

An aerial photograph of a mangrove forest, showing a complex network of winding waterways (canals) in shades of blue and green, surrounded by dense, dark green vegetation. The waterways are irregular and meandering, creating a labyrinthine pattern across the landscape.

2021

**AEROMETREX LIMITED
ANNUAL REPORT**

Our Values



ABSOLUTE QUALITY

We are driven by the pursuit of absolute quality in everything we do. Accuracy, professionalism and responsiveness are staples of our offering. With an enviable reputation for the calibre of our work both in Australia and overseas, we combine leading technologies and innovation with science and artistry to deliver world-leading aerial photography, 3D and mapping services to the world.

TENACIOUS SPIRIT

We are proud of our determination, agility and ability to get the job done. These characteristics enable us to tackle new challenges and take advantage of new opportunities. Flexible, courageous and resilient, we are trusted by our clients to deliver every time. And this tenacity of spirit will be fundamental to our future prosperity.

EXPERT KNOWLEDGE

With more than 934 years of combined experience in aerial photography and mapping, we are famous for - and driven by - a culture of continuous improvement. We are recognised internationally for our high levels of skill, expertise and specialisation. But as with all great cultures, we walk a fine line between confidence and humility. This is reflected in our constant curiosity, always striving for ways to improve, always searching for new ways of thinking and new ways of doing.

100% PASSION

As globally recognised world-leaders, we are driven by an unwavering passion and enthusiasm for our craft. Our unique skills combining science, technology and artistry can have a profound impact on the way societies are built and decisions are made. We are passionate about helping business and government better understand their world.

ABSOLUTE QUALITY

TENACIOUS SPIRIT

EXPERT KNOWLEDGE

100% PASSION

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FY21 HIGHLIGHTS

Operating Revenue

\$20.9m

▲ 4.2%
(2020: \$20.1m)

Subscription Revenue

\$3.6m

▲ 416.3%
(2020: \$0.7m)

Annual Recurring Revenue
(ARR)

\$4.8m

▲ 189.0%
(2020: \$1.7m)

Integration of
Spookfish Australia
Completed

EBITDA
(Normalised)

\$4.2m

▼ 15.4%
(2020: \$5.0m)

Cash Balance

\$16.5m

(2020: \$22.2m)

Cash Flow
from Operations

\$5.1m

(2020: \$8.2m)

Initial US 3D
Contracts Signed

Contract with Google
for San Francisco Bay

■ SEE YOUR WORLD CLEARLY

HOW METROMAP SIMPLIFIES GIS FOR MELBOURNE AIRPORT

Managing Melbourne Airport is a significant spatial challenge, as it's both Australia's largest industrial park as well as second-busiest airport. MetroMap data simplifies the operations, maintenance, and planning for the airport's teams by offering an accurate and consistent data source. We spoke to Melbourne Airport's Enterprise GIS Manager, Dustin Edge about how MetroMap's high-resolution imagery and frequent captures are changing Melbourne Airport's ability to manage their GIS data and other daily operations.

How Melbourne Airport uses MetroMap Data

Melbourne Airport uses MetroMap in two ways - the first being MetroMap's native browser-based platform and the other being their own Geographic Information System (GIS) Portal which pulls in MetroMap data. This flexibility to use imagery compounds the value of the MetroMap partnership because the product packages suit multiple end users' needs.

MetroMap aerial imagery in the GIS portal replaced the airport's legacy CAD drawings as a schematic representation of the precinct. There was considerable management involved in maintaining the CAD drawings, but now MetroMap's aerial imagery provides precise geolocation and a more accurate rendition of the real world. Also, the Melbourne Airport teams can track how space has changed over time with MetroMap's regular captures.

Simplified GIS

MetroMap's data is widely used by multiple teams across the airport. Within the precinct, MetroMap's high-resolution, frequently-captured imagery is critical for current and future operations. "When we have real imagery to work with, we can see developments clearly and thus plan better and speak to our clients in a much better manner. For us, obtaining frequent imagery is critical, whether it's for the airfield or the business park", says Dustin.

Airport Operations rely on MetroMap imagery's fine detail for simplified asset monitoring over time, especially the airport's runways.

"We do a lot of work on the runways - our aprons and taxiways are changing, and we need to show that in snapshots over time. We monitor cracks in pavements for safety and assess how much we're patching over time, and whether we're patching small or large bits", adds Dustin.

The airport's Airfield Team uses MetroMap imagery to model future activities and test viability before making large investments. Speaking about the team, Dustin says, "Our Airfield Team consumes the WMS in Microstation because they're doing bay planning and checking things like where we can fit a 737-400 airliner. They use the imagery layer in the background, and that helps them with their planning. It's not only about the base, but also understanding where other objects are, such as staircases, ground storage areas, and other assets that you see on an apron."

The Business Park, already Australia's largest, requires significant GIS data to manage, and the planned developments will see it grow much larger. "From the Business Park's perspective, we have a lot of operating tenants including warehouses and businesses, so we need frequent high-resolution imagery. This data helps us show the landscape changing, because we are building constantly. Half of it is still green fields so we have a lot of development to go", explains Dustin.

Beyond Melbourne Airport

MetroMap's imagery also gives Melbourne Airport a vital tool for monitoring and tracking the world outside its boundaries. According to Dustin, the airport's influence extends beyond its boundary and they need to look outside the precinct. Their Planning Team is constantly monitoring the OLS (Obstruction Limiting Surface) - a 3D surface you cannot build into. Recent and high quality imagery is critical, so they use MetroMap a lot, to view various planning approvals that come in from Council.

Beyond Melbourne, MetroMap's coverage of other Australian cities allows for analysis of other major airports. The team uses this data to analyse and learn from other airports around the country.

"We look at other airports from a federal reporting perspective. We know about all safety incidents at other airports; we look at their line markings; we look at their gate proximities; we look at their taxiway alignments to understand, oh, why did that happen over there? Understanding this helps us in our own environment", says Dustin.

Quick Facts

Melbourne Airport has the largest industrial park in the country with plans to grow further.

600 to 700

Aircraft movements each day and over 200,000 aircraft movements a year*. *(peak pre-pandemic)

32,000,000+

It is estimated that every year over 32 million travellers walk through the corridors of Melbourne International Airport, with an expected 60 million by 2030.

A fun fact

The airport wasn't always known as Melbourne International Airport. It used to be called Tullamarine Airport. In fact, some people still call it Tulla in honour of its original name.

1970

The airport project was announced in 1959 and finally completed in 1970.

Right: This image shows the use of MetroMap measurement tools within the native web-browser based platform

Melbourne Airport, VIC, Australia

THE URBAN ENVIRONMENTAL CRISIS

And the role in addressing the challenges of urbanization

Client Information

This project was carried out by Aerometrex in collaboration with South Australian State Government agencies, including Department for Environment and Water and the Department of Planning, Transport, and Infrastructure, as well as sixteen separate Councils across metropolitan Adelaide.

Project Summary

In 2020, in collaboration with the state government and sixteen local councils, Aerometrex undertook a regional tree canopy assessment of Metropolitan Adelaide providing state and local government representatives with a robust benchmark dataset that can assist in the management of Adelaide's urban forests for years to come.

Project Background

Cities globally face many environmental challenges and government organizations across the world are placing more and more emphasis on developing environmentally sustainable urban areas.

Australia is often called a 'coastal nation', with the majority of its urban areas situated on or nearby coastlines, making them increasingly vulnerable to the negative effects of climate change.

Increasing the community's resilience to the ongoing effects of climate change has become one of the most critical considerations for strategic planning within government organizations. As such, developing methods that can be used to accurately and repeatedly measure environmental parameters across regional scales is a fundamental challenge for management experts – if assets are not accurately measured, they cannot be effectively managed.

Aerometrex Solution

Detailed vegetation analysis was carried out for all participating councils at a spatial resolution of 1m to provide a detailed summary of the amount of tree canopy coverage across Metropolitan Adelaide, its spatial distribution and what land use and land ownership types it predominantly covers. The analysis shows that 23.4% of metropolitan Adelaide is covered by tree canopy, with an average tree canopy coverage of 23.2% across participating councils.

A comprehensive statistical breakdown of the types of land use and land ownership classes that tree canopy covers across the study area indicates that the greatest opportunity for local government areas to meet the 30-Year Plan for Greater Adelaide's target of a 20% increase in urban green cover by 2045 is on private land.

The methods used to extract tree canopy attributes from LiDAR are accurate, cost-effective and repeatable. Vegetation metrics can be easily and simply compared across repeat LiDAR captures in order to develop an understanding of the degree to which tree canopy is increasing or decreasing across the urban landscape.

The ability to accurately quantify a wide range of fundamental vegetation parameters and the ease at which it can be combined with other quantitative datasets, such as aerial imagery, makes LiDAR an extremely powerful tool for mapping vegetation in both natural and urban environments.

Observations such as these are critical in order to assess the effectiveness of tree canopy management policies and will be critical in adapting current strategies to the dynamic challenges that will be faced by communities in the coming years.

Project End Use

Councils can use this data in their own mapping systems alongside other datasets. These may include 3D tree canopy and digital terrain models, contours, GIS layers of building footprints, canopy extent, canopy height, heat maps, social vulnerability, street activation, development applications and stormwater systems.

These datasets can help councils and the State Government improve decision-making, refine policies and target investment and action. For example, identifying where new street trees, vegetation and water sensitive urban design initiatives could provide the greatest benefit for communities, and identifying where building footprints have changed.

The data is intended to be used as a new tree canopy baseline, against which data captured in future years can be used to track progress towards the 30-Year Plan for Greater Adelaide (2017 Update) target to increase green cover by 20% by 2045.

The tree canopy coverage targets as set from the 30- Year Plan targets will be reviewed in light of this new baseline later in 2020. It is intended that progress against these targets can be accurately assessed once further LiDAR data sets are collected in coming years.

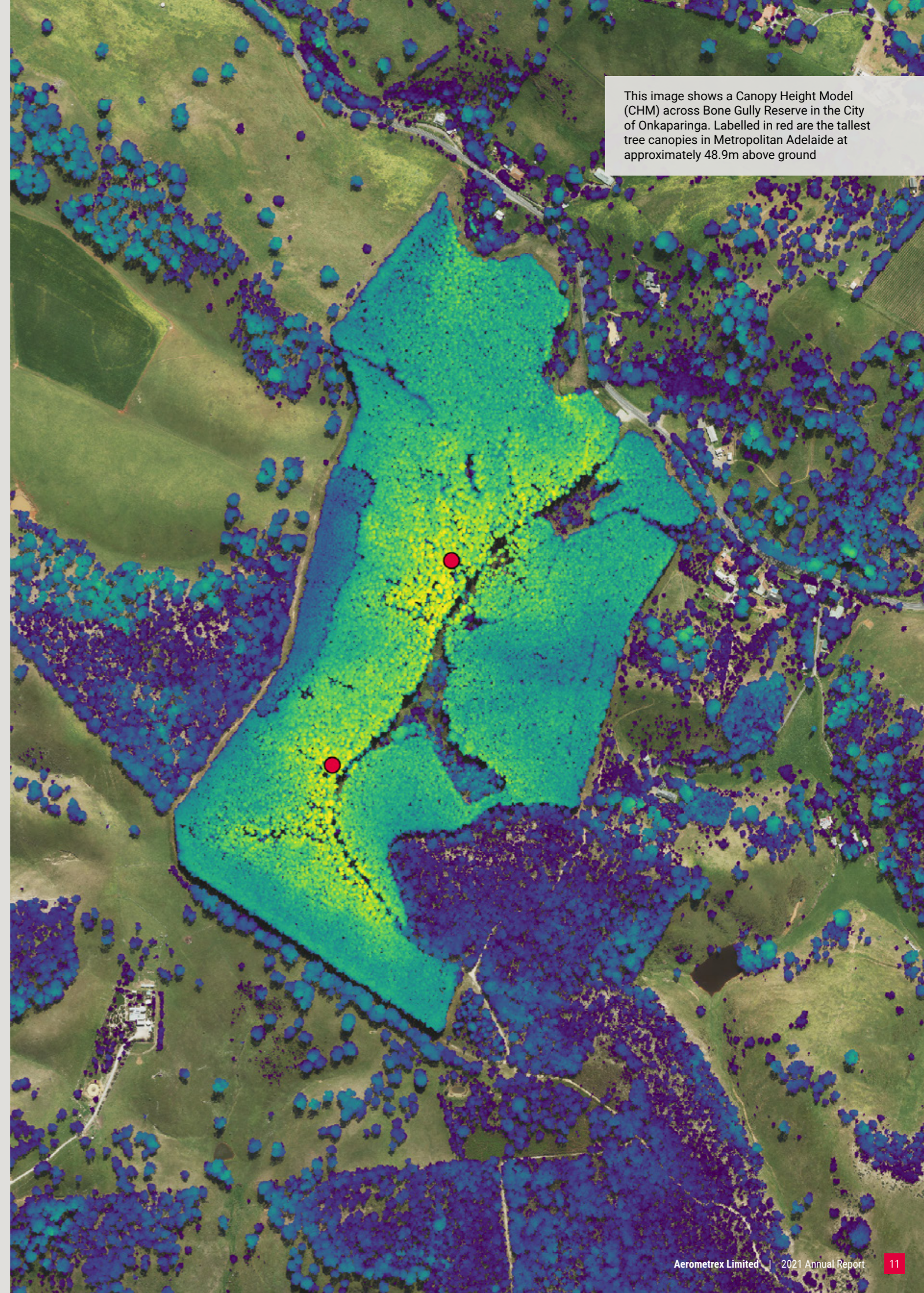
Any future data capture and analysis projects would be undertaken in a collaborative, coordinated way between state and local governments. Undertaking thermal and LiDAR capture and analysis on a regular cycle, using consistent methodologies, would allow for ongoing assessment of the effectiveness of tree canopy management policies and practices.

Quick Facts

Detailed vegetation analysis completed in 2020, showed that 23.4% of metropolitan Adelaide was covered by tree canopy, based on 2018 LiDAR capture data.

The results of this study suggest that the greatest opportunity for Local Governments to meet the 30- Year Plan for increasing urban green cover across Greater Adelaide is on private land. There simply is not enough bare and/or unplanted space on public land to meet this target alone.

This image shows a Canopy Height Model (CHM) across Bone Gully Reserve in the City of Onkaparinga. Labelled in red are the tallest tree canopies in Metropolitan Adelaide at approximately 48.9m above ground



NSW SPATIAL DIGITAL TWIN

and 3D models as the basis for design & planning of smart infrastructure

Project Summary

The 2020 NSW Spatial Digital Twin is part of the Western Sydney City Deal partnership that brought together federal, state, and local government under a set of 38 commitments. The Digital Twin was part of the project's commitment to coordinating information that supports planning and broader liveability targets.

Data has become its own type of infrastructure, and the NSW Spatial Digital Twin is an asset that will benefit private industries, government, and the public for years. The project has set a standard for how digital twins will be made and used for planning and visualisation.

Project Background

Spatial Services requires current and accurate spatial information to deliver to government, industry and the community. This spatial information makes up the Foundation Spatial Data Framework (FSDF) which is currently being transformed in 3D and 4D to meet the current and future needs of NSW government and citizens. The City Deal sets the investment foundation for the Western Parkland City to become a global city, enriched by its heritage and connected to the world.

The council areas that make up the City West Deal and Greater Parramatta and Olympic Precinct area have been selected to showcase the transformation of the FSDF from 2D to 4D. To meet the immediate requirements of this project and spatial data transformation, oblique and nadir imagery frames are needed. These frames were used to create a 3D reality mesh for the area, contribute to the creation of 3D imagery for the FSDF and provide a base layer to achieve outcomes set out in the NSW State Infrastructure Strategy.

The NSW Spatial Digital Twin incorporates one of the largest 3D modelling projects ever undertaken, with the final product including 3,396 km² of seamless 3D mesh captured at under 6 cm pixel resolution across the greater Western Sydney region.

Key to this endeavour was Australian 3D modelling expert, Aerometrex, who captured and processed the necessary 3D data to underpin the NSW Spatial Digital Twin. They spent several months capturing, processing, and combining the imagery.

What makes the NSW Spatial Digital Twin so remarkable is its open data presentation, publicly accessible through a browser-based web portal. That foundational information source brings compounding efficiency benefits as government, private industry, and the general public can all refer to a central and consistent data source.

"The high availability of aggregated data will help with planning future development. Using the digital twin, we can model where we put the roads, hospitals, schools, etc. with precision planning like we've never done before. This is truly transformational technology and the best thing about it is that it's open source – industry can use it, councils can use it, everybody can get involved and build this asset together for all of us" Victor Dominello, NSW Customer Service Minister.

Open standards 3D mesh data reduces costs and timeframes for infrastructure planning regardless of the project size. Every project stakeholder uses the same validated source, making duplicate data investments unnecessary. 3D visualisation gives all stakeholders a more tangible and dynamic sense of space. Users can see and understand space and how the change will impact it.

Aerometrex Solution

Aerometrex used fixed-wing platforms carrying an array of image sensors to capture an area so large at such high detail. Aeroplanes were the ideal tool for the job, but it's an intricate task when the busy Sydney Airport is within the capture zone. The post-processing task matched the capture process for complexity and scope. Aerometrex's team had to turn 1.1 million images, adding up to 28,500 gigapixels of visual data, into usable 3D tiles for Data61 to build into the web portal.

"To have over 3,000 square kilometres of 3D data on a site that is available to anybody anytime shows that we as an industry and we as a country are leading the way globally with delivering spatial information to those that need it" Rob Clout, 3D Sales Manager, Aerometrex.

Project End Use

NSW's Spatial Digital Twin shows the value in making open data assets. They encourage and accelerate economic activity through centralised and consistent data. The concept of Digital Twins has already progressed past the minimal viable product (MVP) phase and to a mature product.

Jurisdictions of all sizes are investing in digital twin asset creation because the returns on investment are substantial. Better spatial data improves the multitudes of activities that involve the alteration of structures and space.

Quick Facts

The NSW Spatial Digital Twin is a digital workbench available to governments, industry, academia, and the community.

Enabling better planning, better design and better operation of assets and services to enable real time decision making.

The Spatial Digital Twin initially supports the Western Sydney City Deal covering the councils of – Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly.

With over 3,000 km² of 3D mesh, over 1 million images captured, 28,500 gigapixels of visual information and sub 6cm pixel resolution, the 3D model helped to make the NSW spatial digital twin one of the largest projects of its kind in the world.

"The NSW Spatial Digital Twin, delivered in partnership with CSIRO's Data61, will provide 3D and 4D digital spatial data and models of our built and natural environments, that will improve planning and community engagement.

It will allow us to better plan infrastructure, precincts and communities by providing real-time information and visualisation of buildings, roads, hospitals, schools and libraries, even before construction begins".

Minister for Customer Service Victor Dominello

Image from NSW Spatial
Digital Twin Platform
Parramatta, NSW, Australia

Letter from the Chair

Dear Fellow Shareholder,

Whilst the year in review presented a number of challenges from which our Company was not totally immune, I am pleased to say that Aerometrex was able to successfully deliver on its core strategies of growing revenue and investing in those projects which we believe will deliver material shareholder value in the coming years.

Importantly, the strong shift in focus towards our MetroMap Platform is showing very positive signs. Your Board and management is committed to transitioning to a subscription-based service offering to provide shareholders with greater long term revenue growth and enhanced profitability. To record an over 400% increase in revenue attributable to this division for the period is a great credit to our team and I think clearly demonstrates our strategy is bearing fruit.

Our other area of focus has been our 3D modelling division. Domestically we have maintained our position as the leading 3D modelling company, but it is in the US that we have seen some interesting and exciting developments. We are committed to our US operations and are encouraged by the caliber of enterprise that has recognized our market leading capabilities. We believe the next year will see some further significant developments from our US operations.

