

# JUNE QUARTER REVENUE INCREASE OF 23%

## QOQ

### Highlights:

- *Achieved revenue of A\$266k for Q2 FY21 (23% increase on Q1 FY21).*
- *Post period end, A\$387k production contract awarded from PSA for world's first on-site AM facility for port applications.*
- *Expanded footprint in key USA market with 20,000 sq.ft (570 sq.m) Houston facility, bringing 3MF closer to the high value decision makers in the largest global centre for oil & gas in order to accelerate customer discussions.*
- *Appointed experienced Business Development Director to lead the development and growth of the Australian and New Zealand marketplace.*
- *Approved as a qualified manufacturing partner to sell its pump impellers to Flowserve, one of the world's largest manufacturers of pumps, valves and seals.*
- *3MF continues to drive more sustainable and efficient supply chains, producing better performing parts, cheaper and more efficiently for clients.*
- *3MF also continues to be one of a few AM companies that has generated consecutive year on year revenue growth over the last four years.*
- *Strong cash balance of A\$6.1m as at 30 June 2021 and positive momentum heading into H2 FY21 with continued commercialisation activities in target hubs.*

**30<sup>th</sup> July 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 for the quarter ending 30 June 2021.

### Financial Performance

3D Metalforge continued to see positive sales momentum during the June quarter, achieving revenue of A\$266k, a 23% increase from Q1 FY21. Total income (revenue and other income) of A\$352k for Q2 FY21 marks a 20% increase over the previous quarter.

Targeted cash spend was in-line with expectations for expansionary activities including the international expansion of the new AM flagship facility in Houston, Texas, as well as administration and corporate costs. The Company's cash balance of A\$6.1M at the end of the June quarter sets a strong base heading into the second half of FY21, following continued commercialisation activities in United States, Singapore, and Australia.

3D Metalforge's technologies and processes support clients in creating more sustainable and robust supply chains, including having the ability to place production facilities within clients' supply chains and deliver end use parts on demand near the point of use.

The Company offers deep expertise in producing parts in anti-corrosion and high temperature materials that are applicable in applications such as pumps, valves, down hole tools and high wear challenging environments. The global centrifugal pump market is projected to reach a size of USD\$48.8 billion by 2026 from an estimated USD\$36.6 billion in 2021<sup>1</sup>, and 3D Metalforge expects to benefit from the increased demand for these parts, specifically from the oil & gas, maritime, infrastructure and defence industries.

**3D Metalforge Managing Director, Matthew Waterhouse, said;** "We are more than just a 3D printing company as we are one of the few AM companies that offers a full range of AM services to clients, from design, to print and digital cloud storage. When looking at our consistent revenue generation and blue-chip customers, we are one of a few AM companies that has generated consecutive year on year revenue growth over the last four years."

"The June quarter continues this trend and it was a period of intense activity for 3D Metalforge. The progress the team has made is remarkable, with our technology commissioned to be used at the world's first on-site additive manufacturing facility for port applications, developed in conjunction with PSA Corporation, allowing the provision of AM services closer to the customer's point of use."

"Our goal is to continue to embed our solutions in client facilities, making customers' supply chains more sustainable, fast and robust, using less energy, materials and emissions to manufacture parts quicker and more efficiently. We are set for increased traction from our global hubs, which now also includes our Houston facility, while we look at both organic and inorganic opportunities for continued growth."

### **Commissioned 1<sup>st</sup> Supply Chain Facility - the world's first AM facility in a port**

Post June quarter end, 3D Metalforge was awarded a 15-month contract by PSA Corporation (PSA), valued at A\$387k for the production of 3D metal parts in the Port of Singapore's new facility.

In partnership with PSA, 3D Metalforge has developed and commissioned the world's first on-site additive manufacturing facility for port applications, located at the Pasir Panjang Terminal in the port of Singapore, which will now move into production phase.

This project enables 3D Metalforge to target high-demand industrial parts and produce them faster and cheaper than traditional manufacturing.

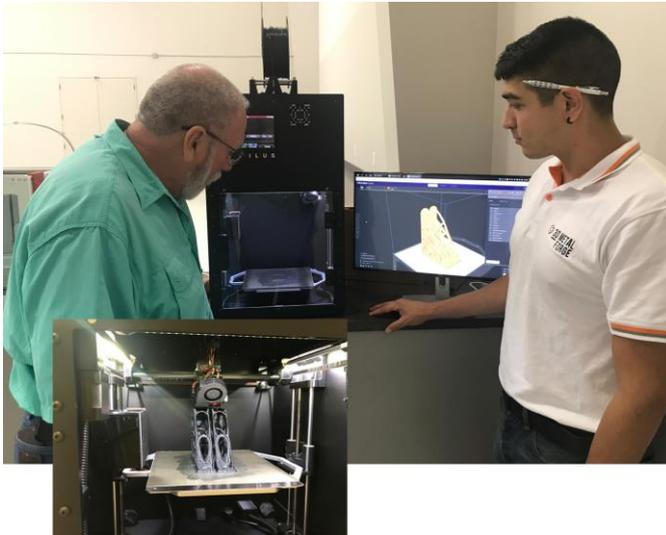
PSA will gain the ability to produce maritime port parts on demand. This is also an example of 3D Metalforge transforming client supply chains which typically allows for significant ESG benefits, as additive manufacturing can save up to 90% in material waste, 75% less energy consumption and cut CO2 emissions by being near the customers' point of use<sup>2</sup>.

