

Amaero International Ltd

ABN 82 633 541 634

Interim Report - 31 December 2024

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1. Company details

Name of entity:	Amaero International Ltd
ABN:	82 633 541 634
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

				\$
Revenues from ordinary activities	up	143.2%	to	1,660,522
Loss from ordinary activities after tax attributable to the owners of Amaero International Ltd	up	36.0%	to	(11,087,218)
Loss for the half-year attributable to the owners of Amaero International Ltd	up	36.0%	to	(11,087,218)

Dividends

There were no dividends paid, recommended or declared during the current financial half-year period.

Comments

The loss for the Group after providing for income tax amounted to \$11,087,218 (31 December 2023: \$8,154,044).

Further information on the results is detailed in the 'Review of operations' section of the Directors' report which is part of the Interim Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>4.59</u>	<u>3.73</u>

Net right-of-use assets have been treated as intangible assets for the purposes of the tangible asset calculation.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
Strategic Alloys Pty Ltd	-	45.00%	-	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			-	-
Income tax on operating activities			-	-

Strategic Alloys Pty Ltd was deregistered on 29 July 2024.

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

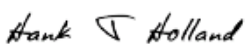
The financial statements were subject to a review by the auditors and the review report, which includes a paragraph addressing a material uncertainty related to going concern, is attached as part of the Interim Report.

8. Attachments

Details of attachments (if any):

The Interim Report of Amaero International Ltd for the half-year ended 31 December 2024 is attached.

9. Signed


Signed _____

Date: 21 February 2025

Mr Hank J. Holland
Chairman and Chief Executive Officer

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Amaero International Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors

The following persons were directors of Amaero International Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Hank J Holland – Executive Director, Chairman and Chief Executive Officer
Mr Eric Bono – Executive Director and Chief Technology Officer
Mr Omer Granit – Non-Executive Director
Mr Erik Levy – Non-Executive Director
Mr Robert Latta – Non-Executive Director
Mr Jamie Levy – Non-Executive Director
Mr Alistair Cray - Non-Executive Director (appointed on 29 October 2024)
Ms Lucy Robb Vujcic – Non-Executive Director (resigned on 29 October 2024)

Principal activities

During the half-year, the principal continuing activities of the Group were primarily focused on producing high-value refractory, specialty alloy and Ti-64 powder for additive manufacturing (“AM”) of mission-critical components for the defence, space and aviation industries. Amaero’s strategic focus on specialty alloy production positions it at the intersection of national security and economic interests.

Based in McDonald, TN, and using next generation Electrode Induction Melting Inert Gas Atomiser (EIGA Premium) technology, the Company produces powder for powder bed fusion (“PBF”) applications utilized in AM.

The Company also utilises Powder Metallurgy Hot Isostatic Pressing (PM-HIP) to produce custom near net shape parts for use in demanding, critical applications. Our collaborative HIP process combines our extensive knowledge of numerical modelling with the expertise of powder metallurgy. This allows us to produce premium quality parts for the defence, aero, space and oil and gas industries with precision and efficiency, helping alleviate the strained domestic supply chain for castings and forgings of large components.

The Group provides applied engineering and commercialisation services in collaboration with aerospace, defence and other industries that utilise additive manufacturing.

Review of operations

The loss for the Group after providing for income tax amounted to \$11,087,218 (31 December 2023: \$8,154,044).

During the period, Amaero reported revenue of A\$1.7 million. This marks the first half year period with material commercial revenue. The revenue included approximately A\$1.0 million from powder sales and A\$0.7 million from Powder Metallurgy Hot Isostatic Pressing (“PM-HIP”) manufacturing.

The Company recorded A\$0.1 million in non-commercial government grant revenue within the half year period reported under other income.

Amaero received cash payments in the amount of A\$1.0 million for grant funding from the Tennessee Valley Authority (“TVA”) as well as a Tennessee Economic Development Grant. These funds are performance grants related to the Company’s move of its global operations to McDonald, Tennessee ¹.

Amaero International Limited has reported a loss for the period of A\$11.1 million. Included in the reported total comprehensive income for the year were foreign currency exchange gains totalling \$3.4 million. Foreign currency gains were driven by the strengthening U.S. dollar versus the Australian dollar during the period. Net assets amounted to A\$47.7 million as at 31 December 2024, including cash reserves of A\$19.5 million.

Upsized A\$25 million Placement

In the Reporting Period, Amaero announced it raised A\$25.0 million through a two-tranche placement (“Placement”) priced at A\$0.35 per New Share, resulting in the issuance of 71,428,571 new fully paid ordinary shares (Tranche 1 and Tranche 2) (“New Shares”).

Under Tranche 1 (unconditional component), 56,070,027 New Shares were issued under both the Company's 15% placement capacity under ASX Listing Rule 7.1 (55,621,605 New Shares) and under the Company's additional 10% placement capacity under ASX Listing Rule 7.1A (448,422 New Shares), raising a total sum of A\$19.6 million.

Under Tranche 2 (conditional component), subject to shareholder approval which was received at the Annual General Meeting ("AGM") on 29 October 2024 (in accordance with ASX Listing Rule 7.1), investors subscribed for an additional 15,358,544 New Shares, raising an additional total sum of A\$5.4 million.