Whilst continuing to allocate investment to the growth divisions in our business, we have maintained a strong balance sheet with a \$16.55m cash balance on 30 June 2021. Our core business, in particular our LiDAR operations, remains solid and recorded a very strong second half. Whilst we are committed to our high growth initiatives, we commend our LiDAR team, predominantly based in our office in Queensland, on a continued solid performance and this divisions' significant contribution to overall revenue.

I am constantly amazed by the significant new product lines our research and development team continue to develop. Aerometrex has been at the global forefront of products that are able to use spatially accurate maps and the significant applications that are derived thereof. You should be confident that within your Company is some of the leading mapping technology minds and it is from this quality of people that we see the ability to access global markets.

On behalf of the Board, I wish to thank Mark and our great team for their outstanding contribution throughout the year. As announced subsequent to the period, Mark informed the Board that he will be retiring from his role as Managing Director in December 2021. On behalf of all stakeholders, I wish to thank Mark for his significant contribution to Aerometrex. He will be leaving us with a business in great shape with tremendous opportunities for the intended replacement. The process for this appointment is progressing well and we expect to make an announcement regarding this sometime in the second quarter.

To my fellow shareholders, thank you for your continued support.



Mark Lindh
Chair of the Board
Aerometrex Limited

23 August 2021



Your Board and management is committed to transitioning to a subscription-based service offering to provide shareholders with greater long term revenue growth and enhanced profitability.

Managing Director's Report

Dear Shareholder,

I am pleased to present the Aerometrex Annual Report for the 2021 financial year. During the year we delivered on our MetroMap growth strategy, while continuing to build our 3D capabilities and scope of operations in Australia and the USA. We achieved a number of significant milestones that position us to substantially grow. These include:

- Signing major corporate customers to MetroMap
- Growing our MetroMap annual recurring revenue (ARR) by 189.0% to \$4.81m
- Integrating the acquisition Spookfish into MetroMap
- Significant R&D initiatives, such as the development of fuel load aerial mapping technology to assist bushfire mitigation
- Recognition of our first sale in the US to a leading Defence contractor followed by a purchase order from Google
- Launched our MetroMap 3D store
- Awarded significant Queensland Government spatial imagery contract
- Provided rapid analytics services to support NSW flood recovery
- Strategic change to focus aerial mapping services on MetroMap from FY22

During FY21, total operating revenue increased by 4.2% to \$20.94m. While we continued to see increased interest and usage of our MetroMap service across the SME market, we observed increased competitive pressure in the large enterprise segment of the market.

We generated positive cash flow from our operations of \$5.08m which we reinvested to support growth initiatives. Our balance sheet remains strong with \$16.55m of cash and minimal debt and further debt facilities available.

Rapidly scaled MetroMap

As a result of the growth initiatives put in place and the integration of Spookfish Australia, MetroMap subscription revenue grew by 416.3% to \$3.64m in FY21, while Annual Recurring Revenue (ARR) was up 189.0% to \$4.81m.

Spookfish Australia contributed \$0.83m to our ARR, adding scale to our customer base, while expanding our image archive. Our capture program increased coverage to 90% of the Australian population, with many surveys flown using MetroCam, at a very high resolution of 5cm pixel size.

We added major corporate subscribers, most notably Suncorp. Suncorp selected MetroMap to provide them with geospatially accurate imagery of over 8.5 million residences across capital cities and selected regional towns. We also attracted key enterprise clients to MetroMap, including Jemena, Melbourne Water, Victoria's North East Water and others, as we continue to gain market share.

To address the large SME market opportunity for 3D models we opened a MetroMap 3D Store Online, which allows customers to purchase specific 3D datasets online. This exciting development enables smaller clients to access the 3D data they need, as we penetrate the market with a no-touch sales approach across the subscription and 3D markets.

Accelerated Research & Development initiatives

We continued to strategically invest in our R&D activities including analytics to further enhance our offerings to customers. New 3D LiDAR based technology we developed can determine the exact fuel load densities in any bushfire prone region in Australia, regardless of location, topography or ground cover. This technology was developed as a pre-emptive fire fighting tool in wake of the disastrous Black Summer fires in 2019-2020.

Production time for MetroMap aerial imagery was significantly reduced following the development of our "Pixel Cruncher" system which utilises both commercial software and in-house developed algorithms. This novel software has improved aspects of the production pipeline by up to 800%, allowing us to rapidly respond in cases of emergency management.

The analytical power of our new rapid analytics services was demonstrated in March 2021 when we provided services to support the NSW flood recovery. Our advanced analytical techniques provided a list of addresses and buildings potentially damaged by the flooding, within days of receiving the satellite imagery.

Investments to underpin LiDAR growth

LiDAR contributed 42.6% of the group revenue during the year and we saw a strong recovery in the second half, with the pipeline building. This followed earlier delays in 1H decision making from Government and enterprise clients due to the uncertainty from COVID-19 related lockdowns. The recent recovery bodes well for a return to growth in FY22.

We made important investments to underpin growth, including the acquisition of a fourth sensor and upgrading of the existing sensors to the latest technology. There are substantial opportunities for long term growth from our recent innovations, spanning vegetation modelling, mine site safety and bushfire fuel load mapping. LiDAR derived data products are available for purchase on MetroMap, lowering the barrier to entry for both new and existing clients.

Expanded US 3D footprint

Since establishing our US headquarters, we have focused on capturing key cities, using very high resolution oblique aerial imagery. We expanded our 3D data archive, producing models for Denver, Miami, and downtown San Francisco.

A significant milestone was achieved in May, when we contracted with Google LLC to provide a data license for our 3D model of downtown San Francisco. This dataset will be delivered in early FY22. This validates the demand for our 3D data products from very large corporations. The potential for our 3D product is vast, with applications ranging from urban planning to computer gaming and we see strong opportunities to monetise data sets to a varied customer base.

Our people

Our company is built on a foundation of image quality and accuracy, achieved through the passion, pride and commitment of our dedicated team. Staff headcount increased from 102 in June 2020 to 118 in June 2021 as we continued to invest across sales and marketing, production and support.

Positive outlook for FY22

Looking forward to FY22, we have a business with enormous potential and are acknowledged around the world as an aerial mapping services and 3D leader. We see MetroMap as the growth vehicle for aerial imagery and made the strategic decision to focus aerial imagery business solely on MetroMap from FY22.

The reallocation of resources and strategic focus allows us to continue to grow the subscription business, which offers more current imagery, larger coverage areas and higher resolution, and generates much higher rates of return for investors. Given the redirection of resources, we expect to see strong growth in the higher margin MetroMap service going forward.

Finally, I would like to thank our Board, staff, investors, advisers, suppliers and our customers who have all contributed to our success in FY21. I am proud to be leaving the company in good shape in December, with our impressive growth since 2011 resulting from the hard work and dedication of our team. It has been an honour and a privilege to lead Aerometrex, but the time has come to pass the reins over to the next CEO. I look forward to meeting that person and providing them the best possible start, as they execute on the exciting growth opportunities ahead.



Mark Deuter
Managing Director

23 August 2021



"It is extremely pleasing to see our subscription platform of MetroMap continuing to grow with a 416.3% increase in revenue to \$3.64m."

Corporate Governance

The Board believes that a high level of governance and transparency is critical for fostering a productive corporate culture and business practices.

Roles and Responsibilities

The Aerometrex Board of Directors is responsible for the corporate governance of Aerometrex with the intention of working in ways that add the most value to the business. The Board oversees the business and the affairs of Aerometrex, establishes the strategies and financial objectives to be implemented by management and monitors performance. The principal activities of the Board are to:

- Set the Group’s purpose, values and strategy, and ensuring that the Group’s culture is aligned to these targets;
- Review systems to monitor risk management and internal control, codes of conduct and legal compliance;
- Appoint and remove the Managing Director/CEO, including approving remuneration for the position and succession plans for the role;
- Ratifying or approving the appointment and, where appropriate, the removal of the CFO or Company Secretary;
- Monitor senior management’s performance and implementation of approved strategy, and ensuring appropriate resources are available;
- Approving and monitoring financial and other reporting to the market

Board Composition

The composition of the Board is reviewed annually to ensure that there is an appropriate mix of skills, experience and knowledge to contribute to the objectives of the Board.

Independence

A director is independent when they are:

- A non-executive director and
- Free from any real or perceived relationship that could be judged to materially interfere with the ability to make informed and objective decisions

Risk Management

The Aerometrex Board is ultimately responsible for the risk management of the business and the Directors must satisfy themselves that any risks to the business are being managed appropriately. This includes ensuring that appropriate internal controls and reporting mechanisms are in place to support a robust risk management framework.

Remuneration & Nomination Committee

Develops remuneration policies, reviews and provides recommendations to the Board in relation to key management personnel remuneration packages and performance reviews.

Oversees the Board and Director reviews, provides recommendations in relation to the appointment of new Directors, reviews the skills and expertise of the Board and establishes succession planning arrangements.

Audit & Risk Committee

Oversees the adequacy and effectiveness of the company’s reporting processes, compliance with legal and regulatory requirements, financial reporting, and internal controls.

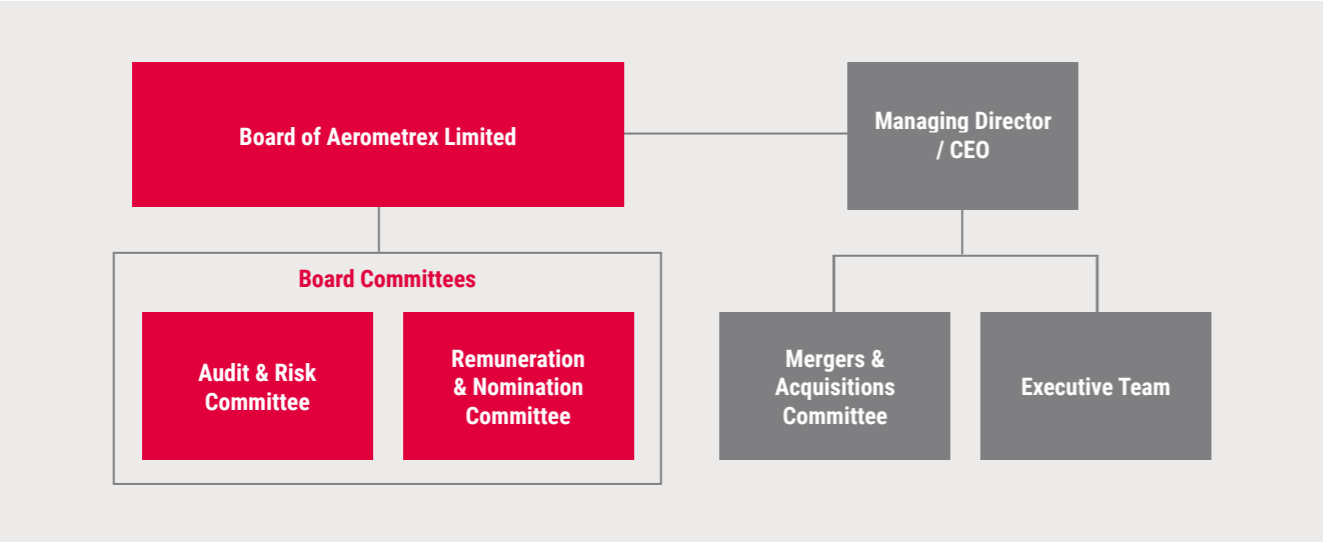
Mergers & Acquisitions (M&A) Committee

Reviews M&A opportunities to identify and assess potential merger opportunities. The objective of the committee is to present recommendations to the Board in relation to opportunities which have been assessed against the Group’s criteria.

Board Skills Matrix

Capabilities	Number of Directors with the Capability				
Corporate Leadership Successful experience in Managing Director and/or other corporate leadership roles					
Industry Experience Relevant industry (engineering) experience					
Other Board Level Experience Membership of other listed entities (last 3 years)					
Strategy					
Governance					
Capital Raising					
Risk and Compliance					
Mergers and Acquisitions					
Tertiary Qualifications					
Economics, Law, Commerce and/or Business					
Public Accounting					
Technology and Innovation					
Global Perspective					
International Experience					

Two standing Board committees have been established to assist the Board in fulfilling its responsibilities.



Board of Directors



Mark Lindh
Independent Non-Executive Director,
Chair

Appointed: May 2019 (Chair: Oct 2019)

Special responsibilities:

- Chair of the Board
- Chair of the Remuneration & Nomination Committee
- Member of the Audit & Risk Committee

Experience:

Mark is a founder and co-principal of Adelaide Equity Partners, an investment house established in 2006. Prior to that, he was Executive Director of Rundle Capital Partners which was a division of Washington H Soul Pattinson. Mark is a corporate advisor with significant experience in advising predominantly listed companies encompassing a range of industries including technology, energy, resources, infrastructure and utilities.

He has acted as the principal corporate and financial advisor to a number of Australian corporate success stories and has extensive experience in Australian equity and debt markets and advising clients on capital raisings, mergers and acquisitions and investor relations.

Other ASX Directorships in the last 3 years:
Bass Oil Ltd (BAS.ASX) appointed Dec 2014 (current)
Advanced Braking Technology Ltd (ABV.ASX) appointed June 2017 (current).



Mark Deuter
Managing Director
B.Sc (Maths)

Appointed: October 2011

Special responsibilities:

- Chair of the Mergers & Acquisitions Committee

Experience:

Mark joined Aerometrex in 2005 under the previous ownership as Aerometrex’s General Manager, overseeing the expansion of Aerometrex as it introduced digital aerial camera technology. He established Aerometrex’s aerial operations and managed the human resources, sales and marketing functions. He also set strategic directions for Aerometrex’s growth in Australia. On the change of ownership via a management buy-out in 2011, Mark was appointed Managing Director and Chairman of the Board (2011 to February 2019). Under his direction, Aerometrex has experienced a period of sustained growth and corporate innovation.

Prior to joining Aerometrex, Mark’s career spanned 28 years working across airborne geophysics data processing, cartography, aerial surveying, photogrammetry, aerial photography and topographic mapping for various private and government institutions.

Other ASX Directorships in the last 3 years:
Nil



Matthew White
Non-Executive Director
B.Acc, CA

Appointed: September 2011

Special responsibilities:

- Member of the Remuneration & Nomination Committee
- Member of the Audit & Risk Committee

Experience:

Matthew was appointed as Financial Controller of Aerometrex in 2008 and then Finance Director of the company in 2011 after guiding the company through the management buyout process that occurred in that year. He has been instrumental in all financial strategies and decisions of the company during the current successful growth period.

Matthew has over 27 years experience as an accountant, business and tax advisor. He has over 12 years experience as a registered mortgage broker and over 3 years experience as a financial planner.

Matthew is the founder and sole director of Business Initiatives Pty Ltd, an Adelaide based Chartered Accountancy firm. The firm offers a holistic approach to clients’ financial needs, offering a wide range of services with a strong focus on continuous business improvement and wealth creation. Matthew works in a client advisory role for small to medium sized businesses.

Other ASX Directorships in the last 3 years:
Whitebark Energy (WBE.ASX) appointed March 2021 (current)



Peter Foster
Independent Non-Executive Director
PhD Physics

Appointed: October 2019

Special responsibilities:

- Chair of the Audit & Risk Committee
- Member of the Remuneration & Nomination Committee

Experience:

Peter has extensive business experience across a variety of industries. He is a creative entrepreneur with wide-ranging experience in developing innovative technologies for global markets, having founded and grown numerous technology and commercial ventures.

Peter has extensive experience with the invention and intellectual property protection process and holds over 40 international patents in optics and precision electronics.

He has also held senior scientific positions with a local medical laser manufacturer and with the Department of Metallic Materials, University of Bayreuth, Germany, and has delivered intensive courses on startups and technology commercialisation for the University of Adelaide.

Peter holds several private company directorships across a diverse range of industries including VivoSense, a San Diego based pharmaceutical services company and leads its commercial advisory board whose members are located across the US.

Other ASX Directorships in the last 3 years:
Nil



David Byrne
Executive Director,
Chief Operating Officer
B.Surveying (Hons.)

Appointed: October 2011

Special responsibilities:

- Member of the Mergers & Acquisitions Committee

Experience:

David joined Aerometrex in 2000 as Aerometrex’s Chief Photogrammetrist. He has been largely responsible for Aerometrex’s successful technical programme, he has managed and overseen its IT infrastructure, research and development and led the production team establishing high technical standards which underpin the quality and accuracy that Aerometrex is renowned for.

David has published several technical papers and has represented Aerometrex at major Australian Spatial Science conferences on many occasions. He is a member of the Surveying and Spatial Sciences Institute and served on the National Remote Sensing and Photogrammetry Committee for three years. He was awarded Spatial Professional of the Year at the SA Spatial Excellence Awards in 2013.

Other ASX Directorships in the last 3 years:
Nil

Executive Team



Chris Mahar
Chief Financial Officer
B. Acc., CA

Appointed: October 2019

Experience:

Chris has 30 years of experience across commerce and business advisory services. Prior to joining Aerometrex, Chris was a Commercial Finance Manager for Navitas Ltd (ASX: NVT), a global education company which until July 2019 was listed on the ASX prior to being purchased by a private equity firm.

Priorities:

Chris is responsible for the Group's finance, tax, investor relations and property functions. His priorities are ensuring the provision of accurate, independent and objective analysis in a data led environment to drive sound decision making.



Tol Mofflin
Head of Aviation / Chief Pilot
B. Sc (Aviation)

Appointed: February 2020

Experience:

Tol has over 20 years and more than 6,500 hours of international aviation experience including 18 years within management roles.

Priorities:

Tol is responsible for ensuring that all aspects of the aviation operations are managed effectively and efficiently.



Ralph Lante
General Manager - LiDAR

Appointed: November 2015

Experience:

Ralph has had a 40-year career in the geospatial sciences. He has worked for the South Australian and Northern Territory Governments in key aerial imagery roles and was centrally involved in a major GIS program in the Philippines. He also previously worked for SAAB Systems as well as Aerometrex during the period 2001-2007. Ralph re-joined Aerometrex in 2016 as General Manager, LiDAR operations.

Priorities:

Ralph has overseen the rapid growth of our LiDAR business during the last 4 years and is looking forward to further growth and technical development opportunities in his area of responsibility.



Alex Sinclair
National Sales Manager
MBA, DBMK

Appointed: June 2021

Experience:

Alex has over 20 years leadership experience across the commercial, industrial and enterprise markets in Australia, Europe, and Asia. Prior to joining Aerometrex, Alex was CEO of LATSA, a boutique management consulting business offering Training and Consulting in the areas of Business Development, Business transformation, project, and process management.

Priorities:

Alex is responsible for the Australian Sales, Marketing and Estimation functions. His priority is to enable the people, systems and processes to drive market and strategy aligned sales and brand development success while maintaining a high-performance team culture.



Todd Dunow
Sales Operations Manager
AssocDip. Cart.

Appointed: August 2001
Ceased KMP: June 2021

Experience:

Todd has 25 years experience across many aspects of the aerial survey industry. Todd has led the sales and business development team for the last 9 years.

Priorities:

Todd is focused on empowering the sales team with the knowledge, confidence and flexibility they need to face the evolving market place they operate in.

Todd relinquished the role of National Sales Manager in June 2021 with the appointment of Alex Sinclair.

Todd remains an integral part of the Aerometrex team focussing on being the link between sales, production and customer requirements. This is a role he undertook while also being the National Sales Manager.



