

ASX CODE: AL3

CAPITAL STRUCTURE

Share Price	\$0.33
Shares on Issue	149.9m
Market Capitalisation	\$49.5m
(as at 18/03/21)	

MAJOR SHAREHOLDERS

Andrew Sales	26.5%
Perennial Value Mgmt	11.7%

BOARD & MANAGEMENT

Stephen Gerlach AM
Non-Executive Chairman

Andrew Sales
Managing Director

Sean Ebert
Executive Director

Kevin Reid
Non-Executive Director

Len Piro
Non-Executive Director

Christine Manuel
Company Secretary

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LETTER TO SHAREHOLDERS COMPANY UPDATE

Attached is a copy of a letter from Andrew Sales, Managing Director of AML3D Limited (ASX:AL3), to be distributed to shareholders today.

Christine Manuel
Company Secretary

This announcement has been authorised for release by the Managing Director.

For further information, please contact:

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About AML3D Limited

AML3D® (ASX:AL3) is an Australian public company redefining the standards of productivity. Incorporated in 2014, AML3D® utilises 3D printing to solve complex challenges with metallurgy, patent pending WAM® process, proprietary software WAMSoft®, creating certified, industrial products more sustainably. AML3D® provides additive manufacturing on-demand services in contract manufacturing centres. It is the original equipment manufacturer of ARCEMY®, metal 3D printers that utilise local materials to manufacture high-performance products closer to the location of use.

Dear Valued Shareholder,

I am pleased to be writing to you again to provide an update on your company, highlighting recent achievements and exciting upcoming opportunities that will continue to drive us forward as a cutting-edge technology company.

Much of our focus recently has been on business development, with the addition of five new customers over just the last three months. To support this customer growth, we have bolstered our in-house people capability with the appointment of Hamish McEwin as our Chief Financial Officer, Karsten Bartnicki as Chief Operating Officer, and Ben Hodgson in the newly created role of Commercial Manager. These positions are critical to ensure we grow in an aggressive but controlled manner to deliver our quality offerings to a broad and satisfied customer base.

We recently strengthened our balance sheet by successfully raising \$7.0 million via a heavily oversubscribed private placement that had strong participation from new and existing institutional and sophisticated investors. The funds will be applied to accelerate AML3D's business development initiatives through the construction and commissioning of additional ARCEMY® modules, which will increase contract manufacturing capacity to service new customers, increasing headcount to facilitate growth (as detailed above), and additional working capital to pursue larger long lead-time customers.

In the short time that AML3D Limited has been listed, we are better placed than our peers in terms of capability, technology and product offering. This is a very bold statement, however, I strongly believe this to be the case as we are one of only a few companies that are leading the way using Industry 4.0 technology that we built from the ground up here in Australia. As many of you are aware, our wire arc additive manufacturing (WAM®) technology is disruptive and will materially transform the metal fabrication landscape. WAM® is cheaper, faster and more environmentally friendly than traditional metal fabrication.

Most importantly though, the WAM® process is our intellectual property, which is patent pending, and on top of this, we also have the world's first Lloyd's Register accredited and certified Wire-feedstock Additive Manufacturing Facility. In creating our own proprietary technology supported by global accreditation, we have an intimate understanding of the technology and ultimately the know-how and flexibility to continue its evolution, through continued commercially focused R&D, to meet our customers' ever-changing needs and requirements. We are especially excited with what future developments in this area holds for our process.

Our proprietary WAM® software (WAMSoft®) is what drives our in-house made ARCEMY® modules. We were very pleased to announce in December last year the sale of a highly specialised ARCEMY® module to **iKAD Engineering**, which will have a final sale value in excess of \$500k (subject to agreement on final specifications). iKAD is an engineering solutions provider to Defence, Marine, Industrial, Natural Resources and Water Technology sectors, and our ARCEMY® module will provide iKAD with the robotic automation required for large scale additive components and pipe manufacturing solutions. **Rowlands Metalworks**, a defence supplier and South Australian fabricator,



also purchased an ARCEMY® module to enhance manufacturing capabilities. The ARCEMY® module will provide Rowlands with robotic automation for Additive joining and manufacturing, improving their capabilities to service defence and agricultural clients. These are just two examples of the significant revenue generating potential on offer from fit-for-purpose customised ARCEMY® modules.

Just to show how active we have been, I have summarised some of our new and existing customer interactions below.

Thyssenkrupp and Wilhelmsen

Manufacture of marine grade stainless steel impeller to demonstrate advantages of WAM® over traditional casting methods.

ASC Shipbuilding

A subsidiary of BAE Systems Australia contracted by the Department of Defence to design and build nine Hunter class frigates for the Royal Australian Navy. WAM® identified as a technology that could be utilised in its shipbuilding activities.

3D Printing Corporation

Manufacture and shipping of a stainless-steel marine propeller to 3D Printing Corporation in Japan, which showcases the advantages of WAM® over cast equivalents. There is a real opportunity to broaden exposure to the growing propeller blade market which is expected to grow to US\$5.4 billion by 2022¹.

Austal

Manufacture of the first prototype Davit Arm lifting device using WAM®, which has undergone rigorous static load and destructive testing. Accreditation received from 3rd party DNV-GL is an immense endorsement for our process in terms of commercial viability on large a scale. Intended for installation in naval vessels constructed by Austal.