The Placement received strong support from existing cornerstone institutional investors, including Fidelity International who increased its substantial shareholding, as well as new Australian and international institutions.

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

Completion of Qualification of Niobium C103 with ADDMAN

In September 2024, Amaero completed the qualification of Niobium C103 AM powder in accordance with ADDMAN Group's and its subsidiary, Castheon's, technical specifications. The achievement of C103 qualification with a leading technical and manufacturing authority was achieved ahead of schedule.

Amaero's successful qualification of C103 AM powder triggers ADDMAN's offtake obligation with 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.

Long-Term Supply Agreement for U.S.-Melt Titanium Bar

In December 2024, Amaero signed a 3-Year Supply Agreement (the "Agreement") for U.S.-melt and forged titanium alloy bar with The Perryman Company ("Perryman")².

For the 3-year term of the contract, Perryman will be Amaero's preferred and primary supplier of high quality, reliable, and scalable U.S.-melt and forged titanium alloy bar feedstock for its atomization of premium spherical powder.

The Agreement provides a baseline price in CY2025. For the subsequent years of the contract, the base price increases annually by an agreed upon fixed percentage and includes a variable raw material surcharge that's based on a reference index market price for Ti64. Amaero has provided non-binding estimates of minimum annual demand and will provide Perryman with updates on a quarterly basis. Amaero has not provided a take or pay guarantee; however, the stipulated pricing is based on achieving minimum annual order threshold of 45 metric tonnes for CY2025 and 100 metric tonnes for CY2026 and CY2027. The Agreement does not provide a maximum volume and it is understood that Amaero may increase volume to meet its order demand.

Metal Powder and PM-HIP Production AS9100D Accreditation

In December 2024, Amaero received the Aerospace Quality Management System, AS9100D Accreditation ("AS9100D") for manufacturing and testing of metal powder and for PM-HIP production at its McDonald, Tennessee flagship facility³.

The AS9100D accreditation, an enhancement of ISO 9001, is an internationally recognised standard for quality management designed for the aerospace, defense, and aviation industries. After successfully completing the audit process, Amaero has demonstrated that the quality management system at its flagship Tennessee facility delivers the highest quality, reliability and safety in its products. It signifies that the systems, processes and procedures meet rigorous requirements designed to help ensure the delivery of high-performance and safe products.

Amaero was evaluated across different categories including strategic direction of Company, Company leadership, quality planning, support, capital equipment and plant, performance evaluation and continuous improvement.

3rd Atomizer Ordered and Commissioning of 2nd Atomizer on Schedule

In December 2024, Amaero signed a binding Equipment Supply Contract ("Order") with ALD Vacuum Technology North America, Inc. to purchase a 3rd EIGA Premium atomizer. Also, the Company has confirmed its prior guidance that the 2nd EIGA Premium remains on schedule to be commissioned at its flagship Tennessee manufacturing facility in June 2025⁴.

Amaero's EIGA Premium #1 was commissioned in June 2024 and was the 1st custom designed and manufactured EIGA Premium to be commissioned in the U.S. and the 2nd to be commissioned globally. The Company's EIGA Premium #2 is expected to be the 2nd custom designed and manufactured EIGA Premium to be commissioned in the U.S. The Company's EIGA Premium #3 is expected to be commissioned in June 2026 and is expected to be the 3rd custom designed and manufactured EIGA Premium to be commissioned in the U.S.

The Contract stipulates a schedule of progress payments that reflects 35% of total payments to be paid during FY2025 and 65% of total payments to be paid during FY2026. The contractual price is consistent with the budgeted capital expense that was reflected in guidance for capital expenditure in FY2025 and FY2026.

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 2024⁵, Non-Executive Director Lucy Robb Vujcic informed Amaero that she does not intend to stand for re-election as a Director at the 2024 AGM. Amaero confirmed on 20 September 2024⁶ that Alistair Cray was appointed as a Non-Executive Director of the Company effective from the commencement of the 2024 AGM and subject to election by the shareholders at the meeting. At the 2024 AGM, Alistair Cray was appointed as a Non-Executive Director⁷ following the retirement of Non-Executive Director, Lucy Robb Vujcic.

Following the conclusion of Amaero's 2024 AGM, Amaero confirmed that, in accordance with Listing Rule 3.13.2 and Section 251AA(2) of the Corporations Act, a poll was taken on all resolutions at the Company's AGM. A first strike was incurred against the Remuneration Report presented under Resolution 1⁸.

¹ ASX Release, "Amaero Green Lights Flagship Titanium Project in the US", 14 July 2023.

² ASX Release, "3DA Secures Long-Term U.S.-Melt Titanium Supply Agreement", 3 December 2024.

³ ASX Release, "Amaero Achieves AS9100D Accreditation", 18 December 2024.

⁴ ASX Release, "Amaero Orders 3rd Atomizer", 19 December 2024.

⁵ ASX Release, "Board of Directors Update", 9 September 2024.

⁶ ASX Release, "Appointment of Non-Executive Director", 20 September 2024.