Rick Cassidy
President - US Operations

Appointed: February 2020
Ceased: July 2021

Experience:

Rick has over 30 years experience across IT and engineering roles. For the last 10 years Rick has been working in the geospatial industry as VP, SVP and President responsible for leading the global and regional sales, operations and delivery teams.

Priorities:

Rick is responsible for all facets of establishing and growing the US Operations which are focused on the world leading 3D modelling product of the Group. The US Operations are based in Denver, Colorado.



Directors' Report

Adelaide Oval
Adelaide CBD, SA
Australia

2011

2021

Directors’ Report

The Directors present their report, together with the consolidated financial statements of Aerometrex Limited (referred to hereafter as ‘Aerometrex’ or ‘Company’), comprising of the company and its controlled entities (‘Group’), for the year ended 30 June 2021.

Directors

The Directors of Aerometrex Limited during the year ended 30 June 2021 and up to the date of this report are set out below:

Name	Role	Status
Mr Mark Llewellyn Lindh	Non-Executive Director, Chair	Independent
Dr Peter Graham Foster	Non-Executive Director	Independent
Mr Matthew Duval White	Non-Executive Director	Not Independent
Mr Mark John Deuter	Managing Director (MD)	Not Independent
Mr David Michael Byrne	Executive Director and Chief Operating Officer (COO)	Not Independent

Company secretary

Name
Ms Kaitlin Louise Smith

Ms Kaitlin Smith CA, FGIA, B.Com (Acc), was appointed to the position of Company Secretary on 25 November 2019. Ms Smith provides company secretarial and accounting services to various public and proprietary companies. She is a Chartered Accountant, a fellow member of the Governance Institute of Australia and holds a Bachelor of Commerce (Accounting).

The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the effective functioning of the Board. All directors have direct access to the Company Secretary.

Company overview – principal activities

Established in 1980, Aerometrex is a professional aerial mapping business specialising in aerial photography, photogrammetry, LiDAR and 3D modelling. These services are provided to customers and clients through either a subscription service to MetroMap, the Company’s online aerial photomaps platform, or through client project work. The Company has offices in Australia and the USA.

In the opinion of the Directors there were no significant changes in the nature of activities of the Group during the year.

Changes in state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group during the financial year.

Review of Operations

The 2021 financial year was another year marked by the disruption of the COVID-19 pandemic, not only on business but also the people and communities in which we live and operate. The impact in 2021 was greater compared to 2020 given extended lockdowns, the restriction on travel and closing of borders, delays in projects and transport logistics, and more broadly the wide-ranging impact that it had on many people. Despite these challenges the Group delivered strong results. These included:

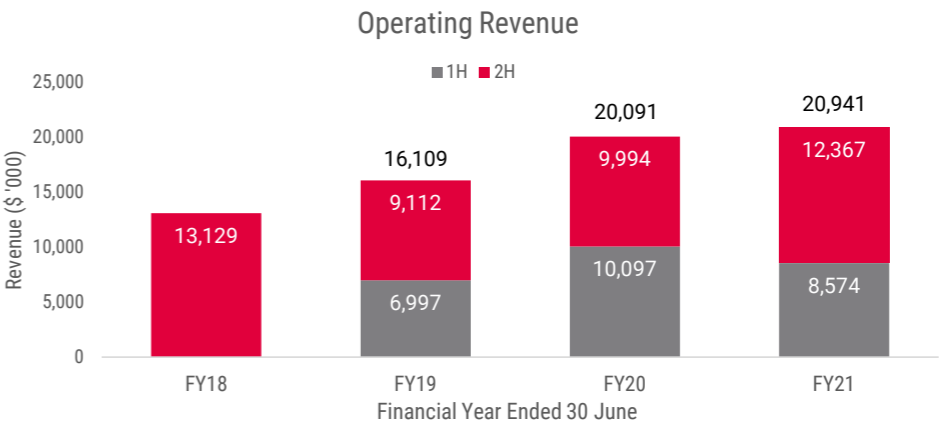
- 4.2% growth in operating revenue from \$20.09m to \$20.94m driven by strong growth in the MetroMap subscription revenue
- Growth of 416.3% in MetroMap subscription revenue from \$0.71m to \$3.64m driven by organic growth of client wins throughout the year and the integration of the Spookfish Australia Pty Ltd acquisition (May 2020)
- Growth in Annual Recurring Revenue (ARR) for MetroMap of 189.0% from \$1.66m in June 2020 to \$4.81m in June 2021

- Strong return to revenue growth in 2H
- Continued investment into the business to drive growth initiatives into the future including:
 - Data capture for MetroMap datasets
 - Investment into people and processes to enable scaling for growth
 - Investment into the US operations which is focused on the Company’s world leading 3D product
- Available cash (cash in the bank) at 30 June 2021 of \$16.55m with available debt facilities
- EBITDA declined from \$3.90m to \$2.87m, a decline of \$1.04m or 26.6% however on a normalised basis after allowing for listing costs in 2020 and the granting of employee share options, which are recognised over the vesting period and related to the listing of the company rather than performance, the normalised EBITDA decline was from \$4.96m to \$4.2m, a decline of \$0.76m or 15.4%.
- The Australian operations generated EBITDA of \$4.14m in FY21 compared to \$4.14m in the prior year. This increased to \$5.48m in FY21 compared to \$5.20m on a normalised basis adjusting for listing and option costs. The US operations generated an EBITDA loss of \$1.28m while still in the start up phase of its operations.

The US operations achieved an important milestone during the year, the recognition of revenue. While the dollar amount was small, it was a significant strategic milestone. This was followed with a purchase order from Google for the purchase of the San Francisco data model which will be delivered in 1H22 with the revenue to be recognised in the 2022 financial year. Despite these two positive milestones, the US operations are still in the start-up phase of business and have also been impacted by COVID-19 across the year. Travel restrictions and lockdowns impacted the ability for the Australian team to travel to the US and to work closely with the US office. There were also limitations of the US team to travel domestically and meet potential clients including attending conferences and marketing events. The events of the COVID-19 pandemic have slowed progress against expectations in the current uncertain economic climate. Despite these challenges, the COVID-19 pandemic has created opportunities to engage in creative ways with the US team which has included remote training and onboarding of specialist data capture staff through various technological means. During the year, data models have been captured for Denver and Centennial in Colorado, Miami in Florida and downtown San Francisco in California.

Revenue Growth

Strong revenue in the second half of the financial year saw operating revenue from customers for the year grow by \$0.85m or 4.2% from \$20.09m to \$20.94m.



1H of 2021 saw a decline in revenue of 15.1% or \$1.52m to \$8.57m compared to 1H of 2020 which was offset by strong growth in 2H of 23.7% or \$2.37m to \$12.37m resulting in the overall operating revenue growth of \$0.85m or 4.2% across the year.

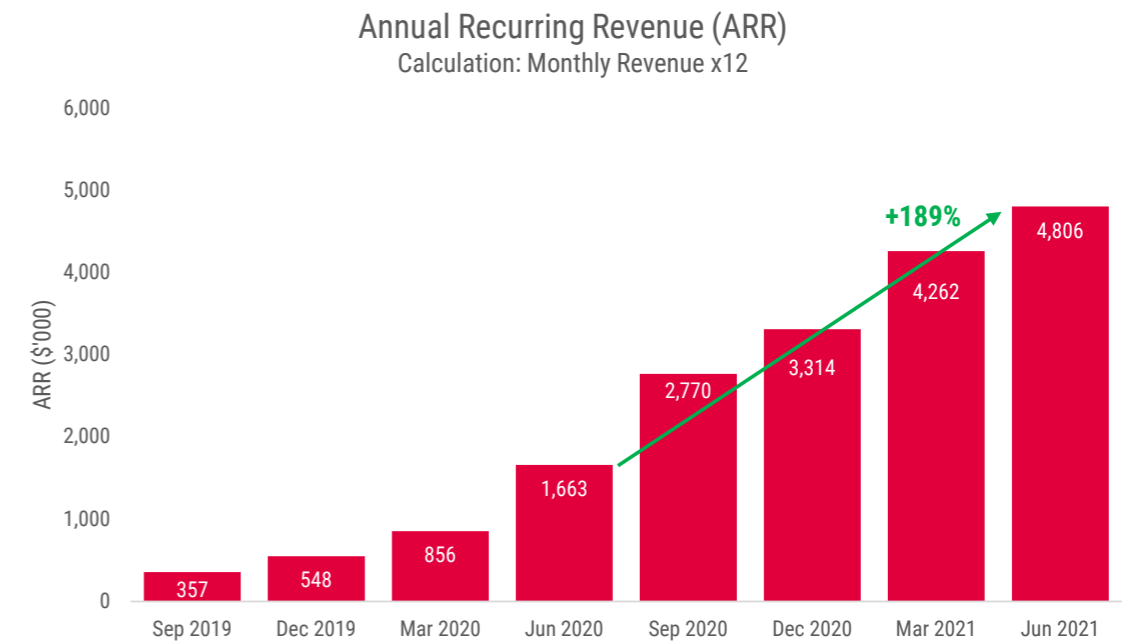
A review of the revenue by product line saw:

Major product lines	1H21 \$'000	2H21 \$'000	FY21 \$'000	1H20 \$'000	2H20 \$'000	FY20 \$'000
Subscription revenue						
MetroMap	1,506	2,134	3,640	182	523	705
Projects						
3D	711	1,138	1,849	1,695	1,666	3,361
LiDAR	3,645	5,284	8,929	4,224	4,699	8,923
MetroMap - on demand	318	524	842	576	414	990
Photo contracting	2,394	3,287	5,681	3,420	2,692	6,112
Total project revenue	7,068	10,233	17,301	9,915	9,471	19,386
Total revenue from contracts with customers	8,574	12,367	20,941	10,097	9,994	20,091

Change in revenue from customers v PCP	1H \$'000	2H \$'000	FY \$'000
Subscription revenue			
MetroMap	1,324	1,611	2,935
Projects			
3D	(984)	(528)	(1,512)
LiDAR	(579)	585	6
MetroMap - on demand	(258)	110	(148)
Photo contracting	(1,026)	595	(431)
Change in project revenue from customers v PCP	(2,847)	762	(2,085)
Change in revenue from customers v PCP	(1,523)	2,373	850

% Change in revenue from customers v PCP	1H %	2H %	FY %
Subscription revenue			
MetroMap	727.5%	308.0%	416.3%
Projects			
3D	-58.1%	-31.7%	-45.0%
LiDAR	-13.7%	12.4%	0.1%
MetroMap - on demand	-44.8%	26.6%	-14.9%
Photo contracting	-30.0%	22.1%	-7.1%
% Change in project revenue from customers v PCP	-28.7%	8.0%	-10.8%
% Change in revenue from customers v PCP	-15.1%	23.7%	4.2%

- **MetroMap**, the company's Data as a Service (DaaS) model continued to experience growth, increasing total subscription revenue from \$0.71m to \$3.64m equating to growth of 416.3% or \$2.94m. This growth in revenue was the result of successful investments made to rapidly scale the subscription business and the integration of Spookfish Australia Pty Ltd, which was acquired in May 2020 and contributed \$0.63m in revenue in the current year. The MetroMap platform continued to attract corporate clients, the most notable being Suncorp, along with the company's successful partner program which included clients such as Geoscape Australia and Landchecker. The Company also continued to win clients across the SME market. The growth in the MetroMap subscription revenue is also reflected in the growth of Annual Recurring Revenue (ARR) which grew from \$1.66m at June 2020 to \$4.81m at June 2021.



- **LiDAR**, while revenue was flat, across the year the 1H result was down \$0.58m or 13.7% to \$3.65m compared to the prior corresponding period, however sensor upgrades were undertaken during the half. This meant that the Company operated the first half of the year with only 3 sensors at any given time. 2H saw revenue grow by \$0.59m or 12.4% to \$5.28m compared to the prior corresponding period offsetting the lower 1H result. The Company now has four LiDAR Riegl VQ780ii sensors in operation providing capacity for future growth.
- **3D** revenue declined \$1.51m or 45.0% from \$3.36m to \$1.85m. 2020 saw significant projects of the City of Pau in the France, Fishermans Bend in Melbourne and the digital twin of Western Sydney which were not replaced in the current year. An important milestone was achieved in the US operations in February 2021 with the recognition of the US office's first sale. This was followed in May 2021 with a purchase order from Google to purchase our San Francisco dataset. As at 30 June 2021, the San Francisco dataset was nearing completion with the Google revenue set to be recognised on completion in FY22. Accordingly the US contribution to revenue was minimal in 2021.
- **Aerial photomapping** revenue declined \$0.43m or 7.1% from \$6.11m to \$5.68m on the prior year however this was in line with expectations as clients moved towards the subscription model of MetroMap or LiDAR to best suit their needs. Aerial photomapping is project based work where there may be limited scope for additional data sales or the client wants proprietary ownership of the dataset. The current year also saw clients become more price sensitive resulting in a squeeze in prices and profit margins. The Company announced in June 2021 that it intends to transition out of project based aerial photomapping as this work consumes resources shared with the MetroMap capture program distracting from the strategic imperative of the subscription model in MetroMap.

In some cases, photomapping projects compete with MetroMap programs resulting in the need to capture the same data twice. If we can convert these clients to MetroMap, there is an efficiency gain for the company but equally important is the potential reduction of the company's environmental footprint by eliminating duplicate flying.

Operating costs

Total operating costs (excluding interest, depreciation and amortisation) increased by \$2.02m from \$16.37m in 2020 to \$18.38m or 12.3% driven by continued investment into the scaling of the business for future growth. This investment included:

- An increase in staff numbers from 102 to 118 in predominantly revenue generating roles of sales, air operations and production. These roles were appointed for the scaling of MetroMap to support future growth.
- Share based payment costs increased due to the accounting recognition of options granted to staff in May 2020 under an employee share option scheme. These options were issued to employees in May 2020 to align the interests of employees with those of long term share ownership. These options vest over a two year period, 50% on the first anniversary of allotment and 50% on the second anniversary. The options are not tied to performance rather they are tied to continued employment with the company with an exercise price of \$1.25 per option. The cost of these options in the current financial year was \$1.33m (2020: \$0.36m).
- An increased spend in marketing was incurred to drive brand awareness and recognition of the MetroMap subscription service.
- Consulting and professional services increased driven by external support for several projects focussed on improving systems and processes, corporate advisory support to review M&A opportunities, recruitment consultant and legal costs in relation to establishing structures and business processes in the US.

EBITDA

EBITDA (Earnings before interest, tax, depreciation and amortisation) is a non-IFRS term but is used by the Group to measure performance.

The Company achieved EBITDA of \$2.86m for 2021 compared to \$3.90m in 2020, down \$1.04m or 26.6%. This decline in EBITDA reflects the company's continued investment into the business ahead of the revenue curve. On a normalised basis, adjusting for one off costs of the IPO in 2020 and the allotment of staff options which related to the listing rather than performance and is not of a recurring nature, the normalised EBITDA result was \$4.20m for 2021 compared to \$4.96m for 2020, down \$0.76m or 15.4%.

Proforma Profit Statement (Unaudited)	2021 \$'000	2020 \$'000	Change \$'000	Change %
Revenue and other income	21,245	20,265	980	4.8%
Aircraft and project processing costs	(6,544)	(6,377)	(167)	2.6%
Operating costs	(11,837)	(9,987)	(1,850)	18.5%
EBITDA	2,864	3,901	(1,037)	(26.6%)
Items not in the ordinary course of operations				
Operating costs - one-off				
IPO and capital raising costs expensed	-	499	(499)	(100.0%)
Refinance costs	-	198	(198)	(100.0%)
Employee and Director share options	1,333	363	970	267.2%
Normalised EBITDA	4,197	4,961	(764)	(15.4%)
Amortisation	(4,296)	(1,677)	(2,619)	156.2%
Depreciation	(2,731)	(2,111)	(620)	29.4%
Finance costs	(87)	(370)	283	(76.5%)
Finance income	75	177	(102)	(57.6%)
Statutory (loss) before income tax	(4,175)	(80)	(4,095)	5118.8%
Income tax (expense) / benefit	94	(186)	280	(150.5%)
Statutory (loss) after income tax	(4,081)	(266)	(3,815)	1434.2%

Depreciation

Depreciation expenses increased from \$2.11m to \$2.73m and reflects the investment into aircraft, sensors and IT infrastructure over 2020 and 2021. Again, these investments are to facilitate long term growth for the Company. Some of these assets were committed to in the prior financial year (recognised as Capital Work in Progress with any unpaid liability recognised in other payables) however were only eligible for depreciation in the current year once the assets were placed into operations. An example of this is sensors purchased in June 2020 however were only delivered in November 2020 and installed ready for use in December 2020.

Amortisation

Amortisation increased from \$1.68m to \$4.30m reflecting the continued increase of the capture program for MetroMap. In 2021, \$5.10m (2020: \$4.78m) was invested into datasets for MetroMap incorporating 2D and 3D images along with some LiDAR derived products which is all part of the strategic intent to grow the MetroMap subscription business. Datasets are amortised on a straight line basis over an effective life of two years.

Dividends

No dividends have been paid or proposed in respect of the current year (2020: \$nil).

Matters subsequent to the end of the financial year

The impact of COVID-19 is ongoing and the economic uncertainties makes it difficult to estimate the potential impact, positive or negative. The situation is extremely fluid with lockdowns, quarantine, travel and border restrictions being implemented quickly by governments in an attempt to control any COVID-19 outbreaks. This has the potential to impact the mobilization of capture assets across state borders creating logistical complexities. Aerometrex follows government directives and continues to work with government authorities to minimize the impact as much as possible. The safety and wellbeing of our staff remains our key priority throughout these times.

Mr Rick Cassidy, the President of the Aerometrex US operations has moved on pursue to other opportunities with effect from 22 July 2021. The Board intends to establish an Advisory Board to assist in the support and development of the business in the US which provides significant opportunities for its world leading 3D product.

The company has appointed Mr Tisham Dhar to the role of Chief Information Officer. Mr Dhar commenced on 2 August 2021 and will be integral in the ongoing development of the MetroMap platform. Mr Dhar rejoins the company having previously worked for Aerometrex as head software developer. He comes to the company with extensive geospatial experience having worked for NASA, Google and CSIRO. In recent times, he was employed as Chief Architect at Lori Systems, a global logistics business based in Kenya and as Assistant Director for Digital Earth Technologies in GeoScience Australia.

Mr Mark Deuter, Managing Director, announced his retirement and will finish with the company on 10 December 2021, the second anniversary of the company's listing on the Australian Securities Exchange. At the date of this report the Board was in the process of actively recruiting a replacement CEO to take the company through the next phase of its growth cycle.

The second and final instalment for the acquisition for Spookfish Australia Pty Ltd was made on 5 August 2021 totalling \$629,037, a reduction of \$120,963 of the completion payment. The reduction was driven by the completion conditions established in the contract of sale.

To the best of the Directors' knowledge, other than the above, there are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect either:

- The operations of the Group;
- The results of those operations; or
- The state of affairs of the Group in future financial years.

Future developments

The Group will continue to implement its business strategies to meet the Group's long term growth and development objectives including the scaling of the business to:

- grow its subscription customer base of MetroMap through increased sales and marketing initiatives, capture programs, and product offering,
- seek new opportunities to grow its world leading 3D products across the globe and in particular the US, and
- continue to build scale in its LiDAR operations.

The Company announced in June 2021 that it will focus its aerial imagery sales activities and capture program on the MetroMap subscription service from July 2021. The Company announced that it would complete all existing project-based aerial imagery commitments contracted prior to 30 June 2021. The Company will continue to offer project-based aerial LiDAR and 3D services to its clients, including those customers whose area of interest falls outside the planned MetroMap capture program areas.

Further information about future developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would likely result in unreasonable prejudice to the Group under section 299 of the Corporations Act 2001.

