

Titomic Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Titomic Limited
ABN:	77 602 793 644
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	50.9% to	4,206,810
Loss from ordinary activities after tax attributable to the Owners of Titomic Limited	down	18.5% to	(5,903,996)
Loss for the half-year attributable to the Owners of Titomic Limited	down	18.5% to	(5,903,996)

3. Net tangible assets

	31 December 2023 Cents	30 June 2023 Cents
Net tangible assets per ordinary security	0.12	(0.15)

4. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

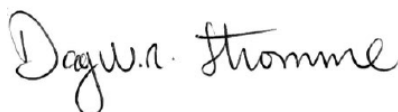
5. Explanation of results

Refer to the Directors' Report.

6. Attachments

The Interim Report of Titomic Limited for the half-year ended 31 December 2023 is attached.

7. Signed



Signed _____

Date: 29 February 2024

Dag W.R. Stromme
Chairman

Titomic Limited

ABN 77 602 793 644

Interim Report - 31 December 2023

Titomic Limited
Corporate directory
31 December 2023

Directors	Mr Dag W.R. Stromme (<i>Independent Non-Executive Chairman</i>) Mr Herbert Koeck (<i>Managing Director</i>) Mr Richard Willson (<i>Independent Non-Executive Director</i>) Mr Humphrey Nolan (<i>Independent Non-Executive Director</i>) Mr Andreas Schwer (<i>Independent Non-Executive Director</i>) Ms Mira Ricardel (<i>Independent Non-Executive Director</i>)
Company Secretary	Mr Christopher Healy
Registered Office in Australia	Ground Floor, 365 Ferntree Gully Road Mount Waverley, Victoria 3149, Australia
Principal Place of Business	Ground Floor, 365 Ferntree Gully Road Mount Waverley, Victoria 3149, Australia
Share Registry	Computershare GPO Box 3224 Melbourne, Victoria 3001, Australia
Auditors	BDO Audit Pty Ltd Tower 4, Level 18, 727 Collins Street Docklands, Victoria 3008, Australia
Solicitors	K&L Gates GPO Box 4388 Melbourne, Victoria 3001, Australia
Bankers	National Australia Bank Level 2, 330 Collins Street Melbourne, Victoria 3000, Australia
Security Quoted	Australian Securities Exchange Ordinary Fully Paid Shares (Code: TTT)
Website	http://www.titomic.com/

Titomic Limited
Directors' report
31 December 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated entity') consisting of Titomic Limited (referred to hereafter as the 'Company', 'parent entity' or 'Titomic') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors and Key Management Personnel

The following persons were Directors of Titomic Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Dag W.R. Stromme	Independent Non-Executive Chairman (appointed 2 October 2023)
Mr Herbert Koeck	Managing Director
Mr Richard Willson	Independent Non-Executive Director
Mr Humphrey Nolan	Independent Non-Executive Director
Mr Andreas Schwer	Independent Non-Executive Director
Ms Mira Ricardel	Independent Non-Executive Director

Principal activities

Titomic Limited is an Australian public listed company specialising in technology solutions for industrial-scale metal additive manufacturing using its patented Titomic Kinetic Fusion® (TKF) technology with its principal activities in the Defence, Aerospace, Mining, Energy and Transport industries.

Review of operations

The loss for the Consolidated entity after providing for income tax amounted to \$5,903,996 (31 December 2022: \$7,241,488).

Key Highlights

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.

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 Advanced Manufacturing Group (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 SplRIT nano-satellite

The successful launch of Australia's SplRIT 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 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.

Significant changes in the state of affairs

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 Geoff Hollis as its incoming Chief Financial Officer, who will commence employment in May 2024. Geoff joins Titomic from Imagion 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 quipped 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 2023, 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.

Cancellation of Existing Directors' Performance Rights & Options

The Board has recently conducted a review of Current Directors Incentives to align the interests of the Board and Shareholders, as such, consideration has been given to the remuneration of the Directors. At the Annual General Meeting on 23 November 2023, Shareholders approved resolutions for all unearned performance rights and options currently held by Directors as at the date of the Meeting to be forfeited by the relevant Directors, and adjusted performance rights and options to be issued at the same time.

