AMAERO
ADDITIVE MANUFACTURING

Annual Report 2021

Amaero International Ltd

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April 2021
3D printing industry revenue specialist Tuan TranPham appointed to Global Advisory Board

Chairman's Report

FY21 was a period of significant advancement despite the continued challenges of the COVID-19 pandemic, with Amaero securing a range of key commercial agreements with leading players in the defence, aerospace, and tooling markets.

Dear Shareholders

Amaero continues to make solid progress on its journey to become the world's leading provider of tools, machines, and powder in the rapidly growing 3D printing market. FY21 was a period of significant advancement despite the continued challenges of the COVID-19 pandemic, with Amaero securing a range of key commercial agreements with leading players in the defence, aerospace, and tooling markets.

We not only secured and progressed key agreements with a range of leading global companies including Boeing, Fletcher Insulation, Rio Tinto and PPK but also advanced our key defence offsets project in the Middle East. Amaero is currently in the process of negotiating to build the world's largest centre of excellence for metal 3D printing in the region which will be funded by one of the world's largest defence companies.

This progress was capped off with the announcement in July 2021 that we will build an $8 million titanium powder plant facility in Victoria which is expected to position Amaero as a global leader in high-quality titanium alloy powder production and supply. Importantly, the project will provide our Company and other users in Australia and overseas with a reliable source of strategically important titanium alloy powder. It will also provide Amaero with a strong revenue and profit stream.

Amaero's progress has taken place against the backdrop of a rapidly growing 3D printing market. According to the ARK Big Ideas Report 2021, 3D printing is set to revolutionise manufacturing, growing at an annual rate of roughly 60% from US$12 billion in 2020 to US$120 billion in 2025, making it the fastest growing sector on earth[1]. An IBIS World report estimated that additive manufacturing has now surpassed the fastest growing industry of 2020: the manufacture of Respiratory/Ventilators, which had a growth rate of 54.8%[2].

The Company's financial position continues to improve. Our cash balance as of 30 June 2021 of approximately $11.5 million provides strong capacity to fund the Company's growth strategy and execute on planned work programs. In part, our healthy cash balance reflects our successful institutional Placement and Share Purchase Plan, conducted in December and January, respectively, which together raised $13.825 million. Amaero is grateful for the support of its shareholders in this capital raising.

FY21 also saw us continue to strengthen both our advisory and management teams. Our appointment of former Australian Defence Minister Christopher Pyne to our Global Advisory Board in December, adds considerable global defence expertise and will enable us to position Amaero as the premium supplier of metal 3D printing equipment and services to the global defence sector.

We also appointed 3D printing industry expert Tuan TranPham to our Global Advisory Board. Mr TranPham has many years of experience amongst cutting edge 3D printing companies, having worked for four of the top five 3D printing companies worldwide.

In the US, the addition of Dr Jim Sears will enable us to develop leading-edge titanium alloy powder manufacturing technology, while the appointment of Ken Davis as Vice President of our North American operations brings additional additive manufacturing and aerospace and defence expertise to our US team.

Going forward, our growth strategy will continue to focus on immediately addressable commercial opportunities (such as the tooling market) whilst still providing growth optionality through longer-term projects and R&D with the global defence and aerospace industries. The three key pillars for growth are:

- **Short-term (1-2 years)** - Focus on development and manufacture of consumables, tooling, and services (e.g., Fletcher Insulation) and sale of 3D printing machines and metal powders.
- **Medium-term (3-5 years)** - Demonstrate our technology and solutions expertise by engagement in qualification periods and pre-production investment for large projects in the defence and aerospace sector (e.g., defence prime contracts).

1 Ark Invest, Big Ideas Report 2021
2 Source: IBIS World https://www.cmcglobal.com.vn/software-engineering/team-management/thriving-business-in-covid-19-major-industries/

Amaero SP 100 machine

Working with the world's foremost manufacturers

- **Longer-term (5+ years)** - R&D projects that lead to us participating in the development of future platforms and technology predominantly in collaboration with our customers (e.g., Amaero HOT AI partnership with Rio Tinto).

The coming quarters will be an important period for the Company as we continue to grow towards greater revenue generating and increasingly profitable contracts. We will progress our key Middle East and titanium alloy powder plant projects and continue to advance our strategic partnerships with Boeing and product delivery for the Fletcher Insulation tooling contracts.

This is an exciting time for Amaero. I would like to thank my fellow Board members, our management team, led by CEO Barrie Finnin, and all our staff for their continued dedication and hard work as we continue to progress our strategy. Thank you also to all our shareholders for their support.

I look forward to reporting our further progress in the year ahead.

David Hanna
Chairman

Chief Executive Officer's Report

Amaero's progress with its commercial opportunities and projects in FY21 means that our Company now has a pipeline of contracts with more than 35 clients globally. These represent an important step towards our goal of having a more stable and profitable revenue base and delivering value for our shareholders.

Dear Shareholders,

The 2021 Financial Year has been a period of significant progress for Amaero, with the solid advancement of key projects and commercial agreements with a range of key clients in the aerospace, defence, and tooling sectors - delivering on our growth strategy of focusing on near-term commercial opportunities while also providing optionality through long-term research and development.

During the year, we made significant advancements on our tooling project with Fletcher Insulation – one of the world's largest consumable tooling product opportunities and one that has significant revenue potential for our Company. We completed the successful build of the recycled Fletchers Glass spinner with an IN718 alloy and finalised the spinner tooling repair patent, with the full specification filed in early June. Subsequently, the production geometry in the production alloy was also successfully built. Amaero also developed an improved performance alloy for the glass spinner tool application. Amaero is now in the process of negotiating a supply agreement.

In December 2020, we received a purchase order from The Boeing Company, for the manufacture of evaluation parts. We subsequently delivered the evaluation parts, manufactured at both our US-based facilities in Los Angeles and Melbourne. This was a significant achievement and has opened the pathway to work on several contracted projects for the world's largest aerospace manufacturer. The Los Angeles (El Segundo) facility was predominantly established to service this client and its growing requirements.

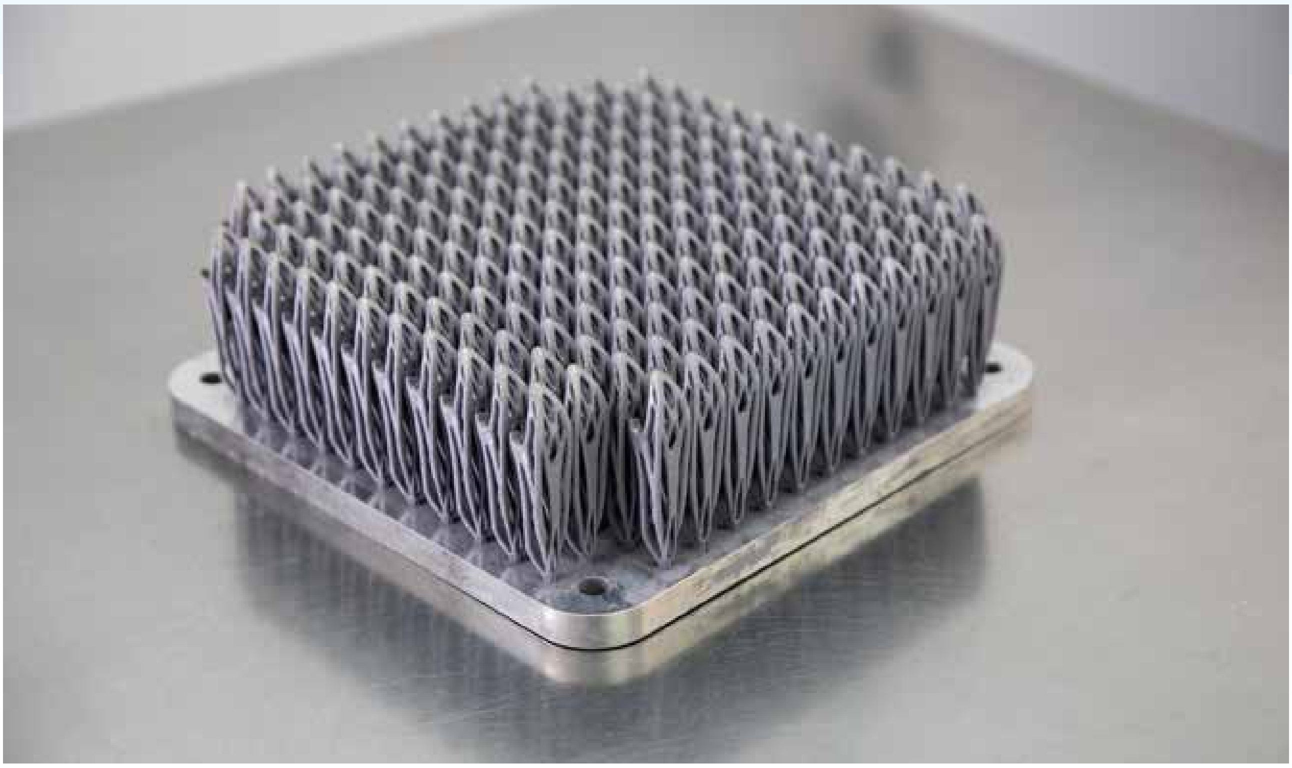
We also made progress with our defence offsets project in the Middle East - a facility that will be the world's largest centre of excellence for metal 3D printing and will be funded by one of the world's largest defence companies. During the June quarter, Amaero submitted a draft Heads of Agreement for the facility, and we expect that the Heads of Agreement will be signed and contract negotiations to commence in the 1H FY22

In March 2021, Amaero entered into an agreement with global mining firm Rio Tinto to collaborate on the development of the supply chain for Amaero's high performance, High Operating Temperature Aluminium Alloy, "Amaero HOT Al". Under the Agreement, Rio Tinto is providing Amaero with alloy billets to be processed into powder for 3D printing. The first batch of ingots manufactured by Rio Tinto were received in the June quarter.

