

Titomic Ltd (ASX: TTT)

Review of Operations Q3 FY2021

Friday 30th April 2021

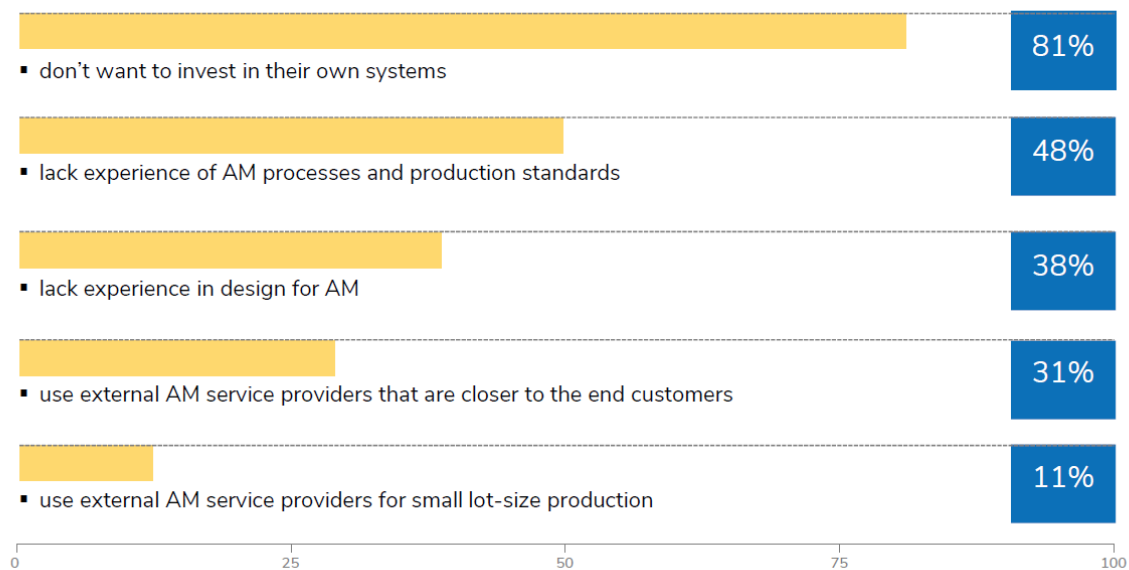
Q3 FY2021 - Operations During the COVID-19 Pandemic

In line with regulations, Titomic implemented COVID-19 health and safety procedures to protect our staff and operations. The continuing impact of COVID in both North America and Europe limited the Company's ability to pursue and finalise sales opportunities. The impact of COVID in Asia impacted the supply chain for powder.

Q3 FY2021 – Key initiatives

Following a comprehensive review of the company's strategy (with support from Deloitte's AM team), Titomic has adopted a new approach to market centred on Partnerships & Joint Ventures with customers. This new market approach overcomes the limitations of machine only sales, as summarised below.

Companies would use AM service providers, because they... *



*(%). n=120 companies that would use AM service providers, EY global 3DP survey, April 2019
1. Source: A Global EY Report 2019 – 3D printing: hype or game changer?

Partnerships & Joint Ventures enable customers to avoid the challenges of adopting CSAM technology by embedding – on a risk sharing and reward basis – the technical skills and resources of Titomic within their existing production processes.

The response from customers to this new approach has been very positive with previously announced Heads of Agreement signed with Neos International (formerly Hockley Patterns) for Invar 36 tooling and Repkon for the production of defence equipment in Australia.



The company is currently working on moving these Heads of Agreement into joint venture contracts and expects these to be completed early in the new financial year.

Partnerships & Joint Ventures represent a clear and sustainable road map to value for shareholders. Once operational, Titomic expects that these joint ventures will generate cashflows from either a share of savings arrangement or a royalty model, thus providing Titomic with an ongoing revenue stream.