Deed of Variation Agreement signed with CSIRO on changes to royalty payments

On 20 December 2023, a deed of variation to Technology Licence Agreement has been signed between the Company and CSIRO, to revise the existing financial obligations of the Company. In this agreement, all research fee and minimum royalty payment obligations prior to this deed have been waived or otherwise extinguished, and an amended schedule for minimum royalty payment was provided up until the financial year ending 2038 totalling \$2.4m.

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.

There were no other significant changes in the state of affairs of the Consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

The Company has completed all Space Grant activities as of 31 December 2023, and its end of project report was submitted in late January 2024. As a result, the Company has recognised a further \$581,250 grant revenue for the reporting period, and expect to receive the final tranche of cash of \$581,250 in the 3rd quarter of the current financial year.

The Company has completed and lodged its R&D Tax Incentive claim for financial year ended June 2023 and expects to receive an estimated \$1,011,607 rebate in the 3rd quarter of the current financial year.

In January 2024, the Company acquired its 49% shareholding in the Repkon Titomic Joint Venture for \$24,555.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Consolidated entity's operations, the results of those operations, or the Consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial half year is provided with this report.

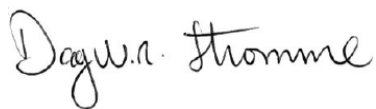
Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' report and the Financial Reports have been rounded to the nearest dollar.

Titomic Limited
Directors' report
31 December 2023

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, reading "Dag W.R. Stromme". The signature is written in a cursive, flowing style.

Dag W.R. Stromme
Chairman

29 February 2024

DECLARATION OF INDEPENDENCE BY KATHERINE ROBERTSON TO THE DIRECTORS OF TITOMIC LIMITED

As lead auditor for the review of Titomic Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Titomic Limited and the entities it controlled during the period.



Katherine Robertson
Director

BDO Audit Pty Ltd

Melbourne, 29 February 2024

Titomic Limited
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31 December 2023

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General information

The financial statements cover Titomic Limited as a Consolidated entity consisting of Titomic Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Titomic Limited's functional and presentation currency.

Titomic Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Ground floor, 365 Ferntree Gully Road
Mount Waverley Victoria 3149 Australia

A description of the nature of the Consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 February 2024.

