



August 31, 2023

ASX Announcement

Titomic maintains commercial strategy momentum in FY23

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

Titomic Limited (ASX: TTT) (Titomic or Company), the global cold-spray additive manufacturing company with primary application in aerospace and defence, provides its FY23 results for the 12 months to 30 June 2023.

Financial year 2023 highlights:

- Revenue from customer sales was \$2.62 million (FY22: \$3.38 million)
- Total revenue \$4.45 million (FY22: \$5.32 million)
- Net underlying loss \$14.38 million (FY22: \$16.97 million loss); Statutory net loss after tax of \$14.33 million (FY22: \$17.02 million loss)
- Cash at bank of \$1.47 million (30 June 2022: \$7.10 million)
- Diversified sales:
 - » Established Coatings and Repairs revenues through sales of D523 Systems
 - » Sale and revenue of Titomic's first turnkey glass mould coating system
 - » Multiple sales to the Research and Education market

Herbert Koeck, Managing Director of Titomic, commented:

"Titomic is pleased to provide an update on the Company's progress during the financial year 2023, along with an optimistic outlook for the future.

In the course of this financial year, Titomic has achieved significant milestones. Notably, the Company has observed a threefold increase in sales of D523 systems, reflecting a growing demand for Titomic's offerings. This achievement stands as a testament to the diligent efforts of our team.

Furthermore, the escalating interest in our custom TKF systems reaffirms Titomic's position as a leader in the advanced manufacturing solutions domain, demonstrated by high-value systems sales to Perron038, Neue Materialien Bayreuth and Rey Juan Carlos Universidad.

Titomic is also pleased to highlight the ongoing progress within its commercial collaborations, preparing for future manufacturing. Notably, the Company has been making robust strides in its collaborations with Triton Systems, Repkon, and Boeing, all esteemed names in the defence industry. Our unwavering dedication to these partnerships is paving the way for long-term and fruitful collaborations that are set to create significant value.

Additionally, Titomic has completed two capital raises through institutional placements and a retail entitlement offer, totalling AUD 11.6 million before costs. This injection of funds positions the Company to capitalise on existing opportunities, expand manufacturing capabilities, and explore new business avenues. This, in combination with completing a Company restructuring from April to June 2023, is anticipated to enhance market penetration and solidify Titomic's standing as an innovative force in cutting-edge manufacturing solutions.

As Titomic looks to the future, the Company maintains a stance of cautious optimism. The commitment remains steadfast in unlocking new manufacturing possibilities, generating value for shareholders, and further establishing Titomic's global leadership in cold spray manufacturing."

TITOMIC

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Operational update

Joint ventures and resellers

Joint venture with Repkon

In 2022, Titomic signed a joint venture with Repkon, which will deliver the world's first hybrid cold-spray, flowforming manufacturing facility. Titomic Repkon, the named joint venture of the two companies, is now a registered and capitalised company within Turkey. Though delayed due to unforeseen circumstances, Titomic expects to receive the previously-announced purchase orders for Titomic Kinetic Fusion systems including a TKF 1000 and TKF 3250R within 2023-24 financial year.

Announced in August 2022, Titomic developed its partnership with Repkon by signing an agreement for Repkon to become a reseller of Titomic manufacturing systems, consumables, and service contracts within Turkey, the United Arab Emirates and Saudi Arabia.

Nèos International joint venture

Titomic signed a Joint Venture agreement with Neos International Limited (Neos International) in June, 2022. Neos International is part of the UK Neos Group of companies, which entered administration earlier this year. Titomic does not have any assets or investments that will need to be written off as a result.

Despite this, the commercial viability of Titomic Kinetic Fusion's capabilities pertaining to tooling manufacture remains strong. As such, Titomic is continuing discussions with a separate UK-based manufacturer of tooling and moulds to explore tooling production through a joint venture.

Establishing a global reseller network

Titomic has strategically strengthened its global presence by forging a robust distribution network across nine countries, and particularly within the United States, where Titomic has partnered with three resellers. Titomic is now supported by 11 resellers across the globe, with this expansion holding promising implications for the Company's overall sales and growth trajectory.

By leveraging existing networks and collaborating with local sales teams intimately familiar with their client base and market intricacies, Titomic is ensuring an efficient and targeted approach. This comprehensive distribution strategy positions Titomic to effectively navigate diverse markets, build strong customer relationships, and ultimately achieve sustained success.