<sup>1</sup> ResearchandMarkets.com/reports/5306513/centrifugal-pump-market-by-type-overhung

<sup>2</sup> Source: Digital Transformation Initiative Oil and Gas Industry, World Economic Forum, January 2017; Innovating Clean Energy Technologies in Advanced Manufacturing, US Department of Energy, Quadrennial Technology Review 2015, Northwestern University research paper.

## International Expansion - USA expansion to accelerate engagement in the oil & gas sector

During the period, 3D Metalforge continued its expansion in key market hubs with the establishment of a 20,000 sq.ft AM flagship facility in Houston. Houston is the global centre for the oil and gas industry and North America is the largest market for additive manufacturing, expected to experience 36% of global AM revenues in 2025<sup>3</sup>.



*Caption 1: First part printer in Houston facility*

Research estimates that the ESG benefits related to AM are numerous, including the ability for additive manufacturing to reduce CO2 emissions by 2 million tonnes by 2025 in the oil & gas industry alone<sup>4</sup>.

This expanded market entrance will accelerate the Company's engagement with USA based customers in a highly lucrative market, and produce parts more rapidly while reducing CO2 emissions.

## Qualified Manufacturing Partner to Flowserve, one of the world's largest manufacturers of industrial parts

3D Metalforge also became a Qualified Manufacturing Partner to Flowserve, one of the world's largest manufacturers of pumps, valves and seals with a \$5.5bn NYSE market capitalisation.

As a Qualified Manufacturing Partner, 3D Metalforge is now able to supply pump impellers in Stainless Steel (SS316L) to Flowserve, whereby its APAC customers will have the option to purchase 3D Metalforge's pump impeller parts instead of parts made via traditional methods.



*Caption 2: Opening of Houston facility*

3D Metalforge recently printed 10 closed impellers for one of Flowserve's end use customers which resulted in a 50% reduction in lead time compared to traditional casting.

<sup>3</sup> Global Additive Manufacturing Market, Forecast to 2025, Frost & Sullivan, May 2016, page 19.

<sup>4</sup> Digital Transformation Initiative Oil and Gas Industry, World Economic Forum, January 2017; Innovating Clean Energy Technologies in Advanced Manufacturing, US Department of Energy, Quadrennial Technology Review 2015, Northwestern University research paper.

The qualification comes after an extensive audit and over 2 years of R&D collaboration between Flowserve and 3D Metalforge.

### **Product development**

3D Metalforge continues to make technological progress with testing and commissioning completed of its latest Hybrid Wire Arc printer (H-WAAM). This technology has the ability to print multiple parts simultaneously, capable of faster, larger format metal printing parts up to 1.5m. The addition of the H-WAAM printer opens a new market for 3D Metalforge to target larger oil & gas, maritime, defence and other industrial parts.

The printer was in development over the past 2 years in collaboration with the Singapore University of Technology & Design, and the initial technology is under exclusive licence to 3D Metalforge for service bureau use in the oil & gas and maritime sector for a period of 10 years.

### **Corporate**

The Company also continued its expansion in Australia, with the appointment of David Green as its Business Development Director, bringing three decades of global business development and sales experience and extensive network of contacts across the manufacturing, mining, oil & gas, and shipbuilding industries in Australia, New Zealand, and South East Asia. Mr Green will lead business development efforts in the Australian and New Zealand markets, promoting opportunities primarily in the energy, resources, defence and industrial sectors.

3D Metalforge also presented at the WA Guangdong Business Association (WAGBA) Investment Presentation Conference on 21st July. The event was held in Perth and Managing Director Matthew Waterhouse virtually presented to high-net-worth Chinese investors and corporations. This was a great opportunity to convey the 3D Metalforge investment proposition.

Continuing its ESG push, 3D Metalforge recently joined as a member of the Additive Manufacturer Green Trade Association (AMGTA), a non-profit trade group founded to promote the environmental benefits of additive manufacturing to key industries and the public. The membership will provide 3D Metalforge access to research and industry data, and the opportunity to participate in seminars and conferences to gain additional benefits from AMGTA's sustainability agenda. Additionally, the Company will benefit from shared best practices and collaborate to ensure the greatest environmental, economic and social impact from additive manufacturing.

