



Manufacturing new possibilities.

Half-yearly Activities Report - 1H24

For the half year ended 31 December 2023



February 29, 2024

ASX Announcement

GENERAL
BUSINESS

ADDITIVE
MANUFACTURING

Armaments

Ballistic Protection

Structures

Tooling

Embedded Sensors

COATING
& REPAIR

Metal Restoration

Wear Resistance

Corrosion Protection

Conductive Coating

Inductive Coating

Radiation Shielding

Half-year Activities and Results Report FY2024

Highlights:

- Sale of High Pressure Cold Spray System to Sabanci University for EUR 1.4m (AUD 2.4m).
- Integrated Spray Booth installed at Perron038, sold in June 2023, for EUR 435,301 (AUD 710,000).
- Integrated Spray Booth sold to EPCOR for EUR 310,000 (AUD 516,615).
- Nine D523 low-pressure cold spray systems sold during the period.
- Airbus selected Titomic as their supplier of cold spray equipment and purchased two cold spray systems for EUR 386,900 (AUD 645,000).
- Receipt of two manufacturing orders from Boeing, totalling USD 204,166 (AUD 317,417).
- Manufacturing Partnership Agreement signed with Stärke Advanced Manufacturing Group (Stärke).
- Manufacture of a component for Australia's SpIRIT satellite; Titomic's second part in low-Earth orbit.

Titomic Limited (ASX: TTT) ("Titomic" or the "Company") provides its appendix 4D and results for the 6 months to 31 December 2023 (H1 FY2024).

Herbert Koeck, Managing Director of Titomic, commented:

"Titomic has made strong progress in the first half of FY2024, a testament to our team's dedication and the robust demand for our innovative manufacturing and coatings technologies. Our sales of nine D523 low pressure cold spray systems across diverse sectors globally highlights the technology's versatility and the strategic success of our business development initiatives.

Noteworthy milestones include the significant sale of a high-pressure cold spray system to Sabanci University and further establishing key commercial engagements with industry leaders such as Airbus and Boeing. These accomplishments, alongside the successful launch of Australia's SpIRIT satellite featuring Titomic technology, mark Titomic's growing influence in aerospace and beyond.

Titomic has also expanded its footprint through strategic partnerships, such as the manufacturing agreement with Stärke, and furthered our commitment to leading-edge solutions with the installation of an Integrated Spray Booth at Perron038 and additional sale to EPCOR.

Titomic's proactive approach to innovation, commercialisation, and global market expansion has enhanced Titomic's product line and commercial offerings, and has also solidified our position as a key player in the remanufacturing sector, with significant clients such as Rolls Royce, MTU Power, and recently Volvo Group.

Looking forward, we anticipate the remainder of the year to yield good commercial and financial performance. With the foundations laid in the first half of the year, Titomic is prepared for further sales and partnerships in the coming weeks and months.

Titomic is now the world's leading provider of cold spray solutions. As we continue to execute Titomic's commercial strategy, we are dedicated to providing new capabilities to manufacturers globally, and in turn, aim to provide significant value to our clients and our shareholders."

TITOMIC

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Operational Update

Systems and Consumables Sales

Order for high-pressure cold spray system

Titomic received a purchase order from Sabanci University's Integrated Manufacturing Technologies Research and Application Center. The System was sold for EUR 1.4 million (AUD 2.4 million) and is expected to be delivered, installed, and paid for by April 2024. The System incorporates Titomic's roboticised high-pressure Titomic Kinetic Fusion technology to enable novel additive manufacturing, material science, and surface engineering capabilities.

Finalised installation of Integrated Spray Booth at Perron038

Titomic has successfully installed and commissioned the Integrated Spray Booth at Perron038. In adherence to the delivery schedule communicated in June 2023, the AUD 710,000 project was completed within the stipulated time frame of the calendar year-end, marking a significant deployment of Titomic's advanced coatings solutions.

Integrated Spray Booth sold to EPCOR

Titomic announced the sale of a Titomic Integrated Spray Booth (ISB) to EPCOR in November 2023. The ISB was sold for EUR 310,000 (AUD 516,615). EPCOR is a subsidiary of Air France Industries and KLM Engineering & Maintenance and specialises in maintenance, repair, and overhaul activities of pneumatic aircraft components and Auxiliary Power Units of a wide range of aircraft, such as the Boeing 737 Next Generation, 777, and 787.

Sales of low-pressure cold spray systems

During the first quarter of FY2024, Titomic sold three D523 systems, marking a strong start to the financial year. These sales included significant placements with Rensselaer Polytechnic Institute for research and development purposes, and the Marine Nationale (French Navy), enhancing their fleet sustainment and maintenance capabilities.

