



ASX Announcement | 27 October 2023
Amaero International Limited (ASX:3DA)

September 2023 Quarterly Activities Report

Amaero dedicates production to C-103 as U.S. operations continue on schedule

September quarter highlights:

- First Atomiser production to be dedicated to Refractory Alloy, C-103
 - Niobium alloy with high performance, heat-resistant properties critical to hypersonic and space applications
- Initiation of operations in McDonald, Tennessee
 - 15-year lease signed on a 9,300-sq-metre modern, purpose-built facility
 - Fit out activities underway
 - Installation of 1st atomiser expected to commence in 2Q CY2024
- Post quarter end, Amaero announced the cessation of its Australian operations
 - The decision allows the executive team to focus on its U.S. flagship operations and to prudently manage operating expenses
- Cash balance of \$5.4 million as of 30 September 2023

Amaero International Limited (ASX:3DA) (“Amaero” or “the Company”) announces its Appendix 4C and accompanying activities report for the period ending 30 September 2023.

Amaero Chairman and Chief Executive Officer, Hank J. Holland commented:

“We made significant advancements in the quarter, as we commenced fit out activities at McDonald, Tennessee facility and assembled an industry-leading executive team. Given the geopolitical backdrop and the priority U.S. national defence development of hypersonic weaponry, as well as demand signals from industry, we announced that we will focus production of 1st atomizer on C-103 and other high-value specialty alloys. In conjunction with our focused execution in the U.S. and prudent expense management, we made the decision to cease Australian operations. We will continue a disciplined approach to sourcing growth capital in a manner that minimizes dilution to shareholders and to allocating capital such that it maximizes the long-term enterprise value. We are excited about the milestones ahead.”

CORPORATE

Board composition changes

On 14 September 2023, **Eric Bono** was appointed as a Director of the Company.

Prior to that, on 28 August 2023, Amaero announced the hiring of Mr. Bono as President and Chief Technical Officer. Eric brings extensive experience and relationships in powder metallurgy and additive/alternative manufacturing. Over the past 28 years, Mr. Bono has held leadership roles across technical and sales functions for various industry leaders, including 6K, Carpenter Technology, Puris, Summit Materials and Crucible Research.

On 4 September 2023, **Robert “Bob” Latta** was appointed as a Non-Executive Director, following receipt of requisite regulatory conditions. This follows his nomination as a Non-Executive Director as advised to the market on 26 April 2023. He is Senior of Counsel at Wilson Sonsini Goodrich & Rosati, one of the U.S.’ leading technology and growth business law firms, and has served on the firm’s Executive, Policy, Compensation and WS Investments Committees. He’s been at the firm since 1979. His practice covers a broad range of general corporate and transactional matters, including company formations, venture capital financings, public offerings, and mergers and acquisitions.

On 28 September 2023, the Company appointed **Mr. Jamie Levy** as a Non-Executive Director, effective 31 October 2023. Jamie’s appointment follows the announcement made to the ASX on 4 September 2023 which advised that the search for a replacement Australian-based director was underway, after receiving notice of Mr. David Hanna’s resignation which would be effective upon conclusion of the Annual General Meeting on 31 October 2023.

In accordance with the Company’s Constitution and the ASX Listing Rules, Mr. Levy will seek election as a Director by shareholders at the upcoming Annual General Meeting, being held on 31 October 2023.

Jamie Levy is a senior corporate lawyer and international business leader who has developed a unique combination of legal, commercial and advisory skills gained through working closely with some of the world’s leading investment organisations over 20+ years, both in the private and public sectors. Presently, Jamie serves as Senior Advisor to the Abu Dhabi Investment Office (ADIO), the central government hub supporting private sector investment in the Emirate of Abu Dhabi. Jamie is also appointed by the United Arab Emirates to serve as an Advisory Board Member of the Australia UAE Business Council, with a focus on increasing bilateral trade and investment. Prior to joining ADIO, Jamie was a Corporate Law Partner in KPMG Law’s Sydney office, advising on corporate transactions, corporate governance and legal technology adoption. Jamie spent over 8 years living and working in Abu Dhabi, and was General Counsel at Mubadala Investment Company, advising Aerospace, Defence, ICT, Private Equity and Healthcare business units, before returning to Sydney and taking up the position with KPMG. His formative legal years were spent at King & Wood Mallesons (Sydney) and New York Law firm, Debevoise & Plimpton (London) where he obtained significant experience in advising private equity fund sponsors and investors in relation to establishment and investment into private equity funds.

Senior Executive leadership additions

On 4 September 2023, Amaero announced **Chris Scanlon** joined the organisation as Chief Financial Officer and Chief Administration Officer and **Jay Chandran** joined the Company as Vice President – Operations. Additionally, it was announced that **Ken Davis** will lead the Company’s corporate development efforts.