⁷ ASX Release, "Results of 2024 Annual General Meeting", 29 October 2024.

⁸ Ibid.

Significant changes in the state of affairs

During the first half of the fiscal year, the Company generated its initial commercial revenue from powder sales and PM-HIP manufacturing. Amaero's powder sales were comprised of spherical refractory, specialty and titanium powders sold into the defence, space, aviation and industrial sectors. PM-HIP sales were comprised of custom near-net shape parts manufactured for sale. PM-HIP manufacturing processes involve fabricating pre-formed, hollow molds for large-scale components and filling them with metal powder.

In September 2024, the Company successfully qualified its C103 AM powder with ADDMAN Group ("ADDMAN"). In conjunction with the qualification, the Company established a five-year preferred supplier agreement, with Amaero being the primary supplier of C103, refractory, and titanium alloy AM powder to ADDMAN. Also, in September, the Company completed an Upsized \$25.0 million Institutional Placement, led by Fidelity International. The raise was priced at \$0.35 per new share. 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.

In December 2024, Amaero signed a 3-year Supply Agreement for U.S.-melt and forged titanium alloy bar with The Perryman Company ("Perryman"). For the 3-year term of the contract, Perryman will be Amaero's preferred and primary supplier of high quality, reliable and scalable U.S.-melt and forged titanium alloy bar feedstock for its atomization of premium spherical powder.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 2 January 2025, Steve Kachur transitioned from Chief Commercial Officer to a consultant role focused on strategic commercial opportunities, including the integration of U.S. domestic supply chain. The Company is engaged in a search to hire a Chief Commercial Officer with strong defense program experience.

On 7 January 2025, the Company announced Defense Advanced Research Projects Agency (“DARPA”) veteran Michael “Mick” Maher joined Amaero’s leadership team as Fellow – Defense Programs. This follows Mick Maher working closely with Amaero in a consulting capacity over the past year as well as collaborating with Eric Bono (Chief Technical Officer) for over a decade.

On 9 January 2025, Export-Import Bank of the United States’ (“EXIM”) bipartisan Board of Directors unanimously approved a direct loan in the amount of US\$23.5 million to Amaero Advanced Materials & Manufacturing Inc., a wholly-owned U.S. operating subsidiary of Amaero. Based on an exchange rate of \$0.621, the loan commitment equals A\$37.8 million. The Company expects to draw approximately 60% of loan proceeds during the 4th quarter of FY2025 and expects the balance of the loan to be drawn during FY2026. The loan is conditional upon, amongst other things, entry into legally binding documentation.

On 11 February 2025, the Company announced successfully completing an institutional placement to raise A\$22 million following strong support from existing cornerstone institutional investors as well as a new U.S.-based institutional investor.

The Capital raise was fully subscribed by Pegasus Growth Capital, the Amaero Board, four lead institutional investors, and a new U.S.-based institutional investor. Following the capital raise, Regal Funds Management and IFM Investors will join Pegasus Growth Capital and Fidelity International as substantial investors.

The Company will issue approximately 73.3 million new fully paid ordinary shares (“New Shares”) to eligible sophisticated, professional and institutional investors at a price of A\$0.30 per New Share (“Placement Price”), and will be issued as follows:

- an unconditional component of approximately A\$20.5 million fully committed proceeds and 68.3 million New Shares will be issued pursuant to the Company’s existing placement capacity under ASX Listing Rules 7.1 and 7.1A (“Tranche 1”); and
- a conditional component of approximately A\$1.5 million fully committed proceeds and 5.0 million New Shares to be issued, subject to shareholder approval in accordance with ASX Listing Rules 7.1, 7.1A and 10.11 (“Tranche 2”).

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors’ report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Hank J. Holland
Chairman and Chief Executive Officer

21 February 2025

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Amaero International Limited and its controlled entities for the half year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 21 February 2025
Melbourne, Victoria

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Amaero International Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024



	Note	Consolidated 31/12/2024 \$	31/12/2023 \$
Continuing operations			
Revenue from contracts with customers	4	1,660,522	116,478
Cost of sales		(817,465)	(45,163)
Gross profit		843,057	71,315
Other income/(loss)	5	158,225	(271,865)
Expenses			
Distribution costs		(124,317)	(123,802)
General and administration expenses	6	(10,553,935)	(3,551,575)
Restructuring costs		-	(35,918)
Research and development expenses		(616,482)	(1,631,702)
Selling and marketing expenses		(196,898)	(832,186)
Operating loss		(10,490,350)	(6,375,733)
Finance income		294,738	13,302
Finance costs	6	(779,333)	(31,838)
Finance costs - net		(484,595)	(18,536)
Loss before income tax expense from continuing operations		(10,974,945)	(6,394,269)
Income tax expense		(6,452)	-
Loss after income tax expense from continuing operations		(10,981,397)	(6,394,269)
Loss after income tax expense from discontinued operations	7	(105,821)	(1,759,775)
Loss after income tax expense for the half-year attributable to the owners of Amaero International Ltd		(11,087,218)	(8,154,044)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of continuing foreign operations		3,396,363	8,872
Exchange differences on translation of discontinued foreign operations		11,254	27,614
Other comprehensive income for the half-year, net of tax		3,407,617	36,486
Total comprehensive income for the half-year attributable to the owners of Amaero International Ltd		<u>(7,679,601)</u>	<u>(8,117,558)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(7,585,034)	(6,385,397)
Discontinued operations		(94,567)	(1,732,161)
		<u>(7,679,601)</u>	<u>(8,117,558)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Amaero International Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024



