

ASX Release

27 July 2021

Amaero continues to progress its growth strategy June 2021 Quarterly Activities Report

June quarter highlights

- **Solid commercial progress during the quarter including:**
 - **Submission of draft Heads of Agreement for proposed 3D printing centre in the Middle East**
 - **Further development on the qualification of satellite components for US-based facility in El Segundo and delivery of evaluation parts to Boeing**
 - **Achieved successful build of the production version of the tool for the Fletchers Glass agreement**
- **3D printing industry expert Tuan TranPham appointed to Amaero's Global Advisory Board**
- **Cash balance of \$11.5 million as at 30 June, providing strong capacity to fund the Company's growth strategy and execute on planned work programs**
- **Post quarter end, announcement of the build of an \$8m customised and proprietary titanium alloy powder manufacturing plant in Victoria, Australia**

Amaero International Limited ("Amaero"), (the "Company") (ASX:3DA), a leader in metal additive manufacturing, is pleased to present the Company's Appendix 4C and accompanying activities report for the period ending 30 June 2021 ("Quarter", "Reporting Period").

Commenting on the Quarter, Amaero International Limited CEO, Barrie Finnin said: *"The quarter was an exciting period for Amaero with further development on the qualification of satellite components for our US-based facility in El Segundo, the delivery of evaluation parts to Boeing, and progress on our commercial agreements with key customers Boeing, Rio Tinto, Fletchers Glass and Raytheon. At the same time, we continued to advance our proposed 3D printing centre in the Middle East with the submission of a draft Heads of Agreement.*

Our operational progress was bolstered by the appointment of 3D printing industry expert Tuan TranPham to our Global Advisory Board. Mr TranPham brings significant expertise in 3D printing to our business and is well known as an industry expert and leading business development executive within the industry.

Post the end of the quarter, we announced the build of a world-class titanium alloy powder plant in Australia, with the \$8 million customised and proprietary manufacturing plant expected to be the most advanced titanium alloy powder plant in the world. The plant will position our Company as a reliable source of titanium alloy powder, building on our geographic and geopolitical position to generate a strong and highly profitable revenue stream of approximately \$30 million per annum.

Our cash balance of \$11.5 million leaves us strongly funded to continue to pursue our growth strategy of focusing on immediately addressable commercial opportunities and providing growth optionality through long-term R&D with the global defence and aerospace industries.

On behalf of Amaero I would like to thank all our shareholders for your ongoing support, and we look forward to keeping you updated on our progression in the year ahead."

OPERATIONAL

Proposed Middle East 3D Printing Centre

During the quarter, Amaero submitted a draft Heads of Agreement for its proposed 3D printing centre in the Middle East. The Company expects that the Heads of Agreement will be signed and for contract negotiations to commence by the 1st half of Calendar Year 2022.

Amaero International Limited Advisory Board Member David Wolf commented: *"The project continues to gather momentum. As one of the most experienced defence offset negotiators globally, I am confident in saying that it is not a matter of if but when the parties will execute binding agreements."*

Progress with El Segundo facility

Amaero continued to make progress on the qualification of satellite components at its US-based facility in El Segundo, California following the establishment of the site in early 2020 to allow the Company to better serve its international aerospace, defence, and tooling customers.

The Company delivered evaluation parts to Boeing, following the receipt of a purchase order in December 2020.

Progress of ongoing relationship with Fletchers Glass

The development of an additive manufacturing application with Fletcher's Glass is progressing well. Amaero 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 has also developed an improved performance alloy for the glass spinner tool application.

During the period, the Company completed the project for Fletchers Glass Boost Your Business Voucher. Boost Your Business is an initiative by the Victorian Government to support Victorian companies to enter new export markets, accelerate growth and develop and commercialise new products.

Progress with Rio Tinto and Raytheon agreements

During the quarter, Amaero received the first batch of ingots manufactured by Rio Tinto under its collaboration agreement for the development of the supply chain for Amaero's high performance, High Operating Temperature Aluminium Alloy, "Amaero HOT Al".

The Company completed various specimens for the Raytheon Intelligence and Space ("RI&S") project, following the acceptance of a Purchase Order from RI&S in January 2021, whereby Amaero and RI&S will collaborate on the development of additive manufactured (AM) components in new materials.

Key orders deliver on short-term manufacturing strategy

Amaero continued to deliver on its short-term strategy of focusing on development of the manufacture of consumables, tooling, and services, with the receipt and completion of orders for Virgin Australia, Nissan Casting, DSTG, SMR and XRF Technology as well as an additional purchase order for small arms components. The Company also completed a large format titanium alloy build for Gilmour Space Technologies.

A further Purchase Order was received and completed from the CSIRO for static mixers during the quarter.