Chris Scanlon brings extensive accounting, corporate finance, capital markets and FP&A experience at venture capital-backed, high growth businesses, as well as middle market and Fortune 200 companies. He began his career as an audit Manager at EY and has since held accounting and finance positions at five (5) publicly listed companies, including Chief Financial Officer and Corporate Controller / Chief Accounting Officer.

Jay Chandran will oversee and manage general operations at Amaero. He has strong operational and General Manager experience with leading industrial companies, Consolidated Precision Products Corp (CPP) and Precision Castparts Corp (PCC). He has been the General Manager for highly complex castings operations with revenues of \$550 million per annum, as well as managed the pre-development, development and commissioning of greenfield manufacturing operations. He has worked with end customers in the automotive and the aerospace & defence sectors.

Ken Davis joined Amaero in December 2020 to lead its commercial operations in El Segundo, California. Prior to joining Amaero, Ken spent six years as Director of Additive Technology at CalRAM. He has almost 40 years of experience in all facets of powder metallurgy and advanced manufacturing. In his role, he will work closely with Hank Holland and Eric Bono to identify and develop strategic corporate relationships, as well as lead key commercial relationships.

FINANCIAL

As detailed in the attached ASX Appendix 4C, the Company had \$5.4 million in cash and cash equivalents as of 30 September 2023.

Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$0.2 million was paid in respect of Directors fees and consulting fees paid to entities associated with Directors.

ACTIVITIES SUBSEQUENT TO THE END OF THE QUARTER

On 10 October 2023, Amaero announced the cessation of its operations in Australia. The decision reflects the Company's commitment to focus its executive team on flagship operations in the U.S. and to prudently manage operating expenses. As part of the cessation of Australian operations, the Company will terminate leases at its South Australian and Victorian premises and any ongoing commercial contracts in Australia will be ended. Equipment and inventory held in Australia may be shipped to the Tennessee facility or will be sold.

The Company will continue to evaluate commercial opportunities in Australia that include adjacency opportunities in mining, critical minerals, as well as advanced manufacturing for the aerospace & defence, space and energy sectors.

Additionally, the Company's Principal Place of Business address has been changed from the Victorian premises to the Tennessee facility in the U.S. at the following address:

Principal Place of Business

130 Innovation Drive
McDonald, Tennessee 37353

The Company's Registered Office Address has been changed to:

C/O Acclime Australia Level 7
330 Collins Street
Melbourne VIC 3000

For further information, please contact:

Amaero International Limited (ASX:3DA)

Hank J. Holland

Chairman and CEO

hank.holland@amaeroinc.com

Media & Investor Enquiries

The Capital Network

Julia Maguire

+61 2 8999 3699

julia@thecapitalnetwork.com.au

About Amaero International Limited (ASX:3DA)

Amaero International Limited is an ASX-listed company focused on refractory, speciality alloy, and titanium powder production, as well as advanced manufacturing applications that utilise alloy powder for aerospace & defence, space, medical and other industries.

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

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This ASX announcement has been authorised by the Board of Amaero International Limited (ASX:3DA)

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 2023

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	122	122
1.2 Payments for		
(a) research and development	(129)	(129)
(b) product manufacturing and operating costs	(145)	(145)
(c) advertising and marketing	(284)	(284)
(d) leased assets	(433)	(433)
(e) staff costs	(1,443)	(1,443)
(f) administration and corporate costs	(828)	(828)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	33	33
1.8 Other (Restructuring Costs, Project Falcon and Net GST)	(116)	(116)
1.9 Net cash from / (used in) operating activities	(3,211)	(3,211)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(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	-	-

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 (Lease Deposit)	(371)	(371)
3.10	Net cash from / (used in) financing activities	(371)	(371)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,834	8,834
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,211)	(3,211)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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)	(371)	(371)
4.5	Effect of movement in exchange rates on cash held	134	134
4.6	Cash and cash equivalents at end of period	5,386	5,386

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	5,386	8,834
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)	5,386	8,834

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	208
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)	(3,211)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,386
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,386
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.68
	<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: Yes	
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: Yes, as part of the cessation of Australian operations announced on 10 October 2023, the Company will terminate its leases at its South Australian and Victorian premises and any ongoing commercial contracts in Australia will be ended. Equipment and inventory held in Australia may be shipped to the Tennessee facility or will be sold. As a result, the Company expects to have additional funds to support its flagship operations and associated working capital requirements.	

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: Yes, the Company expects to continue its operations and to meet its business objectives. The company anticipates raising additional funds as and when required.

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: 27 October 2023.....

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.