		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Amaero International Ltd			
Basic earnings per share	17	(1.89)	(1.52)
Diluted earnings per share	17	(1.89)	(1.52)
Earnings per share for loss from discontinued operations attributable to the owners of Amaero International Ltd			
Basic earnings per share	17	(0.02)	(0.41)
Diluted earnings per share	17	(0.02)	(0.41)
Earnings per share for loss attributable to the owners of Amaero International Ltd			
Basic earnings per share	17	(1.91)	(1.93)
Diluted earnings per share	17	(1.91)	(1.93)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

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	Note	Consolidated 31/12/2024 \$	30/06/2024 \$
Assets			
Current assets			
Cash and cash equivalents		19,477,857	11,987,989
Trade and other receivables	8	888,645	187,835
Inventories		4,087,070	1,477,295
Other current assets	9	649,939	430,803
		<u>25,103,511</u>	<u>14,083,922</u>
Non-current assets classified as held for sale	10	349,996	322,592
Total current assets		<u>25,453,507</u>	<u>14,406,514</u>
Non-current assets			
Property, plant and equipment	11	28,192,666	16,668,347
Right-of-use assets	12	19,447,672	18,660,343
Other non-current assets	9	818,543	377,415
Total non-current assets		<u>48,458,881</u>	<u>35,706,105</u>
Total assets		<u>73,912,388</u>	<u>50,112,619</u>
Liabilities			
Current liabilities			
Trade and other payables	13	4,473,159	1,362,030
Lease liabilities		157,677	30,419
Income tax		156,137	144,883
Employee benefits		89,427	67,072
Total current liabilities		<u>4,876,400</u>	<u>1,604,404</u>
Non-current liabilities			
Trade and other payables	13	960,598	-
Lease liabilities		17,141,030	16,040,568
Employee benefits		9,065	7,980
Provisions		3,216,986	3,034,420
Total non-current liabilities		<u>21,327,679</u>	<u>19,082,968</u>
Total liabilities		<u>26,204,079</u>	<u>20,687,372</u>
Net assets		<u>47,708,309</u>	<u>29,425,247</u>
Equity			
Issued capital	14	101,029,649	77,425,224
Reserves	15	9,923,270	4,157,415
Accumulated losses		<u>(63,244,610)</u>	<u>(52,157,392)</u>
Total equity		<u>47,708,309</u>	<u>29,425,247</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	48,271,499	59,197	(33,372,086)	14,958,610
Loss after income tax expense for the half-year	-	-	(8,154,044)	(8,154,044)
Other comprehensive income for the half-year, net of tax	-	36,486	-	36,486
Total comprehensive income for the half-year	-	36,486	(8,154,044)	(8,117,558)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	9,822,072	-	-	9,822,072
Share-based payments	-	1,465,584	-	1,465,584
Options exercised	212	-	-	212
Balance at 31 December 2023	<u>58,093,783</u>	<u>1,561,267</u>	<u>(41,526,130)</u>	<u>18,128,920</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	77,425,224	4,157,415	(52,157,392)	29,425,247
Loss after income tax expense for the half-year	-	-	(11,087,218)	(11,087,218)
Other comprehensive income for the half-year, net of tax	-	3,407,617	-	3,407,617
Total comprehensive income for the half-year	-	3,407,617	(11,087,218)	(7,679,601)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 14)	23,604,425	-	-	23,604,425
Share-based payments (note 15)	-	2,358,238	-	2,358,238
Balance at 31 December 2024	<u>101,029,649</u>	<u>9,923,270</u>	<u>(63,244,610)</u>	<u>47,708,309</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated	
		31/12/2024	31/12/2023
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		924,883	761,073
Payments to suppliers and employees (inclusive of GST)		(8,985,085)	(7,031,568)
Interest received		293,577	17,899
Interest and other finance costs paid		(14,406)	-
Research and development tax incentive		1,076,974	32,574
Net cash used in operating activities		(6,704,057)	(6,220,022)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(11,388,936)	(10,918)
Proceeds from rental bonds		91,156	-
Net cash used in investing activities		(11,297,780)	(10,918)
Cash flows from financing activities			
Proceeds from issue of shares	14	25,166,934	10,000,000
Share issue transaction costs		(1,414,429)	(190,928)
Repayment of principal portion of leases		(868,370)	(371,028)
Net cash from financing activities		22,884,135	9,438,044
Net increase in cash and cash equivalents		4,882,298	3,207,104
Cash and cash equivalents at the beginning of the financial half-year		11,987,989	8,833,468
Effects of exchange rate changes on cash and cash equivalents		2,607,570	(338,829)
Cash and cash equivalents at the end of the financial half-year		19,477,857	11,701,743

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Amaero International Ltd as a Group consisting of Amaero International Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Amaero International Ltd's functional and presentation currency.

