



**AML3D Limited**

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22 January 2024

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## DECEMBER 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 December 2023 (Q2FY24).

### KEY HIGHLIGHTS DURING THE QUARTER

AML3D is reporting the company's **second successive quarter of record quarterly cash receipts**, reflecting the continuing strong momentum in AML3D's US 'Scale up' strategy, which **delivered over A\$12 million of orders** in CY2023.

The US 'Scale up' strategy is delivering contract wins in support of the US Department of Defence, in particular the US Navy's submarine industrial base. The primary focus of the US 'Scale up' strategy is sales of AML3D's proprietary ARCEMY® industrial scale, advanced wire arc additive manufacturing (WAAM) metal 3D printing systems as advanced manufacturing point of need solutions. In addition to contracts supporting the US Navy, AML3D is developing a sales pipeline for wider applications in the US Defence and Federal sectors and US based global Tier 1 Corporate customers in the Marine and Aerospace sectors, while also pursuing opportunities in Australia and additional significant defence markets.

During the quarter, the increase in new contracts from the US 'Scale up' strategy has helped delivered record quarterly customer receipts of A\$2.46 million, resulting in a negligible operating cash outflow for the quarter of A\$47,000. Financial year-to-date customers receipts are A\$4.83 million. AML3D's US sales pipeline remains robust as existing defence and Global Tier 1 corporate relationships in Australia continue to expand, giving the Company confidence of delivering a record revenue performance in FY2024.

Key activities during the quarter included:

- A\$2.5 million ARCEMY® system order from US Defence contractor, Cogitic Corporation, to support the supply of metal 3D printed parts to the US Navy submarine industrial base.
- A\$2.2 million order for the largest ever custom built ARCEMY® system for Austal USA's purpose-built Advanced Manufacturing Centre in Charlottesville, Virginia.
- A prototype part manufacture and testing contract to support BAE Systems Maritime Australia's Hunter class frigate program for the Royal Australian Navy.
- Installation and commissioning of an ARCEMY® 'X-Edition 6700' system at the Oak Ridge National Laboratory in Tennessee, a major partner to the US Navy.
- Shipment of an ARCEMY® 'X-Edition 6700' system to the US Navy's Additive Manufacturing Center of Excellence at Danville, Virginia
- Installation and commissioning of an ARCEMY® 2600 system at US Navy submarine component partner, Laser Welding Solutions
- High utilisation of Australian contract manufacturing facility to support prototype parts production.
- Expansion of international protection for AML3D's WAM® process with the granting of an Indian patent.



## GROWTH STRATEGY

The US is the largest and fastest growing additive manufacturing market in the world and AML3D has identified significant and growing demand within the US defence industry for our industrial scale proprietary ARCEMY® metal 3D printing systems as point of need advanced manufacturing solutions. In response to these strong demand signals AML3D developed and has been successfully executing its US ‘Scale up’ growth strategy, which includes the near-term growth levers of:

- 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 Aerospace.

The initial focus of the US ‘Scale up’ growth strategy has been supplying AML3D’s advanced ARCEMY® additive manufacturing solutions to support the US Department of Defence’s Submarine industrial base and its associated supplier network. During the second quarter of FY2024 the Company received orders for, close to, A\$5 million for large scale ARCEMY® systems from US Defence contractors Cogitic Corporation and Austal USA.

These new orders follow the installation and commissioning of a large scale ARCEMY® X system to support the US Navy’s submarine program at the Oak Ridge National Laboratory in Tennessee and the shipping of a second ARCEMY® X to the US Navy’s Center of Excellence in Danville, Virginia.

AML3D has also successfully embedded ARCEMY® technology into the US Defence supplier network with the shipping, installation, and commissioning of an ARCEMY® 2600 system for Laser Welding Solutions, a supplier of parts to the US Navy. Additionally, AML3D is directly solving supply chain constraints faced by the US Navy by developing a metal 3D printed Non-Safety Critical replacement part for US Navy submarines, which is no longer available from the original manufacturer, under an existing A\$2.02 million contract.

The US ‘Scale up’ strategy has been designed to meet demand within the US Navy’s submarine industrial base in the first instance, through the supply of ARCEMY® systems with associated component and alloy testing programs. AML3D has already commenced component and testing contracts for Copper-Nickel and Nickel-Aluminium-Bronze alloys, two of 6 ARCEMY® alloys of relevance to the US Navy. The company expects to expand testing into the 4 additional alloys as momentum in the US Scale up strategy builds, while also leveraging the success in supplying the US Navy to access contracts in support of additional branches of the US Defence forces, with a specific focus on Defence Aerospace.