November 2020 saw our subsidiary, Amaero Alloys Pty Ltd, enter into a Joint Venture Research Agreement (JV) with PPK Group Limited subsidiary, PPK Aust Pty Ltd, and Deakin University, to undertake cutting edge alloy development work. The JV parties incorporated Strategic Alloys Pty Ltd to undertake this advanced materials project, with Strategic Alloys owned 45% by Amaero Alloys Pty Ltd, 45% PPK Aust Pty Ltd, and 10% Deakin University. The new super strength alloys will include nanoparticles such as Boron Nitride Nanotubes (BNNT) in their formulation, which act as grain refining and strengthening agent in certain metals, significantly improving mechanical properties.

During the financial year, we also expanded our machine offering with the launch of the SP260, the SP400, and additional powder handling ancillary equipment. These new machines added to our existing offering, which includes the SP500 and SP100, decanter, conveyor, auto sieve and depowdering modules. Amaero holds exclusive distribution rights for SP machines in North America and, with the addition of these new machines, we now have one of the safest, most cost/capital efficient and diverse ranges of metal 3D printers on the market.

Subsequent to year-end, Amaero advanced towards becoming a reliable source of strategically important titanium alloy powder, with the commitment to build an $8 million customised and proprietary titanium alloy powder manufacturing



plant in Victoria. The plant, which is expected to be the most advanced titanium alloy powder plant in the world, is expected to generate a strong and highly profitable revenue stream for Amaero of approximately $40.8 million per annum. Using a proprietary Amaero developed specification, the facility will enable the production of aerospace grade titanium to the highest standards at approximately half the cost of the nearest competitor. It is planned to be constructed and commissioned over an 18-month period.

Amaero's progress with its commercial opportunities and projects in FY21 means that our Company now has a pipeline of contracts with more than 35 clients globally. These represent an important step towards our goal of having a more stable and profitable revenue base and delivering value for our shareholders.

Over the 2022 Financial Year, we will continue to deliver on our growth strategy of focusing on near-term commercial opportunities (such as the tooling market and the Middle East project) whilst still providing growth optionality through long-term R&D. Our key focus areas for growth are as follows:

- **USA defence partnerships:** Through our USA operation in the Los Angeles suburb of El Segundo California, we are strategically located near a number of large aviation customers, with many current and prospective customers which will allow us to improve competitiveness and efficiencies in winning and delivering contracts with USA-based clients.
- **Tooling market:** Expand our presence in the tooling market (especially in the USA) and in plastic injection tools and die casting moulds.
- **3D printer and powder sales:** Sale of SP series 3D printers and related equipment and the sale of consumable metal powders for the SP series machines allowing to generate ongoing revenue along with service and maintenance.

I would like to thank our Board Members and my colleagues in the Management Team for their hard work and commitment over the past year and to our shareholders for their continued support of the company.

Barrie Finnin
Chief Executive Officer

Review of Operations

Operational

Amaero International Limited is an Australian based company that manufactures large format complex components in metal with laser-based additive manufacturing processes, commonly known as 3D printing.

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

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

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

Australian Operations

Amaero's Melbourne facility is co-located with the Monash Centre for Additive Manufacturing (MCAM). It is Amaero's main facility and is used to advance research agreements and develop commercial solutions for Amaero's clients.

The Company's Adelaide facility, based in Edinburgh North is used for the production of 3D printing materials.

Fletcher Building

Following an initial agreement in May 2020 with Fletcher Building subsidiary, Fletcher Insulation Pty Ltd ("Fletcher"), to produce a 3D printed tool to replace the incumbent technology, Amaero made significant progress with this

Amaero SP 500 machine

key tooling project in FY21. The Company completed the successful build of the recycled Fletchers Glass spinner with IN718 alloy and finalised the spinner tooling repair patent, with the full specification filed in early June. Subsequently, the production geometry in the production alloy was successfully built. The Company also developed an improved performance alloy for the glass spinner tool application. The project has significant ongoing revenue potential and production test results are expected during 1Q FY22.

Amaero HOT Al agreement with Rio Tinto

In March 2021, Amaero entered into an agreement with global mining firm Rio Tinto to collaborate on the development of the supply chain for Amaero's high performance, High Operating Temperature Aluminium Alloy, "Amaero HOT Al". Under the Agreement, Rio Tinto is providing Amaero with alloy billets to be processed into powder for 3D printing. The first batch of ingots manufactured by Rio Tinto were received in the June quarter.

PPK Strategic Alloys Joint Venture

In November 2020, a new Joint Venture was incorporated: Strategic Alloys Pty Ltd with 45% owned by Amaero Alloys Pty Ltd, 45% PPK Aust Pty Ltd, and 10% Deakin University. The JV will undertake the development and commercialisation of new super strength alloys which will include nanoparticles such as Boron Nitride Nanotubes (BNNT) in their formulation, to act as grain refining and strengthening agent in certain metals, significantly improving mechanical properties. BNNT Technology, a subsidiary of PPK Group Limited, is a leading manufacturer and supplier of high grade BNNT products. The research will be undertaken at Amaero's manufacturing plant and R&D Laboratories in Melbourne in addition to Deakin University in Waurn Ponds.

The JV is an exciting opportunity to develop this revolutionary technology in Australia and create new industry, employment, products, and exports for years to come. Multiple applications exist for super strength aluminium alloys and super strength titanium alloys with industries including aerospace and defence continually seeking materials that are lighter, stronger and more durable.

Renishaw AM 400

Review of Operations

continued

The research and development for the JV commenced in November 2020, with preliminary synthesis and testing commenced on baseline samples in AlSi10Mg and Amaero HOT Al as well as these base alloys with additions of BNNT. The materials properties and performance test results of the preliminary samples is expected during the first half of FY22. Despite the many challenges the team has encountered due to COVID-19 lockdowns including delays in receipt of raw materials and equipment the R&D Project continues and the work completed to date has informed the future development program, including new composition ranges and a different approach to synthesis of the alloy structures with BNNTs. The team will review the IP landscape with regard to the new technique to determine patentability.

The team has developed a new work package in addition to the AlSi10Mg and Amaero HOT Al to do pure metals with the BNNT additions. The Al +BNNT, Ti + BNNT and Ni + BNNT specimens will be synthesized at Deakin and Amaero. Testing will continue during FY22 and samples will be made available to target customers towards the end of the year.

Gilmour Space Purchase Orders

In August 2020, Amaero received a number of purchase orders from Gilmour Space Technologies Pty Ltd ("Gilmour Space") for the manufacture of rocket motor components. Gilmour Space is a venture-backed Australian rocket company, developing new capabilities for launching small satellites to space, and has agreements in place with leading organisations including the US National Aeronautics & Space Administration ("NASA"), The Australian Space Agency and Queensland Defence Science and Technology.

Amaero is hopeful that the partnership with Gilmour Space will result in the expansion of the local market for launch vehicle hardware.

Teaming agreement with MEMKO

Amaero subsidiary, Amaero Engineering Pty Ltd, entered a Teaming Agreement with MEMKO Aviation Aerospace Defence Pty Ltd in December 2020, to jointly market and provide their engineering and manufacturing services to third parties for projects in the fields of design, manufacturing, and certification of products for aviation, defence, and space applications. MEMKO is an Australian owned company operating out of Australia, New Zealand and India specialising in aviation, aerospace, and defence, providing design engineering and technical services including airworthiness certification.

Samvardhana Motherson Reflectec (SMR) Purchase Order

In August 2020, Amaero received a purchase order from leading automotive manufacturer, Samvardhana Motherson Reflectec (SMR), for the manufacture of prototype components for a new vehicle build. SMR develops and manufactures rear view mirror systems and intelligent camera technologies for the automotive industry, and is a member of the Samvardhana Motherson Group, one of the 21 largest automotive suppliers worldwide.

