



## AML3D Limited

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29 October 2024

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# SEPTEMBER 2024 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 September 2024 (Q1FY25).

## KEY HIGHLIGHTS DURING THE QUARTER

AML3D is reporting another quarter of **strong cash receipts**, driven by continuing momentum within the Company's US 'Scale up' strategy and additional manufacturing contracts in support of the Australian Defence sector.

Key highlights during the quarter included:

- 16.5% increase in cash receipts to \$2.75 million compared to the Prior Corresponding Period (PCP)
- Final commissioning of the large scale, ARCEMY® X-Edition 6700 metal 3D printing system ordered by US Navy submarine supplier, Cogitic Corporation.
- Conversion of a lease agreement to a sale of an ARCEMY® 2600 Edition system for \$1.1 million to US Navy supplier Laser Welding Solutions (LWS).
- Installation of two additional leased ARCEMY 2600 Edition systems at LWS's.
- Shipment of the largest, custom built ARCEMY® unit to the Ohio manufacturing hub for final factory acceptance testing before installation for Austal USA.
- Upgrade of a robotic welding system to ARCEMY® specifications for Century Engineering, a manufacturer of equipment and components for the Australian Defence Force, mining, power and water industries.
- Ongoing work to support of the Australian Defence sector across aerospace and marine materials qualification and printed components.
- MLA signed with BlueForge Alliance enabling AML3D to print, test and validate a wide range of US Navy submarine parts.
- Progressing with the fit out of the US Manufacturing Hub based in Ohio with a view of opening the facility prior to the end of the H1FY25.

## Growth Strategy update

### Defence Manufacturing License Agreements

AML3D's US 'Scale up' strategy continues to remain a key focus, complemented by continuing progress against the company's broader growth strategy to diversify into significant Defence, Aerospace, Oil and Gas and Marine markets. Alongside several new contract manufacturing wins during the first quarter, to support the Australian defence sector, AML3D also signed **Defence Manufacturing License Agreement ("MLA")** with US Navy intermediary **BlueForge Alliance (BFA)** a nonprofit, neutral integrator, supporting the strengthening and sustainment of the US Navy's Submarine Industrial Base.

Highlights of the BFA Defence MLA include:



- Provision of technical assistance and data required to 3D-print, test and validate metal parts and components used in US Navy Submarines
- Potential to share manufacturing know-how and rights to manufacture parts and components for US Navy submarines at AML3D's US and Australian facilities.
- Support for AML3D to work with other US Navy submarine suppliers to exchange technical assistance and data to support the production of an expanded range of parts and components.
- Alignment with AML3D's strategic objective of expanding in globally significant defence markets.

The BFA Defence MLA follows the signing of an MLA with Boeing Defence and Space and its Australian subsidiaries during the second half of the 2024 financial year, which included compliance with US Government regulations that support access to defence contracts restricted by the US International Traffic in Arms Regulations ("**ITAR contracts**").

The BFA Defence MLA continues the acceleration of AML3D's strategic push into the US Defence sector by creating the potential to support the production of an expanded range of parts and components and provide a new source of revenue for the Company.

The USA is AML3D's largest and fastest growing market and has delivered close to A\$14 million of orders since the launch of the US scale up in early CY2023. AML3D is continuing to execute its US 'Scale up' strategy to maximise the huge growth opportunities in the USA. Alongside the BFA MLA, during the quarter under review the US 'Scale up' strategy has delivered:

- \$1.1m ARCEMY® system sale to US Navy component supplier LWS
- ARCEMY® 'X-Edition' commissioned at US Navy supplier, Cogitic Corp.

The US 'Scale up' strategy includes:

- Sales of ARCEMY® systems in support of the US Navy's submarine industrial base.
- Contracts for prototype parts and alloy testing to meet US Navy standards.
- Non-US Navy Defence contracts, with a particular focus on the Aerospace. Marine and Oil & Gas sectors.
- Opportunities to compete for lucrative ITAR contracts.

## US Manufacturing Hub

AML3D's US Defence Manufacturing License Agreements are expected to add to significant and growing demand for AML3D's advanced manufacturing technology solutions and support the establishment of our Ohio-based US manufacturing hub.

