

ASX Release

31 August 2022

Amaero FY22 Full Year Results

Highlights:

- Amaero raises ~A\$11.0 million¹ (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
- Manufacture of the gas atomizer production plant completed to Amaero specifications and subsequent successful cold testing and hot testing completed
- Revenues increased by 13% to \$569,834 compared to previous corresponding period (pcp); Amaero continues to focus on progressing key projects to deliver increased revenues
- Cash balance of \$11 million, providing support for continued investment in key projects and contracts to deliver future revenue growth

Highlights subsequent to FY22:

- Titanium powder facility 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 appointed to Amaero’s Board in August following FIRB approval for the Pegasus investment in Amaero
- Board and executive leadership have commenced a strategic review of Amaero’s operations, business development opportunities and allocation of capital:
 - In light of the delay of the powder manufacturing facility and the uncertainty of timing of Middle East opportunity, the review will include funding needs
 - Board and executive leadership plan to provide an update to the market prior to the September quarterly report, due at the end of October

Amaero International Limited (“Amaero”), (the “Company”) (ASX:3DA), a leader in metal additive manufacturing is pleased to present its financial results for the twelve months ended 30 June 2022 (FY22).

Commenting on the results, Amaero International Limited CEO, Barrie Finnin said: *“We were pleased to conduct a successful ~A\$11.0 million¹ (US\$7.6 million) capital raise amid challenging conditions in equity markets globally during the year, with fund raised at a nil discount to the last traded price before the Placement. The move shows the commitment of Pegasus Growth Capital Fund I and the other prominent US institutional investors’ commitment to leading Amaero through its next stage of growth and we were pleased to welcome Pegasus Growth Capital’s Managing Partner, Hank Holland to our Board in August.”*

¹ Based on an exchange rate of A\$1.00 = US\$0.6949

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“Operationally, we announced our new titanium facility in Victoria, Australia during the year and also secured a lease for the facility in Notting Hill, Victoria. The manufacture of the gas atomizer was completed to our specifications and subsequent cold testing and hot testing was completed. In July, our facility also secured approval from the Environmental Protection Authority. As previously announced, the construction of the facility was delayed.

“The Board and executive leadership team have commenced a strategic review of Amaero’s operations, business development opportunities and allocation of capital. In light of the delay of the powder manufacturing facility and the uncertainty of timing of Middle East opportunity, the review will include funding needs. The Board and executive leadership team plan to provide an update to the market prior to our September quarterly report, due to be lodged at the end of October.”

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 million² (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 million² (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 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”).

Pegasus Growth Capital’s Managing Partner, Hank Holland was subsequently appointed to the Company’s Board of Directors on 1 August 2022 following the receipt of approval from the Foreign Investment Review Board for the Pegasus investment in Amaero.

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

OPERATIONAL

Titanium powder plant

During the year, Amaero announced that it will build a customised and proprietary titanium alloy powder manufacturing facility in Victoria, Australia.

The titanium plant will take titanium alloy bar stock inputs and convert the material into powder for 3D printing at approximately half the cost of the current global benchmark. The facility is also expected to position Amaero as a reliable source of the strategically important titanium alloy powder, and as a supplier of choice for defence, aerospace and critical manufacturing segments in allied nations.

In January 2022, Amaero secured a ten-year lease for a 3,857 sqm facility in the Monash Precinct in Melbourne for the facility.

²Based on an exchange rate of A\$1.00 = US\$0.6949

The manufacture of the 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 and the plant is operating as expected and is delivering the anticipated high-value yield. The plant is now being prepared for shipping to Australia.

Subsequent to financial year end, Amaero received Environmental Protection Authority approval for the titanium facility.

Amaero was also advised by the construction project manager in July that delivery of the facility will be delayed. This is a result of a combination of tightness in the domestic commercial construction industry, global supply chain issues and delays in receiving regulatory approvals.

Strategic review

The Board and executive leadership team have commenced a strategic review of Amaero's operations, business development opportunities and allocation of capital. In light of the delay of the powder manufacturing facility and the uncertainty of timing of Middle East opportunity, the review will include funding needs.

The Board and executive leadership team plan to provide an update to the market prior to Amaero's September quarterly report, due to be lodged at the end of October.

FINANCIAL

Revenues increased 13% to \$569,834, as a result of ongoing and increased collaboration with key clients. Amaero continues to focus on progressing key projects to deliver increased revenues.

Amaero reported a net loss of \$8.62 million (FY21: \$6.99 million), with an increase in R&D a major part of the increase in the loss. R&D was predominantly focused on the atomisation process, aerospace materials, machine development and development of tooling technology for the Fletcher Insulation project.

The Company had \$11 million in cash and cash equivalents as at 30 June 2022, which incorporates the successful capital raising.

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/>

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