For personal use only

AMAERO
ADDITIVE MANUFACTURING
ASX:3DA

ASX Release **30 October 2020**

Quarterly activities report for the period ending 30 September 2020

SEPTEMBER QUARTER HIGHLIGHTS

- **Purchase order received from leading automotive manufacturer, Samvardhana Motherson Reflectec (SMR), for the manufacture of prototype components for a new vehicle build.**
- **Purchase Order from Gilmour Space Technologies for the manufacture of two rocket motor components, with the opportunity to provide further 3D printed components, subject to the success of the initial project.**
- **Expanded machine offering with the launch of the SP260, the SP400 and additional powder handling ancillary equipment, complementing Amaero's existing machine offering, which includes the SP500 and SP100.**
- **Amaero's El Segundo Facility awarded AS9100 Aerospace Certification, as the Company continues to pursue high value contracts in the Aerospace industry.**
- **Amaero continues to align quarterly expenditure with forecast use of funds. Whilst the company's Research and Development (R&D) expenditure has increased for the quarter, an R&D claim of $500k - $600k is expected to be refunded in the December 2020 quarter.**
- **Amaero's senior employees and management opted to take 20% of their salary in equity from August 2020 due to Covid-19, and were issued 269,713 Shares in lieu of cash payments.**

Amaero International Limited (**ASX:3DA**) ("**Amaero**" or the "**Company**") a specialist in metal additive manufacturing (3D printing) for the defence, aerospace and tooling sectors, is pleased to present the Company's Appendix 4C and accompanying activities report for the period ending 30 September 2020 ("**Quarter**", "**Reporting Period**").

Commenting on the Quarter, Amaero International Limited CEO, Barrie Finnin, said: "The September 2020 Quarter has been an important period for Amaero, as we have continued to progress in achieving milestones relating to the Company's short and mid-term growth strategies. The Company received a purchase order from leading automotive manufacturer, Samvardhana Motherson Reflectec (SMR), for the manufacture of prototype components for a new vehicle build, and an initial purchase order from Gilmour Space Technologies for the manufacture of two rocket motor components, with the opportunity to provide further 3D printed components, subject to the success of the initial project."

"These purchase orders are important steps in progressing towards large commercial contract wins, and with the Company's El Segundo facility also being awarded AS9100 Aerospace Certification, and qualification steps already in place, Amaero is strongly positioned to start bidding on high value contracts within the aerospace, space and defence industries."

Amaero International Limited (ABN: 82 633 541 634)
11-13 Normanby Road, Notting Hill, VIC, 3168, Australia
T: +61 3 9905 9847 info@amaero.com.au www.amaero.com.au

"Amaero's expansion into the US additive manufacturing sector has also resulted in much interest, in particular from those invested in the sector. Our executive management are fielding multiple approaches each week from large investment groups eager to support Amaero's growth ambitions and we continue to build on these relationships for our next stage of expansion."

"Our Executive team has been active during the Quarter in communicating to the Australian and International investment community regarding the opportunities and relationships that Amaero has and continues to build, providing the market with a deeper appreciation of Amaero's of the underlying strength in the global additive manufacturing sector. This deeper understanding has resulted in a significant rise in the Amaero share price, from $0.16 at the beginning of the quarter on July 1st, to $0.55 at the end of the quarter on September 30th."

“We thank shareholders for their support to date and look forward to updating the market in due course.”

OPERATIONAL

Purchase order received from leading automotive manufacturer

In August 2020, the Company announced the receipt of a purchase order from Samvardhana Motherson Reflectec (“SMR”) for the supply of prototype automotive mirror components for a next generation SUV for one of the Big Three automobile manufacturers.

SMR develops and manufactures rear view mirror systems and intelligent camera technologies for the automotive industry, and is a member of the Samvardhana Motherson Group, one of the 21 largest automotive suppliers worldwide. SMG employs more than 135,000 people worldwide, generating revenues of US$9.1 billion in 2019.

Initial Purchase Order from Space Technology Company

During the Reporting Period, Amaero announced that the Company had received a purchase order from Gilmour Space Technologies Pty Ltd (“Gilmour Space”) for the manufacture of two rocket motor components (“Purchase Order”), with the opportunity to provide further manufacturing services, subject to the success of the initial project.

