



AML3D Limited

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AML3D LIMITED (ASX: AL3)

JUNE 2021 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

HIGHLIGHTS

- **Boeing Purchase Contract**
- **Australian Patent Granted**
- **Flinders University and BAE Systems Collaboration**
- **Installation and Commissioning at Rowlands Metalworks**
- **Continued growth of customer receipts (\$1.2 million for FY21)**

AML3D Limited (ASX: AL3) ("**AML3D**" 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 2021 Quarter (Q4FY21).

AML3D has laid the foundation for commercialisation and sustainable revenue, with a continued focus on research and development ("R&D") to drive process optimisation capability. Over Q4FY21, AML3D continued to experience strong interest for its products and services, progressing several key work programs.

KEY HIGHLIGHTS DURING THE QUARTER

Boeing Purchase Contract

AML3D received a purchase contract from The Boeing Company (NYSE: BA) ("Boeing") to supply an Invar-36 "mandrel tool artefact", weighing c. 150kg, using the Company's proprietary Wire Additive Manufacturing ("WAM®") process. The initial contract is for one artefact, which will be assessed and tested for its mechanical properties, internal soundness, and vacuum integrity, all of which will assess AML3D's ability to produce to Boeing specifications.

Although the part value is not material, the significance of this initial contract from Boeing is given the size and credibility of Boeing together with the potential commercial benefits of future collaborations.

Australian Patent Granted

The Australian Patent Office has granted AML3D an Australian patent for its WAM® process.

AML3D's Australian Patent 2019251514 provides coverage over the method and apparatus for manufacturing 3D metal parts. AML3D has a relentless focus on innovation and R&D. This intellectual property ("IP") protection provides further validation of the Company's market leadership in advanced 3D printing solutions and opens up new markets for our technology.

Subsequent to the award of the Australian patent, the Company also received confirmation of the granting of a WAM® patent in South Korea, a key target market considering the country's sizeable marine construction industry. Work on securing a WAM® patent in other key markets, including Europe, the UK and the USA, continues.



Flinders University and BAE Systems Collaboration

Agreement was reached for AML3D to establish an R&D facility in the state-of-the-art 'Factory of the Future', currently under development by Flinders University and BAE Systems Maritime Australia ("BAE"), at the Tonsley Innovation District in Adelaide.

AML3D's ARCEMY® unit will form the basis of a large-scale additive manufacturing R&D facility at Tonsley. The trials and research projects to be undertaken at the facility, in conjunction with BAE and Flinders University, will enable AML3D to further develop its large-scale metal additive manufacturing capabilities through added features, such as process measurement, monitoring and adjustments to improve quality.

Flinders University students will be able to participate in the design and delivery of metal additive manufacture research projects and operation of the ARCEMY® unit, with metal additive manufacturing to be introduced to the curriculum and training modules for students within the 'Factory of the Future' and digital shipbuilding program. Flinders University will also provide access to testing and validation equipment during the project.

This collaboration follows on from the Joint Research Program, between AML3D and Flinders University's Microscopy and Microanalysis and the Flinders Institute for Nanoscale Science and Technology, to investigate corrosion resistance properties of WAM® produced components for marine environments.

Installation and Commissioning at Rowlands Metalworks

The Company's first locally sold ARCEMY® unit was successfully installed and commissioned at Rowlands Metalworks ("Rowlands"). The unit is now fully functional and AML3D will continue to work closely with Rowlands to enhance the unit's capabilities in line with Rowlands' customer requirements.

Ongoing Investment in Technology

R&D continues to be a key focus of AML3D, with a strong level of investment in the development of the Company's patented technology to drive process optimisation capability. Significant efficiency milestones were achieved regarding software enhancements and programmable logic controllers, leading to remote access "plug and play" solutions for our units.