North American Operations

Based in El Segundo California, Amaero's US facility was established to provide direct access to leading aerospace and defence customers. The US facility is strategically located close to leading global manufacturers including Raytheon, Northrup Grumman, and Boeing, along with key export terminals at Los Angeles airport. Amaero's El Segundo facility functions as manufacturing headquarters for the Company's US operations.

Boeing Purchase Order

In March 2021, Amaero received a purchase order from the world's largest aerospace manufacturer, Boeing, for the manufacture of evaluation parts. The evaluation parts were subsequently developed and manufactured at Amaero's facilities in El Segundo, California and Melbourne, Australia, and were delivered to Boeing in the June quarter. Our US manufacturing facilities were predominantly established to service this client and its growing requirements.

Award of AS9100 Aerospace Certification

In July 2020, Amaero was awarded the AS9100 Aerospace Certification for the El Segundo facility. Overseen by the International Aerospace Quality Group, AS9100 Certification is a widely adopted and standardised international quality management system for the Aviation, Space and Defence (AS&D) industries and is a requirement of major aviation and aerospace manufacturers, including Raytheon, Boeing, and Airbus. The Certification is an important milestone for Amaero as it further positions the Company as a leading metal additive manufacturer for the Aviation, Space and Defence industries, and will provide the Company with access to further opportunities within these markets.

Expansion of machine offering with launch of SP260 and SP400

In September 2020, Amaero expanded its machine offering with the launch of the SP260, the SP400 and additional powder handling ancillary equipment. The new machines add to the Company's existing machine offering, which includes the SP500 and SP100, decanter, conveyor, autosieve and depowdering modules.

Renishaw sieving machine

Amaero acts as a development partner and holds exclusive distribution rights for SP machines in North America, and with the addition of the new machines, will have one of the safest, most cost/capital efficient and diverse ranges of metal 3D printers on the market.

The new SP260 machine has a build chamber volume of 250 x 250 x 400mm, and rapid changeover capability, ideal for producing components for the aviation, defence, and biomedical industries. Similarly suited to manufacturing for the aviation, defence, and tooling industries, the SP400 machine has a larger build volume of 400 x 400 x 400mm. Both machines feature a tethered build chamber for rapid job changeover and a bi-directional re-coater for faster production cycles, and also provide optimised powder usage with variable build areas, further improving efficiency and cost effectiveness.

US Team

During FY21, Amaero strengthened its US team with the appointment of key personnel at the Company's El Segundo facility.

Ken Davis appointed as Vice President North American Operations

In December 2020, Amaero announced the appointment of Ken Davis as Vice President North American Operations, leading the Company's North American business unit. Mr Davis joined Amaero from CalRAM where he led the transition from a metal AM R&D company dedicated to ePBF of Ti-6Al-4V, to the world's only aerospace production facility with NADCAP accreditation in both ePBF and LPBF AM technologies, with capabilities in numerous Aluminium, Nickel, Titanium and Stainless Steel alloys. During his career, Mr Davis has gained considerable knowledge and experience in powder metallurgy, business development, additive manufacturing and aerospace and defence qualification processes.

Dr James Sears appointed as Technology Fellow Quality and Additive Manufacturing

In July 2020, Amaero appointed Dr James Sears as Technology Fellow Quality and Additive Manufacturing. Dr Sears has more than 40 years' experience in metallurgical engineering and extensive knowledge in metal additive manufacturing and powder production. He has held leadership and engineering roles in GE Research, Carpenter Technology Corporation, ALCAN, Pratt & Whitney, and Lockheed Martin. Dr Sears also established and led the South Dakota School of Mines Additive Manufacturing Laboratory and also worked with Black Hills Nanosystems Corp. on "safe and arm" devices for US Department of Defence.

Review of Operations

continued

Middle East and Titanium Power Plant projects

During FY21, Amaero made progress with its plans to build the world's largest centre of excellence for metal 3D printing in the Middle East, with the submission of a draft Heads of Agreement. The Company expects the Heads of Agreement will be signed and contract negotiations commence in the 1HFY22. The project will be funded by one of the world's largest defence companies.

Subsequent to year-end, in July 2021, Amaero announced the build of an $8 million customised and proprietary titanium alloy powder manufacturing plant in Victoria. The new plant will position Amaero as a reliable source of the strategically important titanium alloy powder, building on the Company's geographic and geopolitical position to generate a strong and highly profitable revenue stream of approximately $40.8 million per annum. The plant is expected to be the most advanced titanium alloy powder plant in the world. Using a proprietary Amaero developed specification, it will enable the production of aerospace grade titanium to the highest performance standards at approximately half the cost of the nearest competitor. Amaero has also signed a Heads of Agreement with a metal powder supply company that has established market channels for metal powder sales and letters of support for this project have been received from two of the five largest defence companies globally, indicating potential demand for Ti64 powder from a competitive Australian source for specific commercial and military applications. The plant is planned to be constructed and commissioned over an 18-month period.

Corporate

Advisor Appointments

During the financial year, Amaero also strengthened its Global Advisory Board with two new appointments. In December 2020, former Federal Defence Minister Christopher Pyne was appointed to the Board, to advise on defence and geopolitical related defence projects. Mr Pyne is working closely with Amaero's other international defence advisors, including the former Secretary of Defence of the United States to position Amaero as the leading 3D print supplier to the global defence industry. He is also working directly with the Amaero board and senior executives to develop growth and defence contract strategies.

In April 2021, 3D printing industry revenue specialist Mr Tuan TranPham was appointed to the Global Advisory Board. Mr TranPham brings significant relationships, networks and expertise to Amaero's Machine sales and service team and is providing expert advice on the revenue and commercialisation strategy for the continued commercial roll out of Amaero's 3D printing machines. He previously held the position of Chief Revenue Officer at Desktop Metal, a leading US-based 3D printing company, where he was responsible for their revenue model and built the pipeline that enabled its transformation from a private company to a NYSE-listed company with the largest market capitalisation of any listed 3D printing company globally. Additionally, Mr TranPham has many years of experience amongst cutting edge 3D printing companies, across key roles including National Sales & Marketing Director for GE Additive (formerly Arcam Ab), National Sales Manager for Stratasys, and National Sales Manager for 3D Systems. Together these three companies, as well as Desktop Metals, make up four of the top five 3D printing companies worldwide.

Strongly supported Placement and SPP raise $13.825 million

Amaero completed a successful capital raising in FY21 with $9 million raised via a strongly supported Placement from high-quality domestic and international institutional and sophisticated investors in December 2020, and a further $4.825 million through an oversubscribed share purchase plan in January 2021. The proceeds will be used to fund equipment purchases, capital expenses including installation and fit-out, R&D and working capital as well as being utilised to progress clients from R&D activities through to manufacturing opportunities.

Continued operations as an essential business

As a manufacturer servicing the defence sector, the Company determined from public information obtained from US and Australian government websites that, as the Amaero business is not part of the "Non-essential Services" to which COVID-19 restrictions have been applied, the Company continued operations during the lockdown period in both Australia and the United States in FY21.

Release of shares from Escrow

During FY21 and in accordance with ASX Listing Rule 3.10A, 5,550,001 fully paid ordinary shares were released from mandatory escrow on 10 September 2020. The Escrowed Shares are held by seed capitalists who are not a related party or promoter of the Company and represent approximately 3.158% of all shares on issue.

On 15 October 2020, in accordance with ASX Listing Rule 3.10A, 3,333,334 fully paid ordinary shares were released from mandatory escrow. The Escrowed Shares are held by the University of Adelaide and were issued under a share subscription agreement entered into by the parties on 14 October 2019. The Escrowed Shares represent 1.894% of all shares on issue.

Amaero grit blaster

Key Personnel

Board of Directors

David Hanna

Non-Executive Chairman

David was appointed as a Director and Chairman of Amaero in mid 2019.

David's connection to Amaero came through Monash University where he was Director of Business Strategy for 7 years providing strategic support and financial advice in relation to the University's major investment decisions. He left this role in September 2020. He has extensive experience in governance, policy advising and government relations. David is a Graduate of the Australian Institute of Company Directors and holds a number of other Board positions.

David spent 15 years in a variety of senior management positions in the Victorian Government, focused around economic development policy, international policy and operations and innovation policy.

David formerly worked for Commonwealth Government, including three years on the personal staff of then Prime Minister, Bob Hawke.

Stuart Douglas

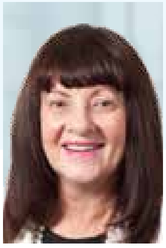
Executive Director

Stuart was appointed as an Executive Director in May 2019.

As Executive Director of Amaero, Stuart has been providing strategic and operational advice to management and preparing the Company for capital raisings.

