

21 April 2023

MARCH 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 31 March 2023 (Q3FY23).]

KEY HIGHLIGHTS DURING THE QUARTER

During the quarter, AML3D achieved more than \$1 million in customer cash receipts, which is a record quarterly cash performance for the Company. This performance was supported by AML3D's continued acceleration of 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 market. The transition from contract manufacturing to a world-leading manufacturer of advanced wire additive ARCEMY® 3D printers is designed to create a sustainable business with a reliable, predictable and expanding revenue base.

This transition was highlighted by an order placed by the US Department of Defence, via procurement agent BlueForge Alliance, for a large scale ARCEMY® 'X-Edition 6700' system. The initial payment by BlueForge Alliance for this ARCEMY® 'X-Edition 6700' system contributed to the record customer cash receipts for Q3FY23 and validates AML3D's strategy to scale up operations in the USA. The ARCEMY® 'X-Edition 6700' system will substantiate advanced, on-demand manufacturing technology for the supply of parts to the US Navy. In addition, late in the Quarter, the US Department of Defence signed an alloy testing contract that expands AML3D's US growth strategy. Alloy testing represents the next phase in embedding AML3D's ARCEMY® technology into the US Navy's submarine industrial base. These contract wins with the US Department of Defence of our ARCEMY® technology system sales demonstrate that we are delivering in line with our stated growth strategy.

Key activities during the quarter included:

- The sale of a large-scale, industrial ARCEMY® 'X-Edition 6700' Wire Arc Additive Manufacturing metal 3D printing system to support the US Navy underpins a record \$1 million in customer cash receipts in a single quarter.
- Supply of an ARCEMY® 'X-Edition 6700' system to the US Department of Defence will help accelerate adoption of Wire Arc additive manufacturing technology as a means to rapidly scale the supply of on-demand industrial grade parts to the US Navy's submarine industrial base.
- The US Department of Defence signed an alloy testing contract that expands AML3D's US growth strategy. Alloy testing represents the next phase in embedding AML3D's ARCEMY® technology into the US Navy's submarine industrial base.
- A continuing focus on US markets, mainly the US Defence sector targeting Navy, Land forces and Aerospace, with AML3D's CEO and Business Development team travelling to the US to solidify relationships with key US customers and brokering additional relationships to develop further opportunities.
- AML3D raised \$3m (before costs) through a private Placement. Subsequently, it launched a heavily oversubscribed Share Purchase Plan, which straddled the end of the March and beginning of the June Quarters, raising an additional \$400,000 on the same terms as the Placement. Funds will be utilised to



expand AML3D's US presence following its ARCEMY® 'X-Edition 6700' system sale to the US Department of Defence and invest in ARCEMY® platform software development.

- Continuing production of high-strength, corrosion-resistant steel subsea pipeline fittings for Chevron Australia Pty Ltd, building on our track record of advanced manufacturing for the Oil and Gas industry.
- Ongoing work on AS9100D:2016 Quality Systems Accreditation for the Company's proprietary advanced manufacturing technology, WAM®, is essential for the quality requirements for certified aerospace components.

Short-term growth phase – optimise contract manufacturing and focus on ARCEMY® sales.

AML3D's rebalancing of the Company's growth strategy to focus on ARCEMY® system sales and the recurring, predictable and expanding revenue base they are expected to provide has delivered early success during the March Quarter. The Company recorded a record \$1 million in customer cash receipts during the quarter, highlighting the capacity for ARCEMY® system sales to significantly augment cash receipts from contract manufacturing, with a number of large projects carrying over the end of the quarter.

In February, AML3D announced, in-line with its US Market entry strategy, the sale of a large-scale, industrial ARCEMY® 'X-Edition 6700' Wire Arc Additive Manufacturing metal 3D printing system to support the US Navy's accelerating adoption of Wire Arc additive manufacturing technology.

Wire Arc Additive Manufacturing, as a means to produce on-demand industrial grade parts, is critical to rapidly scaling the parts supply to the US Navy's submarine industrial base. The ARCEMY® order was placed by Blue Forge Alliance ("BFA"), a US Department of Defence intermediary supporting the acceleration of advanced manufacturing technologies across the US defence industrial base. The sale of the ARCEMY® 'X-Edition 6700', AML3D's largest ARCEMY® system, is valued at approximately \$1.0 million, payable upfront and upon meeting delivery and installation milestones. The system's supply, shipping, installation, and commissioning will commence upon receipt of the Authority to Proceed from BlueForge and is expected to be completed during calendar year 2023.