The two rocket motor components that will be manufactured under the initial Purchase Order will be evaluated by Gilmour Space, and if successful, Amaero is hopeful that it will result in further purchase orders for the manufacture of additional rocket motor components, which will be used on the flight ready vehicle.

Gilmour Space is a venture-backed Australian rocket company, developing new capabilities for launching small satellites to space, and has agreements in place with leading organisations including the US National Aeronautics & Space Administration (“NASA”), The Australian Space Agency and Queensland Defence Science and Technology.

Amaero Expands Machine Offering with Launch of Two New Machines

In September 2020, Amaero announced that the Company has expanded its machine offering and is selling additional machines including the SP260, SP400 and additional powder handling ancillary equipment, building on the Company’s existing product line-up, including the SP500 and SP100 decanter, conveyor, autosieve and depowdering modules.

Amaero acts as a development partner and holds exclusive distribution rights for SP machines in North America, and with the addition of the new machines, will have one of the safest, most cost/capital efficient and diverse ranges of metal 3D printers on the market.

For personal use only

For personal use only

The new SP260 machine has a build chamber volume of 250 x 250 x 400mm, and rapid changeover capability, ideal for producing components for the aviation, defence and biomedical industries. Similarly suited to manufacturing for the aviation, defence and tooling industries, the SP400 machine has a larger build volume of 400 x 400 x 400mm, and with its advanced technology, is safer and more productive than alternative machines of a similar size.

El Segundo Facility Awarded AS9100 Aerospace Certification

In July 2020, it was announced that the Company's facility in El Segundo, California had been awarded AS9100 Aerospace Certification as the Company continues to pursue high value contracts in the Aerospace industry. Overseen by the International Aerospace Quality Group, AS9100 Certification is a widely adopted and standardised international quality management system for the Aviation, Space and Defence (AS&D) industries.

Introduced in 1990, AS9100 covers the better known ISO 9001:2015 certification, and builds upon the global aviation standard of AS9000M (1997), which has been periodically updated to reflect new quality standards and manufacturing trends within the stringent AS&D industry.

The Certification of the El Segundo facility further builds on the AS9100 certification of the Notting Hill facility in Melbourne and will provide the Company with access to further opportunities within these markets. With qualification steps already in place, over the coming months, Amaero intends to start bidding on high value contracts within these sectors.

CORPORATE

Issue of Shares and Performance Rights

In September 2020, Amaero advised that it has issued 595,000 fully paid ordinary shares after satisfaction of the relevant performance milestones and 1,422,883 unlisted performance rights convertible into the same number of Shares subject to certain time-based vesting conditions. The Shares and Performance Rights were issued under the Company's EIP to incentivise Amaero employees and retain key personnel.

To further preserve capital during the COVID-19 pandemic, Amaero's Directors, senior employees and management also opted to take 20% of their salary in equity from August 2020. In relation to the salary sacrifice measures, 20% of the salary of senior employees and management were issued in 269,713 Shares in lieu of cash payments.

Release of Shares from Escrow

In July 2020, the Company announced that in accordance with ASX Listing Rule 3.10A, 3,383,333 fully paid ordinary shares were released from mandatory escrow on 1 July 2020, representing 1.922% of the total share capital on issue as of today, 30 October 2020. The escrowed shares are held by a seed university investor who remains a committed key partner of Amaero, and is not a related party or promoter of the Company.

In September 2020, the Company also advised that, in accordance with ASX Listing Rule 3.10A, 5,550,001 fully paid ordinary shares were released from mandatory escrow on 10 September 2020, representing 3.153% of the total share capital on issue today, 30 October 2020. The Escrowed Shares are held by shareholders from the seed capital stage, who are not related parties or promoters of the Company.

For personal use only

In the December 2020 and March 2021 quarter, Amaero aims to[1]:

- Continue significant work with Fletcher Insulation through further testing and prototyping, with the aim of entering into a commercial contract for large scale manufacturing.
- Progress the agreement with the major global automotive manufacturer by building tooling and prototypes, with the aim or entering into a commercial contract for large scale manufacturing.
- Following AS9100 Certification, start bidding on high value contracts within the Aviation, Space and Defence (AS&D) industries.
- Deliver Pathfinder proof of concept exemplar components to a global aviation manufacturer to demonstrate performance to required production specification and manufacturing readiness level to meet future manufacturing requirements.
- Execute an R&D project agreement with a major US defence prime

FINANCIAL

An Appendix 4C is attached to this announcement.

