

# 3MF CONTINUES TO BUILD SOLID FUNDAMENTALS AND PROGRESSES INTERNATIONAL GROWTH STRATEGY IN SEPTEMBER QUARTER

## HIGHLIGHTS

- Revenue of A\$299k for Q3 FY21 (up 12% on Q2 FY21 revenue of \$266k), and customer receipts up 60% to \$333k on Q2 FY21 of \$208k.
- First orders achieved in Houston with initial parts under production; and early traction in Australia with customer discussions underway and first orders received.
- Agreements signed with multiple tier one firms including PSA and leading oil & gas company Par Pacific Holdings.
- Ongoing positive engagement with major clients on longer sales cycle opportunities.
- Solid cash balance of A\$4.2m as at 30 September 2021 with traction building in target hubs.

**29<sup>th</sup> October 2021:** 3D Metalforge (ASX: 3MF) (“3D Metalforge” or the “Company”), a global revenue generating Additive Manufacturing company, is pleased to release its Appendix 4C cash flow statement and associated activities report for the quarter ended 30 September 2021.

3D Metalforge has a unique business model supplying a full range of Additive Manufacturing (AM) services to customers, including producing finished parts faster, more cost effectively and sustainably than traditional manufacturing. The biggest global market for AM is selling services such as printed parts (\$7.5bn)<sup>1</sup> rather than selling AM printers and the Company’s aim is to become the leading player in the field.

### Financial Performance

3D Metalforge continued to see positive sales during the September quarter, achieving revenue of A\$299k, being a 12% increase from Q2 FY21. Customer receipts increased 60% from \$208k in Q2 FY21 to \$333k this quarter.

The Company continued an international expansion phase building its presence in Houston, with a new AM flagship facility, and in Australia, driving sales and marketing efforts. First initial orders were under production in the Houston centre, alongside collaborative customer discussions and first orders received in Australia.

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<sup>1</sup> Wohlers Report 2020 3D Printing and Additive Manufacturing Global State of the Industry.

Targeted cash spend was in-line with the investment in building the business with cash expenditure of \$1.5 million. The Company remains cognisant of its cash burn and expects the gap between expenditure and cash inflows to narrow over time as its investments in growth pay off.

3D Metalforge is optimistic about the remainder of 2H FY21 as ongoing engagements with major pipeline clients advance with the expectation of conversion to customer orders.

*“The September quarter saw 3D Metalforge achieve initial traction from our new hubs in the USA and Australia with first production and sales in Houston and strong customer discussions and early orders in Australia. We see this international interest only set to increase, whilst we continue to drive our commercialisation efforts in our Singapore facility.*

*“Our unique business model of selling end to end additive manufacturing services is a key differentiator in the market, helping customers from A to Z rather than just selling a printer. We also continue to support a good number of blue chip clients move toward greener manufacturing, producing better performing parts, cheaper and more efficiently for clients.*

*“We remain well positioned to capitalise on the growing demand for high-temperature anti-corrosion printed parts and services with cautious optimism in the final quarter of the financial year with a number of ongoing engagements underway”, commented Matthew Waterhouse, 3D Metalforge Managing Director.*

## **Main Activities**

### **International Expansion with first initial orders received in Houston and Australia**

The Company sees significant opportunity from its international expansion, targeted at the major global centres for key industries such as oil & gas. Continued progress was made following the establishment of 3D Metalforge’s 20,000 sq.ft AM flagship facility in Houston, Texas. Polymer printers and CNC machines were commissioned in the facility, which led to a number of clients’ site visits and the first parts under production in the facility.

Houston, as a global centre of the oil & gas industry, is a key hub for 3D Metalforge and the Company is confident in the incoming traction anticipated from this centre.

Encouraging initial progress was reached in Australia with early orders placed for 3D Metalforge’s AM printing service. The Company expects progress in the coming quarters to accelerate as COVID-19 restrictions on face to face meetings and site visits ease.

In line with the Australian expansion, a non-binding letter of intent was signed with the Australian Missile Corporation Pty Ltd (AMC) with the intent for 3D Metalforge to help AMC develop Australian defence industrial capabilities.

## Agreements with tier one companies including PSA and Par Pacific

3D Metalforge developed and commissioned the world's first on-site additive manufacturing facility for port applications with PSA Corporation Limited (PSA). The 15-month contract, valued at A\$387k, is for the production of 3D metal parts in the Port of Singapore's new facility.

This is an example of the benefits 3D Metalforge can provide, transforming client supply chains, and giving PSA the ability to produce maritime port parts on demand.

The Company also commenced a partnership with leading refining company Par Pacific Holdings ("Par Pacific"), with a market cap of approx. US\$993m<sup>2</sup>, headquartered in Houston, Texas.

