

ASX CODE: AL3

CAPITAL STRUCTURE

Share Price*	\$0.25
Shares on Issue	132m
Market Capitalisation*	\$33m

* as at close of trade 30/7/20

MAJOR SHAREHOLDERS

Andrew Sales	30.0%
Perennial Value Mgmt	9.2%
Global Asset Solutions	5.3%

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

CONTACT

T: +61 8 8258 2658

E: investor@aml3d.com

W: www.aml3d.com

A: 35 Woomera Avenue
Edinburgh
SA 5111

P: PO BOX 4101
Tranmere
SA 5073

ABN: 55 602 857 983

QUARTERLY ACTIVITIES REPORT

AML3D LIMITED – MARCH QUARTERLY 4C REVIEW (Q4FY20)

AML3D Limited (ASX: AL3) (“AML” or “the Company”), a leader in large scale ‘Additive Metal Layering’ 3D printing, is pleased to provide the Quarterly Activities Report and Appendix 4C for the June 2020 Quarter (Q4FY20).

KEY HIGHLIGHTS

Successful \$9m IPO

AML successfully listed on the Australian Securities Exchange (“ASX”) on 20 April 2020 after raising \$9.0 million via an Initial Public Offering (IPO). The IPO resulted in a significant cornerstone investment from Perennial Value Management (now a 9.2% shareholder) and exceptional support from domestic and international institutional, sophisticated and retail investors, closing oversubscribed.

New Head Office and Production Facility

AML has transitioned to its new Head Office and printing facility based at Edinburgh Parks, South Australia. The two existing production cells were recommissioned in July with equipment ordered or onsite to enable an additional 4 production cells to be constructed. AML anticipates these additional production cells will be operational during the September 2020 Quarter.



Figure 1: New Manufacturing Facility

Business Development

AML continued to make significant inroads into finalising long-term contracts with major customers over the quarter. Notwithstanding the effects of COVID-19, those customers continued to move forward with preliminary 'fit for purpose' testing of AML produced parts. These potential customers are prominent manufacturers in the defence and resources industries. In addition to these discussions, the Company continues to undertake performance testing on custom WAM® printed components, following on from excellent early testing results gained from high strength steel test components.

The Company's WAM® technology possesses the ability to rapidly produce components with greater strength combined with lighter weight, a combination of features and function which disrupts traditional subtractive techniques (forging, casting).

AML notes very strong interest from a variety of industrial sectors including Defence, Marine, Oil and Gas, Logistics and Automotive industries since its recent listing on the ASX in April 2020.



Figure 2 – Critical Wear components delivered to a EU based multi-national.

Independent tests show AML printed parts 30% stronger than global standard.

AML returned exceptional results from testing of its proprietary Wire Additive Manufactured (WAM®) 3D printing technology. Independent testing by Intertek revealed WAM® demonstrated an ultimate tensile strength considerably higher than the applicable global standard.

In a clear demonstration of the potential for AML's WAM® process to disrupt the flexible on demand manufacturing space, the products manufactured had a circa 10% higher ultimate tensile strength "UTS" than the same components made using conventional forging techniques and more than 30% higher UTS than the relevant global standard.

As a result, the potential for the WAM® process to deliver products with significantly greater strength on a like-for-like basis or potentially offering the same strength with less material usage is of particular interest in the Defence, Resource and Automotive sectors.

Successful delivery of an Arcemy® 3D Printing Module to ST Engineering Electronics Ltd, Singapore

With the recent delivery and commissioning of the Arcemy® 3D printing module to ST Engineering Electronics Ltd in Singapore ("ST") under a 'rent to buy' agreement, the Company invoiced a progress payment under the agreement, with payment expected post 30 June 2020 year end.

AML's agreement with ST gives AML the right to use 50% of the Arcemy® 3D printing module's capacity through the 'rent to buy' period. ST is one of Asia's leading defence and engineering groups, providing AML with a strong foundation to establish and grow operations within the Indo-Pacific region, going forward.



Figure 3 – Arcemy® 3D printing module delivered to ST Engineering

Hiring of Key Staff

AML3D expanded the capability and capacity of its team during the quarter, recruiting experienced sales and marketing executives to the team in South Australia, including an additional robotics engineer and software programmer.

Ms Alicia Rayer, appointed to the position of Business Development Manager to be based in Adelaide, has 25 years of experience in business development, sales and management. Notably, Ms Rayer's previous role was the General Manager and Additive Manufacturing Specialist for a leading New Zealand based 3D printing bureau, where she successfully turned around the business into a profitable operation. Ms Rayer will be responsible for driving the Company's Australian revenue across sales of Arcemy® 3D printing modules and the provision of contract manufacturing services.

In Singapore, AML has engaged a new General Manager to assist in the planned rollout of the Company's operations in the region. Mr Paulraj has over 25 years of marine and resource experience, with a specific focus on construction within the oil & gas sector. During this time, he managed various multibillion-dollar projects in the Australian, North Sea, Gulf and Asia Pacific regions. He will play a key role in the commissioning of the Arcemy® 3D printing module supplied to ST, and the establishment of the Company's Singapore facility.

