

## QUARTERLY ACTIVITIES AND CASHFLOW REPORTS 30 SEPTEMBER 2022

**31 OCTOBER 2022:** 3D Metalforge Limited (ASX: 3MF) ('3D Metalforge', '3MF' or the 'Company'), is pleased to release its Appendix 4C cash flow statement and associated activities report for the quarter ended 30 September 2022.

### CORPORATE

The Company's shares were suspended from trading on the ASX on 1 September 2022 following the Company's non lodgement of its Appendix 4D and auditor reviewed Half Year Financial Report for the six month period ended 30 June 2022 by the prescribed reporting deadline of 31 August 2022. The Company is endeavouring to address this and get its shares relisted on ASX as soon as possible.

The Company also advises that on 23<sup>rd</sup> September 2022 it announced a planned restructuring of its finances including:

- A debt to equity conversion with key early and core investors in 3D Metalforge agreeing in principle to convert A\$800k of debt held into equity.
- Continued cost reductions through the Company's operational efficiency program, with quarterly cash use expected to decrease from A\$1.6m at Q4 2021 by over 25% at Q4 2022.
- The launch of a bookbuild to issue new equity of up to A\$2.1M – with a minimum raise of A\$1.5M.

The full details of this planned restructuring can be found in the announcement lodged on the ASX platform on 23<sup>rd</sup> September 2022. On the 20<sup>th</sup> October 2022, the Company advised the market that this book building and the debt to equity conversion would not be proceeding at that stage.

On 20<sup>th</sup> October 2022 the Company also advised the market that its wholly owned Singaporean incorporated operating subsidiary, 3D Metalforge Pte Ltd had applied to the High Court of the Republic of Singapore for moratorium protection pursuant to Sections 64 and 65 of the Insolvency, Restructuring, and Dissolution Act 2018 (the "Moratorium Applications"). The purpose of such is to facilitate the reorganisation of the liabilities and business of the broader group of companies comprising of 3D Metalforge Pte Ltd and its subsidiaries in Singapore and United States (the "Group"). The directors have been advised and are of the view that, a transparent and court supervised reorganisation process is in the best interest of all the stakeholders across the Group to preserve value and maintain a sustainable capital structure within the organization. Further, the Moratorium Applications restrain the commencement of certain legal actions by creditors including, but not limited to, passing any resolution to wind up 3D Metalforge Pte Ltd or its subsidiaries without the court's permission. The Company also advised that its wholly owned Singaporean incorporated subsidiary, 3DInfra Pte Ltd had also made a similar application as a related party to 3D Metalforge Pte Ltd.

The Company advises at this stage, that there have been no changes to 3D Metalforge's ownership of either subsidiary or any rights or obligations owed or owing between them and the Company.

The Company issued a total of 3,690,340 fully paid ordinary shares to Spark Plus Pte Ltd during this quarter valued at US\$36k as compensation for services in Investor Relations.

Following shareholder approvals at the last Annual General Meeting, the Company issued 70,544,730 options to sophisticated and professional investors who participated in the placement announced by the Company on 28 March 2022, as well as 47,029,820 options to the joint lead managers of that placement. The options were listed on the ASX and are exercisable at A\$0.09 each on or before 18 August 2027.

### **OPERATIONAL EFFICIENCIES**

The Company has continued to focus on the operational efficiency program since its implementation at the beginning of 2022 and are pleased to highlight the following:

1. Quarterly net decrease in cash used for operating activities of A\$707k compared to A\$1,499k in Q2'22 demonstrating the Company's ability and determination to keep quarterly net cash burn to below A\$1M;
2. Manpower costs have continued to be decreased, by 34% from an average of A\$220k per month in the December 2021 quarter to A\$145k from August 2022 onwards.

### **PROGRESS AGAINST STRATEGIC OBJECTIVES**

The Company has 4 strategic objectives that it is focusing on:

1. Supporting a growing multinational blue-chip client base through their advanced proprietary 3D printing systems.
2. Offering the full range of 3D printing services, including design and engineering, material advisory, diagnostics and testing, production printing and post-production certification.
3. Providing services compliant with the latest industry and, optionally to, API standards.
4. Using proprietary processes and eco-friendly technology to produce high-demand parts faster, more cost-effectively and with less environmental impact and greater sustainability than conventional manufacturing.

#### **Supporting a growing multinational blue-chip client base through their advanced proprietary 3D printing systems**

In this quarter, 3MF has continued to build progress under its framework agreement with Woodside with a facility audit successfully completed, material testing well developed, over 6 projects successfully completed with a value of over A\$100k and quotations under discussion (but not yet agreed to) of over A\$400k.

Par Pacific is moving from build out of the digital library to first parts being ordered with a first order of an impeller for A\$30k. PSA continues to develop with deliveries so far this year of A\$95k.