Amaero International Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

L7 330 Collins Street
Melbourne VIC 3000
Australia

Principal place of business

130 Innovation Drive SW
McDonald, Tennessee, 37353
United States

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 February 2025. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or Amended Accounting Standards and Interpretations Adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Group during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

Note 2. Material accounting policy information (continued)

These standards amend AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the consolidated financial statements, the Group incurred a loss after income tax of \$11,087,218 and cash outflow from operating activities of \$6,704,057 for the half year ended 31 December 2024.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after considering the following factors:

- As at 31 December 2024, the Group holds cash and cash equivalents of \$19.5 million and has access to corporate credit facility of \$8.04 million to support its capital expenditure and operating commitments;
- A budget and cash flow forecast for the twelve-month period from the date of signing the interim financial statements, which has been prepared based on assumptions about certain economic, operating and trading performance, supports the directors' assertion;
- The Directors believe the Group would be able to access additional funds from existing shareholders and new investors to support working capital and execute its strategic growth initiatives; and
- As noted in Note 19 'Events after the reporting period', Export-Import Bank of the United States' ("EXIM") bipartisan Board of Directors unanimously approved a direct loan of US\$23.5 million (A\$37.8 million) to the Group, conditional upon, amongst other things, entry into legally binding documentation.
- The Group announced successfully completing an institutional placement to raise A\$22 million, as noted in Note 19 'Events after the reporting period', through a two-tranche placement priced at A\$0.30 per new share, resulting in 73,333,334 new fully paid ordinary shares to be issued, following strong support from existing cornerstone institutional investors as well as a new U.S based institutional investor.

Note 3. Operating segments

Identification of reportable operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of Amaero International Ltd. The Group has identified one reportable segment; that is, the research, development, manufacture and sales of refractory metals and specialty alloy powders for critical applications. The segment details are therefore fully reflected in the body of the financial statements. As at 31 December 2024, all of the operations and revenue is generated in the United States of America.

Note 4. Revenue

From continuing operations

Sale of speciality metal powder and engineered parts

	Consolidated 31/12/2024	31/12/2023
	\$	\$
	<u>1,660,522</u>	<u>116,478</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Major product lines

Sale of speciality metal powder and engineered parts

	Consolidated 31/12/2024	31/12/2023
	\$	\$
	<u>1,660,522</u>	<u>116,478</u>

Geographical regions

United States of America

	<u>1,660,522</u>	<u>116,478</u>
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Timing of revenue recognition

Goods transferred at a point in time

	<u>1,660,522</u>	<u>116,478</u>
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Note 5. Other income/(loss)

Net foreign exchange gain/(loss)

Other income

Other income/(loss)

	Consolidated 31/12/2024	31/12/2023
	\$	\$
	11,408	(304,439)
	<u>146,817</u>	<u>32,574</u>
	<u>158,225</u>	<u>(271,865)</u>

Note 6. Expenses

Loss before income tax from continuing operations includes the following specific expenses:

Cost of sales

Cost of sales

	<u>817,465</u>	<u>45,163</u>
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Depreciation

Leasehold improvements

Plant and equipment

Furniture, fittings and equipment

Buildings right-of-use assets

	134,484	29,672
	206,936	206,316
	6,730	2,239
	<u>407,908</u>	<u>276,618</u>

Total depreciation

	<u>756,058</u>	<u>514,845</u>
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Finance costs

Interest and finance charges paid/payable on lease liabilities

	<u>779,333</u>	<u>31,838</u>
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Note 6. Expenses (continued)

General and administration expenses

Accounting and audit	230,658	74,239
Contracting and consulting	983,335	198,901
Depreciation	756,058	382,899
Employee benefits	3,536,875	246,949
Equipment expenses	378,153	89,202
Insurance	261,398	160,374
Investor and public relations	71,330	143,549
Legal and company secretarial	301,936	71,548
Listing and share registry	176,527	102,519
Occupancy	393,659	132,472
Share-based payments	2,187,528	1,465,584
Defined contribution plans - Superannuation	171,743	13,939
Travel	566,356	253,360
Loss on disposal of assets	33,054	-
Other	505,325	216,040
	<u>10,553,935</u>	<u>3,551,575</u>

Note 7. Discontinued operations

Description

On 10 October 2023, the Group announced that the Board resolved to commence with the cessation of its operations in Australia to focus its executive team on flagship operations in the USA. In addition, the Group wound down its operations in the UAE. Accordingly, the financial results of the Australian (including the joint venture operations) and UAE operations have been classified as Discontinued Operations.