Financial

Pursuant to Listing Rule 4.7C2, the Company confirms that during the period since listing on the ASX on 20 April 2020, its expenditure incurred is in line with the Use of Funds as set out in its Prospectus, with a summary as shown in the table below:

Use of Funds under Prospectus		Funds allocated under the prospectus	Funds expended to 30 June 2020
Singapore Bureau establishment	1	4,270,000	81,726
Relocation and expansion of Adelaide facility	2	2,840,000	1,109,177
Development of integrated machinery	3	400,000	-
Intellectual property protection	4	400,000	38,484
Unallocated working capital - Adelaide	5	950,000	751,488
Unallocated working capital - Singapore	6	1,100,000	-
Expenses of the offer	7	1,100,000	1,110,198
Total		11,060,000	3,090,073

- Singapore Entity:** The business has initiated the first phase of establishing a presence in Singapore. This included the recruitment of key people in country and the construction and installation of the first Arcemy® 3D printing module for its client ST Engineering Electronics Pte Ltd based in Singapore. As part of establishing the AML3D Singapore entity, local accounting registration and compliance fees were incurred during the period.
- Adelaide Relocation and Expansion:** Relocation of the Adelaide manufacturing facility from Salisbury to the Edinburgh Parks facility commenced in June 2020. Expenditure during the period related to the placement of orders and deposits to suppliers for robotic equipment to expand the

production systems capacity. Further capital costs associated with the fit-out of the manufacturing facility infrastructure and services were incurred to house the additional production cells and office staff. The overall expenditure during the period of \$1,109,177 includes other costs such as wages and support costs to plan and execute the relocation to the new premises. It also includes exit costs from the previous facility.

3. **Integrated Machining Development:** The initial research, planning and development phase was initiated during the period including selection of research partners and the associated contractual agreements. The program is anticipated to commence in Q1FY21 with expenditure to be incurred in line with the Company's internal program schedule.
4. **Intellectual Property Protection:** The business has entered into the examination phase for the current patent including extending the international registration of the current patent lodged in the United States, Australia, NZ, India, Malaysia, and Singapore, with registrations lodged in Japan and South Korea during the period.
5. **Unallocated working capital Adelaide:** The working capital expenditure is considered to be in line with the plan, with the main expenses relating to the recruitment of staff to support the local operations, and an extension to internal systems and procedures, and the addition of new materials to the current industry certifications held by the Company.
6. **Unallocated working capital Singapore:** The business is currently reviewing a range of preferred locations to establish its presence in Singapore. There is sufficient working capital reserved to support the operational growth plans of the Company once a location in Singapore has been chosen.
7. **Expenses of the Offer:** The incurred costs of the offer were as expected.

Pursuant to Listing Rule 4.7C3, the Company confirms that related party payments of \$20,000 as included in section 6.1 of the Appendix 4C were for Executive Director fees paid to Mr Sean Ebert during the quarter. These additional payments were made for assistance provided to the Managing Director, Andrew Sales in regards to Business Development, Investor Relations and Human Resource initiatives. The services were provided during a period where the core technical team was focussed on commissioning of manufacturing facilities and product development.

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

For further information, please contact:

Andrew Sales
Managing Director
AML3D Limited
T: +61 8 8258 2658
E: investor@aml3d.com

Duncan Gordon
Executive Director
Adelaide Equity Partners
T: +61 404 006 444
E: dgordon@adelaideequity.com.au

About AML3D Limited

AML3D Limited is an Australian public company incorporated on 14 November 2014 and currently operates out of its Adelaide Manufacturing Centre. The Company specialises in providing commercial large-scale "Additive Metal Layering" 3D printing services to Defence, Maritime, Automotive and Resources customers. The Company has commercialised its technology under the trademark WAM® and proprietary software WAMSoft® which combines metallurgical science and engineering design to fully automate the 3D printing process utilising advanced robotics technology.

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 2020

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	89	129
1.2 Payments for		
(a) research and development	(37)	(85)
(b) product manufacturing and operating costs	(200)	(332)
(c) advertising and marketing	(41)	(103)
(d) leased assets	-	-
(e) staff costs	(329)	(973)
(f) administration and corporate costs	(468)	(644)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	337	367
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(641)	(1,632)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(511)	(867)
(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	-	-
	(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	(511)	(867)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9,000	11,000
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	(773)	(1,355)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(45)
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	8,227	9,600

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,184	1,158
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(641)	(1,632)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(511)	(867)

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)	8,227	9,600
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,259	8,259

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	8,259	8,259
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)	8,259	8,259

6. Payments to related parties of the entity and their associates

- 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

**Current quarter
\$A'000**

22

-

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

7. Financing facilities

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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)	(641)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	8,259
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	8,259
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	13

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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

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

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

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 July 2020

Authorised by: 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.