PER SHARE

	Consolidated	
	2024 \$	2023 \$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Amaero International Ltd	(18,122,270)	(7,543,716)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	465,115,122	346,449,926
Weighted average number of ordinary shares used in calculating diluted earnings per share	465,115,122	346,449,926
	Cents	Cents
Basic earnings/(loss) per share	(3.90)	(2.18)
Diluted earnings/(loss) per share	(3.90)	(2.18)

### 36 EARNINGS PER SHARE (CONTINUED)

	Consolidated	
	2024 \$	2023 \$
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Amaero International Ltd	(663,036)	(4,984,060)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	465,115,122	346,449,926
Weighted average number of ordinary shares used in calculating diluted earnings per share	465,115,122	346,449,926
	Cents	Cents
Basic earnings/(loss) per share	(0.14)	(1.44)
Diluted earnings/(loss) per share	(0.14)	(1.44)

	Consolidated	
	2024 \$	2023 \$
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of Amaero International Ltd	(18,785,306)	(12,527,776)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	465,115,122	346,449,926
Weighted average number of ordinary shares used in calculating diluted earnings per share	465,115,122	346,449,926
	Cents	Cents
Basic earnings/(loss) per share	(4.04)	(3.62)
Diluted earnings/(loss) per share	(4.04)	(3.62)

317,164,568 (2023: 214,253,605) options and 239,504 (2023: 1,757,565) performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2024. These options could potentially dilute basic earnings per share in the future.

#### Accounting policy for earnings per share

##### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Amaero International Ltd, 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 financial year.

##### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

# Notes to the Financial Statements

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## 37 SHARE-BASED PAYMENTS

### 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 under the plan:

### 2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
04/07/2022	04/07/2025	\$0.4200	7,520,439	-	-	-	7,520,439
01/08/2022	01/08/2025	\$0.4200	18,673,464	-	-	-	18,673,464
02/12/2022	02/12/2025	\$0.1800	188,059,702	-	(219,023)	-	187,840,679
31/10/2023	31/10/2033	\$0.1900	-	3,000,000	-	-	3,000,000
31/10/2023	31/10/2033	\$0.1900	-	10,000,000	-	-	10,000,000
31/10/2023	31/10/2033	\$0.1900	-	3,000,000	-	-	3,000,000
31/10/2023	31/10/2033	\$0.1900	-	2,750,000	-	-	2,750,000
31/10/2023	31/10/2033	\$0.1900	-	2,500,000	-	-	2,500,000
31/10/2023	31/10/2033	\$0.1900	-	2,000,000	-	-	2,000,000
08/11/2023	08/11/2033	\$0.2500	-	3,000,000	-	-	3,000,000
27/12/2023	27/12/2026	\$0.2400	-	62,500,000	(2,248,014)	-	60,251,986
05/04/2024	05/04/2027	\$0.5000	-	1,000,000	-	-	1,000,000
29/04/2024	16/12/2033	\$0.2800	-	3,553,000	-	-	3,553,000
04/06/2024	31/10/2033	\$0.2500	-	950,000	-	-	950,000
04/06/2024	27/11/2033	\$0.1700	-	2,500,000	-	-	2,500,000
04/06/2024	18/12/2033	\$0.2500	-	3,000,000	-	-	3,000,000
04/06/2024	20/12/2033	\$0.2400	-	500,000	-	-	500,000
04/06/2024	04/06/2034	\$0.4100	-	4,125,000	-	-	4,125,000
04/06/2024	08/02/2027	\$0.3600	-	1,000,000	-	-	1,000,000
			214,253,605	105,378,000	(2,467,037)	-	317,164,568
Weighted average exercise price			\$0.2100	\$0.1000	\$0.0000	\$0.0000	\$0.1700

### 37 SHARE-BASED PAYMENTS (CONTINUED)

#### 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
10/12/2020	10/12/2022	\$1.0000	3,500,000	-	-	(3,500,000)	-
04/07/2022	04/07/2025	\$0.4200	-	7,520,439	-	-	7,520,439
01/08/2022	01/08/2025	\$0.4200	-	18,673,464	-	-	18,673,464
02/12/2022	02/12/2025	\$0.1800	-	188,059,702	-	-	188,059,702
			3,500,000	214,253,605	-	(3,500,000)	214,253,605
Weighted average exercise price			\$1.0000	\$0.2100	\$0.0000	\$0.0000	\$0.2100

