

ASX Release

29 July 2022

## June 2022 Quarterly Activities Report

### June quarter highlights:

- Amaero raises ~A\$11.0 million<sup>1</sup> (US\$7.6 million), with nil discount to the last traded price before the Placement, from institutional investors led by US growth investors Pegasus Growth Capital Fund I (“PGCFI”) and a group of prominent US institutional investors managed by Amaero’s US strategic adviser Omer Granit
- Funds will be used to:
  - Finalise the installation and commissioning of the titanium alloy powder plant which is expected to take Amaero to a cash flow positive position; and
  - Identify and pursue US strategic alternatives with Guggenheim Securities.
- Manufacture of the gas atomizer production plant completed to Amaero specifications and subsequent successful cold testing and hot testing completed
- Cash balance of \$11 million as at 30 June 2022

### Highlights subsequent to the quarter:

- Amaero wins *Manufacturer of the Year – Small Business* in the 2022 Victorian Manufacturing Hall of Fame Awards
- Amaero’s titanium powder facility in Victoria, Australia received Environmental Protection Authority approval
- In July, Amaero was advised that the construction of its titanium powder facility has been delayed due to national construction and global supply chain conditions
- Pegasus Growth Capital’s Managing Partner, Hank Holland to be appointed to Amaero’s Board following FIRB approval for the Pegasus investment in Amaero

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 2022.

Commenting on the quarter, Amaero International Limited CEO, Barrie Finnin said: “We were pleased to achieve significant progress during the quarter with the successful completion of a ~A\$11.0 million<sup>2</sup> (US\$7.6 million) capital raise amid challenging conditions in equity markets globally. The raise led by Pegasus Growth Capital Fund I, and a group of prominent US institutional investors was conducted at nil discount to the last traded price before the Placement and shows these investors are committed to leading Amaero through its next stage of growth. The funds raised will be used to finalise the commissioning of our titanium plant, with manufacture of the gas atomizer production plant

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<sup>1 2</sup>Based on an exchange rate of A\$1.00 = US\$0.6949.

*completed to our specifications and subsequent cold testing and hot testing completed during the quarter.”*

*“Unfortunately, we were advised in July that the construction of our new titanium facility in Victoria Australia has been delayed due to national construction and global supply chain conditions and the construction of the facility is now anticipated to be completed in Q2 CY2023. Amaero is actively working to manage and improve the supply chain issues and construction process of the Notting Hill facility and all other aspects of the project are proceeding to plan. We will update investors on the progress and next steps in due course.”*

## **CORPORATE**

In May, Amaero raised approximately A\$11.0 million via a combination of a Placement of new Shares and the issue of a Senior Convertible Note.

The funds were raised via:

- A Placement of ~A\$8.2 million<sup>1</sup> (US\$5.7 million) to institutional investors led by Pegasus Growth Capital Fund I (PGCFI) at an issue price of A\$0.21 per share; and
- The issue of a ~A\$2.8 million<sup>1</sup> (US\$1.95 million) Senior Convertible Note (Note) to PGCFI

New Shares issued under the Placement priced at A\$0.21, representing nil discount to the last traded price before the Placement as at 9 May 2022.

Funds will be used to finalise the installation and commissioning of the titanium alloy powder plant which is expected to take Amaero to a cash flow positive position and to identify and pursue strategic alternatives for Amaero to maximise shareholder value following the engagement of global investment and advisory firm Guggenheim Securities, LLC (“Guggenheim Securities”) (see ASX Announcement dated 15 March 2022).

Pegasus Growth Capital’s Managing Partner, Hank Holland is to be appointed to the Company’s Board of Directors, following the receipt of approval from the Foreign Investment Review Board for the Pegasus investment in Amaero on 26 July 2022.

Mr Holland fills a casual vacancy on the Board until formal approval at Amaero’s Annual General Meeting.