Stuart successfully implemented a similar strategy for Titomic Limited (ASX: TTT), and is co-founder of Innovyz, one of Australia's leading commercialisation firms which has assisted more than 70 early-stage innovations in commercializing. Stuart is highly respected in the field of research commercialisation.

Stuart is a member of the Australian Institute of Company Directors.



Kathryn Presser

Non-Executive Director

Kathryn was appointed as a Non-Executive Director in September 2019.

Kathryn Presser is a respected ASX Company Secretary and CFO and previously served as CFO and Company Secretary for Beach Energy Limited (formerly Beach Petroleum Limited).

Kathryn's experience includes being involved as a CFO for essentially a startup company, through to managing the subsequent capital raises and ASX listing, before contributing to scaling the business through a monumental growth period, to become an ASX100 company.

Kathryn holds multiple board positions, is a Fellow of the Australian Institute of Company Directors, a Fellow of the Certified Practising Accounting Association, and a Fellow of the Governance Institute of Australia.

She has extensive experience in all areas of governance, risk and financial reporting and management, and serves as Chair of the Risk & Audit Committee to oversee the financial elements of the business as well as providing direction to the Company Secretary. Kathryn also has experience in the Australian Army and is an independent director.

Management

Barrie Finnin

Chief Executive Officer

Barrie joined Amaero in 2016.

Barrie is an experienced executive with a proven ability to create and deliver. Responsible for a number of spin-off ventures, co-operative research centres and start-ups, he has been involved in several business ventures throughout their entire lifecycle.

Before joining Amaero, he held senior management level roles at the CSIRO for more than 12 years, and prior to that was involved in the manufacturing industry for over 20 years. Over this time, Barrie has held a diverse range of roles including CEO, Director, general management, alloy and process development, software development, marketing management, manufacturing, engineering, quality management, R&D Management, export sales management and business development.

In addition to engaging industry in Australia, Barrie has also been responsible for establishing 3 international manufacturing plants, with extensive experience working in international jurisdictions including China, France, USA, Mexico, Japan, Malaysia, Germany, Austria, Italy, Finland, Canada, New Zealand, and the UK.

Kenneth Davis

Vice President, North America

Kenneth has worked at CalRAM where he led the transition from a metal AM R&D company dedicated to ePBF of Ti-6Al-4V, to the world's only aerospace production facility with NADCAP accreditation in both ePBF and LPBF AM technologies, and with capabilities in numerous Aluminium, Nickel, Titanium and Stainless Steel alloys.

During his career, Kenneth has gained considerable knowledge and experience in powder metallurgy, business development, additive manufacturing and aerospace and defence qualification processes.

At Amaero, Kenneth is the Senior Executive in the USA and leads the North American Operations.

Sam Tartaglia

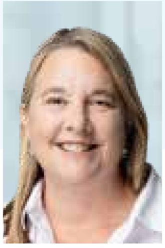
Program Manager – Additive Manufactured Tooling

Sam graduated as a Mechanical Engineer and has a diverse set of skills and experience across engineering, tooling design, casting, CAD/CAM, production, management, business development and technology commercialisation.

Sam started his career as a Tooling Design Engineer for the die casting and hot forging processes, before progressing into production engineering with Nissan and subsequently to CSIRO for research work on pioneering CAD/CAM applications.

He also spent 5 years in the USA as Program Manager and Plant Manager for the production of high-volume aluminium engine cylinder heads and blocks for the automotive industry, before returned to the CSIRO and heading their Manufacturing Theme in the Light Metals Flagship.

Well respected in the global automotive industry for his skills in casting processes and solving the tooling, quality, and productivity challenges in production, he is currently working ondeveloping Amaero's market for the use of Additive Manufacturing for tooling applications.



Jane Storey

Finance and HR Manager

Jane has over 25 years' experience delivering business strategy, financial leadership, and major accounts management in various industry environments such as Records Management, Real Estate, Logistics, Retail, Hospitality and Construction. She has held a number of management roles during her career, including as a Management Accountant and several General Management positions in Accounting, Cleaning and a Records Management company with full operations, HR, P&L and marketing accountability. She has also worked for a range of technology start-ups and has experience in branding and sales-focused online marketing roles to deliver sales and profit outcomes.

Key Personnel
continued

Management

Jason Miller
Program Manager Aviation Defense and Space

Jason has over 20 years of experience in Automotive and Aerospace industries for GM Holden, Bendix, Delphi Automotive, Clutch industries and Futuri, and in addition to his industry experience, he has also fulfilled research leadership and project management roles at Swinburne University

He also holds experience in reducing new technology to commercial practice, research management, automotive engineering, metallurgy, business development, additive manufacturing, and intellectual property management.

At Amaero, Jason leads technical and BD efforts in the Aviation Defence and Space sector and manages the IP portfolio.

Dr James Sears
Technology Fellow Quality and Additive Manufacturing

Jim has held leadership and engineering roles in GE Research, Carpenter Technology Corporation, ALCAN, Pratt & Whitney, and Lockheed Martin.

With over 40 years' experience in metallurgical engineering and extensive knowledge in metal additive manufacturing and powder production, he established and led the South Dakota School of Mines Additive Manufacturing Laboratory. Jim also worked with Black Hills Nanosystems Corp on "safe and arm" devices for US DoD, and early in his career he also served in the US Navy.

Jim joined Amaero recently and is responsible for the quality systems, powder production development and metal 3D printing processes, with his deep technical knowledge demonstrating an immediate benefit.

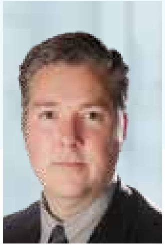
Dr Dacian Tomus
Manager – Digital Manufacturing

Dacian is an experienced professional in materials science and additive manufacturing with over 20 years' experience in metallic materials research and manufacturing in Australia and Japan.

After graduating as a Doctor of Engineering, Materials Engineering at Toyo-hashi University of Technology in Japan, he worked for many years as re-search fellow focusing on Ti alloys, Al alloys and Mg alloys with the ARC Centre of Excellence for design in light metals and subsequently Monash University Centre for Additive Manufacturing.

As additive manufacturing researcher and engineer, Dacian has optimized laser processing parameters for various alloy systems (Al, Ti, and Ni) and tailored Hastelloy-X chemical composition specifically for additive manufacturing.

Dacian joined Amaero in 2016 and continues to be the source of new knowhow and optimisation of processes to achieve the stringent requirements of Amaero's customers in the Aerospace Industry.

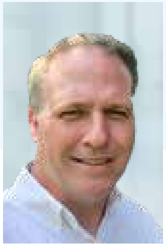


Daniel Collingwood
Quality Manager Amaero Group

Daniel has been in the specialised areas of WorkCover, Labour Hire, Aviation, Health and Manufacturing industries over the last 18 years, and is passionate about seeing businesses reach their full potential through quality, leading to a safe environment for all.

Formerly responsible for Quality, Health and Safety at the Royal Flying Doctor Service for over 7 years, he was also the National Quality, OHS, Risk and Assurance Manager at Challenge recruitment for over 7 years.

Daniel joined Amaero in January 2019 on a part time consulting basis and has led the process of readying Amaero for AS9100 certification audits.



Shon Dionne

Sales Engineer – Additive Manufactured Tooling

Shon has over 20 years' experience in the automotive component manufacturing sector working for a number of manufacturers of automotive components including MVP Plastics, Blue Water Automotive Systems, Blackhawk Automotive Plastics, Progressive Moulded Products, A. Raymond and Huron Plastics.

During his career, Shon has engaged many of the OEMs and tier 1's in the automotive sector including Takata, Magna, Ford, Chrysler, General Motors, Lear and Tesla. His expertise includes business development, design of injection moulding manufacturing processes, project management and tooling design for injection moulding.

At Amaero he is responsible for generating new business in tooling and machine sales, engaging the auto sector and tooling industry.

Darryl Cummins

Manager Digital Manufacturing

Darryl is from Los Angeles, CA and has been in 3D printing and additive manufacturing for over 20 years working with various 3D printing technologies from plastics to metals.

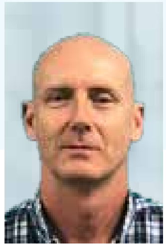
He has experience running AM operations as well as field service for additive manufacturing machines and has worked for 3D printing services bureaus from small to large.

Darryl has also worked with large companies including Intel, Facebook and Stratasys and has been exposed to automotive applications of AM at BMW, Sauber Racing and Faraday Future. He received Underwriters Laboratories "UL" certification for additive manufacturing in 2017. In his recent role with Additive Industries, he installed, commissioned, and upgraded AM systems at SpaceX. Darryl's skills a key contributor to AM Aero's operational growth and customer satisfaction.