Environmental obligations

The current activities of Aerometrex are not subject to significant environmental regulation under Australian Commonwealth or State law. The Board believes that the Group has adequate systems in place to manage its environmental obligations and is not aware of any breach during the period. Any significant environmental incidents are reported to the Board.

Indemnities and insurance

During the year, the Group 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.

The Group 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.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 24 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed in Note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Directors' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year, and the number of meetings attended by each Director, were as follows:

Board Meetings			Audit and Risk Committee		Remuneration and Nomination Committee	
Number of meetings			Number of meetings		Number of meetings	
Name	Held while Director	Attended	Held while committee member	Attended	Held while committee member	Attended
Mark Lindh	12	12	4	4	5	5
Matthew White	12	12	4	4	5	5
Peter Foster	12	12	4	4	5	5
Mark Deuter	12	12	-	-	-	-
David Byrne	12	12	-	-	-	-

All Directors were eligible to attend all meetings held, unless specified.

Committee membership

Throughout the year and as at the date of this report, the Company had an Audit and Risk Committee and a Remuneration and Nomination Committee. Members acting on the committees of the Board during the year were:

Audit and Risk	Remuneration and Nomination
Peter Foster (Chair)	Mark Lindh (Chair)
Mark Lindh	Matthew White
Matthew White	Peter Foster

Remuneration report (audited)

The remuneration report details the key management remuneration arrangements for the Group, in accordance with the requirements of the Corporate Act 2001 and its Regulations. The remuneration report is set out on pages 36-44 and forms part of the Directors' Report.

Share options

As at 30 June 2021 there were 4,214,000 (2020: 4,499,000) unissued ordinary shares under option. No shares were issued during or since the end of the financial year as a result of exercise of options (2020: nil). 285,000 options were forfeited by employees who did not complete the required service period (2020: nil).

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.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Forward-looking statements

Aerometrex advises that this document contains forward-looking statements which may be subject to significant uncertainties outside of Aerometrex's control. No representation is made as to the accuracy or reliability of forward-looking statements or the assumptions on which they are based. Actual future events may vary from these forward-looking statements and it is cautioned that undue reliance not be placed on any forward-looking statements.

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 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



Mark Lindh
Chair of the Board



Mark Deuter
Managing Director

23 August 2021



3D reality mesh model
Miami, Florida
USA

Remuneration Report

The remuneration report details the key management personnel (KMP) remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

- A. Key management personnel
- B. Remuneration policy
- C. Details of remuneration
- D. Employment contracts
- E. Share-based compensation
- F. Additional information
- G. Shareholdings of key management personnel
- H. Additional disclosures relating to key management personnel

A. Key management personnel (KMP)

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.

Non-Executive Directors	Position	Period position was held during the year
Mark Lindh	Independent Non-Executive Director, Chair	Full year
Peter Foster	Independent Non-Executive Director	Full year
Matthew White	Non-Executive Director	Full year

Executive Directors	Position	
Mark Deuter	Managing Director	Full year
David Byrne	Executive Director, Chief Operating Officer	Full year

Executives	Position	
Chris Mahar	Chief Financial Officer	Full year
Tol Mofflin	Head of Aviation	Full year
Ralph Lante	General Manager - LiDAR	Full year
Alex Sinclair	National Sales Manager	Appointed 21 June 2021
Todd Dunow	National Sales Manager	Ceased as KMP 21 June 2021
Rick Cassidy	President - US Operations	Full year
Beata Serafin	Chief People Officer	Resigned 29 January 2021

B. Remuneration policy

The objectives of the Group’s executive reward framework is:

- to align rewards with business outcomes that deliver value to shareholders,
- to ensure remuneration is competitive in the employment market to attract and retain executive talent,
- to drive a high performance culture by rewarding high performing individuals based on achieving outcomes,
- transparent and easily understood, and
- acceptable to shareholders.

The Board has established a Remuneration and Nomination Committee which operates in accordance with its charter as approved by the Board. This committee is responsible for determining and reviewing the compensation arrangements for the directors and the executive team (collectively the key management personnel).

The Group has structured a remuneration framework that is commensurate with the current operational requirements.

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary, and
- short term and long term incentives being employee share schemes and bonuses.

The committee reviews and assesses the appropriateness of the remuneration on a periodic basis by reference to employment market conditions with the overall objective to ensure shareholder value and benefit from the recruitment and retention of a high quality board and executive team.

The payment of any bonuses or other incentives are reviewed by the Remuneration and Nomination Committee with appropriate recommendations put to the Board for approval.

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 Remuneration and Nomination Committee. The Remuneration and Nomination Committee 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. No remuneration consultant was engaged during the current financial year. 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.

Aerometrex’s constitution provides that all non-executive directors may be paid remuneration for their services. The total amount of the remuneration for non-executive directors may not exceed the higher of \$300,000 and the amount fixed in general meeting for that purpose.

Any increase in the aggregate amount needs to be approved by shareholders. Directors will seek approval of the shareholders from time to time as appropriate.

The current base Non-Executive Director fees per annum, excluding statutory superannuation are:

	2021
Chair of the Board	\$70,000
Non-Executive Director	\$60,000

C. Details of remuneration

		Short-term benefits					Post-employment	Long term benefits	Equity-settled Share based payments		
		Salary & Fees	Cash bonus	Non-monetary	Employee entitlements ¹	Superannuation	Employee entitlements ²	Options ³	Total Remuneration	Performance related	Options
\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Non-executive directors											
Mark Lindh	2021	70,000	-	-	-	6,650	-	-	76,650	0%	0%
	2020	60,000	-	-	-	5,383	-	34,500	99,883	0%	35%
Matthew White	2021	60,000	-	-	-	5,700	-	-	65,700	0%	0%
	2020	52,500	-	-	-	11,780	-	34,500	98,780	0%	35%
Peter Foster ⁴	2021	60,000	-	-	-	5,700	-	12,520	78,220	0%	16%
	2020	40,000	-	-	-	3,800	-	11,518	55,318	0%	21%
Executive directors											
Mark Deuter	2021	268,407	-	-	(2,198)	25,430	18,873	12,520	323,032	0%	4%
	2020	234,880	-	-	(5,751)	28,456	22,488	11,518	291,591	0%	4%
David Byrne	2021	239,713	-	-	6,446	22,625	10,769	12,520	292,073	0%	4%
	2020	201,211	-	-	914	24,901	12,817	11,518	251,361	0%	5%
Executives											
Chris Mahar ⁵	2021	177,642	-	-	12,447	16,808	1,139	67,396	275,432	0%	24%
	2020	107,574	-	-	7,621	10,172	166	11,518	137,051	0%	8%
Tol Mofflin ⁶	2021	159,034	-	-	18,202	14,999	511	67,396	260,142	0%	26%
	2020	55,083	-	-	6,657	5,207	59	11,518	78,524	0%	15%
Ralph Lante	2021	162,955	-	-	1,081	15,424	2,708	67,396	249,564	0%	27%
	2020	145,213	-	-	(11,076)	13,738	3,799	11,518	163,192	0%	7%
Alex Sinclair ⁷	2021	-	-	-	-	-	-	-	-	0%	0%
	2020	-	-	-	-	-	-	-	-	0%	0%
Todd Dunow ⁸	2021	176,913	-	-	(14,506)	16,739	3,983	67,396	250,525	0%	27%
	2020	167,590	-	-	(10,753)	15,445	5,295	11,518	189,095	0%	6%
Rick Cassidy ⁹	2021	226,402	-	5,914	(976)	7,536	-	33,698	272,574	0%	12%
	2020	84,069	-	6,457	6,818	1,345	-	5,762	104,451	0%	6%
Beata Serafin ¹⁰	2021	144,824	-	-	(16,474)	9,650	(39,668)	-	98,332	0%	0%
	2020	141,396	-	-	9,363	20,170	30,439	11,518	212,886	0%	5%
Scott Tomlinson ¹¹	2021	-	-	-	-	-	-	-	-	0%	0%
	2020	140,043	-	-	2,602	15,338	-	-	157,983	0%	0%
Total 2021		1,745,890	-	5,914	4,022	147,260	(1,685)	340,842	2,242,244	0%	15%
Total 2020		1,429,559	-	6,457	6,395	155,735	75,063	166,906	1,840,115	0%	9%

¹ Net movement in annual leave provision for the year

² Net movement in long service leave provision for the year

³ Value of options recognised in the profit and loss statement. Refer note 19 of the financial statements for additional details.

⁴ Appointed 15 October 2019

⁵ Appointed 15 October 2019

⁶ Appointed 3 February 2020

⁷ Appointed 21 June 2021

⁸ Ceased as a KMP on 21 June 2021

⁹ Appointed 10 February 2020

¹⁰ Resigned on 29 January 2021

¹¹ Ceased as a KMP on 2 February 2020

No key management personnel appointed during the period received a payment as part of their consideration for agreeing to hold the position.

Bonuses included in remuneration

No short term incentive cash bonuses were awarded as remuneration during the financial year ended 30 June 2021 (2020: \$Nil).

D. Employment contracts

There are no formal contracts between the Company and non-executive directors other than the initial letter of appointment that identifies the remuneration as at the initial appointment date.

All executive employees and KMP are employed under ongoing employment agreements and as such only have a commencement date with no fixed expiry date. Details of KMP contracts as at 30 June 2021 were as follows:

Executive officers	Position	Notice period for termination	
		By Company	By Executive
Mark Deuter	Managing Director	6 months	6 months
David Byrne	Executive Director, Chief Operating Officer	6 months	6 months
Chris Mahar	Chief Financial Officer	2 weeks	2 weeks
Tol Mofflin	Head of Aviation	2 weeks	2 weeks
Ralph Lante	General Manager - LiDAR	4 weeks	4 weeks
Alex Sinclair ¹	National Sales Manager	3 months	3 months
Todd Dunow ²	Sales Operations Manager	5 weeks	4 weeks
Rick Cassidy	President - US Operations	3 months	3 weeks

¹ Commenced on 21 June 2021.

² National Sales Manager until 21 June 2021 and then transitioned into the role of Sales Operations Manager. Ceased as KMP on 21 June 2021.

The Company may terminate employment by providing appropriate written notice or provide payment in lieu of notice, in accordance with the employment agreement as outlined above. On termination, any unvested options expire and lapse. Where options have vested or will vest during the notice period, they are required to be exercised within 90 days, after which time the options will expire and lapse.

The Company may terminate employment without notice, or payment in lieu of notice, in cases of serious misconduct. A non-exhaustive list of circumstances that may amount to serious misconduct is outlined in the KMP employment agreement. Where termination with cause has occurred, the employee is entitled to remuneration up to and including the date of termination. The remuneration is based on the fixed component only. Under these circumstances any options will expire and lapse immediately on termination.

E. Share based compensation

Employee Share Option Plan

An Employee Share Option Plan was implemented in 2020 such that Directors and employees may be issued with options to acquire ordinary shares in the company. Options may be issued based on the terms and conditions as determined by the Board in accordance with the plan rules.

Options vest based on the provision of service over the vesting period whereby the participant becomes beneficially entitled to the option on vesting date provided certain conditions are met, generally that they are employed or engaged at the time of vesting, or that specified performance hurdles have been met to determine vesting. Options are exercisable by the holder as from the vesting date.

There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Fair value of options

The Company has applied the Black-Scholes Valuation Model to determine the fair value of the options granted which takes into account the exercise price, the term of the option, 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. The fair value of such grants is being amortised and disclosed as part of remuneration on a straight line basis over the vesting period.

Options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as at the end of the reporting period:

	Balance at 1 July 2020 #	Balance at 30 June 2021 #	Vested during the period #	Unvested at balance date #	Grant date	Value per option / share at grant date \$	Exercise price per share (option) \$	Vesting date	Expiry date
Directors									
Mark Lindh									
Options ¹	500,000	500,000	-	-	Dec 2019	0.069	1.250	Dec 2019	Dec 2021
Matthew White									
Options ¹	500,000	500,000	-	-	Dec 2019	0.069	1.250	Dec 2019	Dec 2021
Peter Foster									
Options ²	50,000	50,000	50,000	-	Nov 2020	0.335	1.250	May 2021	May 2023
Options ²	50,000	50,000	-	50,000	Nov 2020	0.335	1.250	May 2022	May 2023
Mark Deuter									
Options ²	50,000	50,000	50,000	-	Nov 2020	0.335	1.250	May 2021	May 2023
Options ²	50,000	50,000	-	50,000	Nov 2020	0.335	1.250	May 2022	May 2023
David Byrne									
Options ²	50,000	50,000	50,000	-	Nov 2020	0.335	1.250	May 2021	May 2023
Options ²	50,000	50,000	-	50,000	Nov 2020	0.335	1.250	May 2022	May 2023

¹ Granted for the successful listing of the company on the ASX
² Approved by shareholders at the 2020 AGM

The options are not quoted on the ASX and carry no dividend or voting rights. Options cannot be transferred without approval from the Board.

No options were exercised during the reporting period (2020: nil).

	Balance at 1 July 2020 #	Lapsed or forfeited during the period #	Balance at 30 June 2021 #	Vested during the period #	Unvested at balance date #	Grant date	Value per option / share at grant date \$	Exercise price per share (option) \$	Vesting date	Expiry date
Executives										
Chris Mahar										
Options	50,000	-	50,000	50,000	-	May 2020	1.001	1.250	May 2021	May 2023
Options	50,000	-	50,000	-	50,000	May 2020	1.001	1.250	May 2022	May 2023
Tol Mofflin										
Options	50,000	-	50,000	50,000	-	May 2020	1.001	1.250	May 2021	May 2023
Options	50,000		50,000	-	50,000	May 2020	1.001	1.250	May 2022	May 2023
Ralph Lante										
Options	50,000	-	50,000	50,000	-	May 2020	1.001	1.250	May 2021	May 2023
Options	50,000	-	50,000	-	50,000	May 2020	1.001	1.250	May 2022	May 2023
Todd Dunow										
Options	50,000	-	50,000	50,000	-	May 2020	1.001	1.250	May 2021	May 2023
Options	50,000	-	50,000	-	50,000	May 2020	1.001	1.250	May 2022	May 2023
Rick Cassidy										
Options	25,000	-	25,000	25,000	-	May 2020	1.001	1.250	May 2021	May 2023
Options	25,000	-	25,000	-	25,000	May 2020	1.001	1.250	May 2022	May 2023
Beata Serafin ¹										
Options	50,000	(50,000)	-	-	-	May 2020	1.001	1.250	May 2021	May 2023
Options	50,000	(50,000)	-	-	-	May 2020	1.001	1.250	May 2022	May 2023

¹ Resigned on 29 January 2021

The options are not quoted on the ASX and carry no dividend or voting rights. Options cannot be transferred without approval from the Board.

F. Additional information

3-year performance table

The earnings of the consolidated entity for the three years to 30 June 2021 are summarised below:

	2021 \$'000	2020 \$'000	2019 \$'000
Annual Recurring Revenue (ARR)	4,806	1,663	-
Operating revenue	20,941	20,091	16,109
EBITDA	2,864	3,901	5,035
EBITDA (normalised) ¹	4,197	4,961	5,035
EBIT	(4,163)	113	3,054
Profit after income tax	(4,081)	(266)	2,570
Free cash flow	(5,365)	(3,400)	916

¹ EBITDA has been normalised to remove the effects of one off expenses and share based payments relating to the IPO.

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

	2021	2020	2019
Share price at financial year end (\$)	\$0.67	\$1.50	N/A
Total dividends declared (cents per share)	-	-	38.1
Basic earnings per share (cents per share)	(4.4)	(0.4)	4.3

G. Shareholdings of key management personnel

		Balance as at 1 July Ordinary Shares	Restructure of Capital ¹	Conversion of Convertible Notes ²	Additions ³	Disposals	Balance as at 30 June
Directors							
Mark Lindh	2021	146,750	-	-	20,000	-	166,750
	2020	-	-	-	146,750	-	146,750
Matthew White	2021	12,335,376	-	-	-	-	12,335,376
	2020	365,965	11,969,411	-	-	-	12,335,376
Peter Foster	2021	50,000	-	-	-	-	50,000
	2020	-	-	-	50,000	-	50,000
Mark Deuter	2021	11,420,865	-	-	-	-	11,420,865
	2020	338,240	11,062,625	-	20,000	-	11,420,865
David Byrne	2021	8,583,850	-	-	-	-	8,583,850
	2020	254,665	8,329,185	-	-	-	8,583,850
Total	2021	32,536,841	-	-	20,000	-	32,556,841
	2020	958,870	31,361,221	-	216,750	-	32,536,841
Executives							
Chris Mahar	2021	25,000	-	-	40,000	-	65,000
	2020	-	-	-	25,000	-	25,000
Tol Mofflin	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
Ralph Lante	2021	153,828	-	-	-	-	153,828
	2020	-	-	151,143	2,685	-	153,828
Todd Dunow	2021	3,425,181	-	-	-	-	3,425,181
	2020	101,618	3,323,563	-	-	-	3,425,181
Rick Cassidy	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
Beata Serafin ⁴	2021	6,660,999	-	-	-	(6,660,999)	-
	2020	197,618	6,463,381	-	-	-	6,660,999
Scott Tomlinson ⁵	2021	-	-	-	-	-	-
	2020	248,090	8,114,140	-	-	(8,362,230)	-
Total	2021	10,265,008	-	-	40,000	(6,660,999)	3,644,009
Total	2020	547,326	17,901,084	151,143	27,685	(8,477,230)	10,265,008

¹ Share split of 1:32.70644 on 9 September 2019

² Conversion of 1 convertible note into 1.31428 ordinary shares

³ None of these shares were granted as compensation or issued on exercise of options

⁴ Resigned on 29 January 2021, shares held recorded as a disposal

⁵ Ceased as a KMP on 2 February 2020, shares held recorded as a disposal

H. Additional disclosures relating to key management personnel

Related party transactions

Matthew White

During the reporting period, the company used the taxation services (2020: Accounting & taxation services) of Matthew White and the accounting firm over which he exercises significant influence. The amounts billed in relation to the provision of services during the period and totalled \$29,843 (2020: \$200,574) were based on normal market rates and were fully paid as of the reporting date. A significant portion of the prior year expense related to services provided in respect of the prospectus and preparing the company for becoming a public company limited by shares. The amount outstanding at the end of the year was \$1,132.

Mark Lindh

Mark Lindh is a director of Adelaide Equity Partners and a beneficiary of a trust for which shares in Adelaide Equity Partners are held. The company entered into an agreement with Adelaide Equity Partners on 24 March 2021 to provide corporate advisory services in relation to merger and acquisition (M&A) advice, assessment and support. The amounts billed related to the provision of services during the period and totalled \$110,000 were based on normal market rates. The amount outstanding at the end of the year was \$16,500.

In the prior reporting period, Adelaide Equity Partners were paid \$37,500 for the provision of corporate advisory and investor relations services under a mandate dated June 2018. In addition, Adelaide Equity Partners received \$250,000 as a success fee in relation to the listing of the company on the Australian Securities Exchange on 10 December 2019.

Mark Lindh is a director of AE Administrative Services Pty Ltd which provided company secretarial services during the reporting period. Total payments made during the period were \$36,560 (2020: \$21,360). Amounts were fully paid at the end of the year.

There were no other transactions with key management personnel during the year.

End of audited remuneration report.

