



ONE TEAM
SEAMLESS DELIVERY 



Half-Year Report 2021

INCORPORATING APPENDIX 4D
For the six months ended 30 June 2021



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Appendix 4D

for the half-year ended 30 June 2021

| Results for announcement to the market | |
|--|----------------------------------|
| Revenue from ordinary activities | Up 22.0% to \$62.349 million |
| Profit after income taxes from ordinary activities | Up 23.4% to \$1.963 million |
| Profit after income taxes attributable to members | Up 23.4% to \$1.963 million |
| Basic earnings per share (cents) | Up 22.7% to 0.81 cents per share |
| Net tangible assets per ordinary share ¹ (cents) as of 30 June 2021 | 8.48 cents per share |
| Net tangible assets per ordinary share ¹ (cents) as of 31 December 2020 | 7.01 cents per share |
| Fully franked dividend per Class B and C preference shares ^{2, 3} | \$72,000 (HY20: \$72,000) |
| Record date for determining entitlement to Class B and C dividends | 16 April 2021 |

1. The calculation of net tangible assets per ordinary share includes right-of-use assets and lease liabilities and excludes deferred taxes.
2. Nil interim dividends were proposed for ordinary shares for HY21 (HY20: Nil).
3. S2S Investment Holdings Pty Ltd, as trustee for the S2S Investment Trust, held two Class B preference shares and Araosc Financial Investments Pty Ltd, as trustee for the Hibbs Family Trust, held two Class C preference shares in Aerison Holdings Pty Ltd. The preference shares were transferred to Aerison Group Limited on 10 May 2021.

Further information

Further information to assist in the understanding of the above is provided throughout this Half-Year Financial Report.

Directors' Report

The Directors present their report, together with the Half-Year Financial Statements, of Aerison Group Limited ("Aerison", "AE1" or "the Company") and its subsidiaries ("the Group") for the six months ended 30 June 2021.

Directors

Except as otherwise stated, the names of the Directors in office during the half-year ended 30 June 2021 and as at the date of this financial report are as follows:

G Leone (Executive Director and Chief Executive Officer)
D Hibbs (Executive Director and Chief Operating Officer)
B Barnes (Non-executive Chairperson) – appointed 1 April 2021

P Iancov (Non-executive Director) – appointed 15 April 2021
M Fennell (Non-executive Director)
Q Qiao (Non-executive Director) – resigned 29 March 2021

Principal activities

Aerison Group Limited ("Aerison", "AE1" or "the Company") and its subsidiaries ("the Group") derives revenue from its contracting capabilities and operating services in professional engineering (design, management, and feasibility studies), construction and maintenance disciplines for customer assets in the mining, infrastructure, and utilities industries.

Operations

The Group's operations may be categorised into five broad service offerings as follows:

Engineering and design services

Engineering and design services relates to consultancy services in engineering management, design, and feasibility studies in relation to the civil earthworks, structural-mechanical-piping and electrical-and-instrumentation disciplines. Engineering and design services integrate with other service offerings, underpinning the Group's expertise in Engineer, Procure and Construct ("EPC") delivery. During HY21, engineering and design services included:

- **Esperance Tonnes to Port Project** – Engineering services provided to CBH Group for upgrades to selected loading conveyor and elevator systems located at their Esperance port facilities.
- **East Rockingham Waste to Energy Project** – Engineering support services provided to the 30MW waste-to-energy project of Acciona S.A. located in Rockingham, Western Australia.

Project services

Aerison provides services to construct, design and construct, or engineer, procure and construct capital works, encompassing the structural-mechanical-piping, and electrical-and-instrumentation disciplines. During HY21, design and construction activities included:

- **Kwinana Nickel Refinery** – The construction of chemical processing facilities at the BHP Nickel West powder leach nickel sulphate plant at Kwinana, Western Australia.
- **Western Turner Syncline, Phase 2, Stage 2** – Structural, mechanical, piping, electrical and instrumentation installation and communication works for upgrades to the existing WTS1 overland conveying system and existing TP DCS plant areas for Rio Tinto Ltd.
- **Tom Price** – The design, supply and installation of an upgraded gravity take-up conveyor at the Tom Price iron ore mine, Western Australia, for Rio Tinto Ltd.
- **Yandicoogina** – The design, supply, and installation of tertiary crusher chiller units and pipework at the Yandicoogina iron ore mine, Western Australia, for Rio Tinto Ltd.

