

Companies Announcement Office
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CFOAM LLC – April Sales Update

CFOAM Limited, CFOAM Corp (75% owned by CFOAM Limited) and its operating entity CFOAM LLC, Triadelphia, West Virginia, (CFOAM) wish to provide the following sales update.

While the economic and trading environment has been disrupted by COVID-19, especially in relation to the commercial aviation industry, tooling activity has thus far remained comparatively resilient due to demand from the defense portion of the aerospace industry. CFOAM continues to make inroads with major OEMs and the tooling companies that service this industry in North America.

Noting that the process through which CFOAM must go through to be ratified as a core tooling material involves a rigorous R&D and testing phase, our confidence and visibility in the forward order book continue to improve. The COVID-19 outbreak has undoubtedly lengthened the requisite approval, funding and ultimately tool build process, but we remain hopeful that once lockdown restrictions are eased, projects that had been in development prior to the pandemic will advance through to the final stages of approval.

CFOAM has, since March 31st 2020, processed and shipped purchase orders for third-party tooling customers that represent revenue of approximately US\$148,000. This represents a significant increase in activity given the total sales for the 9 month period to March 31st 2020 were US\$358,000. In addition, Touchstone Advanced Composites, historically our largest customer, has indicated that customer activity has picked up in April, which has led to an additional order for ~US\$100,000 of CFOAM to be shipped in May 2020. Further orders are expected in the coming months.

The recently fulfilled orders included an order from Applied Composites (<https://www.appliedcomposites.com/>), an aerospace composites and tooling manufacturer with independent operations across North America. This was the first order for their Indianapolis production facility, which will produce approximately 13 CFOAM tools. The Applied Composites California facility has been an early adopter of CFOAM as an alternative tooling material and will assist with knowledge transfer to the Indianapolis office in order to complete the tools.

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With each new tooling company that builds tools made from CFOAM, we expand production optionality for major OEMs. The aim is for these major OEMs to consider and ultimately embed CFOAM as an alternative composite tooling material and replace incumbent materials such as Invar.

Derek Lies, Business Development Tooling Engineer at Applied Composites California said “We are a unique composites platform with strong leadership, scale and highly specialized engineering, design and manufacturing capabilities. We are designed to serve a diverse and growing set of customers. We are constantly looking for new and innovative tooling materials which allow us to service our customers and provide a design edge. We find CFOAM to be an incredibly versatile tooling material which allows us to produce highly complex and accurate tools in a shorter time period and at a reduced cost compared to metal and even traditional prototype tools. Further, CFOAM pairs nicely with many resins and carbon fiber laminates that are commonly used to produce carbon-epoxy pre-preg or infused tools. We are pleased to have won the large order for the 13 tools out of our Indianapolis office and look to expand our use of CFOAM going forward.”

Composites One and CFOAM have conducted the first in-house introduction of CFOAM as an approved material. Given the COVID-19 disruption, the introduction was done online and was virtually attended by over 70 technical salespersons throughout North America. As a next step, Composites One will conduct a tooling seminar at its Utah facility once travel restrictions are lifted. The focus will be to build a CFOAM tool and explore “kit” options to determine what resins, carbon laminates and bonding agents offered on the Composites One platform should be recommended by their team to pair with CFOAM for the broader tooling industry. CFOAM has been added to the Composites One website as a featured supplier: <https://www.compositesone.com/product/suppliers/cfoam/>.

Some other large projects, where CFOAM tools were being considered and which represented revenue opportunities much larger than our recently-completed sales, have been temporarily delayed due to COVID-19, and there may be delays on other potential projects, depending on how the situation evolves.

This ASX release has been approved for release by Gary Steinepreis on behalf of the Board of Directors

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About CFOAM Limited

CFOAM® products are an inorganic carbon material that is manufactured from coal, pitch or lignin feedstock. CFOAM® products manufactured in this process have a rigid foam structure, similar in appearance to pumice stone, but with entirely different properties. CFOAM® products are currently used across a wide variety of markets including composite tooling for the aerospace sector, energy absorbing applications and defence applications. Additional markets such as automotive applications for energy absorption and fire resistance are also expected to become significant to the Company over time.

CFOAM® products were developed to meet the growing demand for ultra-high-end performance engineering materials in the industrial, aerospace, military and commercial product markets.

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