

ASX Release

26 April 2023

March 2023 Quarterly Activities Report

March quarter highlights:

- Amaero terminates JV agreement with Rabdan / Ethmar Holdings increasing Amaero's ownership of the UAE project from 50% to 100%
- Ethmar commits to continue ongoing engagement and support of UAE project
- Several initiatives advanced in anticipation of green lighting the UAE project, including selection of KEZAD for build-to-suit development and Emirates Development Bank for project financing
- Erik Levy appointed and Bob Latta nominated as Non-Executive Directors
- Cash balance of \$9.8 million as of 31 March 2023. Since the end of the quarter, the Company has received non-recurring cash payments of \$2.05 million
- Post quarter end, Chairman and CEO, Hank J. Holland receives FIRB approval to increase shareholding by up to 11%. Due to Corporation Act and Takeover Panel regulations, neither Pegasus Growth Capital nor Holland can acquire additional shares until 31 May 2023
- Investor briefing at 2:00pm AEST today, Wednesday 26 April 2023

Amaero International Limited ("Amaero"), (the "Company") (ASX:3DA), a leader in powder metallurgy, advanced material science and metal additive manufacturing presents its Appendix 4C and accompanying activities report for the period ending 31 March 2023.

Commenting on the quarter, Hank Holland, Amaero's Chairman and CEO said: *"We continued to make a number of important strategic advancements for our titanium powder project in the UAE during the quarter, including selecting Khalifa Economic Zones Abu Dhabi (KEZAD Group) for the development of the facility and advancing discussions with Emirates Development Bank for financing. We also moved to terminate and restructure the agreement with Rabdan and Ethmar. The termination and restructure of the original JV agreement with Ethmar/Rabdan holds a number of benefits for shareholders with all governance reverting back to Amaero and the move expected to be accretive to Amaero shareholders on a fully funded/fully diluted basis. We value and appreciate Ethmar's ongoing advocacy and support with moving this project forward. We expect to sign a binding lease with KEZAD and formally green light the titanium powder production project by the end of June 2023."*

OPERATIONAL

Amaero terminated the joint venture agreement with Rabdan Industries PLC ("Rabdan"), an Ethmar Holdings ("Ethmar") affiliate that had been secured in December 2022.

Amaero proposes retaining Ethmar Holdings as a Strategic Advisor whereby Ethmar would be granted up to 2% Amaero fully paid ordinary shares.

The move benefits Amaero shareholders as:

- The Company increases its ownership of the UAE project from 50% to 100%
- All governance reverts back to Amaero
- Amaero expects it to be accretive to Amaero shareholders on a fully funded/fully diluted basis.

During the quarter, Amaero advanced a number of key initiatives in anticipation of green lighting the UAE project as follows:

Selection of KEZAD Group for titanium powder manufacturing build-to-suit facility

Amaero selected Khalifa Economic Zones Abu Dhabi (KEZAD Group) for the development of its titanium powder manufacturing facility. The two companies have worked closely to conceptualise and design a two-phase development comprising approximately 22,000 square meters. It is expected that development and fit-out costs will be capitalised in a long-term lease and that there will be an initial rent-free period. Amaero expects that a binding lease will be signed by the end of June, at which point the project would be green lighted. KEZAD has committed to expedite the approval, bidding and construction.

Advanced discussions with Emirates Development Bank for project financing

It is proposed that EDB would capitalise interest until the project achieves profitable operations. As a condition of the financing approval, Amaero has retained Frost & Sullivan to complete a Feasibility Study and the report is expected to be completed by the end of April.

Appointment of His Excellency Marwan Bin Jassim Al Sarkal as a Strategic Advisor

Based in Dubai, Mr. Sarkal is Managing Partner of Chapter 3, a management and investment consultancy providing strategic advisory to government entities, sovereign investment funds, family offices and international businesses. Prior to this, he was the Executive Chairman of the sovereign wealth fund, Sharjah Investment and Development Authority (Shurooq). He is a member of the Board of Directors at W Motors in Dubai, a portfolio company of Pegasus Growth Capital. He is recognised as a trusted and influential business leader in the Gulf Cooperation Council (GCC).

Appointment of Korn Ferry for management team executive search

Korn Ferry has been appointed to lead the executive search for Managing Director – Titanium Powder Production and CFO/CAO roles.

CORPORATE

Board additions

On 31 March 2023, Amaero appointed Erik Levy as a Non-Executive Director and nominated Robert “Bob” Latta as a Non-Executive Director. Mr Latta’s appointment will become effective upon satisfying the requisite regulatory conditions.