Sustaining capital, maintenance and shutdown services

Aerison provides sustaining capital, maintenance, and shutdown services to support resources clients' process and non-process industrial assets. During HY21, maintenance services included:

- **Sino Iron** – Labour hire services to facilitate general maintenance activities, ensuring availability of qualified tradespersons at the Sino Iron iron ore mine, Western Australia, for CITIC Limited.
- **Boddington** – Labour hire services to facilitate general and shutdown maintenance activities at the Boddington gold mine, Western Australia, for Newmont Corporation.

Environmental services

Environmental services employ engineers, technicians, and qualified tradespersons to engineer, procure, manufacture, and install environmental and pollution control infrastructure designed to withstand harsh operating conditions and mitigate the adverse environmental impacts of our customer's operations. During HY21, environmental services included:

- **Koodaideri** – The supply, fabrication, and installation of three modularised dust collector units at the Koodaideri iron ore mine, Western Australia, subcontracted by Laing O'Rourke.
- **Tom Price** – Design, fabrication, and installation of a screenhouse dust collection and disposal system at the Tom Price iron ore mine, Western Australia, for Rio Tinto Ltd.

Electrical and control infrastructure

Aerison provides services to design, fabricate, fit-out and install switchgear in the resources sector. During HY21, electrical and control infrastructure services included:

- **Iron Bridge** – Design and supply of seven switchrooms at the Iron Bridge mine, Western Australia, for Fortescue Metals Group Ltd.
- **METRONET Railcar Program** – The fabrication of battery boxes and cabin structures as part of the construction of the METRONET railcars for Alstom S.A.

Financial overview

Financial highlights and analysis

| Key metrics (\$'000) | HY21 | HY20 | Variance % |
|--|---------|--------|------------|
| Revenue | 62,349 | 51,088 | 22.0 |
| EBITDA ^{1,3} | 5,210 | 3,337 | 56.1 |
| EBIT ^{1,4} | 3,951 | 2,537 | 55.7 |
| Net profit after taxes | 1,963 | 1,591 | 23.4 |
| Net cash flows from operating activities | (8,733) | 3,167 | N/A |
| Free cash flow ^{1,2} | (7,890) | 4,094 | N/A |
| Basic earnings per share (cps) | 0.81 | 0.66 | 22.7 |
| Key ratios | JUN21 | DEC20 | Variance % |
| Gearing ⁵ (%) | 83.7 | 82.9 | 0.8% |

1. These financial metrics are non-IFRS measures that are unaudited but derived from the reviewed Half-year Financial Statements. Non-IFRS measures are used by management to assess the performance of the Group.
2. Cash flows from operating activities less cash flows from investing activities
3. Earnings before interest, tax, depreciation and amortisation
4. Earnings before interest and tax
5. Borrowings, less lease liabilities, against shareholder equity

Revenue

Revenue increased by 22.0% to \$62.349 million for HY21. For HY21, the composition of revenue was weighted to the Western Turner Syncline Phase 2, Stage 2, with Rio Tinto and ongoing shutdown maintenance contracts with Fortescue Metals, Newmont Mining and CITIC Pacific. The design, fabrication, and installation of electrical switchrooms at the Fortescue Metals Iron Bridge mine also contributed to revenue.

By comparison, revenue for HY20 was heavily weighted to the construction of a powder leach nickel sulphate plant at the Kwinana Nickel Refinery for BHP Nickel West.

EBITDA

EBITDA improved 56.1% to \$5.210 million for HY21 due to an increase in active projects and strengthening contract margins for construction and shutdown maintenance works.

Depreciation

Depreciation and amortisation increased 57.4% to \$1.259 million for the HY21. The acquisition of plant, equipment, and motor vehicles of \$0.998 million across HY21 to support the increase in scale of operating activity, including the fit-out and recognition of a right-of-use asset for the new Forrestfield fabrication and assembly facility in February 2021, gave rise to the increase in depreciation.

Other expenses

Other expenses increased in line with expectations by 72.3% to \$2.934 million for HY21 to support scaled growth in operating activity. The increase was driven by higher insurance premiums and occupancy costs.

Cash flows

During HY21, the net cash outflow from operating activities was \$8.733 million and free cash outflow was \$7.890 million. Gearing increased 0.8% to 83.7% as of 30 June 2021.