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2024 Number	2023 Number
04/07/2022	04/07/2025	7,520,439	7,520,439
01/08/2022	01/08/2025	18,673,464	18,673,464
02/12/2022	02/12/2025	187,930,338	188,059,702
31/10/2023	31/10/2033	67,212,327	-
29/04/2024	16/12/2033	710,600	-
05/04/2024	05/04/2027	1,000,000	-
09/01/2024	09/01/2034	100,000	-
04/06/2024	04/06/2034	825,000	-
16/01/2024	16/01/2034	1,290,000	-
		285,262,168	214,253,605

Weighted Average share price during the financial year was \$0.28 (2023: \$0.08).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.04 years (2023: 2.38 years).

#### 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 Company 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.

# Notes to the Financial Statements

30 June 2024

## 37 SHARE-BASED PAYMENTS (CONTINUED)

Set out below are summaries of performance rights granted under the plan:

### 2024

Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
\$0.0000	1,757,565	–	(494,131)	(1,023,930)	239,504
	1,757,565	–	(494,131)	(1,023,930)	239,504

### 2023

Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
\$0.0000	481,390	2,022,491	(652,192)	(94,124)	1,757,565
	481,390	2,022,491	(652,192)	(94,124)	1,757,565

There were 239,504 (2023: 1,757,565) performance rights exercisable at the end of the financial year.

The assessed fair value of options at grant date was determined using the Trinomial valuation 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.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Options	Share price on grant date	Exercise price	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date
31/10/2023	31/10/2033	3,000,000	\$0.2550	\$0.1900	94.00%	–	4.92%	\$0.1514
31/10/2023	31/10/2033	2,000,000	\$0.2550	\$0.1860	94.00%	–	4.92%	\$0.1514
31/10/2023	31/10/2033	2,000,000	\$0.2550	\$0.1860	94.00%	–	4.92%	\$0.1681
31/10/2023	31/10/2033	2,000,000	\$0.2550	\$0.1860	94.00%	–	4.92%	\$0.1857
31/10/2023	31/10/2033	2,000,000	\$0.2550	\$0.1860	94.00%	–	4.92%	\$0.1982
31/10/2023	31/10/2033	2,000,000	\$0.2550	\$0.1860	94.00%	–	4.92%	\$0.2075
31/10/2023	31/10/2033	600,000	\$0.2550	\$0.1920	94.00%	–	4.92%	\$0.1514
31/10/2023	31/10/2033	600,000	\$0.2550	\$0.1920	94.00%	–	4.92%	\$0.1676
31/10/2023	31/10/2033	600,000	\$0.2550	\$0.1920	94.00%	–	4.92%	\$0.1852
31/10/2023	31/10/2033	600,000	\$0.2550	\$0.1920	94.00%	–	4.92%	\$0.1975
31/10/2023	31/10/2033	600,000	\$0.2550	\$0.1920	94.00%	–	4.92%	\$0.2070
31/10/2023	31/10/2033	2,750,000	\$0.2550	\$0.1860	94.00%	–	4.92%	\$0.1991
31/10/2023	31/10/2033	500,000	\$0.2550	\$0.1910	94.00%	–	4.92%	\$0.1513
31/10/2023	31/10/2033	500,000	\$0.2550	\$0.1910	94.00%	–	4.92%	\$0.1679
31/10/2023	31/10/2033	500,000	\$0.2550	\$0.1910	94.00%	–	4.92%	\$0.1855
31/10/2023	31/10/2033	500,000	\$0.2550	\$0.1910	94.00%	–	4.92%	\$0.1978
31/10/2023	31/10/2033	500,000	\$0.2550	\$0.1910	94.00%	–	4.92%	\$0.2073
31/10/2023	31/10/2033	400,000	\$0.2550	\$0.1930	94.00%	–	4.92%	\$0.1513