In the second quarter, Titomic's business development initiatives led to the successful sale of six D523 systems, highlighting strong market demand and versatility of its applications, with purchases from diverse sectors such as Western Australian mining services, the mining and transport industry in Asia, US academic institutions, and industrial processing facilities in Texas.

Further international sales included a system to a Singaporean coating and repair company, and a German manufacturing consulting and trading company, showcasing the global appeal and broad utility of the D523 across various sectors.

Commercial engagements

Airbus selects Titomic as the supplier of cold spray equipment

Titomic has been selected by the Airbus Group (Airbus) as the chosen supplier for cold spray additive manufacturing, repairs, and maintenance equipment. As part of the agreement, Airbus has issued a purchase order for two Titomic Kinetic Fusion systems for EUR 386,900 (AUD 645,000), subject to Airbus' final configuration requirements.

One significant outcome of this work is the inclusion of Titomic's equipment and technology within Airbus maintenance protocols. As a result, all Airbus Maintenance, Repair, and Overhaul (MRO) facilities planning to utilise cold spray applications will be required to use Titomic equipment and technology, ensuring consistency and adherence to Airbus standards across its MRO operations.

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Receipt of two manufacturing purchase orders from Boeing

In October 2023, Titomic received two purchase orders from Boeing. One, from Boeing Global Services, and the second from Boeing Space, Intelligence, and Weapons Systems, totalling USD 204,166 (AUD 317,417).

The purchase order from Boeing Space, Intelligence, and Weapons Systems pertains to ongoing flight qualifications of Titomic Kinetic Fusion manufactured components. Initiated in 2021, the project continues to progress successfully, working toward full flight qualifications of components.

The second order, from Boeing Global Services, pertains to the production of three samples of a prototype replacement part for a Boeing aircraft, which Boeing intends to evaluate as part of a trial.

Titomic's commercial projects with Boeing are marked by rigorous testing and validation, with Titomic's additive manufacturing process, Titomic Kinetic Fusion, consistently delivering favourable results in ongoing testing phases.

Manufacturing Partnership Agreement with Stärke

Titomic has finalised a strategic partnership with South Australia's Stärke in the past quarter. This collaboration aims to bring together Stärke's vertically integrated companies, renowned for supporting the production of durable, high-performance components for various industries. The partnership will also capitalise on Titomic's state-of-the-art manufacturing technology and Stärke's extensive industry relationships, including those with DSTG, Babcock, Kongsberg, Thales, Boeing, Bosch, and ASC, to enhance commercial manufacturing offerings.

Launch of the SpIRIT nano-satellite

The successful launch of Australia's SpIRIT nano-satellite, a notable first in over two decades, underscores a significant milestone in space exploration. Contributing to this achievement, Titomic delivered a bespoke bi-metallic radiator, cold-sprayed in pure copper, directly onto the satellite's body. This application, a unique capability of Titomic Kinetic Fusion, enhances thermal efficiency vital for the satellite's operation. This project marks Titomic's first part in space, demonstrating the Company's commitment to pioneering aerospace applications.

Joint Venture and Reseller Activity

Progression of Repkon-Titomic Joint Venture

The collaborative enterprise between Titomic and Repkon Machine and Tool Industry and Trade Inc. (Repkon) has reached a milestone with the formal establishment of the joint venture company. Titomic is now in possession of its share certificate, reflecting a 49% stake in the venture.

Titomic is actively engaging in discussions to facilitate the joint venture's acquisition of Titomic Kinetic Fusion systems. These systems are crucial for the production of defence components in the upcoming hybrid flowforming and additive manufacturing facility, a cornerstone of Repkon-Titomic's innovation and commercial strategy.

Further establishment of a global reseller network

During the reporting period, Titomic's reseller network has seen notable expansion and success. In New South Wales, Brauntell, a key reseller, facilitated the sale of a D523 unit to Penske Australia for engine refurbishment and heavy machinery maintenance.

In the United States, Anywise USA, another valued reseller, successfully secured a sale of the D523 to an industrial processing facility in Texas.

Lastly, Titomic has broadened its network by adding a partner in Asia as a new reseller. This partner has purchased a D523 for demonstration to promote the D523's capabilities across mining and automotive industries.

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Financial & Corporate Update

Half year results update

Titomic's revenue increased by 51% to AUD 4.2 million for the reporting period, up from the previous corresponding period (pcp). This growth includes a 59% rise in customer sales revenue to AUD 2.3 million. Additionally, revenue from government grants and other sources contributed AUD 1.9 million. The Company's underlying operating loss improved by 39%, reducing to AUD 3.6 million for the half-year.