Hybrid, or alternative use, application enhancements for our ARCEMY® units were also a key focus during the quarter. These enhancements were driven by customer inquiries, showing our desire to work with, and listen to, our customers to continually improve our offering. Work undertaken included:

- Completion of a robotically automated ARCEMY® system for large-scale additive manufacturing and joining of piping and structures.
- Successful trials of 3D scanning technology, including the development of proprietary software, for the repair of large-scale metal objects (potential customer interest received and being pursued).

Outlook

AML3D remains focused on its commercialisation pathway, continuing to build a strong customer pipeline across both ARCEMY® module sales and contract manufacturing.



Financial

Cash receipts of \$384,000 from customers in Q4FY21 delivered total receipts from customers of \$1.2 million for the full year. Cash receipts for the quarter also included \$316,000 in R&D tax incentives and \$79,000 in Australian Government grant funding.

Cash outflows from operating activities were mostly in line with previous quarters, the exception being research and development activities. Payments for research and development were \$535,000 largely relating to those activities noted above in Ongoing Investment in Technology.

Use of Funds

Pursuant to Listing Rule 4.7C2, the comparison of the Company's actual expenditure during the period since listing on the ASX on 20 April 2020 against the Use of Funds as set out in its Prospectus is summarised as follows:

Use of Funds under Prospectus		Funds allocated under the Prospectus	Funds expended to 30 June 2021
Singapore Bureau establishment	1	4,270,000	749,291
Relocation and expansion of Adelaide facility	2	2,840,000	3,332,852
Development of integrated print/machining	3	400,000	53,923
IP protection	4	400,000	70,329
Unallocated working capital - Adelaide		950,000	950,000
Unallocated working capital - Singapore	1	1,100,000	-
Expenses of the offer		1,100,000	1,110,198
Total		11,060,000	6,266,593

- 1. Singapore Bureau Establishment:** Singapore opportunities are continuing, however, they are being hampered by restrictions imposed by COVID-19.
- 2. Relocation and Expansion of Adelaide Facility:** The relocation and expansion of the Adelaide facility culminated in the official opening of the facility on 9 July 2021 by the Hon David Pisoni MP, Minister for Innovation and Skills. A portion of funds under the Prospectus for the Singapore Bureau establishment has been reallocated to expand the Adelaide facility to provide greater local capacity.
- 3. Development of Integrated Print/Machining:** Initial research, planning, and concept design has been undertaken. The program is anticipated to commence in Q1FY22 (previously Q3FY21), with expenditure to be incurred in line with the Company's internal program schedule.
- 4. IP Protection:** AML3D has secured an Australian Patent 2019251514 for its WAM® process, with subsequent confirmation of the granting of a WAM® patent in South Korea. Securing of patents in other key markets, including Europe, the UK and the USA are currently in progress.

Related Party Payments

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



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

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About AML3D Limited

AML3D Limited is an Australian public company incorporated on 14 November 2014 that 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 through Australian Patent 2019251514, the trademarks WAM®, AML3D® and its proprietary software WAMSoft® and AMLSoft®, 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 2021

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	384	1,248
1.2 Payments for		
(a) research and development	(535)	(603)
(b) product manufacturing and operating costs <i>(1)</i>	(566)	(2,758)
(c) advertising and marketing	(103)	(371)
(d) leased assets	-	-
(e) staff costs	(1,330)	(3,538)
(f) administration and corporate costs	(321)	(1,427)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	23
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	395	547
1.8 Other (provide details if material)	57	565
1.9 Net cash from / (used in) operating activities	(2,017)	(6,314)

(1) \$1,102,000 of prior period property, plant and equipment payments reclassified to product manufacturing and operating costs (Inventory).

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment <i>(1)</i>	(221)	(2,013)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
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	(221)	(2,013)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	40	751
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(462)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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	40	7,289

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,419	8,259
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,017)	(6,314)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(221)	(2,013)

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)	40	7,289
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,221	7,221

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	7,221	9,419
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)	7,221	9,419

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.</i> <i>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)	(2,017)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,221
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	7,221
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4
	<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: 30 July 2021

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.