### **Financial Summary**

The attached Appendix 4C provides details on the cashflows for the quarter ended 30 June 2021. The Company's net cash used in operating activities for the quarter amounts to A\$1.583m, which included research and development (A\$0.058m), product manufacturing and operating costs (A\$0.371m), staff costs (A\$0.629m), administration and corporate costs including interest paid (A\$0.443m), leased assets costs (A\$0.278m), letter of credit for material purchase (A\$0.097m) and advertising and marketing (A\$0.005m). 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 June 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 June 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 June 2021) A\$
Equipment	1,500,000	146,245
International expansion	4,000,000	330,151
Research and Development	500,000	115,599
Loan repayment	1,000,000	297,423
General administration and working capital	3,074,672	1,647,818
Expenses of the Public Offer	997,621	1,046,297
<b>Total</b>	<b>11,072,293</b>	<b>3,585,533</b>

The Company notes:

1. For the quarter, 3D Metalforge received total cash receipts from customers of approximately A\$208k.
2. The Company also received total government grants and tax incentives of approximately A\$90k.
3. In addition to the table above, during the June quarter the Company spent approximately A\$468k in relation to product manufacturing and operating costs. This included A\$97k letter of credit for the purchase of raw materials.

## Related Party Transactions

Payments in the June quarter to related parties of approximately A\$133k included at item 6 in the attached Appendix C comprised of directors' fees and salary.

## Outlook

3D Metalforge's core focus for Q3 FY21 is to deepen the traction in existing markets via its AM centres. Having parts on field testing / on product trials with existing and potential customers brings the Company a step closer towards securing contracts and growing its customer base.

3D Metalforge also continues to seek opportunities to embed its solutions in client facilities to improve their supply chains and offer a tangible competitive advantage. The Company remains well positioned to capitalise on the growing demand for high-temperature anti-corrosion printed parts and services in the multi-billion dollar global pump, valve and downhole tools industry.

Technology enhancements will also continue, to allow for faster printing and processes with new materials, leading to increased automated processes with less manpower and supervision required.

- ENDS -

This announcement has been approved for release by the Managing Director 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 June 2021

<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	208	298
1.2 Payments for		
(a) research and development	(58)	(115)
(b) product manufacturing and operating costs	(371)	(610)
(c) advertising and marketing	(5)	(5)
(d) leased assets	(278)	(416)
(e) staff costs	(629)	(903)
(f) administration and corporate costs	(438)	(782)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(5)	(18)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	90	158
1.8 Other (Letter of Credit for material purchase)	(97)	(97)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,583)</b>	<b>(2,490)</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	(141)	(141)
(d) investments	-	-
(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	-	-
	(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>(141)</b>	<b>(141)</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	(62)	(1,051)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(139)	(299)
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>(201)</b>	<b>8,651</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	8,011	66
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,583)	(2,490)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(141)	(141)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(210)	8,651
4.5	Effect of movement in exchange rates on cash held	16	16
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,102</b>	<b>6,102</b>

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	6,102	8,011
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>6,102</b>	<b>8,011</b>

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	133
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>		

7. <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	2,246	2,246
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	2,246	2,246
7.5 <b>Unused financing facilities available at quarter end</b>		0
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.		

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

Description	Lender	Outstanding Facility S\$'000	Interest Rate	Maturity Date	Secured/Un secured
Temp Bridging Loan	DBS Bank	S\$400	2.5%	24 Apr 25	Joint and several personal guarantee by Matthew Waterhouse and Khoo Hwi Min
Working Capital Loan	DBS Bank	S\$51	7.00%	13 May 23	
Working Capital Loan	DBS Bank	S\$72	7.00%	21 Nov 24	
Working Capital Loan	DBS Bank	S\$10	6.75%	28 Dec 21	
Term Loan	Matthew Waterhouse	S\$189	8.00%	1 Jun 23	Unsecured
Term Loan	Khoo Hwi Min	S\$765	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\$207	8.00%	2 Aug 23	Joint and several personal guarantee by Matthew Waterhouse and Ho Kuen Loon
Term Loan	Mario Babin	S\$238	8.00%	1 Apr 22	
Term Loan	Lim Siang Yong	S\$237	8.00%	S\$100k by 6 Oct 21  S\$137k by 6 Apr 22	
Term Loan	Right Angle Ventures Group Pte Ltd	S\$101	Nil	1 Mar 23	Unsecured
	Total	S\$2,270 #(A\$2,246)			

# based on Reserve Bank of Australia Exchange rate of A\$1.00=S\$1.0109 (30<sup>th</sup> June 2021)

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,583)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,102
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,102
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.85
<p><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></p>		
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	
<p><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></p>		

### 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: 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 prior quarterly cash flows movements represent the continuation 3D Metalforge from 1 January 2021 and 3D Infra as the accounting from 17 February 2021.