## **OPERATIONAL**

### **Manufacture of gas atomizer production plant and subsequent testing completed**

The manufacture of the titanium gas atomizer production plant has been completed to Amaero specifications on time and on budget.

The subsequent cold testing and hot testing has also been completed successfully. The plant is operating as expected and is delivering the anticipated high-value yield.

The equipment build for the plant is undertaken at the engineering manufacturer’s facility in order to cold test it and then hot test it to ensure it is operating as designed and all of the components operate under load.

The plant is now being prepared for shipping to Australia.

### Purchase orders received from BAE Systems and CSIRO

During the quarter, Amaero received a number of purchase orders, including one for Australian defence and security company, BAE Systems Australia for a titanium alloy casing and plug and two purchase orders from the CSIRO for burner designs and an updated static mixer, respectively.

### FINANCIAL

As detailed in the attached ASX Appendix 4C, the Company had \$11 million in cash and cash equivalents as at 30 June 2022, which incorporates the successful capital raising.

Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$124,000 was paid in respect of Directors fees and consulting fees paid to entities associated with the Directors.

### ACTIVITIES SUBSEQUENT TO THE QUARTER

#### Amaero wins Victorian Manufacturing Hall of Fame Award



On July 26, Amaero won the *Manufacturer of the Year – Small Business* Award in the 2022 Victorian Manufacturing Hall of Fame Awards.

Amaero's win was in recognition of the Company's manufacturing excellence and its contribution to product and technology development in Victoria.

The Awards acknowledge the achievements of Victorian manufacturers and showcase the vital role manufacturing plays in the state. This year's theme, 'Made in Victoria', highlights the importance of local manufacturing and the breadth of products, technology and ideas produced locally.

#### Update on titanium powder manufacturing facility

In July, Amaero received Environmental Protection Authority approval for its titanium powder facility in Victoria, Australia.

Also that month, Amaero announced that it had just been advised by the construction project manager that delivery of the facility in Notting Hill, Victoria would be delayed.

Construction of the facility was anticipated to be finalised in Q3 CY2022 with commissioning expected to commence in September 2022 and production to commence in late December 2022.

The delay is a result of a combination of tightness in the domestic commercial construction industry, global supply chain issues and delays in receiving regulatory approvals. The construction of the facility is now anticipated to be completed in Q2 CY2023.

Amaero is actively working to manage and improve the supply chain issues and construction process of the Notting Hill facility. All other aspects of the project are proceeding to plan.

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

#### For further information, please contact:

**Corporate:**

**Barrie Finnin**

CEO

Amaero International Limited

**Investors:**

**Gabriella Hold**

Market Eye

+61 (0) 411 364 382

[info@amaero.com.au](mailto:info@amaero.com.au)

[gabriella.hold@marketeye.com.au](mailto:gabriella.hold@marketeye.com.au)

**Media:**

**Jane Storey**

*Amaero International Limited*

+61 408 327 030

[jane.storey@amaero.com.au](mailto:jane.storey@amaero.com.au)

**Defence and aerospace trade media:**

**Zack McLennan**

Lunik

+61 (0) 434 996 461

[zmclennan@lunik.com.au](mailto:zmclennan@lunik.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.

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")**

30 June 2022

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 136                                | 541   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              | (537)                              | (2,492)   |
| (b) product manufacturing and operating costs             | (369)                              | (1,683)   |
| (c) advertising and marketing                             | (44)                               | (203)   |
| (d) leased assets   | -                                  | -   |
| (e) staff costs   | (680)                              | (2,188)   |
| (f) administration and corporate costs                    | (878)                              | (3,186)   |
| 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                  | 75                                 | 875   |
| 1.8 Other (provide details if material)                   | 98                                 | 268   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(2,199)</b>                     | <b>(8,068)</b>                                  |