Mr. Levy is an experienced private equity investor who brings a depth of experience in global capital markets, M&A and corporate strategy. Mr Latta brings extensive knowledge and experience in growth capital financings, public offerings, strategic partnerships and mergers & acquisitions.

Settlement of disputes with Ampro, MTAA and JGS and Air Liquide

During the quarter, Amaero and its subsidiaries settled disputes with Ampro Innovations Pty Ltd and Air Liquide Australia Limited. Amaero also settled a dispute with MTAA Superannuation Fund (MTAA) and with JG Service Pty Limited (JGS).

The full and final settlement for Ampro involves Ampro paying Amaero the sum of \$750,000, whilst the settlement with Air Liquide involves Amaero paying Air Liquide the sum of \$315,000 and the settlement with MTAA and JGS involves Amaero paying MTAA and JGS the sum of \$415,000. All

disputes were resolved prior to proceedings being issued. Settlement payments to MTAA, JGS and Air Liquide have been completed. Settlement payment from AmPro has been paid into escrow and Amaero is awaiting release of funds. The Board considers all these settlements to be in the best interests of shareholders.

Pegasus Growth Capital and Hank Holland receive FIRB approval to increase substantial holding

In February, major shareholder Pegasus Growth Capital (Pegasus), an entity controlled by Chairman and CEO Hank Holland, received approval from the Foreign Investment Review Board (FIRB) to acquire up to an additional 20.5 per cent interest in Amaero.

If Pegasus acquires this interest, its holding in Amaero would increase to 60 per cent. The acquisition, if taken, must be completed within 12 months from 6 February 2023.

In April, Hank Holland received FIRB approval to acquire up to an additional 11% of shares in Amaero personally and/or via the Hank J. Holland Revocable Trust.

Due to the Corporations Act and the Takeover Panel regulations, neither Pegasus Growth Capital nor Hank J. Holland will be eligible to acquire additional shares until 31 May 2023.

FINANCIAL

As detailed in the attached ASX Appendix 4C, the Company had \$9.8 million in cash and cash equivalents as at 31 March 2023. Since the end of the quarter, the company received non-recurring cash payments of \$2.05 million.

Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$31,000 was paid in respect of Directors fees and consulting fees paid to entities associated with the Directors.

Investor Briefing

Amaero Chairman and CEO Hank Holland will host an investor briefing at 2.00pm AEST today, Wednesday 26 April.

A Q and A session will follow the formal presentation and investors will have the opportunity to ask questions live. The Investor Briefing will be recorded and posted to Amaero's website.

To pre-register for the briefing please use this link:

https://us02web.zoom.us/webinar/register/WN_D4USuMXGRgufErY91F8KwA

After registering, you will receive a confirmation email with information about joining the briefing.

This announcement is authorised for ASX release by the board of directors of Amaero International Limited.

For further information, please contact:

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About Amaero International Limited:

Amaero International Limited is an Australian-based company focused on titanium powder production utilised by the additive manufacturing industry. The Company provides applied engineering and commercialisation services in collaboration with aerospace, defence and other industries that utilise additive manufacturing.

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 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
61. Cash flows from operating activities			
1.1 Receipts from customers		164	685
1.2 Payments for			
(a) research and development		(360)	(828)
(b) product manufacturing and operating costs		(210)	(903)
(c) advertising and marketing		(18)	(93)
(d) leased assets		(175)	(509)
(e) staff costs		(906)	(3,331)
(f) administration and corporate costs		(469)	(2,265)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	1
1.5 Interest and other costs of finance paid		-	(13)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	73
1.8 Other (Restructuring Costs, Project Falcon and Net GST)		(1,346)	(1,896)
1.9 Net cash from / (used in) operating activities		(3,320)	(9,079)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(g) entities		-	(10)
(h) businesses		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(i) property, plant and equipment	(102)	(1,736)
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(m) entities	-	-
	(n) businesses	-	-
	(o) property, plant and equipment	-	-
	(p) investments	-	-
	(q) intellectual property	-	-
	(r) 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	(102)	(1,746)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,500
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	(153)	(1,345)
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	(153)	9,155

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	13,200	11,118
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,320)	(9,079)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(102)	(1,746)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(153)	9,155
4.5	Effect of movement in exchange rates on cash held	160	337
4.6	Cash and cash equivalents at end of period	9,785	9,785

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	9,785	13,200
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)	9,785	13,200

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	31
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 <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>	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)	(3,320)
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,785
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	9,785
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <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>	2.9
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: 26 April 2023.....

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.