### 37 SHARE-BASED PAYMENTS (CONTINUED)

Grant date	Expiry date	Options	Share price on grant date	Exercise price	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date
31/10/2023	31/10/2033	400,000	\$0.2550	\$0.1930	94.00%	–	4.92%	\$0.1677
31/10/2023	31/10/2033	400,000	\$0.2550	\$0.1930	94.00%	–	4.92%	\$0.1851
31/10/2023	31/10/2033	400,000	\$0.2550	\$0.1930	94.00%	–	4.92%	\$0.1975
31/10/2023	31/10/2033	400,000	\$0.2550	\$0.1930	94.00%	–	4.92%	\$0.2070
31/10/2023	31/10/2033	3,000,000	\$0.2550	\$0.2480	94.00%	–	4.92%	\$0.1638
09/01/2024	09/01/2034	500,000	\$0.2150	\$0.2150	90.00%	–	4.11%	\$0.1413
16/01/2024	16/01/2034	6,450,000	\$0.2300	\$0.2150	90.00%	–	4.15%	\$0.1581
08/02/2024	08/02/2027	1,000,000	\$0.3000	\$0.3600	90.00%	–	3.66%	\$0.1471
05/04/2024	05/04/2027	1,000,000	\$0.4100	\$0.5000	90.00%	–	3.68%	\$0.1839
29/04/2024	16/12/2033	3,553,000	\$0.4350	\$0.2800	90.00%	–	4.48%	\$0.3158
04/06/2024	04/06/2034	4,125,000	\$0.4350	\$0.4070	90.00%	–	4.30%	\$0.2991
		42,878,000						

62,500,000 Share options granted during the year are in relation to holders of equity instruments in the Company in their capacity as holders of equity instruments and hence not subject to fair valuation requirements under AASB 2 Share-based Payments.

#### Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Trinomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

# Notes to the Financial Statements

30 June 2024

## 37 SHARE-BASED PAYMENTS (CONTINUED)

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

## 38 EVENTS AFTER THE REPORTING PERIOD

On 14 July 2024, Amaero International announced that former national security advisor to the United States, Lieutenant General (ret.) H.R. McMaster joined as special advisor to Chairman and CEO Hank Holland. In his role, McMaster will advise Holland on strategic and commercial matters, as well as engage on behalf of Amaero with key stakeholders including the U.S. government, Department of Defense, DoD-funded research and development laboratories and defence prime contractors.

Upon graduating from the US Military Academy in 1984, McMaster served as a commissioned officer for 34 years. He retired as a lieutenant general in June 2018 after serving as the 25th assistant to the US President for the Department of National Security Affairs. From 2014-2017, McMaster designed the future army as the director of Army Capabilities Integration Center and the deputy commanding general of the US Army Training and Doctrine Command. As the commanding general of the Maneuver Center of Excellence at Fort Moore, he oversaw all training and education for the army's infantry, armour and cavalry force.

He has commanded organisations in wartime including the Combined Joint Inter-Agency Task Force-Shafafiyat in Kabul, Afghanistan from 2010-2012, the Third Armored Cavalry Regiment in Iraq from 2005-2006 and Eagle Troop, Second Armored Cavalry Regiment in Operation Desert Storm from 1990-1991. McMaster also served overseas as advisor to the most senior commanders in the Middle East, Iraq and Afghanistan.

McMaster is the Fouad and Michelle Ajami Senior Fellow at the Hoover Institution, Stanford University, the Bernard and Susan Liautaud Fellow at Freeman Spogli Institute and lecturer at Stanford University's Graduate School of Business. He is a distinguished visiting fellow at Arizona State University. He holds a PhD in military history from the University of North Carolina at Chapel Hill.

In August 2024, the Joint Venture Strategic Alloys Pty Ltd applied for voluntary deregistration.

The lease for the office and manufacturing facilities in California, USA was formally exited on 31 July 2024.

The leasehold improvements and significant plant and equipment relating to the Group's facilities at Tennessee, USA were put to use in July 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

# Consolidated Entity Disclosure Statement

As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Amaero Engineering Pty Ltd	Body corporate	Australia	100.00%	Australia
AM Aero, Inc.	Body corporate	United States of America	100.00%	United States of America
Amaero Alloys Pty Ltd	Body corporate	Australia	100.00%	Australia
Amaero Advanced Materials & Manufacturing, Inc.	Body corporate	United States of America	100.00%	United States of America

# Directors' Declaration

30 June 2024

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In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

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

On behalf of the Directors

A handwritten signature in black ink that reads "Hank J. Holland". The signature is written in a cursive style with a stylized 'H' and 'J'.

