

ASX Release

25 January 2022

December 2021 Quarterly Activities Report

December quarter highlights:

- **Heads of Agreement secured with Gilmour Space that will lead to a long-term supply agreement expected to deliver total revenues of ~A\$1.7 million**
- **Positive test results for spinner tools for the Fletcher Insulation project and good progress with Rio Tinto with the first batch of billets atomised and being tested**
- **Revenues increased 21% quarter-on-quarter (qoq) to \$134,388; Amaero continues to focus on progressing key projects to deliver increased revenues**
- **Operating costs fell 22% qoq to \$2.064 million due to a significant drop in manufacturing, corporate and administration costs**
- **Cash balance of \$4.97 million, providing support for continued investment in key projects and contracts to deliver future revenue growth**
- **Post-quarter end, 10-year lease secured for titanium plant and works commenced; construction expected to be finalised and commissioning to start in 3Q CY2022**

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 31 December 2021.

Commenting on the quarter, Amaero International Limited CEO, Barrie Finnin said: “Amaero made good progress during the quarter on key projects, with a new Heads of Agreement with Gilmour Space that will lead to a long-term supply agreement, receiving positive test results for the Fletcher project and the first batch of Rio Tinto’s alloy billets atomised and testing commenced. These advancements were capped off by our announcement earlier this month that we have secured a 10-year lease and works have commenced for our titanium powder plant here in Victoria. We expect that construction will be finalised and commissioning will start in 3Q CY2022. The project is significant for Amaero in that it will provide us with a strong revenue and profit stream and provide our Company and other users in Australia and overseas with a reliable source of strategically important titanium alloy powder.”

OPERATIONAL

Heads of Agreement with Gilmour Space and further Purchase Orders

In October, Amaero secured a Heads of Agreement (HoA) with Gilmour Space Technologies (Gilmour Space) that will lead to a long-term supply agreement for the manufacture of rocket components.

The resulting supply agreement will be for a three-year term and is expected to deliver total revenues to Amaero of ~A\$1.7 million.

Gilmour Space is a venture-backed Australian rocket company which is pioneering innovative hybrid propulsion technologies that will offer lower cost access to space. The HoA follows the supply of a series of prototype rocket motor components to Gilmour Space that were manufactured by Amaero under small purchase orders over the past year and a half.

During the quarter, Amaero received 5 purchase orders from Gilmour for the manufacture of rocket components under the supply agreement.

Progress with Fletchers Insulation and Rio Tinto projects

Amaero recorded positive test results for its spinner tools for the Fletcher Insulation project during the quarter, with the spinner tools performing well within Fletcher's required performance standards.

Also during the quarter, one of Amaero's SP400 3D printing machines was built for the project with commissioning beginning in January.

The High Operating Temperature Aluminium Alloy (H.O.T Al) project with Rio Tinto is also progressing well, following freight delays causing project timing slippage earlier in 2021.

The first batch of Rio Tinto's alloy billets has been atomised into powder and testing has commenced. In addition, the second shipment of Amaero H.O.T. Al was dispatched from Rio Tinto during the quarter.

Proposed Middle East 3D printing centre

Amaero is making progress with virtual meetings on the project agreement for the proposed Middle East centre for additive manufacturing. In person meetings are also expected to be conducted in March, subject to international travel restrictions.

Amaero executes LOI with Australian Missile Corporation

In December, Amaero executed a letter of intent (LOI) with Melbourne-based Australian Missile Corporation (AMC) to explore opportunities to support of the accelerated establishment of a Sovereign Guided Weapons and Explosive Ordnance (GWEO) Enterprise in Australia.

AMC is a subsidiary of NIOA, a 100% Australian-owned Defence Prime specialising in the provision and support of weapon systems and integrated soldier systems.

The LOI follows AMC's proposal to the Federal Government following a request for information for the establishment of the GWEO Enterprise. The proposal provided feedback and advice on how a Sovereign GWEO Enterprise could be established and operated, including proposed commercial model options and identified several areas that could accelerate Enterprise establishment.

Boeing Purchase Order

During the quarter, Amaero received a Purchase Order totalling \$50k from Boeing for a defence aircraft Independent Research and Development (IRAD) project.

FINANCIAL

Revenues for the December quarter were \$134,388, due to increased research and development work undertaken with key clients.

As detailed in the attached ASX Appendix 4C, the Company had \$4.97 million in cash and cash equivalents as at 31 December 2021, with the cash burn reflecting the Company's continued investments in its key projects and commercial agreements to generate future revenue growth but allowing for future forthcoming growth.

As advised in the September 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, \$42,000 was paid in respect of Directors fees and consulting fees paid to entities associated with the Directors.

ACTIVITIES SUBSEQUENT TO THE QUARTER

In January, Amaero secured a ten-year lease for a 3,857 sqm facility in the Monash Precinct in Melbourne for its proposed titanium powder facility.

Additional works commenced this month to prepare for the installation of the facility, including the construction of a 600sqm warehouse extension high bay to accommodate Amaero's first gas atomiser for the plant.

Amaero expects construction to be finalised and commissioning to commence in 3Q CY2022; five-fold ramp up of additional gas atomisers with commensurate revenues expected by 2025.

The facility is expected to provide Amaero with a strong revenue of ~A\$40.8 million per annum. It is also expected to position Amaero as a supplier of choice for defence, aerospace and critical manufacturing segments in allied nations.

In January, Amaero's US operations received a purchase order totalling ~US\$100k from Oceaneering International Inc. (NYSE:OII).

Oceaneering is a subsea engineering and applied technology company based in Houston, Texas, that provides engineered services and hardware to customers in the marine, space and other sectors.

The purchase order is for a development project for space applications involving aluminium 3D printed components and test specimens.

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

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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.

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 co-located with MCAM in Melbourne Australia. It operates two additional facilities, in Adelaide, South Australia, and Los Angeles, California, USA.

For further information, please visit: <https://www.amaero.com.au/>

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")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	134	245
1.2 Payments for		
(a) research and development	(624)	(1,308)
(b) product manufacturing and operating costs	(294)	(886)
(c) advertising and marketing	(46)	(113)
(d) leased assets	-	-
(e) staff costs	(500)	(982)
(f) administration and corporate costs	(693)	(1,563)
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	-	5
1.8 Other (provide details if material)	94	123
1.9 Net cash from / (used in) operating activities	(1,929)	(4,479)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,020)	(2,021)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) investments	(25)	(25)
	(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	(1,045)	(2,046)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	7,959	11,467
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,929)	(4,479)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,045)	(2,046)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(17)	26
4.6	Cash and cash equivalents at end of period	4,968	4,968

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	4,968	7,959
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)	4,968	7,959

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	42
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(1,929)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,968
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,968
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3
<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>	

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:25 January 2022.....

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 effectively.