Bernhard Wirz

Project Manager

Bernie has more than 30 years' experience in engineering management, specialising in leading cross functional teams to realise product creation and development through the entire program life cycle. He has held a variety of Program and Project Management roles with global exposure in the Automotive, Building products, Food and Medical Industry. His expertise also spans high-precision Manufacturing and Assembly, vehicle and powertrain assembly process, systems, automation and testing. Prior to Joining Amaero, he was an Engineering Manager at DSI Holding Pty Ltd where he was responsible for automatic transmission design and development and manufacturing and industrialisation engineering management and was also the General Manager for the Automatic transmission plant at GEELY. At Amaero, Bernie will manage the construction and commissioning of the new titanium powder plant.



Simon Bartlett

Project Manager

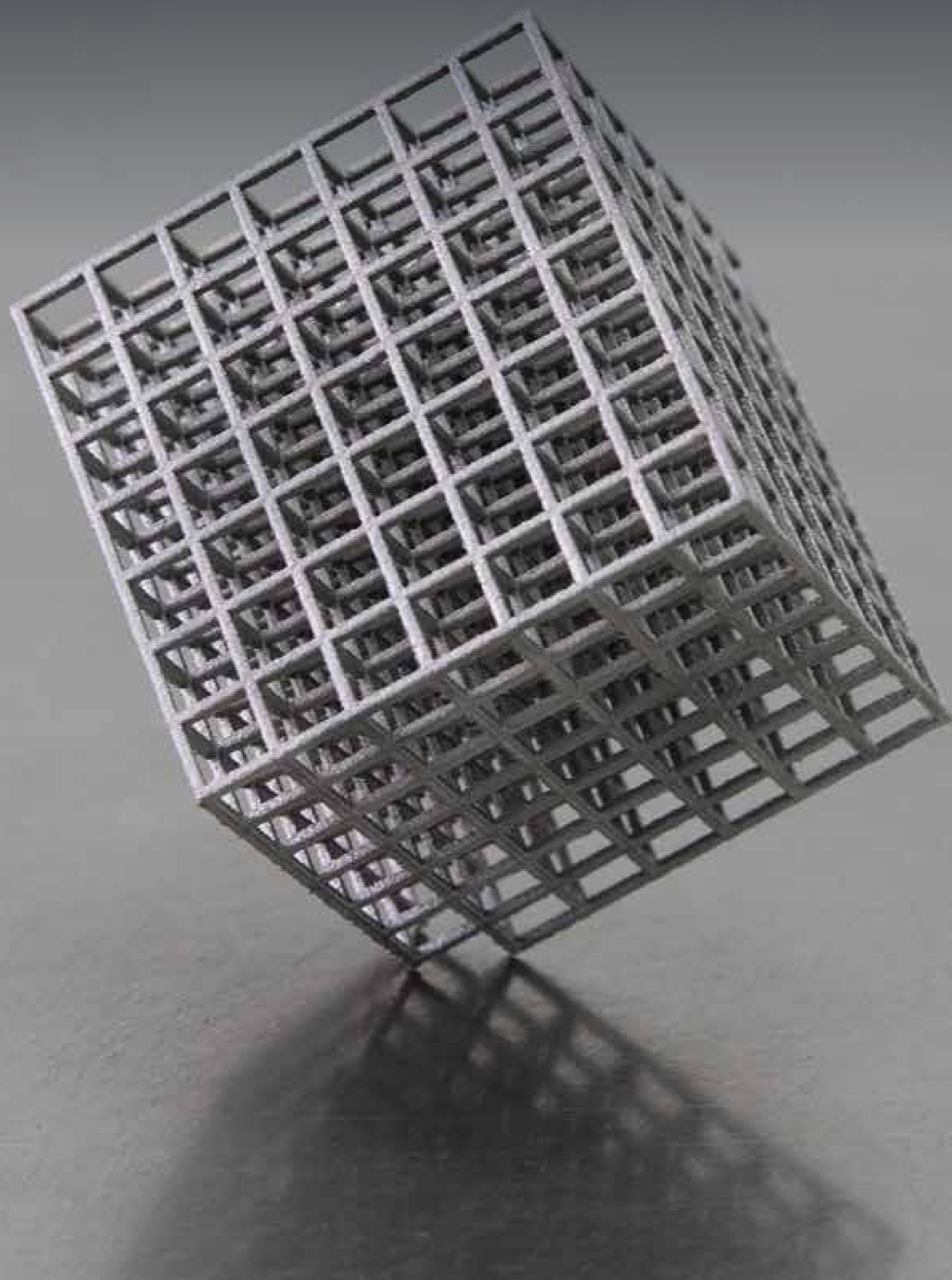
Simon is a highly skilled Engineering Manager with more than 25 years' experience in the Advanced Manufacturing sector, having held a variety of roles in both private and publicly listed companies across Europe, the Americas, and the Asia Pacific. He has specific expertise in additive manufacturing, having taken his own company – 3D Printing Service Bureau (RapidPro) – from a start-up into one of Australia's largest commercial plastic Additive Manufacturing Build Centres. This included negotiating and managing a Joint Venture with US company, Stratasys. Simon also worked at 3D printing company, Objective 3D, where he was responsible for 3D Parts Manufacture, and his efforts saw the department grow over 30% year-on-year. Simon also worked as an Application Engineering Manager for HP Inc 3DP, where he managed a team across different regions, countries, time zones, and cultures.

Corporate Governance

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

Directors' Report FY21

For the year ended 30 June 2021



Directors' Report

30 June 2021

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

DIRECTORS AND COMPANY SECRETARY

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

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

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

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

PRINCIPAL ACTIVITIES

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

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

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

COVID-19

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

DIVIDENDS - AMAERO INTERNATIONAL LTD

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

REVIEW OF OPERATIONS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

EVENTS SINCE THE END OF THE FINANCIAL PERIOD

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

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION

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

INFORMATION ON DIRECTORS

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

Mr David Hanna - Non-Executive Chairman

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

Mr Stuart Douglas - Executive Director

Experience and expertise	Stuart joined the Board as an Executive Director in May 2019, providing strategic and operational advice to management and preparing the Company for capital raisings and scaling its operations in preparation for its anticipated IPO. Stuart successfully implemented a similar strategy for Titomic Limited (ASX: TTT). Stuart is the co-founder of Innovyz, one of Australia's leading commercialisation firms which has assisted more than 70 early stage innovations to commercialise. Stuart is a member of the Australian Institute of Company Directors.
Date of appointment	17 May 2019
Other current directorships	Stuart is also a Director of Innovyz Pty Ltd (who are Advisors to Amaero International Limited) as well as a number of small Proprietary companies.
Former directorships in last 3 years	No listed Directorships in the last 3 years
Special responsibilities	No additional responsibilities

Ms Kathryn Presser - Non-Executive Director

Directors' Report

30 June 2021

Experience and expertise	Kathryn Presser has previously served as CFO and Company Secretary for Beach Energy Limited (formerly Beach Petroleum Limited) (ASX: BPT), assisting the company from a junior explorer through numerous capital raisings as the CFO and then scaling for growth to become an ASX100 company. Kathryn has extensive experience in governance, risk and financial reporting and management. Kathryn serves as Chair of the Audit & Risk Committee to oversee the financial elements of the business as well as providing direction to the Company Secretary. Kathryn has a Bachelor of Arts and Accounting from the University of South Australia, a Master's in Business Administration from the University of Adelaide and has completed a Women's Advanced Leadership Course at Harvard University. She is a Certified Practising Accountant and is a Fellow of the Australian Society of CPAs, the Institute of Company Directors and the Governance Institute of Australia.
Date of appointment	1 September 2019
Other current directorships	Kathryn is also a Director of KP Advisory Pty Ltd, a Non-Executive Director of Funds SA and the Police Credit Union. She is also on the Council of the University of Adelaide and Walford Anglican School for girls.
Former directorships in last 3 years	No Listed Directorships in the past 3 years
Special responsibilities	Chair of the Audit and Risk Committee

COMPANY SECRETARY

Mr Mark Licciardo, appointed 30 November 2020

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

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

Mr Richard Baker, appointed 30 November 2020

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

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

MEETINGS OF DIRECTORS

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

	Full meetings of directors		Meetings of committees Audit and Risk	
	A	B	A	B
Mr David Hanna	12	12	4	4
Mr Stuart Douglas	12	12	2*	–
Ms Kathryn Presser	12	12	4	4

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the Audit & Risk Committee during the year.
* Attended upon invitation to the meeting

REMUNERATION REPORT (AUDITED)

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

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report

(b) Remuneration policy and link to performance

(c) Elements of remuneration

(d) Link between remuneration and performance

(e) Remuneration expenses

(f) Contractual arrangements with executive KMPs

(g) Non-executive director arrangements

(h) Additional statutory information

(a) Key management personnel covered in this report

Non-executive and executive directors (see pages 19 to 20 for details about each director)

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

Other key management personnel

Mr Barrie Finnin, Chief Executive Officer

(b) Remuneration policy and link to performance

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

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

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

Assessing performance

The Board is responsible for assessing performance against KPIs and determining the STI to be paid. Performance is monitored on an informal basis throughout the year and a formal evaluation is performed annually.

