



AML3D Limited

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27 July 2023

JUNE 2023 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

AML3D Limited (**ASX: AL3**) ("**AML3D**" or "**the Company**"), a leader in large-scale Wire Additive Manufacturing technology and 3D metal printing solutions, is pleased to provide the Quarterly Activities Report and Appendix 4C for the quarter ended 30 June 2023 (**Q4FY23**).

KEY HIGHLIGHTS DURING THE QUARTER

During the quarter, AML3D maintained its focus on executing the US 'Scale up' strategy and developing the Company's position as supplier of ARCEMY® industrial scale, advanced wire arc additive manufacturing (**WAAM**) metal 3D printing systems. The US 'Scale up' strategy is designed to create a sustainable business with a reliable, predictable and expanding revenue base that can also generate additional earnings by accessing aligned R&D and contract manufacturing opportunities.

The combination of AML3D's focus on scaling up in the US and delivering aligned R&D and contract manufacturing sales has delivered \$3.6 million of work in progress orders, which will make it possible for a record revenue year in FY24. The bulk of the work in progress, \$2.35 million, relates to ARCEMY® contracts that support the US Department of Defense, with \$1.25 million linked to R&D ARCEMY® sales and contract manufacturing.

Late in the quarter, AML3D announced the sale of an A\$1 million enterprise level ARCEMY® system to Curtin University (**Curtin**) in Perth, Western Australia. The sale of an ARCEMY® system to support R&D at Curtin is aligned with AML3D's longer term strategic aim of supporting development of new applications for and adoption of the ARCEMY® system as a point-of-need manufacturing solution for Original Equipment Manufacturers (**OEM**), particularly across the US defence, marine and aerospace market.

The Curtin sale was followed by a contract, signed subsequent to the Quarter's end, to supply a \$1.1 million large scale ARCEMY® X-edition 6700 system (**ARCEMY® X**) to support the US Navy at the Danville Centre of Manufacturing Excellence in Virginia, (**Danville**). In addition, in early June 2023 AML3D, shipped an ARCEMY® X to the Oak Ridge National Laboratory in Tennessee, (**Oak Ridge**), a key partner of the US Navy, as part of a \$1.25 million contract including the production, using AML3D's ARCEMY® technology, of alloys ready for testing to demonstrate they meet the standards required by the US Navy submarine program.

Key activities during the quarter included:

- Sale of a medium level enterprise ARCEMY® Wire Arc Additive Manufacturing to Curtin University to expand its additive manufacturing R&D capability.
- Large scale, industrial ARCEMY® X system to support the US Navy's submarine industrial base, shipped to Oak Ridge for commissioning.
- Alloys created using the ARCEMY® X system, as part of a US Department of Defence alloy characterisation and testing contract, move into testing to demonstrate they meet US Navy submarine program standards.
- Focus on US OEM sales demonstrated by VAR agreement signed with Phillips Corp, to leverage Phillips extensive US Defence, Federal and Tier 1 corporate client networks to identify sales opportunities.
- Prototype corrosion-resistant subsea pipeline fitting contract with Oil & Gas industry major extended to include additional 3D metal printed piping for independent testing following a site visit by Chevron Australia.



- Investment to maintain ARCEMY®'s WAAM technology leadership by expanding AML3D's software development capabilities with the appointment of 3 new software engineers to help build out new features.
- Continuing work to secure AS9100D:2016 Quality Systems Accreditation to further enhance AML3D's technology advantage and increase our relevance to our global Tier 1 Aerospace and Defence clients.
- AML3D closed a heavily oversubscribed Share Purchase Plan, raising \$0.4m of additional funding to help expand AML3D's US presence and invest in ARCEMY® platform software development.

Short-term growth phase – focus on US 'Scale up', ARCEMY® sales and continued delivery of contract manufacturing.

AML3D's continued delivery of its strategy to become a supplier of ARCEMY® system as a point-of-need manufacturing solution, with a focus on OEM's in the US Defence, marine and aerospace industries, during the June Quarter. An A\$1 million enterprise level ARCEMY® system sale to Curtin University's Additive Manufacturing Microfactory was received in the quarter. The Curtin ARCEMY sales was followed, post Quarter's end, by an A\$1.1 million contract to supply an ARCEMY® X system to the Danville that will support the US Navy's submarine industrial base.