Auditor's Independence Declaration



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Auditor's Independence Declaration

To the Directors of Aerometrex Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Aerometrex Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 23 August 2021

Grant Thornton Audit Pty Ltd ACN 130 913 594
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CONSOLIDATED STATEMENT OF Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

		2021	2020
	Notes	\$'000	\$'000
Revenue	4	20,941	20,091
Other income	4	304	174
Total revenue and other income		21,245	20,265
Aircraft and project processing costs		(6,544)	(6,377)
Employee benefits expense		(7,159)	(6,538)
Share based payments	19	(1,333)	(363)
Depreciation of property, plant and equipment	10	(2,731)	(2,111)
Amortisation of intangible assets	11	(4,296)	(1,677)
Advertising and marketing		(593)	(229)
Consulting and professional services		(620)	(163)
IT and telecommunications		(291)	(579)
Occupancy		(307)	(225)
Travel and accommodation		(98)	(123)
IPO and capital raising costs expensed		-	(499)
Refinance costs		-	(198)
Other expenses		(1,436)	(1,070)
Finance costs	20	(87)	(370)
Finance income	20	75	177
(Loss) before income tax		(4,175)	(80)
Income tax (expense) / benefit	5	94	(186)
(Loss) for the year after income tax		(4,081)	(266)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		(92)	-
Other comprehensive income for the year, net of tax		(92)	-
Total comprehensive income (loss) for the year		(4,173)	(266)
(Loss) attributable to:			
Equity holders of the parent		(4,122)	(293)
Non-controlling interests		41	27
(Loss) for the year after income tax		(4,081)	(266)
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the parent		(4,214)	(293)
Non-controlling interests		41	27
Total comprehensive income (loss) for the year		(4,173)	(266)
Earnings per share attributable to ordinary equity holders of the parent:			
	Notes	2021 cents	2020 cents
Basic loss per share	21	(4.4)	(0.4)
Diluted loss per share	21	(4.4)	(0.4)

To be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF Financial Position

As at 30 June 2021

		2021	2020
	Notes	\$'000	\$'000
Assets			
Current			
Cash and cash equivalents	6	16,553	22,239
Trade and other receivables	7	2,965	2,512
Contract assets	8	719	563
Current tax assets		262	-
Other assets	9	878	459
Total current assets		21,377	25,773
Non-current			
Property, plant and equipment	10	16,729	16,364
Intangibles	11	8,125	6,572
Deferred tax assets	5	2,536	1,418
Total non-current assets		27,390	24,354
Total assets		48,767	50,127
Liabilities			
Current			
Trade and other payables	12	2,655	4,267
Contract liabilities	13	2,794	1,334
Other financial liabilities	14	631	400
Lease liabilities	17	54	-
Employee benefits	15	1,601	1,295
Other liabilities	16	629	750
Total current liabilities		8,364	8,046
Non-current			
Other financial liabilities	14	2,437	2,731
Lease liabilities	17	518	-
Employee benefits	15	133	157
Deferred tax liabilities	5	2,618	1,588
Total non-current liabilities		5,706	4,476
Total liabilities		14,070	12,522
Net assets		34,697	37,605
Equity			
Equity attributable to owners of the parent:			
Share capital	18	32,892	32,892
Share based payment reserve	19	1,820	487
Other reserves		(92)	-
Retained earnings		(293)	3,829
Total attributable to owners of the parent		34,327	37,208
Non-controlling interest		370	397
Total equity		34,697	37,605

To be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF Cash Flows

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Operating activities			
Receipts from customers		23,887	23,332
Payments to suppliers and employees		(18,707)	(14,761)
Income taxes paid		(256)	(489)
Research and development - tax incentive claim (refundable)		-	97
Other revenue received		169	-
Interest received		75	177
Interest paid		(87)	(193)
Net cash generated from operating activities	29	5,081	8,163
Investing activities			
Payments for property, plant and equipment		(4,597)	(7,063)
Payments for intangible assets		(5,849)	(3,750)
Payments for acquisitions		-	(750)
Net cash generated used in investing activities	30	(10,446)	(11,563)
Financing activities			
Proceeds from borrowings		-	7,633
Proceeds from issue of shares - IPO		-	25,000
Proceeds from issue of convertible notes		-	1,500
IPO costs incurred		-	(2,225)
Repayment of borrowings		(286)	(11,379)
Repayment of lease liabilities		(8)	-
Dividends and distributions paid		(27)	-
Net cash generated from financing activities	31	(321)	20,529
Net increase/(decrease) in cash and cash equivalents		(5,686)	17,129
Cash and cash equivalents at the beginning of the period		22,239	5,110
Cash and cash equivalents at the end of the period	6	16,553	22,239

To be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF Changes in Equity

For the year ended 30 June 2021

	Notes	Share capital \$'000	Share based payment reserve \$'000	Foreign currency translation reserve	Retained earnings \$'000	Total attributable to owners of parent \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance as at 1 July 2020		32,892	487	-	3,829	37,208	397	37,605
Profit/(loss) after income tax for the year		-	-	-	(4,122)	(4,122)	41	(4,081)
Other comprehensive income (loss) for the year, net of tax		-	-	(92)	-	(92)	-	(92)
Total comprehensive income for the year		-	-	(92)	(4,122)	(4,214)	41	(4,173)
Transactions with owners in their capacity as owners								
Dividends and distributions, paid and declared ¹	23	-	-	-	-	-	(68)	(68)
Fair value of options recognised during the year	19	-	1,333	-	-	1,333	-	1,333

Balance as at 30 June 2021		32,892	1,820	(92)	(293)	34,327	370	34,697
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¹ Distribution of profit from AMX Capital Trust (Unit Trust)

	Notes	Share capital \$'000	Share based payment reserve \$'000	Retained earnings \$'000	Total attributable to owners of parent \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance as at 1 July 2019		2,377	-	4,122	6,499	370	6,869
Profit/(loss) after income tax for the year		-	-	(293)	(293)	27	(266)
Total comprehensive income for the year		-	-	(293)	(293)	27	(266)
Proceeds from issue of ordinary shares - IPO		25,000	-	-	25,000	-	25,000
Share based payment reserve - broker options		(124)	-	-	(124)	-	(124)
IPO costs		(1,661)	-	-	(1,661)	-	(1,661)
Tax effect of IPO costs		457	-	-	457	-	457
Net proceeds from share issue (IPO)		23,672	-	-	23,672	-	23,672
Proceeds from issue of Series 'A' convertible notes		7,000	-	-	7,000	-	7,000
Convertible note costs		(420)	-	-	(420)	-	(420)
Tax effect of convertible notes costs		86	-	-	86	-	86
Finance cost of convertible notes now expensed		177	-	-	177	-	177
Net proceeds from conversion of convertible notes to issued equity		6,843	-	-	6,843	-	6,843
Fair value of options recognised during the year	19	-	487	-	487	-	487

Balance as at 30 June 2020		32,892	487	3,829	37,208	397	37,605
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To be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

1. Reporting entity and general information

Aerometrex Limited (the Company) is a for profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX: AMX). The consolidated financial statements comprise the Company and its controlled entities (the Group).

The accounting policies that are critical to understanding the financial statements are set out in this section. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

The Company's registered office and principal place of business is 51-53 Glynburn Road, Glynde SA 5070.

The Company is a professional aerial mapping business specialising in aerial photography, photogrammetry, LiDAR, 3D modelling and aerial imagery subscription services. These activities are grouped into the following service lines:

- **Aerial photography and mapping:** flying, processing and delivering two dimensional digital maps on a project basis
- **Aerial LiDAR surveys:** flying, processing and delivering full waveform LiDAR products on a project basis
- **3D modelling:** flying, processing and delivering high resolution 3D models on a project basis
- **MetroMap:** online aerial imagery delivery service (DaaS subscription service)

The consolidated financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 23 August 2021.

2. Summary of significant accounting policies

2.1. Basis of preparation

The financial statements are prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for for-profit orientated entities. These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements are presented in Australian dollars with all values rounded to the nearest thousand unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Other than where stated below, or in the notes, the consolidated financial statements have been prepared on a going concern basis using the historical cost convention.

2.2. Basis of consolidation

The Group's financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2021. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

2.3. Changes in accounting policies and disclosures

The principal accounting policies adopted are consistent with those of the previous financial year.

Certain comparative information has also been reclassified to conform with the current period's presentation.

2.4. Standards or interpretations issued but not yet effective or relevant to the Group

There are no standards or amendments that have been issued but are not yet effective that are expected to have a significant impact on the Group.

The Group has not adopted, and currently does not anticipate adopting, any standards prior to their effective dates.

2.5. Goods and Services Tax (GST)/Value Added Tax (VAT)/Sales Tax

Revenues, expenses and assets are recognised net of the amount of GST/VAT/Sales Tax, except where the amount of GST/VAT/Sales Tax incurred is not recoverable from the Tax Office. In these circumstances the GST/VAT/Sales Tax is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST/VAT/Sales Tax.

Cash flows are presented in the statement of cash flows on a gross basis, except for the recoverable GST/VAT components of investing and financing activities, which are disclosed as operating cash flows.

2.6. Notes to the financial statements

The notes include additional information required to understand the financial statements that is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if the amount in question is significant because of its size, nature or incidence or it helps to explain the impact of significant changes in the business, for example, acquisitions and asset write downs. Accounting policies and critical judgements are included with the notes relevant to each financial statement area with the detailed notes below.

Line items labelled 'other' on the face of the consolidated statements comprise miscellaneous income, expenses, assets, liabilities or cash flows which individually or in aggregate are not considered material to warrant additional disclosures.

2.7. Critical accounting estimates

In preparing the financial statements, the Group is required to make estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses as reported in the financial statements. These estimates, judgements and assumptions are based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates, and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Group. Actual results may differ from judgements, estimates, and assumptions.

Where the Group has made significant judgements, estimates, and assumptions in the preparation of these financial statements, these are outlined with the financial statement notes to which they specifically relate.

3. Segment information

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'), being the Board of Directors. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Aerometrex operates in two geographical regions being Australia and the USA.

Aerometrex recognises revenue across four product lines, being aerial photography and mapping, aerial LiDAR surveys, 3D modelling, and MetroMap. The tracking of revenue into product lines is used for the internal assessment of revenue performance and future planning, however the expenditure is not recorded into the same product lines, as a significant portion of the costs are shared. That is, the aviation and production resources are available as a whole-of-business resource and allocated to undertake work as required, and to allow for flexibility around external factors such as weather. The gross margin is therefore an accumulative result based on the mixed revenue stream nature of the business (on demand project revenue and subscription revenue).

The gross margin determined from product line revenue and shared aviation and production costs is then combined with a whole-of-business operating expense analysis. EBITDA (earnings before interest, tax, depreciation and amortisation) is reviewed by the CODM at a whole-of-business level to assess performance and to determine the allocation of resources.

The assets and liabilities (Statement of Financial Position) of the company are reported and reviewed by the CODM at a whole-of-business level.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

	Notes	Australia 2021 \$'000	US 2021 \$'000	Total 2021 \$'000
Revenue	4	20,909	32	20,941
Other income	4	304	-	304
Total revenue and other income		21,213	32	21,245
Aircraft and project processing costs		(6,521)	(23)	(6,544)
Employee benefits expense		(6,429)	(730)	(7,159)
Share based payments	19	(1,333)	-	(1,333)
Depreciation of property, plant and equipment	10	(2,713)	(18)	(2,731)
Amortisation of intangible assets	11	(4,296)	-	(4,296)
Advertising and marketing		(419)	(174)	(593)
Consulting and professional services		(489)	(131)	(620)
IT and telecommunications		(287)	(4)	(291)
Occupancy		(270)	(37)	(307)
Travel and accommodation		(49)	(49)	(98)
Other expenses		(1,273)	(163)	(1,436)
Finance costs	20	(87)	-	(87)
Finance income	20	75	-	75
(Loss) before income tax		(2,878)	(1,297)	(4,175)
Income tax benefit / (expense)	5	148	(54)	94
(Loss) for the year after income tax		(2,730)	(1,351)	(4,081)

	Notes	Australia 2020 \$'000	US 2020 \$'000	Total 2020 \$'000
Revenue	4	20,091	-	20,091
Other income	4	174	-	174
Total revenue and other income		20,265	-	20,265
Aircraft and project processing costs		(6,376)	(1)	(6,377)
Employee benefits expense		(6,352)	(186)	(6,538)
Share based payments	19	(363)	-	(363)
Depreciation of property, plant and equipment	10	(2,109)	(2)	(2,111)
Amortisation of intangible assets	11	(1,677)	-	(1,677)
Advertising and marketing		(224)	(5)	(229)
Consulting and professional services		(151)	(12)	(163)
IT and telecommunications		(577)	(2)	(579)
Occupancy		(225)	-	(225)
Travel and accommodation		(117)	(6)	(123)
IPO and capital raising costs expensed		(499)	-	(499)
Refinance costs		(198)	-	(198)
Other expenses		(1,043)	(27)	(1,070)
Finance costs	20	(370)	-	(370)
Finance income	20	177	-	177
Profit / (loss) before income tax		161	(241)	(80)
Income tax benefit / (expense)	5	(240)	54	(186)
(Loss) for the year after income tax		(79)	(187)	(266)

4. Revenue and other income

Aerometrex generates revenue from two principle sources:

1. Subscription revenue from MetroMap aerial imagery subscription service or "Data as a Service" (DaaS); and
2. Project based contracts to undertake LiDAR surveys, aerial imagery and mapping and 3D modelling (on demand).

	Aerial photography and mapping	Aerial LiDAR surveys	3D	MetroMap
Services	The key products from this activity are aerial photographs, orthophotography (scale corrected 2D aerial imagery maps), Digital Terrain Models (DTMs), Digital Surface Models (DSMs) and digitised 3D feature data for Geographic Information Systems.	Aerometrex provides an aerial LiDAR surveying service, an advanced aerial surveying technique which accurately maps the ground surface using airborne lasers.	Aerometrex has developed a sophisticated 3D modelling and mapping system derived from oblique aerial photographs. It offers 3D models of the highest resolution (1cm-2cm pixel) and absolute accuracy (5cm in the XY & Z dimensions) derived from aerial platforms.	Aerometrex provides an online imagery web-serving application, MetroMap, which offers Aerometrex's high-quality, accurate imagery to a subscriber base. MetroMap fulfils all the quality and accuracy requirements of sophisticated geospatial data users and provides easy to consume product for the corporate market, via a web browser interface.
Revenue Model	Project based revenue	Project based revenue	Project based revenue	Subscription revenue from "Data as a Service" (DaaS)
Revenue Recognition	On demand revenue (transferred over time)	On demand revenue (transferred over time)	On demand revenue (transferred over time)	Subscription revenue (transferred over time) Or On demand revenue (projects delivered via MetroMap) (transferred over time)

Accounting policy

Operating revenue arises from the sale of goods and the rendering of services. It is measured by reference to the fair value of consideration received or receivable. The Group often enters into sales transactions involving a range of the Group's products and services. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these multiple-component transactions are allocated to the separately identifiable component in proportion to its relative fair value.

Project based (on demand revenue): relates to revenue to be recognised over time as the project is being completed in accordance with percentage of completion method.

Sale of goods and services (data sets) is recognised in full when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods or service.

Generally, for project work, the Group will invoice a component up front as a deposit to mobilise the air crew, a further component upon acquisition and the balance upon delivery of the data set.

The maximum amount of revenue to be recognised for each milestone is determined by estimating relative contract fair values of each project phase, i.e., by comparing the Group's overall contract revenue with the expected profit for each corresponding milestone. Progress and related contract revenue in-between milestones is determined by comparing input method of costs incurred to date with the total estimated costs estimated for that particular milestone (a procedure sometimes referred to as the cost-to-cost method).

The gross amount due from customers for contract work is presented as contract assets for contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

The gross amount due to customers for contract work is presented as contract liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

The cost value plus recognised profits of any unbilled work-in-progress is recognised as a contract asset in the statement of financial position.

Subscription revenue: Revenue from subscription services is recognised over time, over the contract term beginning on the date the services are made available to the customer. The contract terms may vary in accordance with the individual terms of the subscription agreement. Revenue from the subscription service represents a single promise to provide continuous access to the company's digital aerial imagery. As each day of providing access to the data is substantially the same and the customer simultaneously receives and consumes the benefit as access is provided, the Group has determined that its subscription service arrangement include a single performance obligation comprised of a series of distinct services.

Disaggregation of revenue from contracts with customers

Timing of revenue recognition	2021 \$'000	2020 \$'000
Subscriptions		
MetroMap	3,640	705
Transferred over time (subscription revenue)	3,640	705
Projects		
3D	1,849	3,361
LiDAR	8,929	8,923
MetroMap - on demand	842	990
Photo contracting	5,681	6,112
Transferred over time (on demand revenue)	17,301	19,386
Total revenue from contracts with customers	20,941	20,091

Geographical regions	2021 \$'000	2020 \$'000
Australia	20,909	19,553
US	32	-
Europe ¹	-	538
Total revenue from contracts with customers	20,941	20,091

¹ Customers were serviced from the Australian operations

Other Income	2021 \$'000	2020 \$'000
COVID-19 related grants and credits	50	50
Government employment incentives	-	38
Export grants	36	-
Change in fair value of liabilities	121	-
Other income	97	86
Total other income	304	174

Accounting policy

Government grants

Government grants are recognised as income when received or when the Company complies with any conditions such that it becomes to entitled to the grant (either before or after year end).

COVID-19 related grants and credits

Coronavirus (COVID-19) related grants consist of the temporary Cash Flow Boost scheme that was introduced to support business during the economic downturn associated with COVID-19. Under the Cash Flow Boost payment scheme, eligible businesses who employ staff will receive a cash flow boost in the form of a credit when lodging their business activity statement. The activity statement must be lodged to receive the entitlement to the cash flow boost. The Company recognises the entitlement of the Cash Flow Boost in the profit or loss when the business activity statement is lodged.

No other government support, e.g. JobKeeper, has been received.

Change in fair value of liabilities

Change in fair value of liabilities represents an adjustment to the consideration payable to EagleView Technologies Inc for Spookfish Australia Pty Ltd. Further information is included in Note 28 Asset acquisition.

5. Income tax

	2021 \$'000	2020 \$'000
Income tax expense		
Current tax	-	39
Deferred tax - origination and reversal of temporary differences	(59)	211
Deferred tax - changes in tax rates	(12)	-
Research and development tax offset	(18)	(113)
Adjustment recognised for current tax of prior periods	(5)	49
Total income tax expense / (benefit)	(94)	186

The reconciliation of income tax expense at the Australian tax rate to total income tax expense is as follows:

	2021 \$'000	2020 \$'000
Profit / (Loss) from continuing operations before income tax expense	(4,175)	(80)
Tax expense / (benefit) at the Australian tax rate of 26.0% (2020: 27.5%)	(1,085)	(22)
Income tax expense adjustments		
Effect of different tax rates in foreign jurisdictions	15	7
Effect on non-assessable income and non-deductible expenses	289	146
Shared based payments	347	100
Interest on convertible notes (converted to equity)	-	49
Adjustments for current and deferred tax	36	19
Tax losses not recognised	322	-
Research and development tax offsets	(18)	(113)
Income tax expense / (benefit)	(94)	186

Accounting policy

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. 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.