Financial performance information

	Consolidated	
	31/12/2024	31/12/2023
	\$	\$
Revenue from contracts with customers	-	566,402
Cost of sales	-	(296,560)
Gross profit	-	<u>269,842</u>
Other income (including research and development tax incentive)	-	(137,457)
Distribution costs	-	(1,506)
General and administrative expenses	(106,849)	(828,626)
Research and development expenses	-	(704,762)
Selling and marketing expenses	-	(22,269)
Depreciation	-	(131,947)
Share of loss from equity accounted joint ventures	-	(215,750)
Finance income - net	1,028	12,700
Total expenses	<u>(105,821)</u>	<u>(1,892,160)</u>
Loss before income tax expense	(105,821)	(1,759,775)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	<u>(105,821)</u>	<u>(1,759,775)</u>

Note 7. Discontinued operations (continued)

Other comprehensive income

Exchange differences on translation of foreign operations	11,254	27,614
Other comprehensive income net of taxes	11,254	27,614

Total comprehensive loss for the half-year attributable to discontinued operations	(94,567)	(1,732,161)
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Cash flow information

	Consolidated 31/12/2024	Consolidated 31/12/2023
	\$	\$
Net cash used in operating activities	(91,252)	(1,412,078)
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents from discontinued operations	(91,252)	(1,412,078)

Note 8. Trade and other receivables

	Consolidated 31/12/2024	Consolidated 30/06/2024
	\$	\$
<i>Current assets</i>		
Trade receivables	837,530	101,892
Less: Allowance for expected credit losses	(50,579)	(50,579)
	786,951	51,313
Contract assets	16,085	-
Other receivables	85,609	136,522
	101,694	136,522
	888,645	187,835

Note 9. Other assets

	Consolidated 31/12/2024	Consolidated 30/06/2024
	\$	\$
<i>Current assets</i>		
Prepayments	649,939	231,297
Rental bond	-	199,506
	649,939	430,803
<i>Non-current assets</i>		
Rental bond	485,765	377,415
Other non-current assets	332,778	-
	818,543	377,415
	1,468,482	808,218

Note 10. Non-current assets classified as held for sale

The following assets were reclassified as held for sale in relation to the discontinued operations as at 31 December 2024. Refer to note 7 'Discontinued operations' for further details.

	Consolidated 31/12/2024 \$	30/06/2024 \$
<i>Current assets</i>		
Machinery and equipment held for sale	349,996	322,592

Note 11. Property, plant and equipment

	Consolidated 31/12/2024 \$	30/06/2024 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	13,873,757	-
Less: Accumulated depreciation	(143,180)	-
	13,730,577	-
Plant and equipment - at cost	7,495,634	173,367
Less: Accumulated depreciation	(213,029)	(88,223)
	7,282,605	85,144
Furniture, fittings and equipment - at cost	161,492	21,679
Less: Accumulated depreciation	(6,729)	(13,422)
	154,763	8,257
Assets under construction - at cost	7,024,721	16,574,946
	28,192,666	16,668,347

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Leasehold improvements \$	Plant and equipment \$	Furniture, fittings and equipment \$	Assets under construction \$	Total \$
Balance at 1 July 2024	-	85,144	8,257	16,574,946	16,668,347
Additions	75,822	161,849	62,745	9,933,212	10,233,628
Disposals	-	(77,706)	(8,365)	-	(86,071)
Exchange differences	834,178	441,852	9,921	438,961	1,724,912
Transfers in/(out)	12,955,061	6,878,402	88,935	(19,922,398)	-
Depreciation expense	(134,484)	(206,936)	(6,730)	-	(348,150)
Balance at 31 December 2024	13,730,577	7,282,605	154,763	7,024,721	28,192,666

Note 12. Right-of-use assets

	Consolidated	
	31/12/2024	30/06/2024
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	21,718,916	20,384,435
Less: Accumulated depreciation	(2,271,244)	(1,724,092)
	<u>19,447,672</u>	<u>18,660,343</u>

The Group leases land and a building for its office and manufacturing facility under an agreement of 15 years with options to extend. The lease has an escalation clause.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Land and buildings \$
Balance at 1 July 2024	18,660,343
Additions	-
Disposals	-
Exchange differences	1,195,237
Depreciation expense	(407,908)
Balance at 31 December 2024	<u>19,447,672</u>

Note 13. Trade and other payables

	Consolidated	
	31/12/2024	30/06/2024
	\$	\$
<i>Current liabilities</i>		
Trade payables	4,076,575	967,812
Accrued payables	353,966	354,765
Other payables	42,618	39,453
	<u>4,473,159</u>	<u>1,362,030</u>
<i>Non-current liabilities</i>		
Grant liability	960,598	-
	<u>5,433,757</u>	<u>1,362,030</u>

Note 14. Issued capital

	Consolidated			
	31/12/2024	30/06/2024	31/12/2024	30/06/2024
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>615,219,004</u>	<u>542,912,442</u>	<u>101,029,649</u>	<u>77,425,224</u>

Note 14. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2024	542,912,442		77,425,224
Exercise of options	4 July 2024	78,875	\$0.240	18,930
Exercise of performance rights	5 July 2024	90,416	\$0.370	-
Exercise of options	17 July 2024	2,246	\$0.180	404
Exercise of options	29 July 2024	200,000	\$0.240	48,000
Exercise of options	13 August 2024	26,436	\$0.180	4,758
Shares issued	23 September 2024	56,070,027	\$0.350	19,624,509
Exercise of options	25 September 2024	75,000	\$0.180	13,500
Exercise of options	25 September 2024	140,625	\$0.240	33,750
Exercise of options	21 October 2024	62,900	\$0.180	11,322
Shares issued	1 November 2024	15,358,545	\$0.350	5,375,491
Exercise of options	18 November 2024	201,492	\$0.180	36,269
Transaction costs		-		(1,562,508)
Balance	31 December 2024	<u>615,219,004</u>		<u>101,029,649</u>