3MF was very pleased to extend its collaboration with PSA for a further year in the past month. Production is currently underway for the metal parts under the metal contract. During production, the main parts to be produced (twist lock pins) were upgraded to a higher quality standard (now tested to 14% higher test load) and further engineered to improve fatigue life performance. Additionally, other metal parts under projects worth a combined A\$116k with the Maritime Port Authority of Singapore (MPA) were produced in the facility thus requiring the extension of the delivery period under the original contract. 3MF is also producing plastic parts (rollers for crane operations) in the additive manufacturing facility in the port under a contract with PSA Corporation valued at A\$117k. Whilst neither the projects with MPA or the contract for plastic rollers are material contracts in relation to the revenue of 3D Metalforge, it shows how the Company is capable of managing multiple production contracts within the PSA additive manufacturing facility with multiple global clients.

New projects in this quarter included work with ConocoPhillips and Exxon. Neither of these projects are of a material value but continue to demonstrate 3MF supporting the world's leading companies in their adoption of AM.

**Offering the full range of 3D printing services, including design and engineering, material advisory, diagnostics and testing, production printing and post-production certification.**

3MF has continued to commercialise the work undertaken on new materials with the first parts produced with material supplied under the collaboration with Hitachi Metals being deployed commercially.

**Providing services are compliant with the latest industry and, optionally to, API standards.**

3MF's approach has been to ensure its facilities are certified by leading standards and certification bodies, to support and participate in the developments of standards and to ensure manufacturing is compliant with the latest and leading sector international standards bodies. This has been progressing well with 3D Metalforge's Houston, Texas advanced 3D printing manufacturing facility receiving facility and process approval certification in August by the American Bureau of Shipping (ABS) for the additive production of metal parts. This was the world's first additive manufacturing facility approved by ABS under their new Additive Manufacturing (AM) standard. The certification comes after a rigorous process of site inspection, test sample printing and testing and exhaustive examination of the Company's processes and procedures. This gives a significant competitive advantage to 3MF as the only company accredited to supply parts requiring "class approval" to ABS's global customer base.

This certification builds on the successful certification by ABS of parts installed on ConocoPhillips Polar Tanker "Endeavour" and later removed for testing and proven to be performing well and the on-going collaboration with ABS on the Maritime Port Authority of Singapore's Joint Industry Program (JIP) 2 program.

The benefits of this facility and process approval includes increasing the range of customers and parts 3MF can work with to include those that require parts to be “class approved” before installation, it further differentiates 3MF in proposals to potential customers and is a clear independent endorsement of the quality of the parts produced by 3MF.

**Using proprietary processes and eco-friendly technology, to produce high-demand parts faster, more cost-effectively and with less environmental impact and greater sustainability than conventional manufacturing.**

3MF has continued to penetrate the original equipment manufacturers (OEM’s) with sales to NOV and Cooper in the last quarter valued at A\$49k and A\$20k respectively. This brings NOV’s year to date sales to A\$123k. Both of these are not material contracts when compared to 3MF’s revenue but are high end engineering companies and thus demonstrates the application of the Company’s technology to demanding environments.

The Company is also continuing its discussions with oil and gas companies on the development of digital libraries for additively manufactured parts. 3MF will continue to update the market as soon as these discussions become material information.

## **FINANCIAL PERFORMANCE**

The attached Appendix 4C provides details on the cashflow for the quarter ended 30 September 2022. The Company’s net cash used in operating activities for the quarter amounted to A\$0.707M, which included research and development (A\$0.056M), product manufacturing and operating costs (A\$0.106M), staff costs (A\$0.437M), administration and corporate costs including interest paid (A\$0.284M), leased assets costs (A\$0.127M), and advertising and marketing (A\$0.002M). Staff costs, administration and corporate costs include expenditure pertaining to international expansion.

The Company revenue for the quarter ended September 2022 was A\$257k.

## **Use of Funds**

3MF was admitted to the ASX official list on 25 February 2021 following completion of an IPO raising A\$10M. The September 2022 quarter is included in a period covered by a use of funds statement in the IPO prospectus lodged with ASX under Listing rule 1.1 condition 3.

A comparison of the Company’s actual expenditure since admission to 30 September 2022 against the estimated expenditure in the use of funds statement is set out below as required by ASX Listing Rule 4.7C.2.

Description	Prospectus A\$	Actual to Date (25 Feb 21 – 30 Sep 22) A\$
Equipment	1,500,000	1,135,808
International expansion	4,000,000	2,497,142
Research and Development	500,000	417,660
Loan repayment	1,000,000	848,097
General administration and working capital	3,074,672	5,667,957
Expenses of the Public Offer	997,621	1,272,605
<b>Total</b>	<b>11,072,293</b>	<b>11,839,269</b>

The Company notes

1. General administration and working capital have exceeded the budgetary use of IPO funds estimates in the prospectus. This is due to lower-than-expected cashflow from sales growth due to the challenging market conditions.

#### Related Party Transactions

Payment of approximately A\$125,000 to related parties had been included as item 6 in the attached Appendix C as part of directors' fees and salaries.