The Danville ARCEMY X sale demonstrates the success of AML3D's US scale up strategy, which includes the shipping, in early June of an ARCEMY® X system to Oak Ridge to support the US Navy's submarine industrial base. The Oak Ridge ARCEMY® X sale is valued at approximately A\$1.0 million, payable up front and upon meeting delivery and installation milestones, including shipping, installation, and commissioning which is expected to be completed during calendar year 2023.

In addition to the Oak Ridge ARCEMY® X sale, a contract for an alloy characterisation and testing program to support the US Navy's submarine industrial base, valued at approximately A\$0.25 million was also signed. The alloy characterisation phase of this contract was successfully completed during the June quarter and the alloys are now ready to move into the testing phase. The successful delivery of these contracts is helping to drive the rapid expansion of AML3D's US sales pipeline, with multiple additional US Defence contract negotiations now underway.

Under the sale contract with Curtin, AML3D will receive the sale proceeds in three instalments, from the receipt of the Purchase order through delivery and installation of the ARCEMY® system. The sale supports the growth of advanced 3D wire additive manufacturing at leading educational and research institutions, which will play a critical role in upskilling Australia's defence manufacturing capabilities. The Curtin ARCEMY® system will also be used to demonstrate AML3D's technology to potential customers across Mining, Agriculture, Oil & Gas and Defence Maritime industries.

During the quarter the A\$0.25 million contract to supply 2 high strength, prototype pipeline fittings, signed in November 2022¹, was extended following a site visit to AML3D's production facility in Adelaide by Chevron Australia Pty Ltd. The contract extension includes using AML3D's ARCEMY® technology to produce additional piping for comprehensive independent testing. AML3D's expanded presence in the global Oil and Gas sector represents an opportunity to target additional, non-US Defence revenues, through AML3D's OEM strategy.

Mid to Longer-term value drivers – grow ARCEMY® sales with support of US Value Added Reseller partner and maintain technology leadership.

AML3D's mid to longer term growth is underpinned by our continuing success transitioning to a world-leading manufacturer of advanced ARCEMY® industrial metal 3D printers with contract manufacturing capabilities. To maximise the massive, high growth US scale up opportunity AML3D is both expanding its direct sales and service presence in the US and, early in the June quarter, announced a Value-Added Reseller ('VAR') agreement with Phillips

¹ AML3D Limited, 'Chevron order expands AML3D's presence in oil and gas sector' (ASX: 17 November 2022)



Corp. AML3D is leveraging the established and extensive Defence network of Phillips Corp., which helped deliver the Danville ARCEMY® X sales and has added several additional significant US Defence leads to AML3D's US sales pipeline. In addition, the combination of AML3D's existing relationships with global Tier 1 companies in the US Defence, Marine and Aerospace sectors and our VAR partner's network is also rapidly expanding non-defence OEM sales opportunities in the US.

A critical component in sustaining the successful delivery of AML3D's strategy to be the leading supplier of industrial scale WAAM technology systems as point-of-need manufacturing solutions to OEM's, over the mid to longer term, is maintaining technology leadership. During the June quarter the Company expanded our software development capability with the addition of three software engineers to help build out a feature-rich software platform that will maintain our position as a technology leader. These additional features will also broaden the manufacturing use cases AML3D's solutions can address and meet our clients' requirements for an enhanced ARCEMY® platform. AML3D's ARCEMY platform is now available across four options:

- **X-edition:** Large-scale industrial solution with the maximum size robotic footprint
- **Enterprise:** Medium-level enterprise solution with a larger robotic footprint
- **Essential:** Entry-level enterprise solution with a small robotic footprint at a lower cost
- **Education:** discounted small-scale educational systems.

In parallel, during the June quarter, AML3D continued work to secure AS9100D:2016 certification to further enhance AML3D's technology advantage and increase our relevance to our global Tier 1 Aerospace and Defence clients. Achieving AS9100D:2016 certification is also expected to create opportunities to win new clients in these sectors, as once fully implemented, AML3D will be only the world's second 3D wire feedstock additive manufacturing company to achieve the standard.