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

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

Directors' Report

30 June 2021

(ii) Short-term incentives

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

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

(d) Link between remuneration and performance

Statutory performance indicators

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

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

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

(e) Remuneration expenses

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

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

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

Notes

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

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

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

Notes

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

(f) Contractual arrangements with executive KMPs

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

(g) Non-executive director arrangements

Non-executive directors receive a Board fee and an additional fee as Chair of a Committee, see table below. They do not receive performance-based pay or retirement allowances. The fees are exclusive of superannuation.

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

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

	2021 $
Chair	**60,000**
Director	**40,000**
Chair of Committee	**10,000**

Directors' Report
30 June 2021

(h) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on pages 22 and 23.

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2021 %	2020 %	2021 %	2020 %	2021 %	2020 %
Non-executive director						
Ms Kathryn Presser	**91**	100	**9**	–	**–**	–
Mr David Hanna	**91**	100	**9**	–	**–**	–
Executive directors						
Mr Stuart Douglas	**45**	100	**55**	–	**–**	–
Other KMP						
Mr Barrie Finnin	**67**	92	**33**	8	**–**	–

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

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

Option holdings

2021	Balance at start of the period	Granted as remuneration	Exercised	Other changes[1]	Balance at end of the period	Vested and exercisable
Options						
Mr David Hanna	–	–	–	–	–	–
Mr Stuart Douglas	–	–	–	–	–	–
Ms Kathryn Presser	–	–	–	–	–	–
Mr Barrie Finnin	200,000	105,000	–	(200,000)	105,000	105,000
	200,000	**105,000**	**–**	**(200,000)**	**105,000**	**105,000**

Notes

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

Share holdings

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

Notes

1. Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.
2. Other changes incorporates changes resulting from the acquisition or disposal of shares from on or off market transactions including the Share Purchase Plan completed in January 2021.

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

SHARES UNDER OPTION

(a) Unissued ordinary shares

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

(b) Shares issued on the exercise of options

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

INSURANCE OF OFFICERS AND INDEMNITIES

(a) Insurance of officers

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

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

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

The Board of directors has considered the position and, in accordance with advice received from the audit and risk committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of

non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

Directors' Report

30 June 2021

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 27.

ROUNDING OF AMOUNTS

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

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

Mr David Hanna
Non-Executive Chairman

Melbourne
30 August 2021

Auditor's Independence Declaration

RSM Australia Partners
Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

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

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 30 August 2021
Melbourne, Victoria

Contents

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

The financial statements are presented in the Australian currency.

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

Its registered office is:
13 Normanby Road
Notting Hill VIC 3168

Its principal place of business is:
Amaero International Ltd
13 Normanby Road
Notting Hill VIC 3168

The financial statements were authorised for issue by the directors on 28 August 2021. The directors have the power to amend and reissue the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

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

		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	18	**(3.70)**	(4.05)

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

Consolidated Balance Sheet
as at 30 June 2021

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

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

		Attributable to owners of Amaero International Ltd			
	Notes	Share capital $	Other reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2019		561,542	–	(82,341)	479,201
Loss for the period		–	–	(5,777,946)	(5,777,946)
Other comprehensive loss		–	(55,659)	–	(55,659)
Total comprehensive loss for the period		–	(55,659)	(5,777,946)	(5,833,605)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	7(a)	13,464,832	–	–	13,464,832
Employee share schemes - value of employee services	7(b)	–	83,300	–	83,300
		13,464,832	83,300	–	13,548,132
Balance at 30 June 2020		14,026,374	27,641	(5,860,287)	8,193,728

		Attributable to owners of Amaero International Ltd			
	Notes	Share capital $	Other reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2020		14,026,374	27,641	(5,860,287)	8,193,728
Loss for the period		–	–	(6,990,084)	(6,990,084)
Other comprehensive loss		–	(281,277)	–	(281,277)
Total comprehensive loss for the period		–	(281,277)	(6,990,084)	(7,271,361)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	7(a)	13,192,215	–	–	13,192,215
Issue of shares in lieu of payment for services	7(a)	125,500	–	–	125,500
Performance rights issued		102,809	–	–	102,809
Employee share schemes - value of employee services	7(b)	354,252	(4,090)	–	350,162
Options issued as part of capital raise	7(b)	(627,550)	627,550	–	–
Issue of deferred shares		–	454,300	–	454,300
		13,147,226	1,077,760	–	14,224,986
Balance at 30 June 2021		**27,173,600**	**824,124**	**(12,850,371)**	**15,147,353**

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

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

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

1 SEGMENT INFORMATION

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

2 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

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

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

(b) Accounting policies

(i) Component sales

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

(ii) Machine hours rental

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

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

(iii) Engineering services

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

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

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

Notes to the Financial Statements

30 June 2021

2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(b) Accounting policies (continued)

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

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

Critical judgements in allocating the transaction price

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

(iv) Financing components

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

3 OTHER INCOME AND EXPENSE ITEMS

(a) Other income

	30 June 2021 $	30 June 2020 $
Research and development tax incentive	**516,304**	–
Other grants	**323,049**	208,620
	839,353	208,620

(i) Fair value of R&D tax incentive

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

(ii) Fair value of other grants

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

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3 OTHER INCOME AND EXPENSE ITEMS (CONTINUED)

(b) Breakdown of expenses by nature

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

4 INCOME TAX EXPENSE

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

	30 June 2021 $	30 June 2020 $
Loss from continuing operations before income tax expense	**(6,990,084)**	(5,777,946)
Tax at the Australian tax rate of 26% (2020: 27.5%)	**(1,817,422)**	(1,588,935)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D tax incentive	**(134,239)**	–
Accounting expenditure subject to R&D tax incentive	**308,595**	–
Other grants	**27,642**	–
Blackhole expenditure (Section 40-880, ITAA 1997)	**(13,479)**	(14,256)
Employee leave obligations	**13,752**	20,881
Gain on debt defeasance	**–**	(38,148)
Initial public offering costs	**–**	71,281
Legal fees	**43,033**	49,326
Share-based payments	**193,889**	256,108
Other items	**17,624**	14,434
Subtotal	**(1,360,605)**	(1,229,309)
Difference in overseas tax rates	**(12,619)**	–
Tax losses and other timing differences for which no deferred tax asset is recognised	**1,373,224**	1,229,309
Income tax expense	**–**	–

Notes to the Financial Statements

30 June 2021

4 INCOME TAX EXPENSE (CONTINUED)

(b) Tax losses

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

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

5 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Cash and cash equivalents

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

(i) Reconciliation to cash flow statement

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

	30 June 2021 $	30 June 2020 $
Balances as above	**11,466,845**	4,019,209
Balances per statement of cash flows	**11,466,845**	4,019,209

(ii) Classification as cash equivalents

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

5 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Trade and other receivables

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

(i) Classification as trade receivables

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

(ii) Fair value of trade and other receivables

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

(iii) Impairment and risk exposure

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

(c) Trade and other payables

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

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

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

6 NON-FINANCIAL ASSETS AND LIABILITIES

(a) Inventories

	30 June 2021			30 June 2020		
	Current $	Non-current $	Total $	Current $	Non-current $	Total $
Raw materials	**770,063**	**–**	**770,063**	548,076	–	548,076
Work in progress	**765**	**–**	**765**	–	–	–
	770,828	**–**	**770,828**	548,076	–	548,076

Notes to the Financial Statements

30 June 2021

6 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(a) Inventories (continued)

(i) Impairment

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

(b) Property, plant and equipment

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

6 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(b) Property, plant and equipment (continued)

(i) Depreciation methods and useful lives

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

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

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

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

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

(c) Other non-current assets

	Notes	30 June 2021 $	30 June 2020 $
Non-current assets			
Rental bond		**179,773**	196,930

(d) Employee benefit obligations

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

(i) Leave obligations

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

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

(e) Leases

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

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

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

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

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

Notes to the Financial Statements

30 June 2021

6 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(e) Leases (continued)

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	30 June 2021 $	30 June 2020 $
Right-of-use assets[1]		
Properties	**2,778,231**	3,371,384
	2,778,231	3,371,384
Lease liabilities[2]		
Current	**235,223**	217,907
Non-current	**2,470,423**	2,904,163
	2,705,646	3,122,070

1. Included in the line item 'property, plant and equipment' in the consolidated balance sheet.
2. Included in the line items 'other current liabilities' and 'other non-current liabilities' in the consolidated balance sheet.