Net cash outflows and higher gearing was the function of the increase in contract assets of 72.4% to \$25.956 million as of 30 June 2021. The increase in contract assets arises from work in progress on construction contracts in the ordinary course of business, for which the finalisation of scope and pricing is within the process of negotiation, review, and finalisation with the customer.

Subsequent to 30 June 2021, the Group received \$7.500 million from the issue of 37,500,000 fully paid ordinary shares on 6 July 2021 pursuant to its admission on the Australian Stock Exchange.

Borrowings

| Consolidated (\$'000) | JUN 2021 | DEC 2020 |
|-----------------------|---------------|---------------|
| Financial debt | 19,751 | 14,950 |
| Lease liabilities | 5,234 | 2,780 |
| Borrowings | 24,985 | 17,730 |

Borrowings increased 40.9% to \$24.985 million as of 30 June 2021. The increase in contract assets caused an increase in financial debt of 32.1% to \$19.751 million as of 30 June 2021 to finance working capital requirements. This increase comprises a \$8.625 million increase in bank overdraft and trade finance facilities, offset by the conversion of convertible notes of \$3.900 million to equity.

Separately, lease liabilities increased 88.3% to \$5.234 million as of 30 June 2021 due to the recognition of lease liabilities related to the new Forrestfield fabrication and assembly facility in February 2021 and, to a lesser extent, new leased motor vehicles.

Dividends

The Company declared and paid a \$72,000 per share fully franked dividend to Class B and C preference shares for HY21 for \$0.288 million.

S2S Investment Holdings Pty Ltd, as trustee for the S2S Investment Trust, held two Class B preference shares, and Araosc Financial Investments Pty Ltd, as trustee for the Hibbs Family Trust, held two Class C preference shares in Aerison Holdings Pty Ltd. The preference shares were transferred to Aerison Group Limited on 10 May 2021.

Any future determination as to the payment of dividends by AE1 will be at the discretion of the Board and is dependent upon matters such as the availability of distributable earnings, the operating results and financial position of the Group and any future capital and working capital requirements.

Events subsequent to balance date

On 6 July 2021, 37,500,000 fully paid ordinary shares were issued to the subscribers of an initial public offering for cash consideration of \$7.500 million.

On 6 July 2021, 6,000,000 options were issued to Peloton Capital in consideration for acting as the lead manager and book-runner of the initial public offering.

On 12 July 2021, the ordinary shares of the Company were admitted for quotation on the Australian Stock Exchange.

The Directors are not aware of any other matter or circumstance arising since 30 June 2021 not otherwise dealt with within the Half-year Financial Statement that has significantly affected or may significantly affect the operations of the Group and the results of those operations or the state of affairs of the Group in subsequent financial periods.

Rounding of amounts

The Group is a kind referred to in the Australian Securities and Investment Commission (ASIC) Instrument 2016/191, dated 24 March 2016 ("the Instrument").

Under the option available to the Group from this Instrument, amounts in this report were rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

The Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on the following page and forms part of this report.

Management assurance

Consistent with Recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, before the adoption by the Board of the interim financial statements, the Board received written declarations from the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer that the financial records of the company have been properly maintained in the accordance with section 286 of the *Corporations Act 2001*, and the Company's financial statement and notes comply with accounting standards and give a true and fair view of the consolidated entity's financial position and the performance for the period. In addition, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer stated in writing to the Board that the statement relating to the integrity of the Group's financial statements is founded on a sound system of risk management and internal control that is operating effectively.

Signed in accordance with a resolution of the directors:



Giuseppe Leone
Managing Director and Chief Executive Officer
Perth, Western Australia
31 August 2021

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Aerison Group Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 31 August 2021

Half-Year Financial Report

for the half-year ended 30 June 2021

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Statement of comprehensive income

for the half-year ended 30 June 2021

| Consolidated | Note | June 2021 \$'000 | June 2020 \$'000 |
|--|------|------------------------|------------------------|
| Revenue | 5 | 62,349 | 51,088 |
| Expenses | | | |
| Construction and materials costs | | (26,187) | (15,205) |
| Employee benefits expense | | (28,018) | (30,843) |
| Depreciation and amortisation | | (1,259) | (800) |
| Other expenses | | (2,934) | (1,703) |
| Operating profit | | 3,951 | 2,537 |
| Finance income | | - | 9 |
| Finance costs | | (1,282) | (829) |
| Profit before income taxes | | 2,669 | 1,717 |
| Income tax expense | | (706) | (126) |
| Profit after income taxes | | 1,963 | 1,591 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 1,963 | 1,591 |
| Earnings per share attributed to the ordinary equity holders of AE1 | | | |
| Basic earnings per share | 11 | 0.81 cents | 0.66 cents |
| Diluted earnings per share | 11 | 0.76 cents | 0.66 cents |