Titomic Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 December 2023	31 December 2022
		\$	\$
Total Revenue	3	4,206,810	2,787,346
Expenses			
Production and related expenses		(2,631,526)	(1,166,785)
Corporate and administrative expenses		(3,828,960)	(4,299,293)
Share based payment expense	5	(1,892,510)	(770,984)
Remuneration expense on Tri-D and Dycomet transaction	4	(79,548)	(307,000)
Sales, marketing and promotion expenses		(1,281,848)	(1,373,166)
Depreciation expenses		(58,702)	(888,961)
Amortisation expenses		(39,367)	(39,367)
Other expenses		(35,930)	(1,182,427)
Finance costs		(191,944)	(851)
Loss before income tax expense		(5,833,525)	(7,241,488)
Income tax expense		(70,471)	-
Loss after income tax expense for the half-year attributable to the Owners of Titomic Limited		(5,903,996)	(7,241,488)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		65,009	-
Other comprehensive income for the half-year, net of tax		65,009	-
Total comprehensive income for the half-year attributable to the Owners of Titomic Limited		(5,838,987)	(7,241,488)
		Cents	Cents
Basic loss per share		(0.69)	(3.50)
Diluted loss per share		(0.69)	(3.50)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Titomic Limited
Consolidated statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 December 2023	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,563,619	1,470,969
Trade and other receivables	6	2,212,624	409,181
Inventories	7	2,623,638	2,733,253
Other current assets		982,675	1,198,885
Total current assets		<u>7,382,556</u>	<u>5,812,288</u>
Non-current assets			
Property, plant and equipment		431,836	485,473
Right-of-use assets		54,557	55,291
Total non-current assets		<u>486,393</u>	<u>540,764</u>
Total assets		<u>7,868,949</u>	<u>6,353,052</u>
Liabilities			
Current liabilities			
Trade and other payables	8	1,586,554	979,037
Provisions		905,552	835,716
Borrowings		241,096	1,017,725
Other financial liabilities	9	2,115,428	1,925,413
Total current liabilities		<u>4,848,630</u>	<u>4,757,891</u>
Non-current liabilities			
Provisions		525,502	611,664
Other financial liabilities	9	1,814,441	1,698,455
Total non-current liabilities		<u>2,339,943</u>	<u>2,310,119</u>
Total liabilities		<u>7,188,573</u>	<u>7,068,010</u>
Net assets/(liabilities)		<u><u>680,376</u></u>	<u><u>(714,958)</u></u>
Equity			
Issued capital	10	70,737,257	63,790,575
Foreign currency translation reserves		66,557	1,548
Reserves	11	8,110,604	7,822,965
Accumulated losses		<u>(78,234,042)</u>	<u>(72,330,046)</u>
Total equity/(deficiency)		<u><u>680,376</u></u>	<u><u>(714,958)</u></u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Titomic Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$	Reserves \$	Foreign currency reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	57,853,210	6,556,556	-	(56,997,147)	7,412,619
Loss after income tax expense for the half-year	-	-	-	(7,241,488)	(7,241,488)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(7,241,488)	(7,241,488)
<i>Transactions with Owners in their capacity as Owners:</i>					
Contributions of equity	2,677,689	-	-	-	2,677,689
Share-based payments	907,574	118,485	-	-	1,026,059
Transaction costs	(247,498)	-	-	-	(247,498)
Balance at 31 December 2022	61,190,975	6,675,041	-	(64,238,635)	3,627,381
Balance at 1 July 2023	63,790,575	7,822,965	1,548	(72,330,046)	(714,958)
Loss after income tax expense for the half-year	-	-	-	(5,903,996)	(5,903,996)
Other comprehensive income for the half-year, net of tax	-	-	65,009	-	65,009
Total comprehensive income for the half-year	-	-	65,009	(5,903,996)	(5,838,987)
<i>Transactions with Owners in their capacity as Owners:</i>					
Contributions of equity (note 10)	6,496,244	(750,000)	-	-	5,746,244
Share-based payments (note 4 and 5)	934,419	1,037,639	-	-	1,972,058
Transaction costs (note 10)	(483,981)	-	-	-	(483,981)
Balance at 31 December 2023	70,737,257	8,110,604	66,557	(78,234,042)	680,376

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Titomic Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	Consolidated	
Note	31 December 2023	31 December 2022
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	3,495,927	1,619,679
Payments to suppliers and employees (inclusive of GST)	(7,099,927)	(8,538,900)
Interest received	24,495	5,945
Finance cost	(11,441)	-
Other grants received (inclusive of GST)	36,600	58,265
Net cash used in operating activities	(3,554,346)	(6,855,011)
Cash flows from investing activities		
Payment for deferred consideration in relation to purchase of business	(248,385)	-
Payments for property, plant and equipment	(510,599)	(325,623)
Net cash used in investing activities	(758,984)	(325,623)
Cash flows from financing activities		
Proceeds from issue of shares	10 5,746,244	2,677,689
Share issue transaction costs	(571,469)	(247,498)
Repayment of borrowings	(600,000)	-
Repayment of lease liabilities	(148,263)	(210,123)
Net cash from financing activities	4,426,512	2,220,068
Net increase/(decrease) in cash and cash equivalents	113,182	(4,960,566)
Cash and cash equivalents at the beginning of the financial half-year	1,470,969	7,108,180
Effects of exchange rate changes on cash and cash equivalents	(20,532)	(8,234)
Cash and cash equivalents at the end of the financial half-year	1,563,619	2,139,380

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. Significant accounting policies

The financial report covers Titomic Limited - a company limited by shares, incorporated and domiciled in Australia. The address of the Consolidated entity's registered office is 365 Ferntree Gully Road, Mount Waverly, Victoria 3149, Australia. The Company is a for-profit company for the purpose of preparing the financial statements.