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

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

	Notes	30 June 2021 $	30 June 2020 $
Depreciation charge of right-of-use assets			
Properties		**391,939**	287,828
	3(b)	**391,939**	287,828
Interest expense (included in finance cost)		**217,064**	170,086
Expense relating to short-term leases (included in other expenses)	3(b)	**–**	–
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	3(b)	**154,800**	152,658
Expense relating to variable lease payments not included in lease liabilities (included in other expenses)	3(b)	**–**	–
The total cash outflow for leases in 2021 was $371,864 (2020: $322,744).			

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

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

6 NON-FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(e) Leases (continued)

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

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

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

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

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

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

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

(f) Investments accounted for using the equity method

	30 June 2021 $	30 June 2020 $
Non-current assets		
Interest in joint venture partnership	**321,535**	–

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

7 EQUITY

(a) Share capital

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

Notes to the Financial Statements

30 June 2021

7 EQUITY (CONTINUED)

(a) Share capital (continued)

(i) Movements in ordinary shares:

Details	Notes	Number of shares	Total $
Balance at 1 July 2019		**75,011,983**	**561,542**
Issue at $0.06 pursuant to private placement (2019-07-01)		6,666,666	–
Issue at $0.12 pursuant to private placement (2019-09-10)		16,666,668	2,000,000
Issue at $0.16 to suppliers in lieu of payment for services (2019-10-10)		5,300,000	848,000
Issue at $0.12 to suppliers in lieu of payment for services (2019-10-15)		3,333,334	400,000
Issue at $0.16 pursuant to private placement (2019-10-29)		21,875,000	3,500,000
Issue at $0.20 pursuant to private placement (2019-11-29)		40,000,000	8,000,000
Issue at $0.20 to suppliers in lieu of payment for services (2019-11-29)		6,000,000	1,200,000
Less: Transaction costs arising on share issues (Pre-IPO)		–	(784,752)
Less: Transaction costs arising on share issues (IPO Cash)		–	(498,416)
Less: Transaction costs arising on share issues (IPO Non-Cash)		–	(1,200,000)
Balance 30 June 2020		**174,853,651**	**14,026,374**

Details	Notes	Number of shares	Total $
Balance at 1 July 2020		**174,853,651**	**14,026,374**
Issue at $0.33 performance milestone shares (2020-09-01)		595,000	196,529
Issue at $0.33 salary sacrifice shares (2020-09-01)		269,713	89,086
Issue at $0.33 performance rights shares (2020-10-01)		311,260	102,809
Issue at $0.66 salary sacrifice shares (2020-11-17)		104,518	68,637
Issue at $0.33 in lieu of payment for services (2020-11-30)		379,958	125,500
Issue at $0.55 pursuant to placement (2020-12-10)		16,490,909	9,070,000
Issue at $0.55 pursuant to Share Purchase Plan (2021-02-02)		8,772,540	4,825,000
Less: Transaction costs arising on share issues (Cash)		–	(632,785)
Less: Transaction costs arising on share issues (Non-Cash)		–	(697,550)
Balance 30 June 2021		**201,777,549**	**27,173,600**

(ii) Ordinary shares

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

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

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

7 EQUITY (CONTINUED)

(b) Other reserves

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

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

(i) Nature and purpose of other reserves

Share-based payments

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

Foreign currency translation

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

(ii) Performance rights

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

Notes to the Financial Statements

30 June 2021

7 EQUITY (CONTINUED)

(b) Other reserves (continued)

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

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

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

(iii) Movements in options:

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

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

8 CASH FLOW INFORMATION

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

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

(b) Non-cash investing and financing activities

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

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

9 CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS

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

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

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

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

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

Notes to the Financial Statements

30 June 2021

9 CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS (CONTINUED)

(b) Coronavirus (COVID-19) pandemic

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

10 FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

Exposure

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

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

Sensitivity

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

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

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

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

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

* Holding all other variables constant

(b) Credit risk

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

(i) Risk management

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

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

(ii) Security

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

(iii) Impairment of financial assets

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

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

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

Trade receivables

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

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

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

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

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

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

Notes to the Financial Statements

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10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

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

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

(i) Maturities of financial liabilities

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

Contractual maturities of financial liabilities	Less than 6 months $	6 - 12 months $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets)/ liabilities $
At 30 June 2021							
Trade and other payables	**1,053,886**	**–**	**–**	**–**	**–**	**1,053,886**	**1,053,886**
Total	**1,053,886**	**–**	**–**	**–**	**–**	**1,053,886**	**1,053,886**
At 30 June 2020							
Trade and other payables	816,544	–	–	–	–	816,544	816,544
Total	**816,544**	**–**	**–**	**–**	**–**	**816,544**	**816,544**

11 CAPITAL MANAGEMENT

(a) Risk management

The group's objectives when managing capital are to

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

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

(b) Dividends

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

12 INTERESTS IN OTHER ENTITIES

(a) Material subsidiaries

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

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

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

(b) Interests in joint ventures

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

(i) Summarised financial information for joint ventures

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

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

Summarised statement of comprehensive income	2021 $	2020 $
Administration expenses	**(3,684)**	–
Loss before income tax	**(3,684)**	–
Income tax expense	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income	**(3,684)**	–

Notes to the Financial Statements

30 June 2021

12 INTERESTS IN OTHER ENTITIES (CONTINUED)

(b) Interests in joint ventures (continued)

Reconciliation of the consolidated entity's carrying amount	30 June 2021 $	30 June 2020 $
Opening carrying amount	–	–
Investment in Strategic Alloys Pty Ltd	323,193	–
Share of loss after income tax	(1,658)	–
	321,535	–

(c) Group's transactions with joint ventures

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

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

13 CONTINGENT LIABILITIES

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

14 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

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

15 RELATED PARTY TRANSACTIONS

(a) Subsidiaries and joint ventures

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

(b) Key management personnel compensation

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

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 24.

15 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with related parties

The following transactions occurred with related parties:

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

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

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

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

(e) Loans to/from related parties

	30 June 2021 $	30 June 2020 $
Loans from entity with significant influence over the group		
Beginning of the period	**–**	30,000
Loans repayments made	**–**	(30,000)
End of year	**–**	–

(f) Terms and conditions

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

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

16 SHARE-BASED PAYMENTS

(a) Options

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

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

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30 June 2021

16 SHARE-BASED PAYMENTS (CONTINUED)

(a) Options (continued)

	30 June 2021		30 June 2020	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 July	**–**	**–**	–	–
Granted during the year	**$1.00**	**3,500,000**	–	–
As at 30 June	**$1.00**	**3,500,000**	–	–
Vested and exercisable at 30 June	**$1.00**	**3,500,000**	–	–

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

Grant date	Expiry date	Exercise price ($)	Share options 30 June 2021	Share options 30 June 2020
2020-12-10	2022–12–10	1	**3,500,000**	–
Weighted average remaining contractual life of options outstanding at end of period			**1.45**	–

(i) Fair value of options granted

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

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

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

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

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

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

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

	30 June 2021 Number of shares	30 June 2020 Number of shares
As at 1 July	**–**	–
Granted during the year	**770,000**	595,000
Vested during the year	**(770,000)**	(595,000)
As at 30 June	**–**	–
Weighted average remaining contractual life of the deferred shares outstanding at end of period	**0**	**0**

16 SHARE-BASED PAYMENTS (CONTINUED)

(c) Share-based transactions with suppliers

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

(d) Expenses arising from share-based payment transactions

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

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

17 REMUNERATION OF AUDITORS

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

(a) RSM Australia Partners

(i) Audit and other assurance services

	2021 $	2020 $
Audit and review of financial statements	**42,500**	35,000
Total remuneration for audit and other assurance services	**42,500**	35,000

(ii) Taxation services

Tax due diligence and review of prospectus	**–**	16,500
Total remuneration for taxation services	**–**	16,500

(iii) Other services

Investigating accountant's report	**–**	43,000
Total remuneration for other services	**–**	43,000
Total auditor's remuneration	**42,500**	94,500

18 LOSS PER SHARE

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

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

Notes to the Financial Statements

30 June 2021

18 LOSS PER SHARE (CONTINUED)

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

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

19 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

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

(b) Guarantees entered into by the parent entity

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

(c) Contingent liabilities of the parent entity

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

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

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

(e) Determining the parent entity financial information

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

(i) Investments in subsidiaries

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

20 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Amaero International Ltd is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

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

(ii) Historical cost convention

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

(iii) New and amended standards adopted by the group

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

(iv) New standards and interpretations not yet adopted

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

(b) Principles of consolidation

(i) Subsidiaries

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

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

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

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Notes to the Financial Statements

30 June 2021

20 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Transactions and balances (continued)

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

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

(iii) Group companies

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

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

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

(e) Revenue recognition

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

(f) Government grants

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

(g) Income tax

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

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

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

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

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

(ii) Transactions and balances (continued)

(h) Leases

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

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

(i) Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the

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

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

(j) Impairment of assets

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

(k) Cash and cash equivalents

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

(l) Trade receivables

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

(m) Inventories

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

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

Notes to the Financial Statements

30 June 2021

20 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Joint ventures

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

(o) Investments and other financial assets

(i) Classification

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

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

(o) Investments and other financial assets (continued)

(iv) Impairment

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

(v) Income recognition Interest income

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

(p) Property, plant and equipment

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 20(j)).