Balance sheet

as at 30 June 2021

| Consolidated | Note | June 2021 \$'000 | December 2020 \$'000 |
|---|------|------------------------|----------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 6,008 | 7,754 |
| Restricted cash – Share subscriptions | 3 | 7,500 | - |
| Trade and other receivables | 7 | 53,807 | 38,168 |
| Inventories | | 138 | 507 |
| Total current assets | | 67,453 | 46,429 |
| Non-current assets | | | |
| Trade and other receivables | 7 | 91 | - |
| Property, plant and equipment | | 6,887 | 5,084 |
| Intangible assets | | - | 11 |
| Deferred tax assets | | 839 | 1,121 |
| Non-current assets | | 7,817 | 6,216 |
| Total assets | | 75,270 | 52,645 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 8 | 16,847 | 13,597 |
| Subscriptions held in trust | 3 | 7,500 | - |
| Borrowings | 9 | 20,879 | 15,620 |
| Employee benefits | | 1,933 | 2,559 |
| Income taxes payable | | 359 | 667 |
| Current liabilities | | 47,518 | 32,443 |
| Non-current liabilities | | | |
| Borrowings | 9 | 4,106 | 2,110 |
| Employee benefits | | 36 | 57 |
| Non-current liabilities | | 4,142 | 2,167 |
| Total liabilities | | 51,660 | 34,610 |
| NET ASSETS | | 23,610 | 18,035 |
| EQUITY | | | |
| Equity attributable to equity holders of AE1 | | | |
| Issued capital | 10 | 7,229 | 3,329 |
| Reserves | | 100 | 100 |
| Accumulated surplus | | 16,281 | 14,606 |
| TOTAL EQUITY | | 23,610 | 18,035 |

Cash flow statement

for the half-year ended 30 June 2021

| Consolidated | Note | June 2021 \$'000 | June 2020 \$'000 |
|---|----------|------------------------|------------------------|
| Receipts from customers | | 46,556 | 57,891 |
| Payments to suppliers and contractors | | (24,509) | (24,453) |
| Payments to employees | | (28,767) | (29,608) |
| Finance costs paid | | (1,282) | (663) |
| Income taxes paid | | (731) | - |
| Cash flows (used in) / from operating activities | 6 | (8,733) | 3,167 |
| Payments for plant and equipment | | (998) | (927) |
| Proceeds from sale of plant and equipment | | 155 | - |
| Cash flows used in investing activities | | (843) | (927) |
| Net proceeds/(repayments) of borrowings | | 5,756 | (6,946) |
| Payment of lease liabilities | | (156) | (319) |
| Share issue costs paid | | (434) | - |
| Dividends paid | 11 | (288) | (288) |
| Cash flows from / (used in) financing activities | | 4,878 | (7,553) |
| Movement in cash and cash equivalents | | (4,698) | (5,313) |
| Opening cash and cash equivalents | | 6,477 | 9,509 |
| Closing cash and cash equivalents | | 1,779 | 4,196 |

Statement of changes in equity

for the half-year ended 30 June 2021

| Consolidated | Note | Attributable to the equity holders of the Parent | | | Total |
|--|------|--|------------|---------------------|---------------|
| | | Issued capital | Reserves | Accumulated surplus | |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 January 2021 | | 3,329 | 100 | 14,606 | 18,035 |
| Net profit after taxes | | - | - | 1,963 | 1,963 |
| Other comprehensive income, net of taxes | | - | - | - | - |
| Total comprehensive income for the period | | - | - | 1,963 | 1,963 |
| Conversion of convertible notes to equity | 10 | 3,900 | - | - | 3,900 |
| Equity dividends | 11 | - | - | (288) | (288) |
| Balance at 30 June 2021 | | 7,229 | 100 | 16,281 | 23,610 |
| Balance at 1 January 2020 | | 3,329 | - | 10,124 | 13,453 |
| Net profit after taxes | | - | - | 1,591 | 1,591 |
| Other comprehensive income, net of taxes | | - | - | - | - |
| Total comprehensive income for the period | | - | - | 1,591 | 1,591 |
| Equity dividends | 11 | - | - | (288) | (288) |
| Balance at 30 June 2020 | | 3,329 | - | 11,427 | 14,756 |