Later in the March Quarter, AML3D also announced an expansion of its US Market scale-up strategy, with a new contract for an alloy characterisation and testing program to support the US Navy's submarine industrial base. The contract was also signed with Blue Forge Alliance ("BFA"). The new contract is part of an ongoing expansion of AML3D's strategic partnership with the US Navy. The alloy characterisation and testing program is intended to demonstrate that specific alloys that are 3D printed meet the manufacturing standards required to supply components to the US Navy's submarine program.

AML3D's ARCEMY® systems are designed to produce industrial-scale components on-demand, at or near the point of need. The material characterisation and testing contract is valued at approximately AUD\$264,300. Whilst the value of the characterisation and testing contract is not material, the contract demonstrates that AML3D is continuing to build momentum in the US market, the largest additive manufacturing market in the world and AML3D's most important growth market. The work associated with this contract is being carried out at AML3D's facility in Adelaide, South Australia. It commenced late in March and is expected to be completed within 8-10 weeks.

Over the short term, delivering the ARCEMY® sales and marketing component of the refocused growth strategy will include leveraging AML3D's current contract manufacturing relationships and inbound contract manufacturing opportunities to build an ARCEMY® sales pipeline. In parallel, AML3D will right size and optimise the Company's contract manufacturing capabilities while continuing to invest in software development and the go-to-market strategy for ARCEMY®.

AML3D's ability to build ARCEMY® sales is supported by contract manufacturing as we continue to win business with Global Tier One companies in the Oil and Gas, Aerospace and Defence sectors. AML3D's proprietary WAM® advanced metal 3D printing technology is attractive to contract manufacturing clients because of its faster lead times to



manufacture, shorter delivery times and use of wire feedstock, which helps avoid the supply chain risks associated with traditional manufacturing.

Mid to Longer-term value drivers – grow ARCEMY® sales.

The mid to longer-term phases of AML3D's growth strategy have been refocused on transitioning the company from a contract manufacturing first business to a world-leading manufacturer of advanced ARCEMY® industrial metal 3D printers with contract manufacturing capabilities. Over the mid-term, growth will be delivered by leveraging existing Defence and Tier 1 contract manufacturing relationships and expanding sales and marketing efforts into the US market. Expanding out the US go-to-market playbook into key international markets will provide longer-term growth.

To maximise this opportunity, AML3D continues to build its US sales team, identifying opportunities for US partner-led ARCEMY® sales to create a channel sales model and is working to establish a presence in US additive manufacturing Centers of Excellence at Oak Ridge and Danville, which service the US defence industry and AML3D's existing Tier One US clients.

In addition, AML3D is standardising its ARCEMY® technology to offer the following four ARCEMY® system options.

- X-Edition: Large-scale industrial purpose solution for printing significant-sized components and parts 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. These are supplied with a provision for AML3D to benefit from ARCEMY® data and research outcomes.

Creating a standardised suite of ARCEMY® metal 3D printers will facilitate deployment of the systems into the supply chains of OEMs, at the point of need, across targeted core industries globally. Once deployed, the ARCEMY® systems will deliver annual recurring maintenance revenue across hardware, software and services to create a sustainable business with a reliable, predictable and expanding revenue base.

Initial negotiations, undertaken during the US visit by AML3D's senior business development team in the December Quarter, are already reaping benefits with the two contracts signed with the US Department of Defence this Quarter supporting the decision to refocus AML3D's strategy to ARCEMY® systems sales supported by contract manufacturing. The company has received significant interest from procurement agents within the US Navy's industrial base to access AML3D's ARCEMY® systems through the US additive manufacturing Centers of Excellence.

AML3D's Research and Development ("**R&D**") to enhance the Company's software and technology solutions and create new and innovative materials is critical to ensuring AML3D's ARCEMY® systems remain at the leading edge of metal 3D printing. AML3D's technology leadership underpins demand for ARCEMY® systems amongst current and future defence and Tier One clients.

The Company continues to invest in creating more advanced high-quality manufacturing solutions, with even faster lead and delivery times, improving finishing technology that optimises part completion efficiencies and upgrades to our remote automation technology to better support the deployment of ARCEMY® systems at the point of need.