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

(q) Trade and other payables

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

(r) Borrowings

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

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

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

(s) Employee benefits

(i) Short-term obligations

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

Notes to the Financial Statements

30 June 2021

20 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Other long-term employee benefit obligations

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

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

(t) Contributed equity

Ordinary shares are classified as equity.

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

(u) Loss per share

(v) Basic loss per share

Basic loss per share is calculated by dividing:

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

(ii) Diluted loss per share

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

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

(v) Rounding of amounts

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

(w) Goods and services tax (GST)

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

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

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

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 28 to 60 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

Mr David Hanna
Director

Melbourne
30 August 2021

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Members of Amaero International Limited

Opinion

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

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

RSM

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Share-based payments Refer to Note 7 and Note 16 in the financial statements	
The Company raised $13.83 Million of equity capital during the year through placement and Share Purchase Plan (SPP) and has issued share-based payments of $0.63 Million in relation to the capital raise. The company has also issued performance rights to employees during the year. Share-based payments expense of $ 0.75 Million was recognised for the year ended 30 June 2021. We considered this area as a key audit matter due to the materiality of the amount and the estimates used in the valuation of share-based payments.	As part of our audit procedures, we: • Reviewed the agreements and plans relating to share-based payments and assessed the appropriateness of valuation methods used; and • assessed the reasonableness of the accounting treatment and appropriateness of disclosures relating to share-based payments in accordance with AASB 2 *Share-based Payments.*

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Independent Auditor's Report

continued

RSM

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

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

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

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 30 August 2021
Melbourne, Victoria

ASX Additional Information

as at 30 September 2021

The following information was applicable as at 30 September 2021.

1. CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement can be found at the Company's website at www.amaero.com.au.

2. SUBSTANTIAL SHAREHOLDERS

The following holders are registered by Amaero as a substantial holder, having declared a relevant interest in accordance with the *Corporations Act 2001* (Cth), in the voting shares below:

Holder Name	Date of notice	Number of ordinary shares[1]	% of issued capital[2]
AMAERO INTERNATIONAL LIMITED	30/11/2020	85,513,045	48.45%
STUART DOUGLAS / INNOVYZ INVESTMENTS PTY LTD <INNOVYZ INVESTMENTS UNIT A/C>	06/12/2019	20,940,495	11.98%
MONASH INVESTMENT HOLDINGS PTY LTD	06/12/2019	18,315,178	10.47%

1 As disclosed in the last notice lodged with the ASX by the substantial shareholder.
2 The percentage set out in the notice lodged with the ASX is based on the total issued capital of the Company at the date of interest.

3. NUMBER OF SECURITY HOLDERS

Securities	Number of Holders
Ordinary Shares	2,763
Performance Rights	8
Options	4

4. VOTING RIGHTS

Securities	Rights attaching to Securities
Ordinary Shares	Subject to any rights or restrictions for the time being attached to any class or classes at general meetings of shareholders or classes of shareholders: a. each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative; b. on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and c. on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, is entitled to one vote per share held.
Performance Rights	Performance Rights do not carry any voting rights.
Options	Options do not carry any voting rights.

ASX Additional Information

as at 30 September 2021

5. DISTRIBUTION SCHEDULE

The distribution schedule for Ordinary Shares is as follows:

Spread of Holdings	Holders	Ordinary Shares	% of Total Ordinary Shares
1 - 1,000	293	218,603	0.11%
1,001 - 5,000	833	2,352,571	1.16%
5,001 - 10,000	482	3,972,027	1.96%
10,001 - 100,000	924	32,295,458	15.93%
100,001 - 9,999,999,999	252	163,949,584	80.85%
Totals	**2,784**	**202,788,243**	**100.00%**

The distribution schedule for Performance Rights is as follows:

Spread of Holdings	Holders	Performance Rights	% of Total Performance Rights
1 - 1,000	0	0	0
1,001 - 5,000	0	0	0
5,001 - 10,000	0	0	0
10,001 - 100,000	7	356,504	74.06%
100,001 - 9,999,999,999	1	124,887	25.94%
Totals	**8**	**481,391**	**100.00%**

6. HOLDERS OF NON-MARKETABLE PARCELS

The distribution schedule for Ordinary Shares is as follows:

Date	Closing price of shares	Number of holders
30/09/2021	$0.44	310

7. TOP 20 SHAREHOLDERS

The top 20 largest fully paid ordinary shareholders together hold 55.92% of the securities in this class and are listed below:

	Name	Securities	%
1	STUART DOUGLAS / INNOVYZ INVESTMENTS PTY LTD <INNOVYZ INVESTMENTS UNIT A/C>	21,866,271	10.78%
2	ROSEWOOD ENGINEERING PTY LTD	20,900,000	10.31%
3	MONASH INVESTMENT HOLDINGS PTY LTD	18,315,178	9.03%
4	CITICORP NOMINEES PTY LIMITED	8,381,470	4.13%
5	MR PHILIP JOHN CAWOOD	4,689,808	2.31%
6	RESILIENT INVESTMENT GROUP PTY LTD	4,688,249	2.31%
7	PAC PARTNERS SECURITIES PTY LTD	4,259,533	2.10%
8	THE UNIVERSITY OF ADELAIDE	3,333,334	1.64%
9	NATIONAL ACCOUNTS PTY LTD <OMAHA INVESTMENTS UNIT A/C>	2,473,000	1.22%
10	PETER WADE <WADE SUPERFUND>	1,656,475	0.82%
11	M & S SKYLEISURE PTY LTD <M SKYLEISURE A/C>	1,520,984	0.75%
12	M & S SKYLEISURE PTY LTD <S SKYLEISURE A/C>	1,520,983	0.75%
13	MRS BARBARA MYRA HOBBS	1,436,350	0.71%
14	NICHOLAS DERMOTT MCDONALD	1,406,475	0.69%
15	TERRA CAPITAL MANAGEMENT PTY LTD	1,406,475	0.69%
16	MRS MARGARET LYNETTE HARVEY	1,375,000	0.68%
17	JOMAHO INVESTMENTS PTY LTD	1,175,038	0.58%
18	MR PETER HENDRY	1,098,333	0.54%
19	JABEZ INVESTMENT GROUP PTY LTD <JABEZ A/C>	1,041,741	0.51%
20	MR NATHAN SCOTT JOHNSON	1,036,636	0.51%
	Total	**103,581,333**	**51.08%**
	Total issued capital - selected security class(es)	**202,788,243**	**100.00%**

8. COMPANY DETAILS

Company Secretaries: Mark Licciardo & Richard Baker

Registered Address: 13 Normanby Road, Notting Hill VIC 3168

Telephone: 03 9905 9847

Address of where the register is kept: Automic Pty Ltd, Level 5, 126 Phillip Street, Sydney NSW 2000

Telephone of where the register is kept: 1300 288 664

Other stock exchange where the entities equity securities are quoted: N/A

ASX Additional Information

as at 30 September 2021

9. RESTRICTED SECURITIES

The following shares are subject to mandatory escrow restrictions under ASX Listing Rules Chapter 9:

Class	Expiry Date	Number of Shares
Ordinary Shares	06/12/2021	85,513,045

10. PERFORMANCE RIGHTS

- There is a total of 481,391 unlisted Performance Rights on issue.
- The number of Performance Right holders is 8.
- The Performance Rights carry no dividend or voting rights.

11. SHARE BUY-BACKS

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

12. BUSINESS OBJECTIVES

The Company has used cash and cash equivalents held at the time of listing in a way consistent with its stated business objectives.

Corporate Directory

DIRECTORS

Mr David Hanna
Non-Executive Chairman

Mr Stuart Douglas
Executive Director

Ms Kathryn Presser
Non-Executive Director

SECRETARY

Mr Mark Licciardo
Mr Richard Baker

REGISTERED OFFICE

13 Normanby Road
Notting Hill VIC 3168 Australia

Telephone: +61 (0)3 9905 9847

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

13 Normanby Road
Notting Hill VIC 3168 Australia

Telephone: +61 (0)3 9905 9847

SHARE REGISTER

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000 Australia

Telephone: +61 (0)2 9698 5414

AUDITOR

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000 Australia

Telephone: +61 (0)3 9286 8000

SOLICITORS

Elevate Legal
Level 1
455 Bourke Street
Melbourne VIC 3000 Australia

Telephone: +61 1300 582 715

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ADDITIVE MANUFACTURING

www.amaero.com.au