Notes to the financial statements: About this report

for the half-year ended 30 June 2021

1. Corporate information

The financial report of Aerison Group Limited ("Aerison", "AE1" or "the Company") and its subsidiaries ("the Group") for the half-year ended 30 June 2021 ("HY21") was authorised for issue in accordance with a resolution of the directors on 31 August 2021.

Aerison is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on ASX.

With effect from 30 April 2021, the Company changed its name from E4G Investment Holdings Pty Ltd to Aerison Group Limited.

2. Basis of preparation and accounting policies

Basis of preparation

This general purpose condensed financial report for the half-year ended 30 June 2021 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all notes of the type normally included in the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 31 December 2020 and considered with any public announcements made by the Company during the half-year ended 30 June 2021 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial report provides comparative information in respect of the previous period. For consistency with the current period presentation, where required, comparative information has been reclassified.

The half-year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

Significant accounting policies

Except as noted, the same accounting policies and methods of computation were applied by each entity of the Group and are consistent with those adopted and disclosed in the most recent annual financial report.

The Group has not elected to early adopt any new or amended standards or interpretations that are issued but not yet effective.

3. Significant items in the reporting period

Initial public offering ("IPO")

On 12 July 2021, the ordinary shares of AE1 were admitted for quotation on the ASX following a successful IPO.

The initial public offer of 37,500,000 new fully paid ordinary shares and 30,000,000 shares divested by existing shareholders at an issue price of \$0.20 each raised \$13.500 million, of which \$7.500 million was received by the Group on 6 July 2021.

At 30 June 2021, share subscriptions held in trust of \$7.500 million was presented as restricted cash in current assets on the face of the balance sheet. In addition, a contra-liability (share subscriptions held in trust) of \$7.500 million was presented in current liabilities.

Impact of the COVID-19 pandemic

The outbreak of COVID-19 has caused disruptions to the industries in which AE1 operates. COVID-19 has adversely impacted upon the availability of and free movement of labour, both interstate and internationally. By extension, achieving optimal project manning targets has become increasingly challenging.

An outbreak of COVID-19 in Western Australia may result in lockdowns, quarantine and a further tightening of restrictions against travel. The curtailment of all travel may significantly impact the Group's ability to manage its operations.

Notwithstanding these challenges, the financial impact of COVID-19 on the financial performance of the Group for HY21 was mitigated through the proactive and responsive planning, coordinating, and aligning the execution of our operations with the requirements of our customers.

Notes to the financial statements: Group performance and balance sheet

for the half-year ended 30 June 2021

4. Segment results

AASB 8 *Operating Segments* requires operating segments to be identified on internal reporting used by the Chief Operating Decision Maker ("the CODM") to monitor operating results of business units separately for the purposes of making decisions as to resource allocation and performance assessment.

The CODM of the Group is the Executive Leadership Team, comprising the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.

The Group identified three operating segments, being Engineering Services, Asset Projects and Services and Environmental Services. The three operating segments were aggregated to one reportable segment, being Engineering and Construction Services.

5. Revenue

| | JUN 2021 \$'000 | JUN 2020 \$'000 |
|----------------------------|-----------------------|-----------------------|
| Consolidated | | |
| Revenue by industry | | |
| Natural resources | 56,765 | 47,922 |
| Non-mining infrastructure | 1,488 | 2,231 |
| Utilities | 4,096 | 935 |
| Total revenue | 62,349 | 51,088 |