In addition to the sale of an enterprise ARCEMY® system to Curtin University, AML3D will collaborate on a 3-year research program with Curtin utilising the new ARCEMY® system, focussed on new alloys and materials science with a bias towards the needs of new Defence customers utilising AML3D's WAM® proven technology through various accreditations. AML3D's R&D initiatives have the potential to support the Company's current expansion into the US market and longer-term ambitions of rolling out the US scale up playbook into key international markets for Aerospace, Maritime, and Defence. Once deployed, the ARCEMY® systems deliver annual recurring maintenance revenue across hardware, software and services to create a sustainable business with a reliable, predictable and expanding revenue base.

Financial

During the Quarter, AML3D successfully closed a heavily oversubscribed Share Purchase Plan, raising \$0.4 million of additional funding to help expand AML3D's US presence and invest in ARCEMY® platform software development.

Cash receipts for the quarter were \$0.6 million, while the Company's focus has been on delivering the \$1.5 million of work in progress projects. The total operating cash outflow for the quarter was \$1.6 million. Net operating cash outflow for the quarter was \$0.9 million, with cash on hand, as at 30 June 2023, of \$4.5 million, representing 5 quarters of available funding based on the current quarter's outflow.

Related Party Payments

Pursuant to Listing Rule 4.7C3, the Company confirms that no related party payments were made during the quarter.

Management changes

Mr Ryan Millar, stepped down from the role of Chief Executive Officer of AML3D late in the quarter, having successfully reoriented AML3D's business strategy towards growing ARCEMY® sales, with a focus on U.S. Defence, Oil & Gas and aerospace markets.



Non-Executive Director, Mr. Sean Ebert, assumed the role of interim Chief Executive.

AML3D's strategy remains the sale of ARCEMY® systems as a point-of need manufacturing solution for Original Equipment Manufacturers (OEM), particularly targeting the US defence, Oil & Gas and aerospace markets.

The Board thanks Ryan for his contribution to AML3D and wishes him well.

Outlook

AML3D's success delivering ARCEMY® system sales to support the US Navy's submarine industrial base, with related ARCEMY alloy characterising and Testing contracts, and to Curtin University's Additive Manufacturing Microfactory has led to an expansion of the Companies ARCEMY® sales pipeline, particularly in the US with the support of AML3D's VAR partner Philips Corp.

AML3D is confident of converting this ARCEMY® sales pipeline into firm contracts that will expand on the \$3.6m in confirmed orders expected to be delivered during FY24. AML3D's contract manufacturing facility continues to deliver on the Company's current order book and retains the capacity to support additional contract manufacturing orders.

In addition, our work to secure the additional AS9100D:2016 industry certification, build out the software features across our ARCEMY systems and advance R&D projects on new materials and applications for ARCEMY will enhance AML3D's technology solution to create more opportunities to win clients across the Defence, Marine and Aerospace industry, particularly in the US and become more embedded with existing clients by meeting more of their advanced additive manufacturing needs.

This announcement has been authorised for release by the Board of AML3D.

For further information, please contact:

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About AML3D Limited

AML3D Limited, a publicly listed technology company founded in 2014, utilises new technologies to pioneer and lead metal additive manufacturing globally. Disrupting the traditional manufacturing space, AML3D has developed and patented a Wire Additive Manufacturing (WAM®) process that metal 3D prints commercial, large-scale parts for Aerospace, Defence, Maritime, Manufacturing, Mining and Oil & Gas. AML3D provides parts contract manufacturing from its Technology Centre in Adelaide, Australia, and is the OEM of ARCEMY®, an industrial metal 3D printing system that combines IIoT and Industry 4.0 to enable manufacturers to become globally competitive.

Appendix 4C

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

Name of entity

AML3D Limited

ABN

55 602 857 983

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	207	1,409
1.2 Payments for		
(a) research and development	(170)	(665)
(b) product manufacturing and operating costs	(23)	(243)
(c) advertising and marketing	(4)	(44)
(d) leased assets	-	-
(e) staff costs	(740)	(2,405)
(f) administration and corporate costs	(677)	(2,206)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	61
1.5 Interest and other costs of finance paid	(3)	(20)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	470	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(924)	(3,643)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(22)	(81)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	102
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(22)	21

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	400	6,085
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	(48)	(435)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(94)	(427)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	258	5,223

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,222	2,933
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(924)	(3,643)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(22)	21

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	258	5,223
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,534	4,534

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	4,534	5,222
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,534	5,222

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	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	N/A	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(924)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,534
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,534
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
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: N/A	
<i>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.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 July 2023

Authorised by: the Board
(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.