System and consumables sales

Sale of Integrated Spray Booth to Perron038

Titomic announced the sale of an Integrated Spray Booth to Perron038 for AUD 710,000, which will house a robotised Titomic D623 medium-pressure cold spray unit. It has been agreed that the System will be delivered and paid for by the end of 2023. Located in the Netherlands, Perron038 is a research and development facilitator that connects high-tech companies, research companies, and educational institutions for collaborative development. For example, Perron038 works with Windesheim University to educate students about emerging and advanced technologies, such as Titomic Kinetic Fusion.

First automated cold spray system for glass mould coatings

In May 2023, Titomic delivered the first automated cold-spray system for glass mould coatings to the International Partners in Glass Research (IPGR) network. The system automatically coats and repairs moulds by using artificial intelligence.

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D523 cold spray system sales

During the financial year, Titomic sold 22 D523 machines, supplying enhanced maintenance, repair, and sustainment capabilities to a broad range of industries. Additionally, a D523 was sold to Marine Nationale - the French Navy - in August, 2023. Titomic's versatile technology is now providing benefit within the transport, rail, mining, oil and gas, automotive, defence, and aerospace industries.

D623 cold spray system development and sales

In November 2022, Titomic announced the completed development of a medium-pressure cold spray system; the Titomic D623. The D623 is an evolution of the D523 and is capable of depositing harder materials compared to the D523, in addition to other improvements. In the same month, Titomic sold a D623 to Neue Materialien Bayreuth GmbH in Germany, and to Universidad Rey Juan Carlos in Spain, totalling AUD ~270,000.

Ongoing commercial agreements

Purchase Order from Boeing

Titomic received a purchase order from Boeing Space, Intelligence, and Weapons Systems (Boeing) for AUD 132,174 for the continuation of flight qualifications of Titomic Kinetic Fusion manufactured components, which were initiated in 2021. The purchase order is a result of an agreement made between Titomic and Boeing in May 2019, which was centred around the production of additively manufactured test parts.

Manufacturing Purchase Order from Triton Systems

Titomic received a purchase order for AUD 260,000 from Triton Systems for the manufacture of components using Titomic's patented additive manufacturing technology, Titomic Kinetic Fusion. As announced on March 31st, 2020, Triton and Titomic first entered a strategic partnership to introduce Titomic Kinetic Fusion to the US Department of Defence.

Financial Update

Titomic delivered a financial result in FY23 with revenue of \$4.45 million (FY22: \$5.32 million). Included in total revenue are government grants totalling \$1.02 million. Importantly, revenue from sales to customers was \$2.62 million.

Overall, total operating expenses were \$18.83 million (FY22: \$22.29 million), primarily related to accounting for acquisitions, share based payments, increased sales and marketing activities, and remuneration expenses.

Net underlying loss was \$14.38 million, an improvement from the \$17.00 million underlying loss in FY22. On a statutory basis, Titomic reported a net loss of \$14.32 million (FY22: loss of \$17.02 million).

Outlook

Titomic has completed a capital raise and implemented a Company restructure. In addition, the Company recently received the largest ever sales order from Sabanci University, along with the sale of a D523 system to the French Ministry of the Armed Forces.

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Corporate update

Capital raises

In December 2022, Titomic completed an institutional placement to raise AUD 5.1 million before costs. This placement received strong subscription from institutional investors.

Titomic also completed a fully underwritten pro rata accelerated renounceable entitlement offer to existing eligible shareholders and a placement offer to raise \$6.5 million before costs.

Funds raised will be used to develop increased manufacturing capacity, enhance capability for increased sales opportunities of current products and new business opportunities and to provide additional general working capital to advance the Company's business.

Titomic Summons

As previously announced, Titomic has been served with a Summons, filed with the Supreme Court of NSW which names the Plaintiff as Composite Technology R&D Pty Ltd ABN 52 094 571 187 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.

Investor webinar

Titomic will hold an investor webinar, hosted by Managing Director, Herbert Koeck, and Chief Financial Officer, Jon Nield, at 11:00am (AEST) on Friday 1 September 2022.

To register for the webinar, please follow the link:

<https://titomic.webinargeek.com/fy-23-results>

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 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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