

September 2024 Quarterly Activities Report

Amaero International Limited (ASX:3DA) (“Amaero” or the “Company”) is pleased to provide an overview of its operations to accompany the Appendix 4C for the period ending 30 September 2024 (“Quarter”, “Reporting Period”).

Highlights:

- **Financial Performance**

- Amaero reported revenue for the September Quarter in excess of A\$1.0 million. This marks the first quarter with material commercial revenue. The revenue included approximately A\$600,000 from powder sales and A\$450,000 from Powder Metallurgy Hot Isostatic Pressing (“PM HIP”) manufacturing.
- Amaero received a cash payment in the amount of A\$785,000 for grant funding from the State of Tennessee. The payment relates to the A\$930,000 Tennessee Economic Development Grant that was awarded in July 2023¹.
- Amaero ended the September Quarter with a cash balance of A\$20.2 million. Subject to shareholder approval at the 2024 Annual General Meeting, Amaero expects to receive an additional A\$5.75 million of net cash proceeds from Tranche 2 of the Placement.

- **Successful Qualification of Niobium C103 AM powder with ADDMAN Group**

- Successful qualification of C103 AM powder to Castheon’s specifications, triggering ADDMAN’s offtake obligation of 2.25 tonnes. Amaero expects 0.25 tonnes to be shipped in CY2024 and 2.0 tonnes in CY2025
- The qualification commences a five-year preferred supplier agreement whereby Amaero will be the primary supplier of C103, refractory, and titanium alloy AM powder to ADDMAN Group and its subsidiaries.

- **Atomization of C103 and Development Refractory Alloy Powders**

- The powder sales made during the September Quarter included test material to ADDMAN, as well as custom atomization of C103 for a NYSE-listed materials company, custom atomization of C103 for a U.S. government-funded laboratory and custom atomization of a development refractory alloy for another U.S. government-funded laboratory.

- **Amaero Awarded Initial Contracts Totaling A\$1.1 Million for Submarine Industrial Base**

- Initial contracts are for PM HIP manufacturing and testing of parts.

- **Completion of Upsized A\$25.0 Million Institutional Placement**

- Fidelity International led the capital raise at A\$0.35 per New Share, increasing its substantial holding to 7.45%².

¹ ASX Release, “Amaero Green Lights Flagship Titanium Project in the United States”, 14 July 2023.

² ASX Release, “Change in substantial holding”, 25 September 2024.

- Funds raised from the Placement are to be primarily utilised to fund the purchase of capital equipment, including the second atomizer and completion of fit out and improvements to the Company's headquarters in Tennessee.
- **Updated Financial Guidance**
 - Amaero re-affirmed that estimated capital expenditures over a 3-year period from FY2024 to FY2026 remains unchanged at approximately A\$71.5 million and updated guidance for EBITDA breakeven estimated to be achieved in FY2026.
- **Board and Leadership Renewal**
 - Appointments of former U.S. National Security Advisor Lieutenant General (ret.) H.R. McMaster as Special Advisor to Chairman and CEO, and Alistair Cray as a Non-Executive Director following the retirement of Non-Executive Director, Lucy Robb Vujcic.

Hank J. Holland, Amaero's Chairman and CEO, commented:

"During the Quarter, Amaero achieved important culminating milestones. Notably, we've transitioned from a development, commissioning, and qualification phase to a commercialization and revenue phase whilst continuing to build out the Tennessee facility and to expand production capacity. The Company reported revenue attributable to powder sales and to PM HIP manufacturing and it received funding from a government grant. We expect a continuation of this trend with accelerating growth in the fiscal year 3rd and 4th quarters of FY24. With the ADDMAN qualification of C103 AM powder ahead of schedule, we began an important and strategic commercial relationship. In addition to the near-term offtake obligation of 2.25 tonnes of C103, Amaero commences a 5-year preferred supplier relationship with ADDMAN and its subsidiaries for C103, refractory, and titanium alloy AM powder.

Given Amaero's singular focus and given that Amaero is the largest capacity and most responsive U.S. domestic producer of C103, refractory, and specialty AM powders for additive manufacturing, we are committed to producing the highest quality powders and collaborating with ADDMAN, with U.S. government-funded laboratories and with industry to advance adoption of additive manufacturing and to advance critical programs from development and demonstration to serial production. The United States has established priority initiatives to support and to enable the re-shoring of critical industrial base and supply chain capabilities; further, Amaero addresses key vulnerabilities in the supply chain that include prior reliance on a single U.S. domestic producer of C103 and refractory powder, as well as inadequate capacity and untenable lead times for large castings and forgings.