3D Metalforge is working with Par Pacific in Hawaii to identify a range of parts that will be suitable for production using 3D Metalforge's additive manufacturing technology. Subject to successful field testing of these parts, both companies plan to introduce 3D manufactured parts into Par Pacific's regular supply chain, initially in Par Pacific's Hawaii refinery before being expanded to the rest of Par Pacific's refineries. The part identified for field testing was successfully installed in Par Pacific refinery during October after the reporting period had ended, and field testing continues. This is a perfect example of how 3D Metalforge's technology can help refineries make their operations and supply chains more robust and sustainable.

## Recertifications received

Recertifications are an important endorsement of quality of the Company's technologies and processes and are also a pre-requisite for supplying many current and future clients.

The Company was pleased to be recertified by Lloyd's Register for the production of an expanded range of material for metal parts for both Laser Powder Bed Fusion and Laser Directed Energy Deposition printers. Lloyd's Register is one of the world's leading providers of professional services<sup>3</sup> for engineering and technology, and 3D Metalforge is only 1 of 7 organisations<sup>4</sup> certified by Lloyd's Register.

Recertification was also received to the ISO 9001:2015 standard by DNV, one of the world's most widely recognised quality management system (QMS) certification. Valid through June 2023, this certificate covers additive manufacturing of metal and non-metallic parts and components including CAD design, production and post-production activities.

These recertifications demonstrate 3D Metalforge's ongoing commitment to quality production and are often widely used as a supply-chain requirement.

## R&D advancements

Technology enhancements are a key component of the Company's strategy, which will allow for faster printing and processes with new materials, leading to increased automated processes with less manpower and supervision required.

3MF has been working on upgrades to our tool path planning for the Directed Energy Deposition printers with the objective of increasing the range of parts that can be produced on both the blown

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<sup>2</sup> <https://finance.yahoo.com/quote/parr?p=parr>

<sup>3</sup> <https://www.lr.org/en-au/compliance/>

<sup>4</sup> "Additive Manufacturing, Certifying the future of Manufacturing" Lloyd's Register

powder and the wire arc printers. Our toolpath upgrade development utilizes a solution that improves robot arm movement control, printing efficiency, and saves on waste of raw material.

The Company is also working on the development of the laser and production parameters for some materials that are new to additive manufacturing. This is expected to significantly expand the range of parts that the Company can print for clients, based on the demand seen for these new materials.

We are also at an advanced stage of implementing a “digital passport” system. This is a technical data management system which we are developing that would enable our clients to manage their AM builds and associated data online, rather than managing hard copies. This a component of the Company’s broader inventory and cloud-based intellectual property management business model.

## **Corporate**

In August 2021, Mr David Buckley was appointed as an Independent Non-Executive Director, bringing over 30 years of global leadership experience and finance expertise in public and private companies. Mr Buckley is currently Chairman of Royal Bank of Canada (Europe) Ltd., and previously held the role of European CFO for Morgan Stanley.

Subsequent to the September quarter, Mr Matthew Waterhouse was appointed interim Chairman following the resignation of Mr Michael Spence from the Board due to personal circumstances. The Board will assess its composition and required capabilities to support its growth plans early in 2022.

## **Outlook**

3D Metalforge’s commercialisation and business development activities are well underway, with a core focus to deepen traction in existing markets via its AM centres. Having parts on field testing and trials with existing and potential customers brings the Company a step closer to securing contracts and growing its customer base.

3D Metalforge is also actively seeking opportunities to embed our solutions in client facilities, with the ‘shop in a shop’ solution, to improve their supply chains and offer a tangible competitive advantage.

The Company also continues to consider inorganic growth opportunities as and when deemed appropriate to advance the Company’s strategy.

## **Financial Summary**

The attached Appendix 4C provides details on the cashflows for the quarter ended 30 September 2021. The Company’s net cash used in operating activities for the quarter amounts to A\$1.542m, which included research and development (A\$0.071m), product manufacturing and operating costs (A\$0.476m), staff costs (A\$0.577m), administration and corporate costs including interest paid (A\$0.570m), leased assets costs (A\$0.177m), and advertising and marketing (A\$0.072m). Staff costs and administration and corporate costs included expenditure in relation to international expansion.

## **Use of Funds**

3D Metalforge was admitted to the official list of the ASX on 25 February 2021 following completion of an IPO raising \$10m. The September 2021 quarter is included in a period covered by a use of funds statement in the IPO prospectus lodged with ASX under Listing rule 1.1 condition 3.

A comparison of the Company's actual expenditure since admission to 30 September 2021 against the estimated expenditure in the use of funds statement is set out below as required by ASX Listing Rule 4.7C.2.