Aerometrex Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	1 July 2020 \$'000	Recognised in profit and loss \$'000	30 June 2021 \$'000
Deferred tax assets / (liabilities)			
Current assets			
Other assets	(155)	(32)	(187)
Unused income tax losses and credits	66	634	700
Non-current assets			
Property, plant and equipment	(508)	(547)	(1,055)
Intangible assets	(925)	(451)	(1,376)
Current liabilities			
Trade and other payables	-	214	214
Contract liabilities	514	213	727
Employee obligations	366	48	414
Lease Liabilities	-	14	14
Non-current liabilities			
Employee obligations	43	(8)	35
Lease Liabilities	-	134	134
Equity			
Capital raising costs	429	(131)	298
Net deferred tax	(170)	88	(82)
Total deferred tax assets	1,418	1,118	2,536
Total deferred tax liabilities	(1,588)	(1,030)	(2,618)

	1 July 2019 \$'000	Recognised in profit and loss \$'000	Recognised in equity \$'000	30 June 2020 \$'000
Deferred tax assets / (liabilities)				
Current assets				
Other assets	(285)	130	-	(155)
Unused income tax losses	-	66	-	66
Non-current assets				
Property, plant and equipment	(447)	(61)	-	(508)
Intangible assets	(359)	(566)	-	(925)
Current liabilities				
Contract liabilities	78	436	-	514
Employee obligations	245	121	-	366
Non-current liabilities				
Employee obligations	26	17	-	43
Equity				
Capital raising costs	-	-	429	429
Net deferred tax	(457)	(53)	429	(81)
Total deferred tax assets	349	640	429	1,418
Total deferred tax liabilities	(1,091)	(497)	-	(1,588)

The company has recognised deferred tax assets on current period losses for the Australian operation, as it is probable that there will be future taxable profits for the utilisation of these losses. No deferred tax balances have been recognised for the US operation for the current period, as the availability of taxable profits is not expected in the immediate future, given the startup phase of the operation.

Deferred tax balances in relation to the US operation were not recognised in the statement of financial position for unused tax losses of \$1,588,132 and taxable temporary differences of \$62,529. Tax effect of these amounts at current tax rates is \$391,595 and \$15,418 respectively.

Critical accounting estimate – Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Judgement is also required to determine the probability of future taxable profits against which to offset unused tax losses and credits.

6. Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash at bank and in hand		
Cash at bank and on hand	3,830	3,631
Short term deposits at call	12,723	18,608
Cash and cash equivalents total	16,553	22,239

Short term deposits at call represent deposits with a maturity date of less than three months.

7. Trade and other receivables

	2021 \$'000	2020 \$'000
Trade receivables (gross)	2,978	2,512
Less: allowance for credit losses	(13)	-
Trade receivables (net)	2,965	2,512
Trade and other receivables	2,965	2,512

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 30-90 days depending on the nature of the transaction and are non-interest bearing and unsecured.

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.

The Group has recognised \$13k loss in relation to expected credit losses (2020: \$nil).

Critical accounting estimate

Trade receivables are reviewed on a regular basis to assess whether there is any impairment risk of a balance not being recoverable that would give rise to an expected credit loss. As at the reporting date, the assessment of impairment was nil. The assessment assumptions include recent sales experience and historical collection rates.

2021	Current	30-60 Days	61-90 Days	90+ Days	Total
Expected loss rate	0.0%	0.0%	0.0%	41.9%	0.4%
Gross carrying amount	2,574	352	21	31	2,978
Expected credit loss	-	-	-	13	13

2020	Current	30-60 Days	61-90 Days	90+ Days	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%
Gross carrying amount	2,427	84	1	-	2,512

8. Contract assets

	2021 \$'000	2020 \$'000
Projects	673	563
Subscriptions	32	-
Accrued Income	14	-
Contract assets	719	563

Contract assets relate to work that has been undertaken in relation to ongoing projects where the revenue is recognised over time but had not been billed as at the reporting date, subscriptions billed in arrears for partner accounts, and income for grants not yet received.

9. Other assets

	2021 \$'000	2020 \$'000
Prepayments	863	456
Deposits and bonds	15	3
Total other assets	878	459

Prepayments relate to expenses that have either been paid or incurred (and therefore recognised in trade and other payables) in the current reporting period but the goods or services will be provided in a future period.

10. Property, plant and equipment

	Land \$'000	Buildings \$'000	Land and buildings - right-of-use	Leasehold improvements	Plant and equipment \$'000	Capital work in progress \$'000	Total \$'000
As at 30 June 2021							
Cost	794	2,395	580	27	21,155	970	25,921
Less accumulated depreciation	-	(297)	(16)	(5)	(8,874)	-	(9,192)
Carrying amount at the end of the year	794	2,098	564	22	12,281	970	16,729
Reconciled as:							
Cost as at 1 July 2020	794	2,395	-	27	16,094	3,876	23,186
Additions	-	-	580	-	1,387	1,174	3,141
Transfers between asset classes	-	-	-	-	4,080	(4,080)	-
Disposals	-	-	-	-	(409)	-	(409)
Change in foreign exchange rates	-	-	-	-	3	-	3
Cost as at 30 June 2021	794	2,395	580	27	21,155	970	25,921
Accumulated depreciation as at 1 July 2020	-	(214)	-	(2)	(6,606)	-	(6,822)
Depreciation	-	(83)	(16)	(3)	(2,629)	-	(2,731)
Disposals	-	-	-	-	361	-	361
Accumulated depreciation as at 30 June 2021	-	(297)	(16)	(5)	(8,874)	-	(9,192)
Net carrying value as at 30 June 2021	794	2,098	564	22	12,281	970	16,729
Reconciliation of carrying amount at 30 June 2021							
Carrying amount at the beginning of the year	794	2,181	-	25	9,488	3,876	16,364
Additions	-	-	580	-	1,387	1,174	3,141
Transfers between asset classes	-	-	-	-	4,080	(4,080)	-
Depreciation	-	(83)	(16)	(3)	(2,629)	-	(2,731)
Disposals	-	-	-	-	(48)	-	(48)
Change in foreign exchange rates	-	-	-	-	3	-	3
Carrying amount at the end of the year	794	2,098	564	22	12,281	970	16,729

Accounting policy - leased assets

Right-of-use assets

The company recognises right-of-use assets at the commencement date of a lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Non-cash movements in right-of-use assets are included in Note 30 Non-cash investing and financing activities.

	Land \$'000	Buildings \$'000	Leasehold improvements	Plant and equipment \$'000	Capital work in progress \$'000	Total \$'000
As at 30 June 2020						
Cost	794	2,395	27	16,092	3,876	23,184
Less accumulated depreciation	-	(214)	(2)	(6,604)	-	(6,820)
Carrying amount at the end of the year	794	2,181	25	9,488	3,876	16,364
Reconciled as:						
Cost as at 1 July 2019	794	2,395	-	11,367	-	14,556
Additions	-	-	27	4,772	3,876	8,675
Disposals	-	-	-	(45)	-	(45)
Cost as at 30 June 2020	794	2,395	27	16,094	3,876	23,186
Accumulated depreciation as at 1 July 2019	-	(124)	-	(4,632)	-	(4,756)
Disposals	-	-	-	45	-	45
Depreciation	-	(90)	(2)	(2,019)	-	(2,111)
Accumulated depreciation as at 30 June 2020	-	(214)	(2)	(6,606)	-	(6,822)
Net carrying value as at 30 June 2020	794	2,181	25	9,488	3,876	16,364
Reconciliation of carrying amount at 30 June 2020						
Carrying amount at the beginning of the year	794	2,271	-	6,735	-	9,800
Additions	-	-	27	4,772	3,876	8,675
Depreciation	-	(90)	(2)	(2,019)	-	(2,111)
Carrying amount at the end of the year	794	2,181	25	9,488	3,876	16,364

Accounting policy - owned assets

Each class of property, plant and equipment is carried at historical cost or fair value, less, where applicable, any accumulated depreciation and impairment losses. The historical cost includes any expenditure that is directly attributable to the acquisition of the item.

Capital work in progress represents deposits or progress payments on the acquisition of plant and equipment. These assets are transferred from capital work in progress to the appropriate asset class once the asset has been deployed or available to be deployed into operational activities.

Depreciation is recognised on a straight-line basis to write off the cost off the item less any estimated residual value over its expected useful life. The following useful lives are applied:

- Land: As land does not have a finite life, related carrying amounts are not depreciated
- Buildings: 40 years
- IT equipment: 3-5 years
- Other equipment: 3-12 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Any impairment charges are separately identified in the financial statements.

Critical accounting estimate - Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected use of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the effective life of technology related equipment - IT, sensors.

11. Intangible assets

	Datasets \$'000	Computer software \$'000	Other \$'000	Goodwill \$'000	Contractual rights \$'000	Capital work in progress \$'000	Total \$'000
As at 30 June 2021							
Cost	12,729	42	40	1,785	364	409	15,369
Less accumulated amortisation	(6,911)	(8)	-	-	(325)	-	(7,244)
Carrying amount at the end of the year	5,818	34	40	1,785	39	409	8,125
Reconciled as:							
Cost as at 1 July 2020	7,339	-	32	1,785	364	-	9,520
Additions	5,390	42	8	-	-	409	5,849
Cost as at 30 June 2021	12,729	42	40	1,785	364	409	15,369
Accumulated amortisation as at 1 July 2020	(2,915)	-	-	-	(33)	-	(2,948)
Amortisation	(3,996)	(8)	-	-	(292)	-	(4,296)
Accumulated amortisation as at 30 June 2021	(6,911)	(8)	-	-	(325)	-	(7,244)
Net carrying amount as at 30 June 2021	5,818	34	40	1,785	39	409	8,125
Reconciliation of carrying amount at 30 June 2021							
Carrying amount at the beginning of the year	4,424	-	32	1,785	331	-	6,572
Additions	5,390	42	8	-	-	409	5,849
Amortisation	(3,996)	(8)	-	-	(292)	-	(4,296)
Carrying amount at the end of the year	5,818	34	40	1,785	39	409	8,125

	Datasets \$'000	Other \$'000	Goodwill \$'000	Contractual rights \$'000	Total \$'000
As at 30 June 2020					
Cost	7,339	32	1,785	364	9,520
Less accumulated amortisation	(2,915)	-	-	(33)	(2,948)
Carrying amount at the end of the year	4,424	32	1,785	331	6,572
Reconciled as:					
Cost as at 1 July 2019	2,555	33	1,785	-	4,373
Additions	4,784	19	-	364	5,167
Impairment	-	(20)	-	-	(20)
Cost as at 30 June 2020	7,339	32	1,785	364	9,520
Accumulated amortisation as at 1 July 2019	(1,271)	-	-	-	(1,271)
Amortisation	(1,644)	-	-	(33)	(1,677)
Accumulated amortisation as at 30 June 2020	(2,915)	-	-	(33)	(2,948)
Net carrying value as at 30 June 2020	4,424	32	1,785	331	6,572
Gross carrying amount					
Balance 1 July 2019	1,284	33	1,785	-	3,102
Additions	4,784	19	-	364	5,167
Impairment	-	(20)	-	-	(20)
Amortisation	(1,644)	-	-	(33)	(1,677)
Carrying amount 30 June 2020	4,424	32	1,785	331	6,572

Accounting policy

Each class of intangible assets is carried at historical cost, less, where applicable, any accumulated amortisation and impairment losses. The historical cost includes any expenditure that is directly attributable to the acquisition of the item.

Amortisation is recognised on a straight-line basis to write off the cost off the item less any estimated residual value over its expected useful life. The following useful lives are applied:

- Datasets: 2 years
- Software: 1-3 years
- Contractual rights: 1-3 years (remainder of subscription term)

An intangible item is derecognised upon disposal or when there is no future economic benefit to the Group. Gains or losses arising on the disposal of intangibles are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Any impairment charges are separately identified in the financial statements.

Critical accounting estimate - Datasets

MetroMap datasets are capitalised to the statement of financial position and amortised on a straight line basis over an effective life of two years. The capitalisation and amortisation commences from the completed date of capture being the date that the dataset is made available to customers. The capitalised cost for the dataset includes the cost of capture being the aerial survey, an allocation of overhead costs and employment costs directly attributable to the transformation of the data to enable the upload of the imagery to the MetroMap platform.

Management reviews its estimate of the useful lives of capitalised datasets at each reporting date. Uncertainties in these estimates relate to technical obsolescence that may change the use of datasets in future periods.

During the prior year, the Company acquired Spookfish Australia Pty Ltd from EagleView Technologies Inc and as part of the acquisition acquired an irrevocable perpetual licence to the data imagery and the existing customer list.

Critical accounting estimate - Capital work in progress

MetroMap datasets that are in the process of being completed but are not yet published are treated as capital work in progress until such time that they are published and made available to customers. The calculation of capital work in progress figure is consistent with the methodology used in the capitalisation of datasets.

Critical accounting estimate – Research and development

Expenditure on research and development activities is expensed and recognised in the statement of profit or loss and other comprehensive income as incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, the consolidated entity is able to use or sell the asset, the consolidated entity has sufficient resources and intent to complete the development, and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Goodwill

Goodwill represents the excess of purchase consideration over the fair value of net assets acquired in a business combination and is measured at cost less, where applicable, any accumulated impairment losses.

Critical accounting estimate – Impairment of goodwill

Goodwill and other indefinite life intangible assets are not subject to amortisation but are tested for impairment annually, or more frequently if events or changes in circumstances indicate impairment. An impairment loss is recognised when the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal costs or value in use. For the purposes of goodwill impairment testing, the cash generating unit (CGU) to which goodwill has been allocated, generally the CGU(s) that is expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill, is compared against the recoverable amount of the CGU to determine any impairment loss.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The Group performed its annual impairment test at 30 June 2021. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2021, the market capitalisation of the Group was above the book value of its equity and growth within MetroMap and capture of datasets continued throughout the 2021 financial year.

Australia CGU

The Australia CGU includes the value of goodwill, datasets, and other intangible assets at 30 June 2021 totalling \$7.7m (2020: \$6.6m) and property, plant and equipment of \$16.6m (2020: \$16.3m) giving rise to a total CGU value of \$24.4m (2020: \$22.9m).

The recoverable amount of the Australia CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 14.9% (2020: 14.9%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 3% (2020: 3%).

These projections are based on company experience and external information sources of the available target market. The industry segments in the Group's customer portfolio have not been significantly impacted COVID-19. However, in preparing financial projections, the Group has considered the macroeconomic uncertainty arising from COVID-19 and the likely impact on cash flows.

As a result of the analysis, there is adequate headroom and management did not identify an impairment for this CGU.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

12. Trade and other payables

	2021 \$'000	2020 \$'000
Current		
Trade payables	1,094	1,083
Other payables - asset acquisitions (capital work in progress)	-	2,081
Distributions payable - AMX Capital Trust	41	-
Other payables	1,520	1,103
Total trade and other payables	2,655	4,267

Due to their short term nature these liabilities are measured at amortised value and not discounted. The amounts are unsecured and normally settled within 30 days of recognition.

These amounts represent liabilities owing by the Group at the end of the reporting period where:

- The goods or services had been provided to the Group prior to the end of the reporting period and had not been paid.
- Goods or services that had not been provided to the Group by the end of the reporting period, but an obligation to pay an amount had been incurred, are recognised within prepayments (other current assets).
- In relation to asset acquisitions, invoices had been received prior to the end of the reporting period but had not been paid. These are recognised in property, plant and equipment as capital work in progress.

13. Contract liabilities

	2021 \$'000	2020 \$'000
Current		
Projects billed in advance	603	309
Subscriptions billed in advance	2,191	1,025
Total contract liabilities	2,794	1,334

This should be read in conjunction with Note 4 Revenue and other income.

Projects billed in advance is where the progress billings to customers for contract work (projects) which has not been completed exceeds the costs incurred plus recognised profits (less recognised losses).

Subscriptions billed in advance represents monies paid by subscribers to the MetroMap data service in advance of the service being provided. Monies received in advance of the services being provided are deferred to the future period matching the subscription term, generally 1-3 years.

14. Other financial liabilities

	Current		Non-current	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Carrying amount at amortised cost				
Other bank borrowings:				
Credit card facilities	69	123	-	-
Premium finance liabilities	280	-	-	-
Chattel mortgage liabilities	162	-	792	-
Commercial hire purchase	-	156	-	954
Business loans	120	121	1,645	1,777
Total	631	400	2,437	2,731

Chattel mortgages and commercial hire purchases

Under the terms of the current debt facility with Westpac, equipment that is financed is held under a commercial hire purchase agreement.

The arrangements are classified as follows:

Commercial hire purchase	2021 \$'000	2020 \$'000
Minimum payments	1,069	1,270
Less future charges	(115)	(160)
Present value of minimum payments	954	1,110
Current liability	162	156
Non-current liability	792	954
Total	954	1,110

Commercial bills

The commercial bill facility was replaced with a bank bill business loan. Refer to note below.

Finance arrangements

Aerometrex has the following debt facilities available with Westpac. These debt facilities are:

1. A bank bill business loan facility limit of \$2.59m (2020: \$3.74m) was available to be drawn if required. This facility has a reducing credit limit in line with a principal and interest loan however is available to be drawn down as required. At the end of the reporting period the outstanding liability was \$nil (June 2020: \$1k).
2. A pre-approved equipment line credit of \$2m which is intended to assist with new capital purchases of plant and equipment. At the end of the reporting period the available funds to draw were \$0.93m (2020: \$0.73m).
3. Corporate credit card facility of \$300k. Balance as at the end of the reporting period was \$69k (June 2020: \$123k). This balance is cleared in full on a monthly basis.
4. A \$100k bank guarantee facility.

The security for the debt facilities includes a general security agreement from Aerometrex over fixed and floating assets and a guarantee and general security agreement from Atlass-Aerometrex Pty Ltd. There are no director guarantees associated with the facilities.

The facilities have the following financial covenants:

- At all times the equity ratio must not be less than:
 - 30% in the period up to 31 December 2019; and
 - 40% in the period after 31 December 2019; and
- At all times the financial debt to EBITDA ratio must be less than 2.5 times.

These covenants were met for the year ended 30 June 2021.

In addition, AMX Capital Pty Ltd as trustee for the AMX Capital Trust, a controlled entity of Aerometrex and the owner of Aerometrex's head office premises has a bank bill loan secured by a general security agreement from AMX Capital Pty Ltd as trustee for AMX Capital Trust, a first mortgage over 51-53 Glynburn Road, Glynde SA 5070 and guarantees from Aerometrex and Atlass-Aerometrex Pty Ltd. At the end of the reporting period the outstanding liability was \$1.77m (June 2020: \$1.89m).

Convertible Notes

There were no convertible notes issued during the year.

During the comparative period the company issued 1,500,020 series 'A' convertible notes (pre IPO notes) with a face value of \$1.00 each to sophisticated and institutional investors in a number of tranches to raise \$1,520,000 (before costs) in pre IPO funding. Under the terms of the convertible note deed poll, the notes would convert to shares based on the IPO or sale event conversion price through a successful IPO before 30 June 2020.

The 7,000,000 series 'A' convertible notes were converted into ordinary shares at the rate of 1 convertible note for 1.31428 ordinary shares and became 9,200,000 ordinary shares immediately prior to the public listing.

	2021 #	2020 #	2021 \$'000	2020 \$'000
Opening balance at 1 July	-	5,499,980	-	5,080
Issue of convertible notes	-	1,500,020	-	1,500
Conversion of convertible notes	-	(7,000,000)	-	(6,757)
Addback of finance cost on convertible note now expensed	-	-	-	177
Closing balance at 30 June	-	-	-	-

15. Employee benefits

Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

	2021 \$'000	2020 \$'000
Current		
Leave provisions	1,521	1,233
Post-employment benefit obligations	80	62
Total current provisions and obligations	1,601	1,295
Non-current		
Leave provisions	133	157
Total non-current provisions and obligations	133	157
Total employee provisions and obligations	1,734	1,452

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long-term benefits where they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows.

Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

16. Other liabilities

	2021 \$'000	2020 \$'000
Deferred consideration	629	750
Total	629	750

Deferred consideration represents the second instalment payable to EagleView Technologies Inc for the acquisition of Spookfish Australia Pty Ltd. This is the amount payable for the final settlement payment in relation to the acquisition of key contracts and is based on the number of customers retained on the first anniversary of the original acquisition date.