AML3D’s US growth strategy also includes meeting demand for advanced manufacturing within US based global Tier 1 Oil & Gas and Aerospace companies, such as existing clients Chevron and Boeing. The recently established relationship with Cogitic is based on supporting Cogitic’s ability to service the US Navy’s submarine industrial base, however Cogitic is also a key supplier to the civilian Oil & Gas sector, a key target market within the wider US ‘Scale up’ strategy.

As momentum in the US ‘Scale up’ strategy accelerates, AML3D is considering establishing US based facilities to support growth in Defence orders, which will also create opportunities to access sensitive ITAR defence contracts, and to support growth across the wider US Oil & Gas, Marine and Aerospace markets.

Alongside executing the US ‘Scale up’ strategy, AML3D is expanding its relationships with existing and potential clients outside the US. In the 2Q2024, AML3D signed a new prototype part contract with BAE Systems Maritime Australia in support of Hunter class frigate program. The contract with BAE Systems Maritime Australia’s ASC Shipbuilding division follows on from already completed feasibility<sup>1</sup> and commercial validation testing<sup>2</sup> programs to demonstrated AML3D’s technology is a cost-effective advanced manufacturing solution that meets the Royal Australian Navy’s standards. The

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<sup>1</sup> AML3D, AML3D agrees prototype parts purchase contract with BAE Systems Australia, 26 October 2022.

<sup>2</sup> AML3D, AML3D’S WAM® technology identified as potential platform for use in naval shipbuilding endeavour, 29 October 2020.



continuation of the Hunter class prototype work also demonstrates how AML3D can help to rebuild sovereign manufacturing capabilities.

During the quarter, AML3D also secured an Indian process patent for the Company's WAM® 3D metal printing technology. Securing this Indian patent gives additional protection to AML3D's intellectual property ('IP') and follows the granting of similar patents in the EU, Australia, and Japan. AML3D plans to continue to invest in developing its IP to ensure the Company retains its competitive advantage by defining and operating at the leading edge of large-scale metal 3D printing. AML3D's ongoing work to secure patent protection for our IP strengthens the Company's competitive advantage globally and will support AML3D'S longer term growth ambitions, which include applying the lessons learned from the successful US 'Scale up' strategy in support of rapid entry into other globally significant Defence, Marine and Aerospace markets.

## FINANCIAL

AML3D delivered record cash receipts of A\$2.46 million in the quarter ended 31 December 2023. The Company has now delivered record cash receipts for two consecutive quarters, which is a reflection of the success of the US 'Scale Up' strategy, the expansion of our existing Australian defence industry relationships and the high utilisation of our contract manufacturing facilities to meet prototype parts and testing contracts. The recorded cash receipts in 2Q24 resulted in negligible operating cash outflow, for the quarter, of A\$47,000.

Cash on hand, as at 31 December 2023 is A\$4.2 million. In addition, the outstanding value of the existing order book is approximately A\$6.5 million.

### **Related Party Payments**

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

## OUTLOOK

AML3D's focus on the company's US 'Scale up' strategy, alongside contract manufacturing for existing US and Australian customers, has delivered orders in excess of A\$12 million to date. The Company's Australian contract manufacturing facility is operating at a high utilisation rate to deliver the existing prototyping and alloy testing orders but retains some additional capacity.

The momentum in the Company's US sales pipeline is continuing to build, as is demand for AML3D's advanced manufacturing systems and contract manufacturing capabilities across other global Defence, Marine and Aerospace markets. AML3D is confident it will convert this growing sales pipeline and demand into a substantial number of additional confirmed orders during FY2024.

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<sup>®</sup>) 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<sup>®</sup>, 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")**

31 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,464	4,826
1.2 Payments for		
(a) research and development	(158)	(293)
(b) product manufacturing and operating costs	(951)	(1,737)
(c) advertising and marketing	(16)	(27)
(d) leased assets	-	-
(e) staff costs	(1,244)	(2,008)
(f) administration and corporate costs	(150)	(463)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	25
1.5 Interest and other costs of finance paid	(3)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(47)</b>	<b>318</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	(359)	(371)
(d) investments	(60)	(60)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	1
	(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>(419)</b>	<b>(430)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(122)	(243)
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>(122)</b>	<b>(243)</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	4,767	4,534
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(47)	318
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(419)	(430)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(122)	(243)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,179</b>	<b>4,179</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,179	4,767
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,179</b>	<b>4,767</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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>		
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.	<div style="border: 1px solid black; padding: 5px; min-height: 100px;">N/A</div>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(47)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,179
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,179
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	89
<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: 22 January 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.