Co-development of components for maritime defence applications.

AdditiveNow

Collaboration to accelerate the adoption of WAM® within AdditiveNow's global networks. The objective is to mutually achieve a larger global market and increased capabilities in advanced manufacturing for newly identified markets. As part of this, we have commenced a program to design and manufacture a large part for a major Australian mining company.

Advanced Manufacturing Growth Centre and Dematec Automation

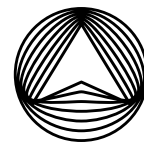
Co-development and implementation of 'Industrial Internet of Things' technology into future ARCEMY® units, allowing remote access control of real-time WAM® printing and analysis over ARCEMY® units globally, and a fully integrated customer service solution platform capable of greater production efficiency.

Lightforce

Stage 2 in the development of next generation 'made-to-fit' titanium body armour, whereby we will develop additional prototypes to undertake repeatability ballistics testing. The Body armour market is expected to exceed US\$3.0bn by 2025².

1. Source: ref: <https://www.prnewswire.com/in/news-releases/marine-propeller-market-worth-537-billion-usd-by-2022-654972273.html>

2. Source: ref: <https://www.grandviewresearch.com/press-release/global-body-armor-market>



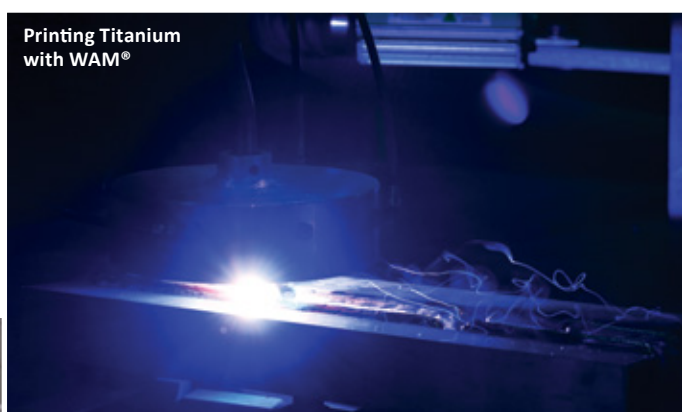
In addition to the above, we have delivered a 1.4 tonne Panama Chock to a shipbuilder based in Singapore, which was independently confirmed as stronger than forged equivalents by DNV-GL in Singapore, as well as the delivery of the first ARCEMY® module to ST Engineering in Singapore.

As a result of all this, we are now seeing strong momentum in our key revenue streams of contract manufacturing and ARCEMY® sales. We will continue to invest in our sales and marketing initiatives, and research and development to ensure our technology remains at the forefront of the Industrial 4.0 wave, especially as we take domestic orders for components previously sourced from overseas.

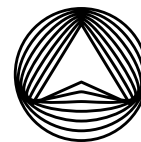
Supply chains are changing due to COVID-19 and we are seeing a desire and need for businesses to now source locally if they can. Traditional fabrication costs in Australia are higher than most, mainly driven by labour costs. Our WAM® technology keeps labour costs to a minimum, which is a monumental shift in terms of our ability to outperform competition from a pricing and time perspective.

The opportunity we have is enormous given the size of the market in which we are operating. According to the Wolhers Report of 2019, *“the industry is expected to grow by nearly 3.6 times to \$US 35.6 billion in 2024”*, which, as I have said before, represents a tremendous opportunity for AML3D.

In Australia, we relocated our manufacturing facility, as promised, with cost savings to the business already evident. This facility is the only diversified large-scale WAM® metal fabrication facility in the Southern Hemisphere that can produce finished parts and components to a certified standard under an accredited Quality Management System.



Adelaide Manufacturing Facility



Outlook for remainder of 2021

The main areas of focus for us over the remainder of 2021 will be:

- Establishing a Contract Manufacturing Centre in Singapore;
- Pursuing global business opportunities, focusing initially on creating customer and industry partnerships in high margin industries such as the defence sector;
- Expanding our contract manufacturing base to drive long-term repeat customers;
- Continuing the build of ARCEMY® modules for customers looking to establish inhouse 3D printing capability;
- Growing recurring revenue via annual software licencing, service and maintenance agreements, and sale of wire feedstock; and
- Research and development for ongoing refinement and advancement of our products and processes.

I think it is very important to reiterate that we are first and foremost a technology company. Our focus will continue to be on converting our proprietary home-grown technology into a material and sustainable revenue stream. Stable and repeatable revenues take time to build. Our capable team is growing in-line with inbound requests from customers, however, it is always a challenge keeping up with these requests. While we have seen the sale of three ARCEMY® modules to date, we expect this number to grow as the ability of these modules to generate returns for customers becomes clear. For customers that have received early stage WAM® produced prototypes, we are expecting big things in time. Time is the key word here. Our products need time to prove themselves from a quality and price perspective, which I believe will soon lead to repeat material orders from customers.

These are challenging times. The COVID-19 pandemic is one such challenge that highlights the benefits of our commercially proven technology and will fast track its use. The value of our products and services will soon become evident as our revenue stream matures into one made up of sizeable repeat orders. I hope you share in my excitement about what lies ahead for your company and, again, I would like to thank all shareholders for your support of AML3D to date.

With kind regards

Andy Sales

23/3/21