Titomic extends the employment contract of Mr Herbert Koeck

Titomic has confirmed the extension of Herbert Koeck's term as Managing Director until December 2026, reinforcing the Company's trajectory in commercialising Titomic Kinetic Fusion technology across key sectors globally. Mr Koeck's strategic leadership since July 2021 has been instrumental in Titomic's expansion into various industries and markets, particularly in Europe, the US, and Asia Pacific.

With a notable track record from his tenure at 3D-Systems Corporation and Hewlett Packard, Mr Koeck's expertise is pivotal for Titomic's continued growth. The Board endorses Mr Koeck's strategy, particularly his role in forging business partnerships and advancing the Company's commercialisation efforts.

Retirement of Mr Jon Nield and Titomic's incoming Chief Financial Officer

With Mr Jon Nield set to retire in May 2024, the Company recognises his significant contributions as Chief Financial Officer. His dedicated service and financial stewardship have been fundamental to Titomic and its financial strategy.

Following an extensive market search, Titomic has selected Mr Geoff Hollis as its incoming Chief Financial Officer, who will commence employment in May 2024. Mr Hollis joins Titomic from Imagination Biosystems Limited where he served as Chief Financial Officer and Company Secretary. With extensive experience in financial leadership positions within technology-focused businesses, he is ideally equipped to guide Titomic's financial strategy towards future growth initiatives.

Changes to the Board of Titomic

Titomic has announced strategic Board changes which are designed to further commercialise Titomic's innovative manufacturing technology. With Titomic steadily moving toward large-scale commercialisation within defence and aerospace in Australia, the Board has assessed that there is a need for further focus on the vast opportunities within Europe.

To enable this refocus, Titomic's Managing Director, Mr Herbert Koeck, has relocated to Europe, allowing Mr Koeck to be co-located with the Titomic Europe team and Titomic's growing client base in Europe, while also closer to North America.

Additionally, effective 2nd October 2023, Mr Dag W.R. Stromme, an experienced Director of the Company, assumed the role of Chair of the Board, while Mr Humphrey Nolan, Titomic's incumbent Chair of the Board, will continue to serve as a Non-Executive Director and Deputy Chair. This strategic appointment enhances Titomic's leadership in Europe, where Mr Stromme is based.

Placement participation and investment by Chairman Mr Dag Stromme

On 23 November, the Annual General Meeting voted to approve Chairman Dag Stromme's direct acquisition of ordinary shares valued at AUD 250,000 in the equity offering. This transaction, carried out through his wholly owned investment company PAACS Invest, increases his total shareholding to 30,188,441.

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Titomic Summons

As previously announced, Titomic was served with a Summons on 5 December 2022, filed with the Supreme Court of NSW which named the Plaintiff as Composite Technology R&D Pty Ltd ABN 52 094 571 187 (Composite) and the Defendant as Titomic. The claim set out in the Summons is commercially misleading conduct which the Company denies and continues to vigorously defend.

Titomic filed its defence to the Summons on 3 March 2023 and issued a Cross Claim Summons on the same date. Composite's lay evidence was served on 27 October 2023 but Titomic has recently been informed that Composite intends to serve further lay evidence from one other person. The Court has ordered that this further lay evidence must be served by 1 March 2024 and that Titomic must serve its lay evidence by 5 April 2024. These proceedings are now listed for further directions on 5 April 2024.

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

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INVESTOR CONTACT

Chris Healy

Company Secretary & Legal Counsel - Titomic

P: +61 429 988 083

E: chris.healy@titomic.com

MEDIA ENQUIRIES

Ben Andrews

Marketing Manager - Titomic

P: +61 438 759 620

E: ben.andrews@titomic.com

ABOUT TITOMIC LIMITED

Titomic Limited (ASX: TTT) is an Australian public company specialising in large integrated solutions for industrial-scale metal additive manufacturing, using its patented cold spray additive manufacturing (Cold Spray AM) technology. Titomic provides Cold Spray AM solutions, OEM production and R&D services to the global Aerospace, Defence, Shipbuilding, Oil & Gas, Mining and Automotive industries. Titomic also offers global sales and support for all of its Cold Spray AM activities from its Melbourne Head Office, as well as through local presence in the USA and Europe. Titomic delivers competitive advantages in metal additive manufacturing at every stage in the product value chain. For more information, please visit www.titomic.com.

FORWARD LOOKING STATEMENTS

Certain statements made in this release are forward-looking statements and are based on Titomic's current expectations, estimates and projections. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward-looking statements. Although Titomic believes the forward-looking statements are based on reasonable assumptions, they are subject to certain risks and uncertainties, some of which are beyond Titomic's control, including those risks or uncertainties inherent in the process of both developing and commercialising technology. As a result, actual results could materially differ from those expressed or forecasted in the forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Titomic will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

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