Mr Hank J. Holland  
Chairman and Chief Executive Officer

Melbourne  
28 August 2024

# Independent Auditor's Report



## RSM Australia Partners

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## 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 statement of financial position as at 30 June 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

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

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

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

### Key Audit Matters

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

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

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# Independent Auditor's Report

continued



## Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed this matter
<p><b>Accounting for share-based payments</b> Refer Note 37 in the financial statements</p>	
<p>During the year, the Group entered into share-based payment arrangements by way of issue of share options to key management personnel, employees and third parties.</p> <p>Management have accounted for these arrangements in accordance with AASB 2 <i>Share-Based Payments</i>.</p> <p>We consider this to be a key audit matter because of:</p> <ul style="list-style-type: none"> <li>• the complexity of the accounting required to value the share options;</li> <li>• the judgmental nature of inputs into the valuation models, including the likelihood of vesting conditions being met, and the appropriate valuation methodology to apply; and</li> <li>• the conditions associated with each options.</li> </ul>	<p>Our audit procedures, with assistance from our Corporate Finance Team, included:</p> <ul style="list-style-type: none"> <li>• Making enquiries of management, about the nature of and the rationale behind the instruments issued;</li> <li>• Reviewing the terms and conditions of the instruments issued;</li> <li>• Reviewing the valuation methodology to ensure it is in compliance with AASB 2;</li> <li>• Testing the inputs to the valuation model for reasonableness by: <ul style="list-style-type: none"> <li>- obtaining evidence to justify management's judgements over key inputs;</li> <li>- critically evaluating the key assumptions used, considering the grant-date share price, the exercise price, the expected volatility in the share price, the vesting period and the number of instruments expected to vest;</li> <li>- Recalculating the value of the share-based payment expense to be recognised and the reserve balance, for accuracy, factoring in any cancellations, modifications, expiry, or vesting; and</li> </ul> </li> <li>• Reviewing the adequacy of the relevant disclosures, in the financial statements, including those relating to judgments and estimates made.</li> </ul>



### **Other Information**

The directors of the Company 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 2024, 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:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of 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.

# Independent Auditor's Report

continued



## 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 2024.

In our opinion, the Remuneration Report of Amaero International Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

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

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

**RSM AUSTRALIA PARTNERS**

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

**M PARAMESWARAN**

Partner

Melbourne, Victoria

Dated: 28 August 2024

# ASX Additional Information

as at 30 August 2024

## A. DISTRIBUTION OF EQUITY SECURITIES

The Shareholder information set out below was applicable as at 30 August 2024.

**Security Class: 3DA - ORDINARY FULLY PAID SHARES**

**As at Date: 30-Aug-2024**

Holding Ranges	Holders	Shares	% Issued Share Capital
0-1000	209	126,414	0.02%
1,001 - 5,000	783	2,224,847	0.41%
5,001 - 10,000	416	3,309,955	0.61%
10,001 - 100,000	982	36,104,383	6.65%
100,001 and above	419	501,544,816	92.31%
Totals	2,809	543,310,415	100.00%

There were 306 holders of less than a marketable parcel of ordinary shares. Closing price on 30 August 2024 was \$0.340.

## B. EQUITY SECURITY HOLDERS

### Twenty largest quoted equity security holders

The name of the twenty largest holders of quoted equity securities are listed below:

Holder Name	Holding	% IC
PEGASUS GROWTH CAPITAL FUND I LP	188,524,968	34.70%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,066,586	6.09%
ROSEWOOD ENGINEERING PTY LTD	20,900,000	3.85%
JUNE SEVENTY SIXERS LLC	18,598,952	3.42%
CITICORP NOMINEES PTY LIMITED	11,441,420	2.11%
JOMAHO INVESTMENTS PTY LTD	7,553,030	1.39%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,945,761	1.09%
ALLCARE INVESTMENTS PTY LTD <THE CRAY DISCRE FAMILY A/C>	5,000,000	0.92%
BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	4,761,987	0.88%
CASNEY PTY LTD <THE ARTURA A/C>	4,712,750	0.87%
NAHGALLAC PTY LIMITED <CALLAGHAN FMLY RET FUND A/C>	4,469,116	0.82%
CRPL-MERIDIAN DEVELOPMENT LLC	4,264,392	0.78%
VIDOG CAPITAL PTY LTD	4,250,000	0.78%
PEGASUS GROWTH CAPTIAL FUND I LP	3,600,000	0.66%
THE UNIVERSITY OF ADELAIDE	3,333,334	0.61%
P J GREG & CO PTY LTD	3,208,560	0.59%
JIMBO INVESTMENTS PTY LTD <THE SILVERTON FAMILY 1 A/C>	2,600,000	0.48%
ECAPITAL NOMINEES PTY LIMITED <ACCUMULATION A/C>	2,496,544	0.46%
GILL FAMILY INVESTING PTY LTD <GILL FAMILY INVESTING A/C>	2,474,170	0.46%
HAREL EDERY	2,403,846	0.44%
Total	333,605,416	61.40%
Total issued capital - selected security class(es)	543,310,415	100.00%

# ASX Additional Information

as at 30 August 2024

## Unquoted Equity Securities

Options on issue as at 30-Aug-2024

Security Name	Total Holders	Total Holdings
UNL OPTIONS @\$0.42 EX 04/07/2025	2	7,520,439
UNL OPTIONS @\$0.42 EX 01/08/2025	1	18,673,464
UNL OPTIONS @ \$0.193 EXP 31/10/2033	2	2,000,000
UNL OPTIONS @ \$0.192 EXP 31/10/2033	1	3,000,000
UNL OPTIONS @ \$0.191 EXP 31/10/2033	1	2,500,000
UNL OPTIONS @ \$0.19 EXP 31/10/2033	6	3,000,000
UNL OPTIONS @ \$0.186 EXP 31/10/2033	2	12,750,000
UNL OPTIONS @ \$0.248 EXP 08/11/2033	6	3,000,000
UNL OPTIONS @ \$0.24 EXP 27/12/2026	107	59,973,111
UNL OPTIONS @ \$0.50 EXP 05/04/2027	1	1,000,000
UNL OPTIONS @ \$0.28 EXP 16/12/2033	3	3,553,000
UNL OPTIONS @ \$0.248 EXP 31/10/2033	1	950,000
UNL OPTIONS @ \$0.173 EXP 27/11/2033	1	2,500,000
UNL OPTIONS @ \$0.253 EXP 18/12/2033	1	3,000,000
UNL OPTIONS @ \$0.243 EXP 20/12/2033	1	500,000
UNL OPTIONS @ \$0.407 EXP 04/06/2034	4	4,125,000
UNL OPTIONS @ \$0.36 EXP 08/02/2027	1	1,000,000
UNL OPTIONS @ \$0.390 EXP 05/08/2029	1	2,000,000
<b>Total</b>	<b>142</b>	<b>131,045,014</b>

## Substantial Shareholders

Holder Name	Holding Balance	% IC
PEGASUS GROWTH CAPITAL FUND I LP	188,524,968	34.70%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,066,586	6.09%

## 3DAO: Listed Options

### A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding as at 30 August 2024

#### Class of equity security Quoted Options

Holding Ranges	Holders	Total Units	% Issued Share Capital
0 – 1,000	20	12,043	0.01%
1,001 – 5,000	69	198,030	0.11%
5,001 – 10,000	48	379,244	0.20%
10,001 – 100,000	125	4,898,897	2.61%
100,001 and above	77	182,323,782	97.08%
<b>Totals</b>	<b>339</b>	<b>187,811,996</b>	<b>100.00%</b>