As detailed in the attached ASX Appendix 4C, the Company had $2.487 million in cash and cash equivalents as at 30 September 2020. During the Quarter, net cash outflows were slightly higher than the previous period due to pre-payments of some operating expenditure for the year as well as additional capital expenditure incurred in the period.

During the Reporting Period, significant expenditure was also incurred on significant Research and Development (R&D) initiatives. A substantial return of R&D expenditure of $500,000 - $600,000 is expected to be recouped during the forthcoming quarter.

Pursuant to Listing Rule 4.7C2, the Company confirms that, in the 10 months since listing on the ASX, it has incurred expenditure largely in line with the Use of Proceeds set out on page 7 and 88 of its Prospectus, as detailed below.

Use of Funds under Prospectus	Funds allocated under Prospectus	Funds expended between admission and 30 September 2020
Equipment Purchases	$5,220,000	$3,198,271[1]
Research and Development	$1,040,000	$1,135,415[2]
Working Capital	$3,530,000	$2,605,446[3]
IPO Costs	$660,000	$706,351[4]
Total	**$10,450,000**	**$7,645,483**

1. Equipment Purchases include the purchase and installation of an EOS M400, an AmPro SP500 and an AmPro SP100 in the USA facility, acquired in the December 2019 and March 2020 quarters and additional support capex acquired in the September 2020 quarter.

1 For the avoidance of doubt, there is no guarantee that Amaero will achieve these milestones or that the achievement of these milestones will result in manufacturing purchase orders from the relevant counterparties.

2. R&D expenditure includes a combination of internal expenditure and the provision of external providers and materials.

3. Working Capital has been in line with expected use of funds.

4. An increase in IPO costs were as a result of higher than expected legal costs for the IPO.

Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, $49,714 was paid in respect of Directors fees and consulting fees paid to entities associated with the Directors.

David Hanna
Chairman
Amaero International Limited

This announcement has been approved and authorised to be given to the ASX by the Board of Amaero.

For further information, please contact:

Barrie Finnin
Chief Executive Officer
+61 (0) 3 9905 9847
info@amaero.com.au

Jane Morgan
Investor Relations
+61 (0) 405 555 618
jm@janemorganmanagement.com.au

Zack McLennan
Defence Industry Media
+ 61 (0) 434 996 461
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 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 El Segundo, California, USA.

Disclaimer and Explanatory Notes

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning Amaero's planned operational program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Amaero believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. Amaero confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially change

For personal use only

Appendix 4C

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

For personal use only

Name of entity	
Amaero International Limited	
ABN	**Quarter ended ("current quarter")**
82 633 541 634	30 September 2020

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	72	72
1.2	Payments for		
	(a) research and development	(408)	(408)
	(b) product manufacturing and operating costs	(200)	(200)
	(c) advertising and marketing	(12)	(12)
	(d) leased assets	-	-
	(e) staff costs	(260)	(260)
	(f) administration and corporate costs	(570)	(570)
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	-	-
1.8	Other (provide details if material)	145	145
1.9	**Net cash from / (used in) operating activities**	**(1,235)**	**(1,235)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(259)	(259)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
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**	**(259)**	**(259)**

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**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,014	4,014
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,235)	(1,235)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(259)	(259)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(33)	(33)
4.6	**Cash and cash equivalents at end of period**	**2,487**	**2,487**

For personal use only

For personal use only

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	2,487	4,014
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)**	**2,487**	**4,014**

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	50
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

Item 6.1 – Purchases of various services from an entity having a significant influence to the group. Services provided were at normal commercial rates.

The above amount includes payments for remuneration of director fees to executive and non-executive directors in the normal course of business, excluding any reimbursements of out-of-pocket expenses.

7.	Financing facilities *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.*	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)	(1,235)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,487
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,487
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	2

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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

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: No

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: Yes as announced on the prospectus released on 5 December 2019.

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: 30 October 2020

Authorised by: By the Board
(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 aboutthe 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:

For personal use only

"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.

For personal use only