The further development of Partnerships & Joint Ventures will require Titomic to establish sales offices and technical bureaus in both North America and Europe. To this end, during Q3 the Company entered a Heads of Agreement (subject to due diligence and contract) with Tri-D Dynamics Inc., a US cold spray additive manufacturing company, to acquire its business operations and engage its key personnel within a new entity, Titomic USA. It is anticipated that this transaction will complete prior to 30 June 2021.

Q3 FY2021 - Melbourne TKF Bureau Production Highlights

UK Defence Company: Multi-Material demonstrator parts

Titomic received a purchase order to deliver two demonstrator parts incorporating multi-metal sprays. Stainless steel plate onto Copper tube and Stainless-steel plate onto Copper/Nickel blend tube. Both parts built with TKF.

UK Defence Company: Flanges

Titomic completed and delivered three TKF additive manufactured integrated flanges. Two in Stainless Steel and one in Copper. These parts are now undertaking customer testing.

Australian Navy: Titanium ship door

Titomic completed and delivered a TKF additive manufactured complete Titanium ship door, including handle. This part is now being evaluated for performance and Titomic has been engaged for the next phase of development.

US Aerospace: Supply of trial part

Titomic completed and delivered a stage 2 satellite casing coated with Tantalum using the TKF process. Customer testing is completed and now in stage 3 for a large satellite casing.

US Aerospace Company: Titanium demonstrator part for aircraft and test samples

Titomic completed and delivered a TKF additive manufactured Titanium aircraft part that is being evaluated for performance as well as numerous test samples to assess the capability of the TKF production process.

Australian Mining Company: Stainless Steel test parts

Titomic completed and delivered ten TKF additive manufactured Stainless Steel trial samples for a large Australian mining company. These parts are being evaluated for metallurgical properties.

Defence Company: Inconel trial tubes

Titomic completed and delivered twenty trial tubes for a European based defence company. These TKF additive manufactured Inconel parts will be tested through the existing barrel forming process as part of the broader Joint Venture relationship.

Australian Rail Company: Gearbox repair

Titomic has completed a proof-of-concept study including both a detailed report and sprayed part for a large Australian rail company. The TKF process demonstrated its ability to repair a damaged gearbox.

Q3 FY2021 - Corporate

Board and Management Changes

The board was further strengthened by the appointment, as a Non-Executive Director, of Ms. Mira Ricardel. Ms. Ricardel, who is resident in the USA, is a principal at The Chertoff Group, a leading global security advisory firm, where she advises U.S. and international clients across a broad spectrum of sectors in managing regulatory risk related to foreign direct investments, technology controls and supply chain regulations. For nearly a decade, Ms. Ricardel was Vice President for Business Development at The Boeing Company, Network & Space Systems. From 2001-2005, she held significant roles in the U.S. Department of Defence, including Acting Assistant Secretary of Defence for International Security Policy and Under Secretary of Commerce for Industry and Security.

Operational capability has also been enhanced by the engagement of Mrs. Joanna Walker as interim CFO, and Mr. Chris Healy as interim COO and Legal Counsel. These appointments have greatly assisted the board and the CEO in formalising and implementing the new strategy for Titomic.

AS9100D: Continuation of qualification according to AS9100D for Aerospace and Defence Quality Manufacturing.

Titomic has progressed the process of AS9100D certification, a crucial and advantageous quality management system for successful defence and aerospace manufacturers. The final qualification is planned for June this year.

This announcement has been authorised for release by the board of Titomic Limited.

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About Titomic Limited:

Titomic Limited (ASX:TTT) is an Australian public company specialising in digital manufacturing solutions for industrial scale metal additive manufacturing using its patented Titomic Kinetic Fusion® (TKF) technology. The TKF technology provides unique capabilities for producing commercially viable additively manufactured metal products competing directly with traditional manufacturing methods. Titomic provides OEM production and R&D services from their TKF Smart Production Bureaus to the global Aerospace, Defence, Shipbuilding, Oil & Gas, Mining and Automotive industries. Titomic also provides an extensive range of metal powders for 3D Printing especially Titanium and super alloys whilst providing sales and support services for their TKF production systems. For more information please visit: www.titomic.com.