



31 January, 2024

ASX Announcement

Quarterly Activities Report - Q2 FY24

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

Highlights:

- Airbus selects Titomic for cold spray equipment and purchases two systems for EUR 386,900 (AUD 645,000).
- Receipt of Boeing orders totalling USD 204,166 (AUD 317,417).
- Integrated Spray Booth sold to Epcor for EUR 310,000 (AUD 516,615).
- Manufacturing Partnership Agreement with Stärke Advanced Manufacturing Group (Stärke).
- Integrated Spray Booth installed at Perron038, sold in June 2023, for EUR 435,301 (AUD 710,000).
- Six D523 systems sold in key sectors globally during the quarter.

Titomic Limited (ASX: TTT) ("Titomic" or the "Company") provides its Appendix 4C cash flow and activity report for the period ended 31 December 2023 (Q2 FY24).

Statement from Herbert Koeck, Managing Director of Titomic:

"As we progress through FY24, Titomic is building upon the foundation established in the previous year, marking this quarter with significant achievements and strategic advancements. Our sales performance this quarter has been particularly notable, not only in revenue but also in the calibre of our clientele and the diversity of industries we serve.

Moreover, our relationship with clients such as Airbus, who have selected Titomic as the supplier for their maintenance and repair operations, and Boeing, with whom we have solidified our collaboration through new purchase orders, highlights the growing commercial success of Titomic's offerings. The inclusion of our Systems in Airbus' maintenance protocols and the ongoing testing, manufacturing, and validation with Boeing underscore our technological capability and its alignment with the needs of industry leaders.

The expansion of our commercial efforts is not limited to the defence sector. This quarter, we have made significant inroads across various global markets, with six D523 low-pressure cold spray systems sold to key sectors, including mining services in Western Australia and Mongolia, and educational institutions in the United States. The successful installation of our Integrated Spray Booth at Perron038 further demonstrates our commitment to delivering advanced manufacturing solutions on schedule.

Furthermore, our growth is reflected in our strategic moves within the international sphere, with notable transactions in Germany and Singapore, showcasing the versatility of our technology and our ability to cater to a broad spectrum of industrial requirements.

In summary, FY24 is shaping up to be a year where our strategic initiatives are translating into tangible successes. Titomic is steadfast in its mission to deliver innovative solutions that meet the evolving needs of our diverse clientele.

We are deeply grateful for the ongoing support of our investors and are committed to continuing our trajectory of growth, innovation, and value creation."



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Operational Update

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.

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.

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) and is expected to be delivered and installed in the coming months.

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 (APUs) of a wide range of aircraft, such as the Boeing 737 Next Generation, 777, and 787.

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.

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 manufacturing solutions.

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Sales of low-pressure cold spray systems

In Q2 FY2024, Titomic successfully sold six D523 low-pressure cold spray systems, which is testament to the Company's strategic business development initiatives. These sales bring the total number of D523s sold in the financial year to nine.

Sales in the resource sectors were particularly noteworthy, with systems acquired within the Western Australian mining services sector and the Mongolian mining and transport industry. These sales highlight the strong demand for Titomic's technology in mining and also its applicability to heavy equipment maintenance in other industries such as oil and gas, chemical, and defence, demonstrating the System's broad utility across various sectors.

Significant sales were also achieved in the US market, with sales to Oklahoma State University and an industrial processing facility in Texas, facilitated through a reseller partnership, demonstrates Titomic's expanding presence in the US and the effectiveness of its market expansion strategies.

Moreover, Titomic's international sales - including a D523 sale to a Singaporean coating and repair company, and a sale to a German manufacturing consulting and trading company - reflect the versatility and broad demand of its technology. These sales across diverse global industries highlight Titomic's capability to meet varied demands, from academia and research to heavy industry and manufacturing, through both direct sales and reseller networks.

Launch of the SpIRIT satellite

The successful launch of Australia's SpIRIT 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 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.

Corporate Update

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.

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.

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Retirement of Titomic's Chief Financial Officer, Mr. Jon Nield.

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. As Mr. Nield prepares for his retirement in May, Titomic is actively seeking a new Chief Financial Officer who will build upon this solid foundation and contribute to the Company's ongoing development.

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.

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. The Court has now ordered that Titomic serve its lay evidence by 23 February 2024 and that the matter be listed for further directions by the Court on 1 March 2024.

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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