Description	Prospectus A\$	Actual to Date (25 February – 30 September 2021) A\$
Equipment	1,500,000	397,688
International expansion	4,000,000	744,241
Research and Development	500,000	186,492
Loan repayment	1,000,000	423,856
General administration and working capital	3,074,672	2,478,264
Expenses of the Public Offer	997,621	1,130,410
<b>Total</b>	<b>11,072,293</b>	<b>5,360,951</b>

The Company notes:

1. For the quarter, 3D Metalforge received total cash receipts from customers of approximately A\$333k.
2. The Company also received total government grants and tax incentives of approximately A\$68k.
3. In addition to the table above, during the September quarter the Company spent approximately A\$476k in relation to product manufacturing and operating costs.

#### Related Party Transactions

Payments in the September quarter to related parties of approximately A\$69k included at item 6 in the attached Appendix C comprised of directors' fees and salary.

- ENDS -

This announcement has been approved for release by the Board of 3D Metalforge Limited.

For more information please contact:

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## **ABOUT 3D METALFORGE**

3D Metalforge (ASX: 3MF), founded in 2015, is a leading Additive Manufacturing (AM) company that supports a growing multinational industry-leading client base with their advanced proprietary 3D additive manufacturing systems. The Company offers a full range of in-house AM printing services from design and engineering, material advisory, diagnostics and testing, to printing and post-production certification to the latest industry and API standards. Its approach to industrial production, its proprietary processes and eco-friendly technology produce high-demand parts faster, better and more cost-effectively with less environmental impact and greater sustainability than conventional manufacturing.

## **FORWARD LOOKING STATEMENT**

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of 3D Metalforge Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

## Appendix 4C

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

**Name of entity**

3D Metalforge Limited

**ABN**

53 644 780 281

**Quarter ended ("current quarter")**

30 September 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	333	631
1.2 Payments for		
(a) research and development	(71)	(186)
(b) product manufacturing and operating costs	(476)	(1,086)
(c) advertising and marketing	(72)	(77)
(d) leased assets	(177)	(593)
(e) staff costs	(577)	(1,480)
(f) administration and corporate costs	(557)	(1,339)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(13)	(31)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	68	226
1.8 Other (Letter of Credit for material purchase)	-	(97)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,542)</b>	<b>(4,032)</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	(251)	(392)
(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	-	-
	(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>(251)</b>	<b>(392)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,001
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	-	(1,051)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(126)	(425)
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>(126)</b>	<b>8,525</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	6,102	66
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,542)	(4,032)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(251)	(392)



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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(126)	8,525
4.5	Effect of movement in exchange rates on cash held	80	96
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,263</b>	<b>4,263</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	4,263	6,102
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>4,263</b>	<b>6,102</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	69
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<p><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></p> <p>Payments made to Directors for Director fee and salary</p>		

<b>7.</b>	<b>Financing facilities</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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	2,252	2,252
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
<b>7.4</b>	<b>Total financing facilities</b>	<b>2,252</b>	<b>2,252</b>

**7.5 Unused financing facilities available at quarter end**

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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.

Description	Lender	Outstanding Facility S\$'000	Interest Rate	Maturity Date	Secured/Unsecured
Temp Bridging Loan	DBS Bank	S\$392	2.5%	24 Apr 25	Joint and several personal guarantee by Matthew Waterhouse and Khoo Hwi Min
Working Capital Loan	DBS Bank	S\$45	7.00%	13 May 23	
Working Capital Loan	DBS Bank	S\$67	7.00%	21 Nov 24	
Working Capital Loan	DBS Bank	S\$6	6.75%	28 Dec 21	
Term Loan	Matthew Waterhouse	S\$198	8.00%	1 Jun 23	Unsecured
Term Loan	Khoo Hwi Min	S\$807	8.00%	S\$250k by 1 Mar 22  \$110k between 1 Mar 22 and 1 Mar 23  Remain by 1 Jun 23	Unsecured
Term Loan	Hee Chee Wei	S\$203	8.00%	2 Aug 23	Joint and several personal guarantee by Matthew Waterhouse and Ho Kuen Loon
Term Loan	Mario Babin	S\$242	8.00%	1 Apr 22	
Term Loan	Lim Siang Yong	S\$148	8.00%	S\$100k by 6 Oct 21  S\$137k by 6 Apr 22	
Term Loan	Right Angle Ventures Group Pte Ltd	S\$102	Nil	1 Mar 23	Unsecured
	Total	S\$2,210 #(A\$2,252)			

# based on Reserve Bank of Australia Exchange rate of A\$1.00=S\$0.9814 (30 Sep 2021)

<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)	(1,542)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,263
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,263
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.76
<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<sup>th</sup> October 2021

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.
6. On 18 November 2020, 3D Metalforge Limited ("3D Metalforge") and 3D Infra Pte Ltd ("3D Infra") entered into an implementation agreement to complete the acquisition of 3D Infra. The acquisition was completed on 17 February 2021. The cash flows movements represent the continuation 3D Metalforge from 1 January 2021 and 3D Infra as the accounting from 17 February 2021.