AML3D also continued R&D to develop innovative materials with the potential to create new commercial applications for ARCEMY® across the Aerospace, Maritime, and Defence industries. These R&D initiatives have the potential to support the Company's current expansion into the US market and longer-term ambitions to access the Aerospace, Maritime, and Defence industries across Australia, North America, Asia Pacific (incl. Japan and South Korea) and Europe (Germany, France and the United Kingdom).

AML3D's technology leadership also extends to leading the large-scale metal 3D printing industry on industry accreditations. During the quarter, the company continued to work towards the Aerospace Quality Management System, AS9100D:2016 Accreditation, that will enable the company to manufacture and promote 'fly parts'. When fully



implemented, AML3D will be only the world's second 3D wire feedstock additive manufacturing company to achieve the standard. It follows AML3D's recent announcement regarding being awarded the first Additive Manufacturing Facility accreditation with wire-feedstock from DNV, the world's leading Marine and Industrial Classification Society¹, and the world's first wire-arc additive manufacturing facility certification by Lloyd's Register.

Financial

During the Quarter, AML3D successfully completed a private Placement to raise \$3.0 million. It launched a Share Purchase Plan (SPP) to enable all shareholders to participate in a capital raising on the same terms as the Placement. The SPP closed in early April, heavily oversubscribed, resulting in a scaleback, and raised an additional \$400,000.

The proceeds of the Placement and SPP will be used to advance AML3D's US growth strategy by helping to establish a presence at key US additive manufacturing centres of excellence; develop a US sales team, build a US value-added reseller network; invest in AML3D's ARCEMY[®] system software development and support the AML3D's working capital base.

Cash receipts for the quarter were \$1.0 million, with a number of large projects carried over at the end of the quarter. The total operating cash outflow for the quarter was \$1.3 million, consistent with the prior quarter.

Net operating cash outflow for the quarter was \$299,000, with cash on hand, as at 31 March 2023, of \$5.2 million, representing over 17 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.

Outlook

AML3D is confident that refocusing the Company's strategy on ARCEMY[®] system sales, predominantly to the US Defence industrial base, will result in additional contracts for the deployment of ARCEMY[®] technology and testing scope contracts during FY2024. AML3D's contract manufacturing facility continues to deliver on our current order book and retains the capacity to support additional contract manufacturing wins.

In addition, we are continuing work to secure AS9100D certification, which will add value by making AML3D's technology solution more attractive to our existing global Tier one Aerospace and Defence industry clients and creating opportunities to win new clients within these sectors.

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

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¹ <https://annualreport.dnv.com/2021/>



About AML3D Limited

AML3D Limited, a publicly listed technology company founded in 2014, is disrupting metal part supply chains using the Company's patented Wire Additive Manufacturing (WAM®) process. WAM® combines state-of-the-art welding science, robotics automation, materials engineering and proprietary software to lead metal additive manufacturing globally. AML3D is the OEM of the ARCEMY® industrial metal 3D printing systems. ARCEMY® uses WAM® to provide advanced, automated, on-demand, point-of-need 3D manufacturing solutions that are more efficient, cost-effective and have better ESG outcomes compared to traditional casting, forging and billet machining processes. ARCEMY® is IIoT and Industry 4.0 enabled to allow manufacturers across Aerospace, Defence, Maritime, Manufacturing, Mining and Oil & Gas to become globally competitive. AML3D also provides metal 3D printing design engineering services, software licencing, technical support, consumable sales and contract manufacturing services.

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")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,044	1,202
1.2 Payments for		
(a) research and development	(149)	(495)
(b) product manufacturing and operating costs	(58)	(220)
(c) advertising and marketing	(15)	(40)
(d) leased assets	-	-
(e) staff costs	(497)	(1,665)
(f) administration and corporate costs	(635)	(1,529)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	45
1.5 Interest and other costs of finance paid	(3)	(17)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(299)	(2,719)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(13)	(59)
(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	52	103
	(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	39	44

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,000	5,685
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	(202)	(387)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(95)	(333)
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	2,703	4,964

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,779	2,933
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(299)	(2,719)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	39	44

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)	2,703	4,964
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,222	5,222

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	5,222	2,779
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)	5,222	2,779

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>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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)	(299)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,222
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,222
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	17
<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: 21 April 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.