17. Leases

	2021 \$'000	2020 \$'000
Expense relating to short-term leases	766	-
Total cash outflow for leases ¹	775	-
Future cash outflows not included in the measurement of lease liabilities:		
Future cash outflows relating to extension options	337	-

¹ this includes the gross repayments on capitalised lease liabilities, as well as other payments not included in the measurement of lease liabilities (e.g. short-term lease payments, low-value lease payments, and variable lease payments).

Balance of lease liabilities	2021 \$'000	2020 \$'000
Current	54	-
Non-current	518	-
Total	572	-

Accounting Policy

Right-of-use assets

Details on right-of-use assets are included in Note 10 Property, plant and equipment - this includes accounting policy, additions, depreciation charges, and carrying amount at the end of the reporting period.

Non-cash movements in right-of-use assets are included in Note 30 Non-cash investing and financing activities.

Lease liabilities

At the commencement date of a lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating a lease, if the lease term reflects the company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Interest expense on lease liabilities is included in Note 20 Finance costs and finance Income.

Reconciliation of cash and non-cash movements in lease liabilities is included in Note 31 Changes in liabilities arising from financing activities.

Note 26 Financial instrument risk splits out lease liabilities from other financial liabilities, to demonstrate the relevant information for each risk as it relates to lease liabilities.

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. Leases held by the Company satisfy the relevant criteria of a short-term lease or low value asset.

18. Share capital

	2021 Shares	2020 Shares	2021 \$'000	2020 \$'000
Shares issued and fully paid:				
Opening balance 1 July	94,400,000	1,786,009	32,892	2,377
Restructure of existing securities ^(a)	-	58,413,991	-	-
Restructured number of shares prior to IPO / note conversion	94,400,000	60,200,000	32,892	2,377
Issue of securities (prospectus) ^(b)	-	25,000,000	-	25,000
Net costs (after tax effect) associated to IPO	-	-	-	(1,204)
Allocation of options to Lead Manager on IPO	-	-	-	(124)
Convertible notes (conversion) ^(c)	-	9,200,000	-	7,000
Net costs (after tax effect) of convertible notes	-	-	-	(157)
Closing balance	94,400,000	94,400,000	32,892	32,892

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

During the prior comparative period, the following security transactions were undertaken:

- The number of shares on issue at 1 July 2019 was 1,786,009 fully paid A class shares which were restructured following a 1 for 32.706 split on 9 September 2019 and became 60,200,000 ordinary shares.
- 25,000,000 ordinary shares were issued from a fully underwritten IPO prospectus which was lodged with ASIC on 1 November 2019.
- 7,000,000 series 'A' convertible notes were converted into ordinary shares at the rate of 1 convertible note for 1.31428 ordinary shares and became 9,200,000 ordinary shares.

19. Share based payments

300,000 options were issued to Directors following approval at the AGM in November 2020 during the current reporting period.

Options on issue at the end of the period:

Options granted	Beneficiary		Number #	Grant date	Vesting date	Expiry date	Exercise price \$	Fair value at grant date \$
10 Dec 2019	Non-executive directors	2021	1,000,000	10 Dec 19	10 Dec 19	10 Dec 21	1.25	0.069
		2020	1,000,000					
10 Dec 2019	Lead manager and underwriter	2021	944,000	10 Dec 19	10 Dec 21	10 Dec 23	1.25	0.132
		2020	944,000					
05 May 2020	Employees via ESOP	2021	985,000	05 May 20	05 May 21	05 May 23	1.25	1.001
		2020	1,277,500					
05 May 2020	Employees via ESOP	2021	985,000	05 May 20	05 May 22	05 May 23	1.25	1.001
		2020	1,277,500					
04 Nov 2020	Directors via ESOP	2021	150,000	04 Nov 20	05 May 21	05 May 23	1.25	0.335
		2020	-					
04 Nov 2020	Directors via ESOP	2021	150,000	04 Nov 20	05 May 22	05 May 23	1.25	0.335
		2020	-					
		Total 2021	4,214,000					
		Total 2020	4,499,000					

Movements in the share based payments reserve are as follows:

	2021 \$'000	2020 \$'000
Opening balance	487	-
Current period amortisation (net)	1,333	363
Transferred to ordinary share capital	-	124
Balance at the end of period	1,820	487

Summary of terms:

Broker options –the Lead Manager and Underwriter was issued 944,000 options with an exercise price of \$1.25 per option as part of the Lead Manager Mandate. These options will vest two years from the date the options are granted and will expire four years from the date the options are granted. As all vesting conditions have been met, these options have been recognised in full in the statement of financial position as a cost against the successful IPO.

Non-executive director options - the non-executive directors were issued 1,000,000 options with an exercise price of \$1.25 per option to the Chair, Mark Lindh, and non-executive director, Matthew White. These options will expire two years from the quotation date on the ASX. As all vesting conditions have been met, these options have been recognised in full in the profit or loss statement in the grant year (2020).

Employee share option plan (ESOP) – during the prior reporting period 2,555,000 options were granted to staff under an employee share option plan to align staff with long term interests of shareholders. These options were issued for nil consideration with no performance obligations in relation to the options however there is a staged vesting based on employment with 50% vesting 12 months after issue and the remaining 50% vesting two years from issue. The options expiry date is set as three years from the offer date and have an exercise price of \$1.25 per option. As the vesting condition is based on time served during employment, the value of the options granted are recognised over the vesting condition service period (based on days). Options where the vesting conditions have not been met are removed at the time of the trigger event (the lapsing).

The granting of 100,000 options (each) to three directors (Mark Deuter, David Byrne and Peter Foster) was approved at the company's annual general meeting (AGM) on 4 November 2020. The initial accounting treatment for these options was included in the calculations of options to employees under the ESOP granted 5 May 2020 as the director options have same terms and conditions. This has been reclassified in the current reporting period to reflect the valuation at the time of the approval date, being the company's AGM.

The cost of the options was adjusted during the current reporting period to reflect the changes of the granting of the options to the three directors. The impact of these adjustments were offset in the current reporting period.

Fair value of share options granted during the period

The fair value of the options granted was determined using the Black-Scholes Valuation Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the assumed volatility.

Valuation input - Black Scholes	Directors via ESOP
Grant Date	04 Nov 2020
Strike price (nominal value)	\$1.25
Price at time of valuation	\$1.26
Time to expiration (years)	2.5
Risk free rate	0.110%
Dividend yield	0.000%
Volatility (assumed)	42.00% ¹
Number of units	300,000
Black-Scholes valuation (per option)	\$0.335
Total valuation	\$100,594

¹ Expected volatility was determined with reference to the historical volatility of the share price.

Movement in share options during the reporting period was as follows:

	2021 Options #	2021 Weighted average exercise price \$	2020 Options #	2020 Weighted average exercise price \$
Options				
Number of options outstanding at 1 July	4,499,000	1.25	-	-
Options granted during the period ¹	300,000	1.25	4,499,000	1.25
Options exercised during the period	-	-	-	-
Options lapsed during the period	-	-	-	-
Options forfeited during the period	-	-	-	-
Options reclassified during the period ¹	(300,000)	1.25	-	-
Total options at 30 June	4,499,000	1.25	4,499,000	1.25
Vested and exercisable at 30 June	2,277,500	1.25	1,000,000	1.25

¹ The granting of 100,000 options (each) to three directors (Mark Deuter, David Byrne and Peter Foster) was approved at the company's annual general meeting on 4 November 2020. The initial accounting treatment for these options was included in the calculations of options to employees under the ESOP granted 5 May 2020 as the director options have same terms and conditions. This has been reclassified in the current reporting period to reflect the valuation at the time of the approval date, being the company's AGM.

Accounting policy

The Group implemented an employee share option plan during the comparative period to enable share based compensation benefits (equity-settled) to be provided to employees. The fair value of the shares granted is recognised as an employee benefits expense with a corresponding increase in equity (share based payments reserve). The fair value is measured at the grant date and is recognised over the period in which employees become unconditionally entitled to the shares (vesting conditions are met).

The Company adopts a Black-Scholes valuation methodology to determine the fair value of the shares at the grant date. The valuation methodology considers the current share price at grant date, risk free rate, volatility, expected dividend yield, the risk free interest rate for the term and any restrictions that may apply. The fair valuation of the shares granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, the Company reviews and revises, if necessary, its estimate of the number of shares that expected to vest. The employee benefit expense recognised in each period takes into account management's latest estimate. The impact of a revision of the original estimate is recognised in the profit or loss statement with a corresponding adjustment to equity (share based payments reserve).

Critical accounting estimate – non-market vesting conditions

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, the Company reviews and revises, if necessary, its estimate of the number of shares that expected to vest. The employee benefit expense recognised in each period takes into account management's latest estimate.

20. Finance costs and finance income

20.1. Finance income

	2021 \$'000	2020 \$'000
Interest income from cash and cash equivalents	75	177
Total finance income	75	177

Finance income comprises interest income on cash and cash equivalents and short term deposits. Interest income is reported on an accrual basis using the effective interest method.

20.2. Finance costs

	2021 \$'000	2020 \$'000
Interest expenses on chattel mortgage arrangements	45	78
Finance costs on pre-IPO convertible notes	-	177
Interest expenses on lease liabilities	2	-
Interest expenses on other facilities	40	115
Total finance costs	87	370

21. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit or loss after income tax attributable to equity holders of the parent entity divided by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted EPS is calculated by dividing the net profit or loss after income tax attributable to equity holders of the parent entity divided by the weighted average number of ordinary shares outstanding during the reporting period plus the weighted average number of ordinary shares that would be issued on conversion if all of the share options were exercised and converted into ordinary shares.

The following table reflects the data used in the calculation of the EPS computations:

	2021 \$'000	2020 \$'000
(Loss) attributable to equity holders of the parent	(4,122)	(293)

	2021 #	2020 #
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	94,400,000	79,220,822
Effects of dilution from:		
Options over ordinary shares	4,258,081	1,473,184
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share¹	98,658,081	80,694,005

	2021 cents	2020 cents
Basic earnings per share	(4.4)	(0.4)
Diluted earnings per share ¹	(4.4)	(0.4)

¹ the diluted earnings per share is the same as the basic earnings per share, as the effect of potential ordinary shares would be anti-dilutive.

22. Related party transactions

The Group's related parties include key management, post-employment benefit plans for the Group's employees and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash, with the exception of share based remuneration, which is typically equity-settled.

Transactions with key management personnel

Key management personnel (KMP) of the Group are the executive members of Aerometrex's Board of Directors and members of the executive team. Key management personnel remuneration includes the following expenses (refer audited remuneration report for detailed disclosures):

	2021 \$	2020 \$
Short term employee benefits:		
Salaries including bonuses	1,745,890	1,429,559
Non-monetary benefits	5,914	6,457
Employee entitlements	4,022	6,395
Total short-term employee benefits	1,755,826	1,442,411
Long service leave	(1,685)	75,063
Total other long-term benefits	(1,685)	75,063
Superannuation and other pension contributions	147,260	155,735
Total post employment benefits	147,260	155,735
Share based payments	340,843	166,906
Total remuneration	2,242,244	1,840,115

During the FY20 year the company was listed on the Australia Stock exchange, and therefore key management personnel disclosures are only applicable from the date of listing.

Equity instruments issued to directors

Equity instruments were issued to directors during the period.

Options issued during the period under the terms and conditions as described in Note 19 Share based payments were as follows:

Director	Position	Options #	Grant Date	Vesting Date
Mr Mark Deuter	Managing Director	50,000	04 Nov 2020	05 May 2021
Mr Mark Deuter	Managing Director	50,000	04 Nov 2020	05 May 2022
Mr David Byrne	Executive Director, Chief Operating Officer	50,000	04 Nov 2020	05 May 2021
Mr David Byrne	Executive Director, Chief Operating Officer	50,000	04 Nov 2020	05 May 2022
Dr Peter Foster	Non-Executive Director	50,000	04 Nov 2020	05 May 2021
Dr Peter Foster	Non-Executive Director	50,000	04 Nov 2020	05 May 2022

Transactions with director-related entities

Matthew White

During the reporting period, the company used the taxation services (2020: Accounting & taxation services) of Matthew White and the accounting firm over which he exercises significant influence. The amounts billed in relation to the provision of services during the period and totalled \$29,843 (2020: \$200,574) were based on normal market rates and were fully paid as of the reporting date. A significant portion of the prior year expense related to services provided in respect of the prospectus and preparing the company for becoming a public company limited by shares. The amount outstanding at the end of the year was \$1,132.

Mark Lindh

Mark Lindh is a director of Adelaide Equity Partners and a beneficiary of a trust for which shares in Adelaide Equity Partners are held. The company entered into an agreement with Adelaide Equity Partners on 24 March 2021 to provide corporate advisory services in relation to merger and acquisition (M&A) advice, assessment and support. The amounts billed related to the provision of services during the period and totalled \$110,000 were based on normal market rates. The amount outstanding at the end of the year was \$16,500.

In the prior reporting period, Adelaide Equity Partners were paid \$37,500 for the provision of corporate advisory and investor relations services under a mandate dated June 2018. In addition, Adelaide Equity Partners received \$250,000 as a success fee in relation to the listing of the company on the Australian Securities Exchange on 10 December 2019.

Mark Lindh is a director of AE Administrative Services Pty Ltd which provided company secretarial services during the reporting period. Total payments made during the period were \$36,560 (2020: \$21,360). Amounts were fully paid at the end of the year.

There were no other transactions with key management personnel during the year.

23. Dividends and distributions

No dividends were paid or declared with respect to shareholders of the Group for the year ended 30 June 2021 (2020: \$nil). Distributions paid and payable to non-controlling interests in the subsidiary entity AMX Capital Trust during the period were \$41,160 (2020: \$27,148).

Dividend franking account

	2021 \$'000	2020 \$'000
Franking credits available for future financial periods (tax paid basis, 26.0% tax rate)	741	741

The above amount represents the balance of the franking account at the end of the reporting period, adjusted for:

- Franking credits that will arise from the payment of any income tax payable at the end of the period;
- Franking debits that are expected to arise from any refundable income tax amount where the initial payment had given rise to a franking credit; and
- Franking debits that will arise from the payment of any provided at the end of the period.

Accounting policy

Dividends represent a distribution of profits that holders of ordinary shares receive from time to time. Where a dividend has been determined by the Board it is recognised with a corresponding reduction to the retained earnings when the dividend is paid.

24. Auditor's remuneration

	2021 \$	2020 \$
Audit or review of financial statements - Grant Thornton		
Financial year 2019	-	15,532
Financial year 2020	61,631	27,429
Financial year 2021	70,562	-
Total audit or review remuneration	132,193	42,961
Other services - Grant Thornton		
Investigating accountant's report relating to IPO	-	26,000
Tax compliance advice	5,000	-
Total other services remuneration	5,000	26,000
Total auditor's remuneration	137,193	68,961

25. Commitments

	2021 \$'000	2020 \$'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payables:		
Property, plant and equipment	201	768
Total commitments	201	768

The progress payments made as at the reporting date have been included as 'capital work in progress' as outlined in Note 10 Property, plant and equipment.

Capital commitments to property, plant and equipment for the prior reporting year are in relation to remaining payments due on the acquisition of aircraft and sensors.

Capital commitments at reporting date but not recognised as liabilities relates to the fit-out of new office premises in Maroochydhore, Queensland. Works did not commence until July 2021 however concept drawings and plans were finalised in June 2021.

26. Financial instrument risk

26.1. Financial risk management objectives

The Group's activities expose it to various financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Group's Board of Directors monitor these risks on an on-going basis with the primary focus on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group's financial assets include cash and cash equivalents, trade and other receivables.

The Group's financial liabilities include trade and other payables, deferred consideration, lease liabilities, and other interest-bearing liabilities.

The Group does not actively engage in the trading of financial assets for speculative purposes.

26.2. Market risk

Market risk comprises foreign currency risk, price risk and interest rate risk.

26.2.1 Foreign currency risk

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

	Assets		Liabilities	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
USD	590	140	173	143
EUR	-	-	-	2,084
Total foreign currency	590	140	173	2,227

The Group has exposure to foreign currency risk upon consolidation of its foreign currency denominated entities (USD). The currency impacted is US dollar. The impact on the Group's total comprehensive income is due to changes in the fair value of assets and liabilities. Movements in foreign currency exchange rates will result in gains or losses being recognised because of the revaluation of balances. The Group's exposure of foreign currency is immaterial for the current reporting year.

26.2.2 Price risk

The consolidated entity is not exposed to any significant price risk.

26.2.3 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's main interest rate risk arises from cash and cash equivalent assets and interest-bearing liabilities.

	Notes	Variable interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
2021					
Financial assets					
Cash and cash equivalents	6	16,553	-	-	16,553
Trade and other receivables	7	-	-	2,965	2,965
Total financial assets		16,553	-	2,965	19,518
Financial liabilities					
Trade and other payables	12	-	-	2,655	2,655
Other liabilities - deferred consideration	16	-	-	629	629
Other financial liabilities	14	1,834	1,234	-	3,068
Lease liabilities	17	-	572	-	572
Total financial liabilities		1,834	1,806	3,284	6,924

2020	Notes	Variable interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets					
Cash and cash equivalents	6	22,239	-	-	22,239
Trade and other receivables	7	-	-	2,512	2,512
Total financial assets		22,239	-	2,512	24,751
Financial liabilities					
Trade and other payables	12	-	-	4,267	4,267
Other liabilities - deferred consideration	16	-	-	750	750
Other financial liabilities	14	2,021	1,110	-	3,131
Total financial liabilities		2,021	1,110	5,017	8,148

The Group's profit before tax is affected through the sensitivity to a reasonably possible change in interest rates on cash and equivalents and that portion of interest-bearing liabilities affected.

26.3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities primarily through trade receivables and deposits with banks. Cash and cash equivalents are all maintained by banks with high credit ratings. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

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. Trade receivables are reviewed on a regular basis to assess whether there is any impairment risk of a balance not being recoverable that would give rise to an expected credit loss. As at the reporting date, the assessment of impairment was nil. The assessment assumptions include recent sales experience and historical collection rates.

2021	Current	30-60 Days	61-90 Days	90+ Days	Total
Expected loss rate	0.0%	0.0%	0.0%	41.9%	0.4%
Gross carrying amount	2,574	352	21	31	2,978
Expected credit loss	-	-	-	13	13

2020	Current	30-60 Days	61-90 Days	90+ Days	Total
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%
Gross carrying amount	2,427	84	1	-	2,512

26.4. 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 by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The following outlines the estimated and undiscounted contractual obligations of the respective financial liabilities for the year ended 30 June 2021 which may differ to the carrying values of the liabilities at the reporting date.

2021	Notes	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	Total \$'000
Financial liabilities							
Trade and other payables	12	2,655	-	-	-	-	2,655
Other payables - deferred consideration	16	-	629	-	-	-	629
Other financial liabilities	14	69	223	385	1,296	1,214	3,187
Lease liabilities	17	-	14	52	450	94	610
Total financial liabilities		2,724	852	385	1,296	1,214	6,471

2020	Notes	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	Total \$'000
Financial liabilities							
Trade and other payables	12	4,267	-	-	-	-	4,267
Other payables - deferred consideration	16	-	-	750	-	-	750
Other financial liabilities	14	285	80	241	2,780	67	3,453
Total financial liabilities		4,552	80	991	2,780	67	8,470

Unused borrowing facilities

Note 14 Other financial liabilities includes details of unused borrowing facilities available at the reporting date.

Fair value measurement of financial instruments

The Group has assessed the carrying amounts of financial instruments and that they approximate their fair value.

27. Capital management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can maximise shareholder value. 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.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The Group manages its capital structure and makes adjustments as required in light of changes in economic and market conditions.