Note 15. Reserves

	Consolidated	
	31/12/2024	30/06/2024
	\$	\$
Foreign currency reserve	3,768,637	361,020
Share-based payments reserve	6,154,633	3,796,395
	<u>9,923,270</u>	<u>4,157,415</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency reserve	Share-based payments reserve	Total
	\$	\$	\$
Balance at 1 July 2024	361,020	3,796,395	4,157,415
Foreign currency translation	3,407,617	-	3,407,617
Share-based payments	-	2,358,238	2,358,238
Balance at 31 December 2024	<u>3,768,637</u>	<u>6,154,633</u>	<u>9,923,270</u>

Note 16. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2024 and 31 December 2023.

Note 17. Earnings per share

	Consolidated	Consolidated
	31/12/2024	31/12/2023
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Amaero International Ltd	<u>(10,981,397)</u>	<u>(6,394,269)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>580,541,398</u>	<u>421,672,380</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>580,541,398</u>	<u>421,672,380</u>
	Cents	Cents
Basic earnings per share	(1.89)	(1.52)
Diluted earnings per share	(1.89)	(1.52)
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Amaero International Ltd	<u>(105,821)</u>	<u>(1,759,775)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>580,541,398</u>	<u>421,672,380</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>580,541,398</u>	<u>421,672,380</u>
	Cents	Cents
Basic earnings per share	(0.02)	(0.41)
Diluted earnings per share	(0.02)	(0.41)
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of Amaero International Ltd	<u>(11,087,218)</u>	<u>(8,154,044)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>580,541,398</u>	<u>421,672,380</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>580,541,398</u>	<u>421,672,380</u>

Note 17. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(1.91)	(1.93)
Diluted earnings per share	(1.91)	(1.93)

328,352,393 (2023: 303,002,428) options and 119,753 (2023: 1,757,565) performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the half-year ended 31 December 2024. These options could potentially dilute basic earnings per share in the future.

Note 18. Share-based payments

Options

Amaero International Ltd has the ability to issue options to employees under the employee option plan ('ESOP') which was approved by shareholders at the 2019 Annual General Meeting. Additionally, the Group has the ability to issue options to consultants under its 15% capacity. The issuance of options is designed to provide long-term incentives for the holder to deliver long-term shareholder returns. Issuance of the equity is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Set out below are summaries of options granted under the plan:

31/12/2024

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
04/07/2022	04/07/2025	\$0.420	7,520,439	-	-	-	7,520,439
01/08/2022	01/08/2025	\$0.420	18,673,464	-	-	-	18,673,464
02/12/2022	02/12/2025	\$0.180	187,840,679	-	(368,075)	-	187,472,604
31/10/2023	31/10/2033	\$0.190	3,000,000	-	-	-	3,000,000
31/10/2023	31/10/2033	\$0.190	10,000,000	-	-	-	10,000,000
31/10/2023	31/10/2033	\$0.190	3,000,000	-	-	-	3,000,000
31/10/2023	31/10/2033	\$0.190	2,750,000	-	-	-	2,750,000
31/10/2023	31/10/2033	\$0.190	2,500,000	-	-	-	2,500,000
31/10/2023	31/10/2033	\$0.190	2,000,000	-	-	-	2,000,000
08/11/2023	08/11/2033	\$0.250	3,000,000	-	-	-	3,000,000
27/12/2023	27/12/2026	\$0.240	60,251,986	-	(419,500)	-	59,832,486
05/04/2024	05/04/2027	\$0.500	1,000,000	-	-	-	1,000,000
29/04/2024	16/12/2033	\$0.280	3,553,000	-	-	-	3,553,000
04/06/2024	31/10/2033	\$0.250	950,000	-	-	-	950,000
04/06/2024	27/11/2033	\$0.170	2,500,000	-	-	-	2,500,000
04/06/2024	18/12/2033	\$0.250	3,000,000	-	-	-	3,000,000
04/06/2024	20/12/2033	\$0.240	500,000	-	-	-	500,000
04/06/2024	04/06/2034	\$0.410	4,125,000	-	-	-	4,125,000
04/06/2024	08/02/2027	\$0.360	1,000,000	-	-	-	1,000,000
05/08/2024	05/08/2029	\$0.390	-	2,000,000	-	-	2,000,000
15/10/2024	08/02/2027	\$0.360	-	1,000,000	-	-	1,000,000
09/09/2024	09/09/2034	\$0.400	-	825,000	-	-	825,000
08/11/2024	08/11/2027	\$0.500	-	1,000,000	-	-	1,000,000
08/11/2024	08/11/2027	\$0.500	-	2,000,000	-	-	2,000,000
29/10/2024	08/11/2027	\$0.348	-	4,200,000	-	-	4,200,000
30/09/2024	30/09/2034	\$0.272	-	810,000	-	-	810,000
19/12/2024	04/11/2034	\$0.272	-	140,400	-	-	140,400
			317,164,568	11,975,400	(787,575)	-	328,352,393