PM HIP manufacturing of near-net-shape parts is an immediate and viable substitute for large casting and forgings. In order to achieve the 1+2 submarine production target, it's a U.S. national priority to create a more resilient and scalable supply chain to support the submarine industrial base. We are engaging with key stakeholders with a view to securing contracts that would, if secured, materially contribute to Amaero's revenue."

Financial Performance

Amaero reported revenue for the September Quarter in excess of A\$1.0 million. This marks the first period with material commercial revenue. The revenue included approximately A\$600,000 from powder sales and A\$450,000 from PM HIP manufacturing. Amaero received a cash payment in the amount of A\$785,000 for grant funding from the State of Tennessee. The payment was the balance of funding from the FastTrack Economic Development grant awarded in July 2023¹ totaling A\$930,000.

Amaero ended the Reporting Period with a cash balance of A\$20.2 million. Subject to shareholder approval at the 2024 Annual General Meeting, Amaero expects to receive an additional A\$5.375 million in net cash proceeds from Tranche 2 of Placement.

Completion of Qualification of Niobium C103 with ADDMAN

During the Reporting Period, Amaero successfully completed the qualification of Niobium C103 AM powder in accordance with ADDMAN Group and its subsidiary Castheon's technical specifications. The achievement of C103 AM qualification with a leading technical and manufacturing authority was ahead of schedule.

Amaero's successful qualification of C103 AM powder triggers ADDMAN's offtake obligation with 0.25 tonnes expected to ship in CY2024 and 2.0 tonnes expected to ship in CY2025.

The qualification commences a five-year preferred supplier agreement whereby Amaero will be the primary supplier of C103, refractory, and titanium alloy AM powder to ADDMAN Group and its subsidiaries, including Castheon and Keselowski Advanced Manufacturing.

Expected future sales are material to Amaero's revenue. Moreover, the attributable revenue is a key assumption underpinning Amaero's expectation that it will achieve EBITDA breakeven in FY2026.

Atomization of C103 and Development Refractory Alloy Powders

The powder sales included test material to ADDMAN, as well as custom atomization of C103 for a NYSE-listed materials company, custom atomization of C103 for a U.S. government-funded laboratory and custom atomization of a development refractory alloy for another U.S. government-funded laboratory.

Amaero Awarded Initial Contracts Totaling A\$1.1 Million For Submarine Industrial Base

The PM HIP manufacturing contracts included parts that were manufactured and tested in support of the submarine industrial base. Given the U.S. Navy's objective to expand the production of submarines to 1+2 (1 Columbia-class ballistic missile submarine + 2 Virginia-class attack submarines) and given the inadequate capacity for large castings and forgings, PM HIP manufacturing is an important substitute manufacturing modality. Amaero has significant engagement with key stakeholders and has hosted stakeholders at its facility on multiple occasions. The Company has ongoing engagement with key stakeholders with a view to securing contracts that would, if secured, materially contribute to Amaero's revenue.

Completion of Upsized A\$25.0 Million Institutional Placement

During the Reporting Period, Amaero successfully completed an upsized institutional placement to raise A\$25.0 million following strong support from existing cornerstone institutional shareholders, including Fidelity International as well as new Australian and international institutions.

The offering was priced at A\$0.35 per New Share, resulting in the issuance of approximately 71.4 million new fully paid ordinary shares (Tranches 1 and 2, the latter tranche being subject to shareholder approval at the 2024 Annual General Meeting).

Net proceeds from the Placement to be primarily utilised to fund the purchase of capital equipment including the second atomizer and completion of fit out and improvements to the Company's headquarters in Tennessee.

Updated Financial Guidance

During the Quarter, Amaero provided an update on prior financial guidance.

The Company re-affirmed that capital expenditure over the 3-year period of FY2024 to FY2026 will equal A\$71.5 million, from a previous estimate of A\$71.3 million dated 13 February 2024. For FY2024, the actual expenditure was A\$11.2 million as compared to an earlier estimate of A\$18.6 million; the

incremental A\$7.4 million of capital expenditures that was budgeted for FY2024 have been deferred to FY2025³.

Furthermore, Amaero now estimates EBITDA breakeven will be achieved in FY2026 from the previous estimate of calendar year 2025 (6 months later) dated 2 April 2024⁴.