28. Asset acquisition

On 20 May 2020, Aerometrex Limited acquired 100% of the ordinary shares of Spookfish Australia Pty Ltd for the total consideration of \$1,500,000 payable in two instalments. The second instalment was subject to review in accordance with the contract of purchase on the anniversary of the acquisition. The counterparty confirmed the final consideration amount as \$629,037 which was a reduction of \$120,963. This final instalment has been made after 30 June 2021. The final total cash amount to be used is \$1,440,000. The acquisition was treated as an asset acquisition following consideration of the requirement of AASB3 - Business Combination and the lack of processes and outputs acquired. The acquisition included:

- An irrevocable and royalty-free licence to the aerial imagery datasets in Australia, and
- Customer contracts

This is a subscription business that has been merged with the existing MetroMap division of Aerometrex with the benefits of the acquisition being the customer contracts and the dataset archive which further expands the MetroMap offering.

Deferred consideration for the acquisition is detailed in Note 16 Other Liabilities.

Details of the acquisition are as follows:

	2021 \$'000 Fair Value	2020 \$'000 Fair Value
Rights to historical datasets	-	1,198
Contractual rights - customer contracts	-	363
Acquisition date fair value of the consideration transferred	-	1,561
Representing:		
Cash paid or payable to vendor	629	750
Contingent consideration (Payable on 20 May 2021)	-	750
Cash paid or payable in relation to acquisition costs	-	61
Total paid or payable	629	1,561

29. Reconciliation of profit after income tax to net cash flow from operating activities

	Notes	2021 \$'000	2020 \$'000
(Loss) for the year after income tax		(4,081)	(293)
Depreciation	10	2,731	2,111
Amortisation	11	4,296	1,677
Non-cash share based payments	19	1,333	363
Non-cash interest payments on convertible notes	20	-	177
Other non-cash items		(31)	(50)

Change in assets and liabilities attributable to investing activities

(Increase) / decrease in other payables - asset acquisition	12	2,081	-
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Change in operating assets and liabilities

(Increase) / decrease in trade and other receivables	7	(453)	247
(Increase) / decrease in contract assets	8	(156)	713
(Increase) / decrease in current tax assets		(262)	-
(Increase) / decrease in prepayments and other current assets	9	(419)	(362)
(Increase) / decrease in deferred tax assets	5	(1,118)	(1,069)
Increase / (decrease) in trade and other payables	12	(1,612)	3,164
Increase / (decrease) in contract liabilities	13	1,460	812
Increase / (decrease) in employee entitlements	15	282	469
Increase / (decrease) in current tax liabilities		-	(293)
Increase / (decrease) in deferred tax liabilities	5	1,030	497
Net cash flows from operating activities		5,081	8,163

30. Non-cash investing and financing activities

	2021 \$'000	2020 \$'000
Additions to right-of-use assets - financed through lease liabilities	580	-
Additions to intangibles - financed through deferred consideration	-	750
Changes in fair value of liabilities	(121)	-
Distributions declared but not paid	41	27
Issue of shares on conversion of convertible notes	-	7,000
Total for the year	500	7,777

31. Changes in liabilities arising from financing activities

	Borrowings \$'000	Convertible Notes \$'000	Lease liabilities \$'000	Total \$'000
2021				
Balance at 1 July 2020	3,008	-	-	3,008
Net cash used in financing activities	(286)	-	(8)	(294)
Additions to leases	-	-	580	580
New finance contracts	277	-	-	277
Balance at 30 June 2021	2,999	-	572	3,571

	Borrowings \$'000	Convertible Notes \$'000	Lease liabilities \$'000	Total \$'000
2020				
Balance at 1 July 2019	6,446	5,080	-	11,526
Net cash used in financing activities	(3,746)	1,500	-	(2,246)
Conversion to shares	-	(6,757)	-	(6,757)
Other changes	308	177	-	485
Balance at 30 June 2020	3,008	-	-	3,008

32. Contingent liabilities

The Group has bank guarantees totalling \$10,467 held with Westpac as at 30 June 2021 (2020: \$10,467). There are no other contingent liabilities recorded as at reporting date.

33. Subsequent events

The impact of COVID-19 is ongoing and the economic uncertainties makes it difficult to estimate the potential impact, positive or negative. The situation is extremely fluid with lockdowns, quarantine, travel and border restrictions being implemented quickly by governments in an attempt to control any COVID-19 outbreaks. This has the potential to impact the mobilization of capture assets across state borders creating logistical complexities. Aerometrex follows government directives and continues to work with government authorities to minimize the impact as much as possible. The safety and wellbeing of our staff remains our key priority throughout these times.

Mr Rick Cassidy, the President of the Aerometrex US operations has moved on pursue to other opportunities with effect from 22 July 2021. The Board intends to establish an Advisory Board to assist in the support and development of the business in the US which provides significant opportunities for its world leading 3D product.

The company has appointed Mr Tisham Dhar to the role of Chief Information Officer. Mr Dhar commenced on 2 August 2021 and will be integral in the ongoing development of the MetroMap platform. Mr Dhar rejoins the company having previously worked for Aerometrex as head software developer. He comes to the company with extensive geospatial experience having worked for NASA, Google and CSIRO. In recent times, he was employed as Chief Architect at Lori Systems, a global logistics business based in Kenya and as Assistant Director for Digital Earth Technologies in GeoScience Australia.

Mr Mark Deuter, Managing Director, announced his retirement and will finish with the company on 10 December 2021, the second anniversary of the company’s listing on the Australian Securities Exchange. At the date of this report the Board was in the process of actively recruiting a replacement CEO to take the company through the next phase of its growth cycle.

The second and final instalment for the acquisition for Spookfish Australia Pty Ltd was made on 5 August 2021 totalling \$629,037, a reduction of \$120,963 of the completion payment. The reduction was driven by the completion conditions established in the contract of sale.

To the best of the Directors’ knowledge, other than the above, there are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect either:

- The operations of the Group;
- The results of those operations; or
- The state of affairs of the Group in future financial years.

34. Parent entity information

Information relating to Aerometrex Limited (the Parent Entity):

	2021 \$'000	2020 \$'000
Statement of financial position	-	-
Current assets	20,900	25,643
Total assets	44,834	46,614
Current liabilities	7,533	7,523
Total liabilities	9,856	10,038
Net assets	34,978	36,576
Issued capital	32,921	32,921
Share based payments reserve	1,820	487
Retained earnings	237	3,168
Total equity	34,978	36,576
Statement of profit or loss and other comprehensive income	-	-
Profit / (loss) for the year after tax	(2,931)	211
Other comprehensive income	-	-
Total comprehensive income	(2,931)	211

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

As at 30 June 2021, Aerometrex Limited did not have any guarantees in relation to the debts of subsidiaries (2020: nil).

Contingent liabilities of the parent entity

Contingent liabilities detailed in Note 32 relate to the parent entity.

Contractual commitments for the acquisition of property, plant and equipment

Contractual commitments detailed in Note 25 relate to the parent entity.

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost. Dividends received from subsidiaries are recognised in the profit or loss when a right to receive the dividend is established, provided that it is probable that the economic benefits will flow to the Parent and the amount of income can be reliably measured.

Tax consolidation legislation

Aerometrex Limited and its wholly owned Australian controlled entities are members of a tax-consolidated group under Australian tax law. The company is the head entity within the consolidated tax group. In addition to its own current and deferred tax amounts, the company also recognises the current tax liabilities and assets and deferred tax assets and liabilities or tax credits of members of the consolidated tax group.

The head entity, Aerometrex Limited, and the controlled entities in the consolidated Group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the tax consolidated group continued to be a stand-alone taxpayer in its own right.

The entities have entered into a tax funding agreement under which the wholly owned entities fully compensate Aerometrex Limited for any current tax payable assumed and are compensated by Aerometrex Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Aerometrex Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities’ financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidation entities.

35. Subsidiary information

Name of the entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Group	
		2021	2020
Atlass- Aerometrex Pty Ltd	Australia	100%	100%
Aerometrex Ltd	USA	100%	100%
MetroMap Pty Ltd	Australia	100%	100%
AMX LAMS Pty Ltd	Australia	100%	100%
AMX Capital Pty Ltd <AMX Capital Trust>	Australia	64.4%	64.4%
Spookfish Australia Pty Ltd	Australia	100%	100%

Directors' Declaration

In accordance with a resolution of the Directors of Aerometrex Limited, we declare that:

1. In the opinion of the Directors:

- (a) the financial statements and notes of Aerometrex Limited for the financial year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

On behalf of the Directors



Mark Lindh
Chair of the Board



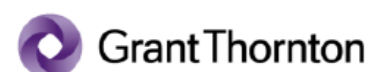
Mark Deuter
Managing Director

23 August 2021



National Arboretum
Canberra, ACT
Australia

Independent Auditor's Report



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Independent Auditor's Report

To the Members of Aerometrex Limited

Report on the audit of the financial report

Opinion

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

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

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b 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 (including Independence Standards)* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition of project work Note 4	
A substantial amount of the Group's revenue relates to revenue from the rendering of services for projects. As projects are delivered over time, the Group's policy specifies revenue and margin can be recognised based on the performance obligation milestones of the individual contracts. Revenue is recognised over the course of the projects life in line with the accounting policy. The audit focussed on these types of revenues recognised due to the high level of estimation involved. The Group focuses on revenue as a key performance measure and is also a key driver by which the performance of the Group is measured. This area is a key audit matter due to the levels of judgement exercised by management in its recognition.	Our procedures included, amongst others: <ul style="list-style-type: none">• obtaining an understanding of management's processes and internal controls to enter into, record and process revenue project work;• assessing the Group's revenue recognition accounting policies to assess whether they are in accordance with AASB 15 <i>Revenue from Contracts with Customers</i>;• selecting a sample of project revenue contracts for testing based on a number of quantitative and qualitative factors and:<ul style="list-style-type: none">– reading the contract terms and conditions to evaluate how the individual characteristics of each contract were reflected in the contract profitability estimate;– tracing key inputs into the revenue recognition calculation to underlying support and assessing the reasonableness of these inputs; and• assessing the adequacy of the Group's disclosures within the financial statements.
Capitalised datasets Note 11	
The Group capitalises costs in relation to the development and update of datasets. The determination of the useful lives of these datasets is based on critical estimates and judgements made by management. The potential impact on the Group's profit resulting from management judgements and estimates made relating to useful lives increases the estimation uncertainty. The assessment of the useful life of datasets was a key audit matter due to the significant level of judgement and estimates involved.	Our procedures included, amongst others: <ul style="list-style-type: none">• obtaining an understanding of management's processes and internal controls in recording the value of datasets;• developing an understanding of the accounting policies and useful lives used by the Group to determine the amortisation rate of capture costs;• assessing the appropriateness of capitalisation of costs in accordance with AASB 138 <i>Intangible Assets</i>;• agreeing a sample of costs capitalised for the datasets to supporting documentation;• evaluating the Group's historical dataset requests by testing a sample of requests to actual usage dates;• recalculating the amortisation expense for datasets for consistency with the Group's accounting policy and stated amortisation rates; and• assessing the adequacy of the Group's disclosures within the financial statements relating to the estimates and judgements made.

Information other than the financial report and auditor's report thereon

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

Our opinion on the financial report does not cover the other information and 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.

Independent Auditor's Report



Responsibilities of the Directors for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability 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/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

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

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

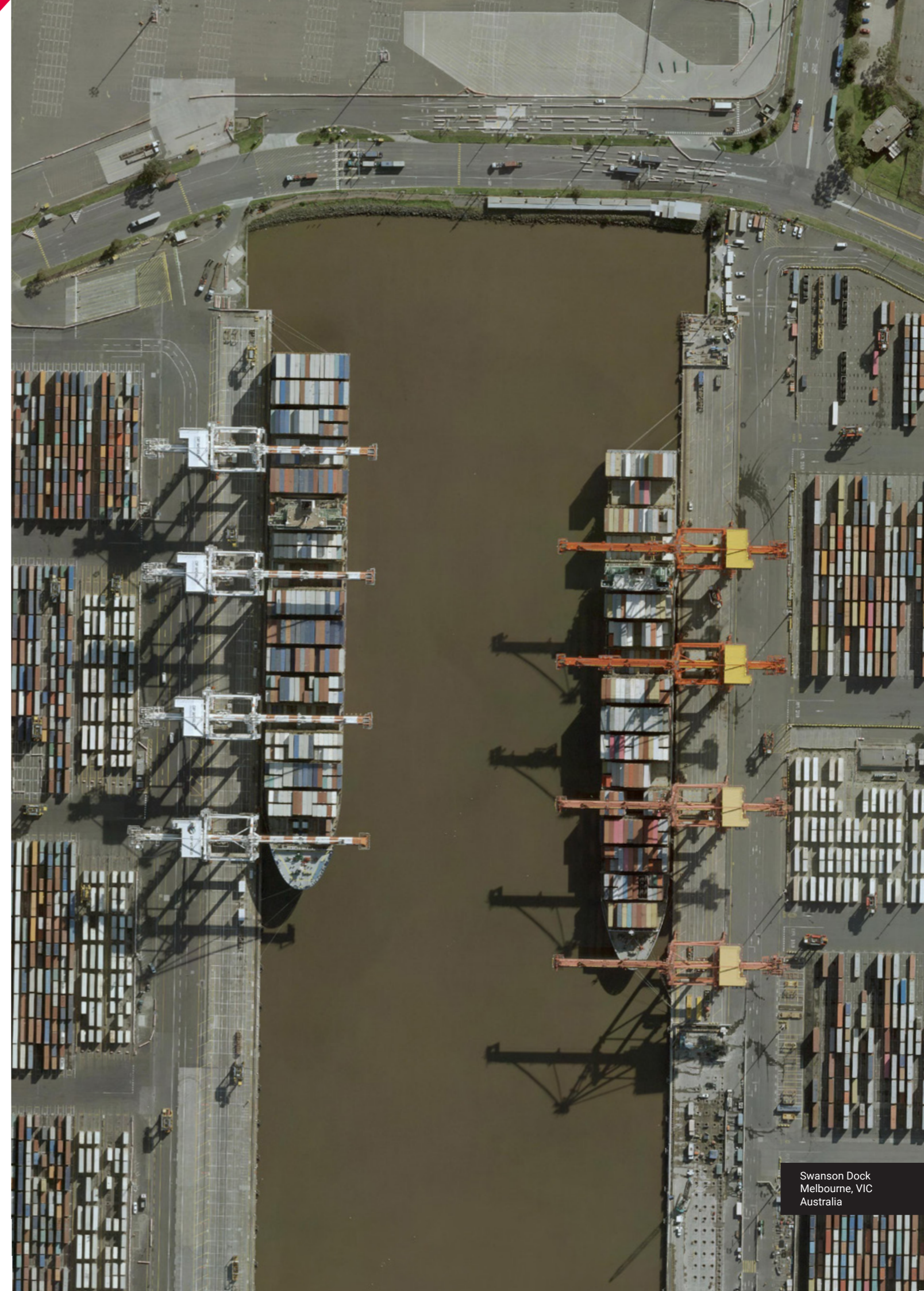
Responsibilities

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 23 August 2021



Swanson Dock
Melbourne, VIC
Australia

Shareholder Information

Ordinary share capital

94,400,000 fully paid ordinary shares are held by 2,425 individual shareholders. All ordinary shares carry one vote per share.

Range of Units as at 4 August 2021

Range	Total holders	Units	% Units
1 - 1,000	500	314,160	0.33
1,001 - 5,000	1,018	3,111,661	3.3
5,001 - 10,000	432	3,443,131	3.65
10,001 - 100,000	437	11,480,323	12.16
100,001 over	38	76,050,725	80.56
Rounding			0.00
Total	2,425	94,400,000	100

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.6900 per unit	725	300	130110

Shares under escrow

There are no shares under escrow at the reporting date.

Options

	2021 Options	2020 Options
Non-executive directors	1,100,000	1,000,000
Lead manager and underwriter	944,000	944,000
Employees via ESOP	2,170,000	2,555,000
Total options issued at 30 June	4,214,000	4,499,000

Options do not carry a right to vote.

Top 20 Shareholders

Rank	Name	Balance as at 4 Aug 2021	% Units
1	199 INVESTMENT PTY LTD <199 INVESTMENT A/C>	12,113,824	12.83
2	MARK JOHN DEUTER + LYNETTE GWYNEDD DEUTER <DEUTER FAMILY A/C>	11,400,865	12.08
3	DAIJ PTY LTD <BYRNE FAMILY A/C>	8,583,850	9.09
4	MR SCOTT TOMLINSON <THE TOMLINSON FAMILY A/C>	8,200,000	8.69
5	NATIONAL NOMINEES LIMITED	7,357,750	7.79
6	MRS BEATA MARIA SERAFIN + MR WOJCIECH MISIARA <SERAFIN MISIARA FAMILY A/C>	6,000,000	6.36
7	MRS MARGARET CAROLYN DARLEY <W&M PROPERTY A/C>	4,935,566	5.23
8	MR TODD ANTHONY DUNOW + MRS JANE REBECCA SWINTON DUNOW <THE DUNOW FAMILY A/C>	3,425,181	3.63
9	CITICORP NOMINEES PTY LIMITED	2,614,737	2.77
10	BNP PARIBAS NOMS PTY LTD <DRP>	2,522,518	2.67
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,676,453	1.78
12	MR WARREN DARLEY + MARGARET DARLEY <DARLEY SUPER FUND A/C>	1,083,427	1.15
13	NATHAN WILLIAM MICHAEL	649,388	0.69
14	KATALIN GARAMI + PETER PAP	568,088	0.60
15	ALBERTO ZANIOLO + JOANNA STEFANIA DZIOLAK	473,407	0.50
16	JEREMY POLLARD	421,330	0.45
17	BNP PARIBAS NOMINEES PTY LTD <IOOF INSMT MGMT LTD DRP>	363,762	0.39
18	MR LYNDEN WAYNE SMITH + MRS JANET GWENDOLEEN SMITH	300,000	0.32
19	MR JASON RALPH LANTE	287,728	0.30
20	FABRICE MARRE	252,798	0.27
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		73,230,672	77.57
Total Remaining Holders Balance		21,169,328	22.43

Substantial shareholders

The following table shows holdings of five percent or more of voting rights in Aerometrex Limited's shares as notified to Aerometrex Limited under the Australian Corporations Act 2001, Section 671B as at 4 August 2021.

Name	Number Held	% of Issued Capital
MATTHEW WHITE	12,113,824	12.83%
MARK DEUTER	11,400,865	12.08%
DAVID BYRNE	8,583,850	9.09%
PERENNIAL VALUE MANAGEMENT LIMITED	8,242,586	8.73%
SCOTT TOMLINSON	8,200,000	8.69%
BEATA MARIA SERAFIN + WOJCIECH MISIARA	6,000,000	6.36%
MARGARET DARLEY	4,935,566	5.23%

Corporate Information

Company	Aerometrex Limited	
Registered Office	51-53 Glynburn Road GLYNDE SA 5070 +61 8362 9911	
ABN	94 153 103 925	
ACN	153 103 925	
Internet Address	www.aerometrex.com.au	
ASX Code	AMX	
Directors	Mark Lindh	Independent Non-Executive Director, Chair
	Mark Deuter	Managing Director
	Matthew White	Non-Executive Director
	Peter Foster	Independent Non-Executive Director
	David Byrne	Chief Operating Officer and Director
Company Secretary	Kaitlin Smith	
Auditor	Grant Thornton Audit Pty Ltd	
Share Registrar	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street Adelaide SA 5000 GPO Box 2975 Melbourne VIC 3001 Telephone: 1300 556 161	



3D reality mesh model
Transamerica Pyramid
San Francisco, California
USA



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