## B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

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

Holder Name	Holding	% IC
PEGASUS GROWTH CAPITAL FUND I LP	126,178,039	67.18%
ROCKLEY CAPITAL PTY LTD <C & S REED FAMILY A/C>	10,186,567	5.42%
VIDOG CAPITAL PTY LTD	10,186,567	5.42%
HANK J HOLLAND	8,373,134	4.46%
JUNE SEVENTY SIXERS LLC	5,998,188	3.19%
MR JULIAN A RZESNIOWIECKI & MS JANE KAREEN STRANGWARD	1,192,014	0.63%
MR BENJAMIN RICHARD TIMMINS	1,000,000	0.53%
SUNLAND SYSTEMS PTY LTD <THE SUNLAND SYSTEMS A/C>	901,492	0.48%
MR BARRIE ROBERT FINNIN	750,746	0.40%
MR DAVID ALBERT MCCLURE ASHMORE & MRS NOLA JOY ASHMORE <DANJAY SUPERANNUATION A/C>	746,268	0.40%
MR JOSHUA ANTHONY SEDDON	697,015	0.37%
ALLCARE INVESTMENTS PTY LTD <THE CRAY DISCRE FAMILY A/C>	678,392	0.36%
NAHGALLAC PTY LIMITED <CALLAGHAN FMLY RET FUND A/C>	660,465	0.35%
MR IAN JEFFREY CRAIG & MRS CLAIRE CRAIG	600,000	0.32%
CONSOLIDATED FUZZ MANAGEMENT PTY LIMITED <CONSOLIDATED FUZZ S/F A/C>	600,000	0.32%
PPK INVESTMENT HOLDINGS PTY LTD	525,000	0.28%
DR PATRICK JAMES DWYER	473,888	0.25%
MR TIMOTHY AMBROSE DENTON	446,108	0.24%
T & E ONORATO PTY LTD <T & E ONORATO SF A/C>	445,000	0.24%
FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	425,891	0.23%
P J GREG & CO PTY LTD	420,315	0.22%
WESTBROOK HOLDINGS PTY LTD	400,000	0.21%
CASTLEREAGH PARTNERS PTY LTD <SAM CROMPTON A/C>	400,000	0.21%
<b>Total</b>	<b>172,285,089</b>	<b>91.73%</b>
<b>Total issued capital - selected security class(es)</b>	<b>187,811,996</b>	<b>100.00%</b>

### 3DA: Performance Rights

As at 30 August 2024

## A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

Class of equity security Performance Rights

Holding Ranges	Holders	Total Units	% Issued Share Capital
0-1000	3	4	0.00%
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	5	119,750	100.00%
100,001 and above	-	-	-
<b>Totals</b>	<b>8</b>	<b>119,754</b>	<b>100.00%</b>

# Corporate Directory

## DIRECTORS

Mr Hank J Holland - Chairman  
Mr Eric Bono  
Ms Lucy Robb Vujcic  
Mr Omer Granit  
Mr Erik Levy  
Mr Robert Latta  
Mr Jamie Levy

## SECRETARY

Mr Mark Licciardo

## NOTICE OF ANNUAL GENERAL MEETING

The details of the annual general meeting of Amaero International Ltd are:

Meeting will be held on Tuesday, 29 October 2024.

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.

In accordance with the ASX Listing Rules and the Company's constitution, valid nominations for the position of Director are required to be lodged at the registered office of the Company by 5:00pm (AEST) Tuesday 10 September 2024.

## REGISTERED OFFICE

L7 330 Collins Street  
Melbourne VIC 3000  
Australia

## PRINCIPAL PLACE OF BUSINESS

130 Innovation Drive SW  
McDonald, Tennessee, 37353  
United States

## SHARE REGISTER

### Automic Pty Ltd

Level 5, 126 Phillip Street  
Sydney NSW 2000 Australia  
Telephone: +61 (0)2 9698 5414

## AUDITOR

### RSM Australia Partners

Level 27, 120 Collins Street  
Melbourne VIC 3000 Australia  
Telephone: +61 (0)3 9286 8000

## SOLICITORS

### Gilbert + Tobin

L35, Tower Two, International Towers Sydney  
200 Barangaroo Avenue, Barangaroo NSW 2000 Australia  
Telephone: +61 2 9263 4000

## STOCK EXCHANGE LISTING

Amaero International Ltd shares are listed on the Australian Securities Exchange (ASX code: 3DA)

## WEBSITE

[www.amaeroinc.com](http://www.amaeroinc.com)

## CORPORATE GOVERNANCE STATEMENT

The directors and management are committed to conducting the business of Amaero International Ltd in an ethical manner and in accordance with the highest standards of corporate governance. Amaero International Ltd has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.

The Corporate Governance Statement setting out the corporate governance practices that are in operation during the financial year and identifying and explaining any recommendations will be available at the same time as the Annual Report. The Corporate Governance Statement can be found on the Group's website at [www.amaeroinc.com](http://www.amaeroinc.com).





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