As a modern, fit for purpose and ready to use fabrication space, with a loading dock and office space, our US Hub will become fully operational during Q2 FY2025. The US Hub is expected to not only drive a significant increase in US defence contract wins but also an expansion into the commercial Marine, Oil & Gas and Aerospace sectors in the US.

AML3D will also look to leverage the US Hub to bid for lucrative ITAR and other US only controlled information Defence contracts, restricted to US based manufacturers.

## Broader Growth Strategy

AML3D also progressed its strategic objective of diversifying into other globally significant Defence, Oil and Gas and Marine markets during the September quarter. The Company received an order from Century Engineering to upgrade the robotic welding system to ARCEMY® metal 3D printing specification. Century Engineering manufactures equipment & components for the Australian Defence, Mining, Power and Water industries.



In parallel to the growth in Australia, AML3D is in the early stages of building a sales pipeline to address the strong demand signals for its proprietary technology in another significant Defence market in the United Kingdom. This growing demand for advanced manufacturing solutions across globally significant defence markets gives AML3D confidence the Company will secure additional defence contracts within Australia, the US and the UK over the short to medium term.

The company continues to fund the ARCEMY® Increase Deposition Rates ('AIDR') project. Developing ARCEMY® systems with faster deposition rates will broaden their applications and maintain the competitive advantage of the technology in the US and other defence markets. The AIDR project received SA Government grant funding in the prior quarter which was matched by AML3D. A successful conclusion of the project will further extend AML3D's first mover advantage in both the domestic and international markets.

## FINANCIAL

AML3D once again delivered strong cash receipts of \$2.75 million in the quarter ended 30 September 2024, reflecting the US 'Scale Up' strategy's success, supported by our existing Australian customer relationships and the continuing high utilisation of our contract manufacturing facilities for component and alloy testing.

Customer receipts for the quarter comprised A\$2.46 million from US 'Scale up' ARCEMY® system milestone payments and parts manufacture and materials characterisation. A further \$0.29 million was received from Australian Defence partners.

Staff and administrative costs continued to rise at \$2.22 million through the building out of the US team and facilities, resulting in negative operating cash flows of \$0.38 million in the September quarter.

\$0.55 million of cash was utilised in the purchase of additional plant and equipment. The two key areas of expenditure were the establishment of the US facility (Ohio) and the refurbishment of existing equipment for the additional two leased units installed at LWS.

Cash on hand at 30 September 2024 was \$6.85 million with an estimated 18 quarters of funding available based on cash used in operating activities.

## OUTLOOK

The establishment of AML3D's US manufacturing hub is expected to drive a significant increase in US defence contract wins over the short and medium term and accelerate access to additional US Marine, Oil & Gas and Aerospace contracts over the medium term.

The US manufacturing hub is expected to free up capacity at the Company's Australian facilities to support growth outside the US. Ongoing contract wins to support Australia's DSTG, combined with strong demand signals from the UK, give AML3D confidence it can replicate the success of the US 'Scale up' strategy in these additional significant global Defence, Oil & Gas, Marine and Aerospace markets.

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 September 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,751	2,751
1.2 Payments for		
(a) research and development	(124)	(124)
(b) product manufacturing and operating costs	(886)	(886)
(c) advertising and marketing	(51)	(51)
(d) leased assets	-	-
(e) staff costs	(1,575)	(1,575)
(f) administration and corporate costs	(640)	(640)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	21	21
1.5 Interest and other costs of finance paid	(33)	(33)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	160	160
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(377)</b>	<b>(377)</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	(549)	(549)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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>(549)</b>	<b>(549)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	100	100
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(114)	(114)
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>(14)</b>	<b>(14)</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	7,790	7,790
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(377)	(377)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(549)	(549)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14)	(14)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>6,850</b>	<b>6,850</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	6,850	7,790
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>6,850</b>	<b>7,790</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	-
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>		

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

<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)	(377)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,850
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,850
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	18
	<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: 29 October 2024

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.