6. Cash and cash equivalents

| | JUN 2021 \$'000 | DEC 2020 \$'000 |
|---|-----------------------|-----------------------|
| Consolidated | | |
| For the purposes of the cash flow statement, cash and cash equivalents comprises: | | |
| Cash at bank | 1,803 | 2,722 |
| Short-term deposits | 4,205 | 5,032 |
| Total cash and cash equivalents | 6,008 | 7,754 |
| Bank overdraft | (4,229) | (1,277) |
| | 1,779 | 6,477 |
| Reconciliation of net profit after tax to net cash flows from operations: | | |
| Net profit after taxes | 1,963 | 1,591 |
| Non-cash items | | |
| Depreciation and amortisation | 1,259 | 800 |
| Deferred tax expense | 282 | 126 |
| Finance costs | - | 157 |
| Other | 397 | 56 |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade receivables | (15,297) | 6,803 |
| Decrease/(increase) in inventories | 369 | (67) |
| Increase/(decrease) in trade payables | 3,250 | (7,063) |
| (Decrease)/increase in employee entitlements | (648) | 764 |
| Increase in income taxes payable | (308) | - |
| Net cash flows from operating activities | (8,733) | 3,167 |

7. Trade and other receivables

| | JUN 2021 \$'000 | DEC 2020 \$'000 |
|--|-----------------------|-----------------------|
| Consolidated | | |
| Trade receivables | 17,840 | 12,583 |
| Contract assets | 25,956 | 15,057 |
| Contract cost assets | 8,099 | 9,952 |
| Prepayments | 2,003 | 576 |
| Total trade and other receivables | 53,898 | 38,168 |
| Current | 53,807 | 38,168 |
| Non-current | 91 | - |

8. Trade and other payables

| | JUN 2021 \$'000 | DEC 2020 \$'000 |
|---------------------------------------|-----------------------|-----------------------|
| Consolidated | | |
| Trade payables | 7,747 | 5,612 |
| Accrued expenses | 7,544 | 5,373 |
| Taxes payable | 1,177 | 733 |
| Contract liabilities | 379 | 1,879 |
| Total trade and other payables | 16,847 | 13,597 |

Notes to the financial statements: Debt and capital

for the half-year ended 30 June 2021

9. Borrowings

| Consolidated | Interest rate % | Maturity | JUN 2021 \$'000 | DEC 2020 \$'000 |
|---------------------------------|-----------------|-------------|-----------------------|-----------------------|
| Lease liabilities ¹ | 2.9 - 8.1 | 2022 - 2026 | 5,234 | 2,780 |
| Bank overdraft | 2.2 | 2021 | 4,229 | 1,277 |
| Revolving and secured bank loan | 2.1 | 2021 | 14,105 | 9,729 |
| Premium funding loan | 4.0 | 2022 | 1,417 | 120 |
| Convertible notes ² | 11.7 | 2021 | - | 3,824 |
| Total borrowings | | | 24,985 | 17,730 |
| Current | | | 20,879 | 15,620 |
| Non-current | | | 4,106 | 2,110 |

- On 1 February 2021, the Group recognised a lease liability of \$2.336 million in respect of a five-year lease contract for a fabrication and assembly facility at Forrestfield, Western Australia. In addition, a right-of-use asset of \$2.336 million was recognised to property, plant and equipment on the face of the balance sheet.
- On 30 June 2021, convertible notes with a face value of \$3.900 million were converted to 27,078,106 fully paid ordinary shares.
- The Group has unused financing facilities available on 30 June 2021 of \$15.321 million (31 December 2020: \$9.574 million).

10. Issued capital

| Movement in shares on issue | JUN 2021 # | JUN 2021 \$'000 | JUN 2020 # | JUN 2020 \$'000 |
|--|--------------------|-----------------------|------------------|-----------------------|
| Shares on issue on 31 December | 1,373,014 | 3,329 | 1,373,014 | 3,329 |
| Share split on ratio of 1:175.787998 | 239,986,368 | - | - | - |
| Shares on issue on 31 December | 241,359,382 | 3,329 | 1,373,014 | 3,329 |
| Conversion of convertible notes into issued capital on 30 June 2021 ⁴ | 27,078,106 | 3,900 | - | - |
| Shares on issue on 30 June | 268,437,488 | 7,229 | 1,373,014 | 3,329 |

- On 30 June 2021, convertible notes with a face value of \$3.900 million were converted to 27,078,106 fully paid ordinary shares.