Note 18. Share-based payments (continued)

31/12/2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
04/07/2022	04/07/2025	\$0.420	7,520,439	-	-	-	7,520,439
01/08/2022	01/08/2025	\$0.420	18,673,464	-	-	-	18,673,464
02/12/2022	02/12/2025	\$0.180	188,059,702	-	(1,177)	-	188,058,525
31/10/2023	31/10/2033	\$0.190	-	3,000,000	-	-	3,000,000
31/10/2023	31/10/2033	\$0.190	-	10,000,000	-	-	10,000,000
31/10/2023	31/10/2033	\$0.190	-	3,000,000	-	-	3,000,000
31/10/2023	31/10/2033	\$0.190	-	2,750,000	-	-	2,750,000
31/10/2023	31/10/2033	\$0.190	-	2,500,000	-	-	2,500,000
31/10/2023	31/10/2033	\$0.190	-	2,000,000	-	-	2,000,000
08/11/2023	08/11/2033	\$0.250	-	3,000,000	-	-	3,000,000
27/12/2023	27/12/2026	\$0.240	-	62,500,000	-	-	62,500,000
			214,253,605	88,750,000	(1,177)	-	303,002,428

Performance rights

On 7 July 2020, the Amaero Board resolved to offer approximately 3 million Retention Performance rights to their employees subject to certain conditions. The number of Retention Performance rights issued on 1 September 2020 was 1,422,883 based on the 5-day VWAP (volume weighted average price) for the period from 24 to 28 August 2020 inclusive. Each of the Retention Performance rights entitles the holder to be issued one fully paid ordinary share of the Company for no cash consideration upon vesting. The Retention Performance rights will convert into ordinary shares upon achievement of each performance condition and will expire when the performance condition is met. If the Employee does not remain as an Employee of Amaero at the time of the performance condition, the remainder of their Retention Performance Rights will lapse. The performance conditions were set out to incentivise employees to remain with Amaero to ensure their interests and motivations are aligned with the interests and motivations of shareholders of Amaero.

Set out below are summaries of performance rights granted under the plan:

31/12/2024

Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
\$0.000	239,504	-	(90,416)	(29,335)	119,753
	239,504	-	(90,416)	(29,335)	119,753

31/12/2023

Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
\$0.000	1,757,565	-	-	-	1,757,565
	1,757,565	-	-	-	1,757,565

The assessed fair value of options at grant date was determined using the Trinomial valuation pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

Note 19. Events after the reporting period

On 2 January 2025, Steve Kachur transitioned from Chief Commercial Officer to a consultant role focused on strategic commercial opportunities, including the integration of U.S. domestic supply chain. The Company is engaged in a search to hire a Chief Commercial Officer with strong defense program experience.

On 7 January 2025, the Company announced Defense Advanced Research Projects Agency (“DARPA”) veteran Michael “Mick” Maher joined Amaero’s leadership team as Fellow – Defense Programs. This follows Mick Maher working closely with Amaero in a consulting capacity over the past year as well as collaborating with Eric Bono (Chief Technical Officer) for over a decade.

On 9 January 2025, Export-Import Bank of the United States’ (“EXIM”) bipartisan Board of Directors unanimously approved a direct loan in the amount of US\$23.5 million to Amaero Advanced Materials & Manufacturing Inc., a wholly-owned U.S. operating subsidiary of Amaero. Based on an exchange rate of \$0.621, the loan commitment equals A\$37.8 million. The Company expects to draw approximately 60% of loan proceeds during the 4th quarter of FY2025 and expects the balance of the loan to be drawn during FY2026. The loan is conditional upon, amongst other things, entry into legally binding documentation.

On 11 February 2025, the Company announced successfully completing an institutional placement to raise A\$22 million following strong support from existing cornerstone institutional investors as well as a new U.S.-based institutional investor.

The Capital raise was fully subscribed by Pegasus Growth Capital, the Amaero Board, four lead institutional investors, and a new U.S.-based institutional investor. Following the capital raise, Regal Funds Management and IFM Investors will join Pegasus Growth Capital and Fidelity International as substantial investors.

The Company will issue approximately 73.3 million new fully paid ordinary shares (“New Shares”) to eligible sophisticated, professional and institutional investors at a price of A\$0.30 per New Share (“Placement Price”), and will be issued as follows:

- an unconditional component of approximately A\$20.5 million fully committed proceeds and 68.3 million New Shares will be issued pursuant to the Company’s existing placement capacity under ASX Listing Rules 7.1 and 7.1A (“Tranche 1”); and
- a conditional component of approximately A\$1.5 million fully committed proceeds and 5.0 million New Shares to be issued, subject to shareholder approval in accordance with ASX Listing Rules 7.1, 7.1A and 10.11 (“Tranche 2”).

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Hank J. Holland
Chairman and Chief Executive Officer

21 February 2025

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Amaero International Limited

Conclusion

We have reviewed the accompanying half-year financial report of Amaero International Limited (“the Company”) and its subsidiaries (together referred as “the Group”) which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 21 February 2025
Melbourne, Victoria