For personal use only

Amaero executed a new agreement with Swinburne University to work on coatings for hypersonics and rocket motor components. The first set of AlSi10Mg +BNNT and AlMnSc +BNNT specimens part builds and heat treatment was completed for the project.

Grant applications and EMDG claim support longer-term R&D strategy and overseas growth

During the quarter, Amaero submitted a successful Technology Adoption and Innovation Fund grant application for a project with the CSIRO on modelling the spinner tool and submitted a grant application for the MMI Translation Stream, enhancing the Company's long-term strategy of focusing on R&D projects and enabling it to continue to grow its presence in the tooling market.

To further support its growth in the US market and to win and deliver more contracts with USA-based clients, Amaero received a boost of \$132k from Austrade's Export Market Development Grant (EMDG) scheme. The scheme is designed to help Australian businesses grow their exports in overseas markets, with the grants reimbursing promotional expenses for exporters aiming to increase their international sales.

CORPORATE

Tuan TranPham appointed to Global Advisory Board

In April, Amaero appointed Tuan TranPham to its Global Advisory Board. Mr TranPham is well known as an industry expert and leading business development executive within the 3D printing industry. He previously held the position of Chief Revenue Officer at Desktop Metals, a leading US-based 3D printing company, where he was responsible for their revenue model and oversaw its growth from a private company to a NYSE listed company with the largest market capitalisation of any listed 3D printing company globally.

Mr TranPham has over 17 years' experience amongst cutting edge 3D printing companies, across key roles including National Sales & Marketing Director for GE Additive, 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.

Mr TranPham brings significant relationships, networks and expertise to Amaero's Machine sales and service team. As a member of Amaero's Global Expert Advisory Board, he will provide expert advice on the revenue and commercialisation strategy for the continued commercial roll out of Amaero's 3D printing machines. The Amaero SP Series of Laser Powder Bed Fusion machines deliver high performance metal components suitable for use in industries such as aviation, defence, space, biomedical, research and auto racing.

Also during the quarter, Amaero appointed two new engineers for its Adelaide facility as well as a full-time Quality and Administration Co-ordinator at the Company's headquarters in Victoria.

FINANCIAL

As detailed in the attached ASX Appendix 4C, the Company had \$11.5 million in cash and cash equivalents at 30 June 2021.

As advised in the March 2021 Quarterly Activities Report, all funds raised via the Company's IPO Prospectus have now been expended between the Company's admission to ASX and the previous quarter, with funds raised from the December 2020 placement and the January 2021 Share Purchase Plan providing cash flow for future growth and operational expenses.

Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$80K was paid in respect of Directors fees and consulting fees paid to entities associated with the Directors.

ACTIVITIES SUBSEQUENT TO THE QUARTER

Amaero to build a customised and proprietary titanium alloy powder manufacturing plant in Australia

In early July, the Company announced that it will build an \$8 million customised and proprietary titanium alloy powder manufacturing plant in Victoria, which is expected to be the most advanced titanium alloy powder plant in the world.

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.

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 \$30 million per annum.

At the same time, Amaero signed a Memorandum of Understanding with a metal powder supply company that has established market channels for metal powder sales.

The plant is planned to be constructed and commissioned over an 18-month period.

This ASX release is approved by the Board of Amaero International Limited.

For further information, please contact:

Corporate:

Barrie Finnin

CEO

Amaero International Limited

info@amaero.com.au

Investors:

Gabriella Hold

Market Eye

+61 (0) 411 364 382

gabriella.hold@marketeye.com.au

About Amaero International Limited:

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.

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Amaero International Limited

ABN

82 633 541 634

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	209	434
1.2 Payments for		
(a) research and development	(445)	(1,812)
(b) product manufacturing and operating costs	(114)	(814)
(c) advertising and marketing	(37)	(145)
(d) leased assets	-	-
(e) staff costs	(364)	(1,194)
(f) administration and corporate costs	(482)	(2,405)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	182	698
1.8 Other (provide details if material)	80	369
1.9 Net cash from / (used in) operating activities	(971)	(4,869)

2. Cash flows from investing activities

2.1 Payments to acquire or for:

(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(53)	(439)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) investments	(80)	(320)
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	-	-
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(133)	(759)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	13,825
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(679)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	13,146

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,589	4,014
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(971)	(4,869)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(133)	(759)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	13,146
4.5	Effect of movement in exchange rates on cash held	(18)	(65)
4.6	Cash and cash equivalents at end of period	11,467	11,467

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11,467	12,589
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,467	12,589

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	80
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(971)
8.2 Cash and cash equivalents at quarter end (item 4.6)	11,467
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	11,467
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	12
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

For personal use only

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 July 2021.....

Authorised by:Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating eff