11. Shareholder returns

| Consolidated | JUN 2021 | JUN 2020 |
|--|-------------|-------------|
| Dividends (\$'000) | 288 | 288 |
| Ordinary dividend of \$72,000 (HY20: \$72,000) per Class B and C ordinary share, fully franked at 30 per cent (HY20: 30 per cent) and declared on 16 April 2021 (HY20: 15 December 2020) | | |
| Basic EPS (cps) | 0.81 | 0.66 |
| Weighted average number of ordinary shares ⁵ | 241,509,816 | 241,359,382 |
| Diluted EPS (cps) | 0.76 | 0.66 |
| Weighted average number of ordinary shares ⁵ | 241,509,816 | 241,359,382 |
| Plus: | | |
| Performance rights | 17,500,000 | - |

- The calculation of the weighted average number of shares for HY20 was retrospectively adjusted for share splits in the current period.

Performance rights

At 30 June 2021, 17,500,000 performance rights issued to the spouses of G. Leone and D. Hibbs were unvested and outstanding.

The performance rights may be exercised no earlier than 15 months from the date of a Liquidity Event. A Liquidity Event, amongst other things, includes the unconditional admission of the ordinary shares of AE1 for quotation on the ASX. The admission of the ordinary shares of AE1 for quotation on the ASX on 12 July 2021 qualified as a Liquidity Event.

Basic earnings per share

Basic earnings per share is calculated as net profit attributable to members of AE1, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share

Diluted earnings per share are calculated per basic earnings per share with an adjustment for the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares.

Dilution arises as a result of the performance rights issued to the spouses of G. Leone and D. Hibbs in a prior period.

Notes to the financial statements: Other disclosures

for the half-year ended 30 June 2021

12. Contingent liabilities

Bank guarantees are issued to customers in the ordinary course of business as security against non-performance by the Group of its contractual obligations. Bank guarantees are secured through floating charges against short-term deposits.

The Group has given bank guarantees of \$10.206 million as of 30 June 2021 (31 December 2020: \$8.027 million).

13. Fair value

For all fair value measurements and disclosures, the Group uses the following to categorise the method used:

- Level 1: fair value is calculated using quoted prices on active markets;
- Level 2: fair value is estimated using inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and,
- Level 3: fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All the Group's financial instruments carried at fair value were valued using market observable inputs (Level 2).

There were no transfers of financial instruments between Level 1 and Level 2 during the period. There were no Level 3 fair value movements during the period.

The methods and assumptions used to determine fair value of financial instruments are as follows:

Cash and cash equivalents

The carrying amount is fair value due to the liquid nature of cash and cash equivalents.

Trade and other receivables / Trade and other payables

Due to the short-term nature of these financial rights and obligations, the carrying amounts are estimated to represent fair values.

Borrowings

Due to the short-term nature of these financial obligations, the carrying amounts are estimated to represent fair values.

14. Events after the reporting period

Initial public offering

On 6 July 2021, 37,500,000 fully paid ordinary shares were issued to the subscribers of the initial public offering for cash consideration of \$7.500 million.

On 6 July 2021, 6,000,000 options were issued to Peloton Capital in consideration for acting as the lead manager and book-runner of the initial public offering.

On 12 July 2021, the ordinary shares of the Company were admitted for quotation on the ASX.

The Directors are not aware of any other matter or circumstance arising since 30 June 2021 not otherwise dealt with within the Half-Year Financial Statement that has significantly affected or may significantly affect the operations of the Group and the results of those operations or the state of affairs of the Group in subsequent financial periods.

Directors' declaration

for the half-year ended 30 June 2021

In accordance with a resolution of the directors of Aerison Group Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as of 30 June 2021 and of its performance for the half-year ended on that date, and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that Aerison Group Limited will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Bronwyn Barnes
Chairperson
Perth, Australia
31 August 2021



Giuseppe Leone
Managing Director and Chief Executive Officer
Perth, Australia
31 August 2021



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
AERISON GROUP LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Aerison Group Limited which comprises the balance sheet as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aerison Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aerison Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.


Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 31 August 2021

Corporate Directory

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Email: investors@aerison.com

Website: www.aerison.com

Website

To view the 2021 Half-year Report, the Prospectus, shareholder and company information, news announcements, background information on AE1's businesses and historical information, visit the AE1 website at: www.aerison.com.

Executive directors

Giuseppe Leone
Managing Director and Chief Executive Officer

Daniel Hibbs
Executive Director and Chief Operating Officer

Non-executive directors

Bronwyn Barnes
Non-executive Chairperson

Michael Fennell
Non-executive Director

Peter Iancov
Non-executive Director

Company secretaries

Allen Bell
Company Secretary and Chief Financial Officer

Katherine Garvey
Company Secretary

Share registry

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