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|---|------------------------------------|---|
| <b>2.</b>                                   | <b>Cash flows from investing activities</b>           |                                    |   |
| 2.1   | Payments to acquire or for:                           |                                    |   |
|   | (a) entities  | -                                  | -   |
|   | (b) businesses  | -                                  | -   |
|   | (c) property, plant and equipment                     | (332)                              | (3,252)   |
|   | (d) investments                                       | -                                  | (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)                   | -                                  | -   |
| <b>2.6</b>                                  | <b>Net cash from / (used in) investing activities</b> | <b>(332)</b>                       | <b>(3,277)</b>                                  |

|           |   |        |        |
|-----------|---|--------|--------|
| <b>3.</b> | <b>Cash flows from financing activities</b>   |        |        |
| 3.1       | Proceeds from issues of equity securities (excluding convertible debt securities)       | 10,979 | 10,979 |
| 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 | (34)   | (34)   |
| 3.5       | Proceeds from borrowings  | -      | -      |
| 3.6       | Repayment of borrowings   | -      | -      |
| 3.7       | Transaction costs related to loans and borrowings                                       | -      | -      |

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|---|------------------------------------|---|
| 3.8   | Dividends paid  | -                                  | -   |
| 3.9   | Other (provide details if material)                   | -                                  | -   |
| <b>3.10</b>                                 | <b>Net cash from / (used in) financing activities</b> | <b>10,945</b>                      | <b>10,945</b>                                   |

|            |  |               |               |
|------------|--|---------------|---------------|
| <b>4.</b>  | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |               |               |
| 4.1        | Cash and cash equivalents at beginning of period                             | 2,652         | 11,467        |
| 4.2        | Net cash from / (used in) operating activities (item 1.9 above)              | (2,199)       | (8,068)       |
| 4.3        | Net cash from / (used in) investing activities (item 2.6 above)              | (332)         | (3,277)       |
| 4.4        | Net cash from / (used in) financing activities (item 3.10 above)             | 10,945        | 10,945        |
| 4.5        | Effect of movement in exchange rates on cash held                            | 52            | 51            |
| <b>4.6</b> | <b>Cash and cash equivalents at end of period</b>                            | <b>11,118</b> | <b>11,118</b> |

|            |   |                                    |                                     |
|------------|---|------------------------------------|-------------------------------------|
| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
| 5.1        | Bank balances   | 11,118                             | 2,652                               |
| 5.2        | Call deposits   | -                                  | -                                   |
| 5.3        | Bank overdrafts   | -                                  | -                                   |
| 5.4        | Other (provide details)   | -                                  | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>11,118</b>                      | <b>2,652</b>                        |

|   |   |                                    |
|---|---|------------------------------------|
| <b>6.</b>   | <b>Payments to related parties of the entity and their associates</b>                   | <b>Current quarter<br/>\$A'000</b> |
| 6.1   | Aggregate amount of payments to related parties and their associates included in item 1 | 124                                |
| 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> |   |                                    |

|           |   |   |  |
|-----------|---|---|--|
| <b>7.</b> | <b>Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i><br><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>  | <b>Total facility<br/>amount at quarter<br/>end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
| 7.1       | Loan facilities   | -   | -  |
| 7.2       | Credit standby arrangements   | -   | -  |
| 7.3       | Other (please specify)  | -   | -  |
| 7.4       | <b>Total financing facilities</b>   | -   | -  |
| 7.5       | <b>Unused financing facilities available at quarter end</b>   |   | -  |
| 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. |   |  |
|           |   |   |  |

|  |  |                |
|--|--|----------------|
| <b>8.</b>  | <b>Estimated cash available for future operating activities</b>  | <b>\$A'000</b> |
| 8.1  | Net cash from / (used in) operating activities (item 1.9)  | (2,199)        |
| 8.2  | Cash and cash equivalents at quarter end (item 4.6)  | 11,118         |
| 8.3  | Unused finance facilities available at quarter end (item 7.5)  | -              |
| 8.4  | Total available funding (item 8.2 + item 8.3)  | 11,118         |
| 8.5  | <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | 5.0            |
| <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

*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.*

## 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: 29 July 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.