Board and Leadership Renewal

In July 2024, Amaero confirmed that former U.S. National Security Advisor Lieutenant General (ret.) H.R. McMaster joined Amaero as Special Advisor to Chairman and CEO, Hank J. Holland.

In his role, McMaster will advise Holland on strategic and commercial matters, as well as advise Amaero pertaining to engagement with key stakeholders including the U.S. Government, Department of Defense, DoD-funded research and development laboratories and defense prime contractors.

As announced on 9 September 2024, Non-Executive Director Lucy Robb Vujcic informed Amaero that she does not intend to stand for re-election as a Director at the upcoming 2024 Annual General Meeting being held on 29 October 2024. Amaero confirmed on 20 September 2024 that Alistair Cray had been appointed by the Board as a Non-Executive Director of the Company effective from the commencement of the 2024 Annual General Meeting and subject to election by the shareholders at the meeting.

Related Party Payments

Pursuant to ASX Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$450,000 was paid in respect of Directors fees and consulting fees paid to entities associated with Directors.

This announcement has been authorized for release by the Chairman and CEO.

For further information, please contact:

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About Amaero

Amaero International Limited (ASX:3DA) is an ASX-listed company with manufacturing and corporate headquarters located in Tennessee, USA. Amaero is a leading U.S. domestic producer of high-value C103, refractory alloy, and titanium powders for additive and advanced manufacturing of components utilized by the defense, space, and aviation industries. The technical and manufacturing team brings decades of experience and know-how with pioneering work in gas atomization of refractory and titanium alloys. The Company has commissioned advanced gas atomization technology with an industry leading yield of AM powder. The Company is also a leader in PM HIP (Powder Metallurgy Hot Isostatic Pressing) manufacturing of large, near-net-shape powder metallurgy parts with forged-equivalent material properties and microstructure for a variety of alloys. PM HIP manufacturing is helping alleviate the strained domestic supply chain for large scale castings and forgings.

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

³ ASX Release, "Investor Update Presentation", 13 February 2024.

⁴ ASX Release, "Investor Briefing Presentation", 2 April 2024.

For more information



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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 September 2024

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 31 | 31 |
| 1.2 Payments for | | |
| (a) research and development | (27) | (27) |
| (b) product manufacturing and operating costs | (732) | (732) |
| (c) advertising and marketing | (68) | (68) |
| (d) leased assets | (421) | (421) |
| (e) staff costs | (1,902) | (1,902) |
| (f) administration and corporate costs | (1,418) | (1,418) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 91 | 91 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | 788 | 788 |
| 1.8 Other (Lease Bond refund and Net GST) | 316 | 316 |
| 1.9 Net cash from / (used in) operating activities | (3,342) | (3,342) |

| | | |
|--|---------|---------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (6,205) | (6,205) |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) 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 | (6,205) | (6,205) |

| | | | |
|-------------|---|---------------|---------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 19,625 | 19,625 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | 119 | 119 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (1,158) | (1,158) |
| 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 (Lease Deposit) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 18,586 | 18,586 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 11,988 | 11,988 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (3,342) | (3,342) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (6,205) | (6,205) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 18,586 | 18,586 |
| 4.5 | Effect of movement in exchange rates on cash held | (804) | (804) |
| 4.6 | Cash and cash equivalents at end of period | 20,223 | 20,223 |

| 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 | 20,223 | 11,988 |
| 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) | 20,223 | 11,988 |

| 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 | 449 |
| 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 | 7,213 | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | 7,213 |
| 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. | |
| | <p>Credit Facility: US\$5,000,000.00 with Western Alliance Bank</p> <ul style="list-style-type: none"> • Borrowing Formula: Amaero may advance up to the Credit Facility Amount subject to 100% of amount advanced being held in cash deposit at Western Alliance Bank. • Repayment: Interest-only payable monthly through Maturity. • Maturity: 24 months • Interest Rate: Wall Street Journal ("WSJ") Prime Rate + 0.0%, floating. • Collateral: Cash deposits • Banking Relationship: The Company will utilise Western Alliance Bank as its primary banking relationship for USD deposits and business banking services. Amaero will receive a deposit rate of 5.0% in an Insured Cash Sweep account; the deposit rate is subject to change. <p>No additional finance facilities have been entered in to.</p> | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|---|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (3,342) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 20,223 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 7,213 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 27,436 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 8.21 |
| <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: 17 October 2024.....

Authorised by:The 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.