- ENDS -

*This announcement has been approved for release by the Board of 3D Metalforge Limited.*

For more information please contact:

#### Company enquiries

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#### ABOUT 3D METALFORGE

3D Metalforge Limited (ASX: 3MF) is a leading 3D Printing services company that supports a growing multinational blue-chip client base through their advanced proprietary 3D printing systems. The Company offers the full range of 3D printing services, including design and engineering, material advisory, diagnostics and testing, production printing and post-production certification. All services are compliant with the latest industry and, optionally to, API standards. The approach to industrial production, using proprietary processes and eco-friendly technology, to produce high-demand parts faster, more cost-effectively and with less environmental impact and greater sustainability than conventional manufacturing.

## Appendix 4C

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

**Name of entity**

3D Metalforge Limited

**ABN**

53 644 780 281

**Quarter ended ("current quarter")**

30 September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	303	704
1.2 Payments for		
(a) research and development	(56)	(186)
(b) product manufacturing and operating costs	(106)	(479)
(c) advertising and marketing	(2)	(44)
(d) leased assets	(127)	(406)
(e) staff costs	(437)	(2,078)
(f) administration and corporate costs	(284)	(904)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(5)	(28)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	7	51
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(707)</b>	<b>(3,370)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(15)	(487)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(15)</b>	<b>(487)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,116
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	-	(142)
3.5	Proceeds from borrowings	28	95
3.6	Repayment of borrowings	(37)	(251)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(9)</b>	<b>1,818</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	770	2,073
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(707)	(3,370)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(487)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9)	1,818
4.5	Effect of movement in exchange rates on cash held	(3)	2
4.6	<b>Cash and cash equivalents at end of period</b>	<b>36</b>	<b>36</b>

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	36	770
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>36</b>	<b>770</b>

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	125
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p> <p>Payments made to Directors for Director fee</p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	2,067	2,067
7.2	Credit standby arrangements		
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>2,067</b>	<b>2,067</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-



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.

Description	Lender	Outstanding Facility A\$'000	Interest Rate	Maturity Date	Secured/Unsecured
Temp Bridging Loan	DBS Bank	317	2.5%	24 Apr 25	Joint and several personal guarantee by Matthew Waterhouse and Khoo Hwi Min
Working Capital Loan	DBS Bank	51	7.00%	13 May 23	
Working Capital Loan	DBS Bank	20	7.00%	21 Nov 24	
Director Bridging Loan	Matthew Waterhouse	28	0.0%	15 Oct 22	Unsecured
Term Loan	Matthew Waterhouse	229	8.00%	1 Jun 23	Unsecured
Term Loan	Khoo Hwi Min	775	8.00%	S\$250k by 1 Mar 22  \$110k between 1 Mar 22 and 1 Mar 23  Remain by 1 Jun 23	Unsecured
Term Loan	Hee Chee Wei	226	8.00%	2 Aug 23	Joint and several personal guarantee by Matthew Waterhouse and Ho Kuen Loon
Term Loan	Mario Babin	279	8.00%	1 Apr 22	
Term Loan	Jacob	32	Nil	No Maturity Date	Unsecured
Term Loan	Right Angle Ventures Group Pte Ltd	110	Nil	1 Mar 23	Unsecured
	Total	2,067			

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(707)
8.2	Cash and cash equivalents at quarter end (item 4.6)	36
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	36
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0.051
<p><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></p>		
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?	
	<p>Answer:</p> <p>No, as the Company continues to implement cost saving strategies it is expected that the cash burn rate will decrease.</p> <p>The Company's Singaporean subsidiary also recently applied to the High Court of the Republic of Singapore for moratorium protection pursuant to Sections 64 and 65 of the Insolvency, Restructuring, and Dissolution Act 2018, the purpose being to facilitate the reorganisation of the liabilities and business of the broader group of companies comprising of 3D Metalforge Pte Ltd and its subsidiaries in Singapore and United States (the "Group"). This will likely reduce the cash burn rate for the time being.</p>	
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?	
	<p>Answer:</p> <p>As announced on 23 September 2022, the Company proposed a placement to raise new equity of up to \$2.1M and debt to equity conversion of A\$800k of debt. However, following the recent application by the Company's Singaporean subsidiary to the High Court of the Republic of Singapore for moratorium protection (see ASX announcement of 20 October 2022), the Company withdrew the planned equity raise and debt to equity conversion.</p> <p>The Company is awaiting further applications and orders from the Singapore High Court which would impact the funding needs of the Company, especially in the short term. The Company continues to work towards a restructure of the Group's finances and debt. This could include additional fundraisings where appropriate and available.</p>	

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:

The Company believes that this will largely be depended on the outcome of the Singaporean subsidiaries' court actions which will impact the Group as a whole. The Company remains hopeful of a successful outcome and restructure which could enable the Company to continue as a going concern. The activities and business objectives of the Company and Group will be re-assessed once more clarity exists on its financial restructuring.

*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: 31 October 2022

Authorised by: 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.
6. On 18 November 2020, 3D Metalforge Limited ("3D Metalforge") and 3D Infra Pte Ltd ("3D Infra") entered into an implementation agreement to complete the acquisition of 3D Infra. The acquisition was completed on 17 February 2021. The cash flows movements represent the continuation 3D Metalforge from 1 January 2021 and 3D Infra as the accounting from 17 February 2021.