The financial report was authorised for issue by the Directors as at the date of the directors' report.

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated entity.

Going concern

For the financial half-year ended 31 December 2023, the Consolidated entity incurred an operating net loss of \$5,903,996 (31 December 2022: net loss of \$7,241,488), had net cash outflows from operating activities of \$3,554,346 (31 December 2022: net cash outflows of \$6,855,011), net current assets at the reporting date of \$2,533,926 (30 June 2023: net current assets of \$1,054,397) and total net assets of \$680,376 (30 June 2023: net liabilities of \$714,958). The Consolidated entity does not currently have a recurring source of operating revenue and is reliant upon raising equity capital, receipt of the R&D tax incentives and government grants to meet its operating costs.

These matters indicate a material uncertainty that may cast significant doubt about the Consolidated entity's ability to continue as a going concern.

The ability to continue as a going concern is dependent upon several factors, one being the continuation and availability of funds. The financial statements have been prepared on the basis that the Consolidated entity is a going concern, which contemplates the continuity of its business, the realisation of assets and the settlement of liabilities in the normal course of business.

To this end, over the next 12 months the Consolidated entity is expecting to fund ongoing obligations as follows:

- Customer deposits and progress payment for machines and production products; and
- Receipts of R&D Tax Incentive and third tranche of the Space Grant.

Based on the above and cash flow forecasts prepared, the directors are of the opinion that the Consolidated entity is well-positioned to meet its objectives and obligations going forward and therefore that the basis upon which the financial statements are prepared is appropriate in the circumstances.

Should the Consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Consolidated entity not continue as a going concern.

1. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Titomic Limited ('company' or 'parent entity') as at 31 December 2023 and the results of all subsidiaries for the half-year then ended. Titomic Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Comparative Figures

Comparatives have been reclassified so as to be consistent with the presentation in the current year.

2. Operating Segments

Identification of reportable operating segments

The Consolidated entity is organised into three operating segments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

The Consolidated entity operates in three geographical segments, located in Australia, USA and Netherlands. Segment details are therefore already deemed to be fully reflected in the body of the financial report.

The principal products and services of each of these operating segments are as follows:

Australia: High pressure, large scale cold spray additive manufacturing machines and manufactured products for customers in the Aerospace and Defence industry segments.

USA: Sales, marketing and customer relationship activities in the US and globally to develop business with Aerospace and Defence industry customers, particularly in the USA.

Europe: Low and Medium pressure cold spray additive manufacturing machines for use by end customers in providing various metal coating and repair services.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Titomic Limited
Notes to the consolidated financial statements
31 December 2023

2. Operating Segments (continued)

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

Consolidated - 31 December 2023	Australian segment \$	USA segment \$	European segment \$	Total \$
Revenue				
Sales to external customers	491,419	128,362	1,687,730	2,307,511
Intersegment sales	16,877	-	160,701	177,578
Total sales revenue	508,296	128,362	1,848,431	2,485,089
Grants revenue	618,588	-	148,589	767,177
R&D Tax incentive	1,011,607	-	-	1,011,607
Other revenue	96,020	-	-	96,020
Interest revenue	24,495	-	-	24,495
Total segment revenue	2,259,006	128,362	1,997,020	4,384,388
Intersegment eliminations				(177,578)
Total revenue				4,206,810
EBITDA	(4,159,315)	(574,086)	(810,109)	(5,543,510)
Depreciation and amortisation	(51,814)	-	(46,257)	(98,071)
Net interest	(191,944)	-	-	(191,944)
Loss before income tax expense	(4,403,073)	(574,086)	(856,366)	(5,833,525)
Income tax expense				(70,471)
Loss after income tax expense				(5,903,996)
Assets				
Segment assets	8,886,073	187,471	2,490,648	11,564,192
Intersegment eliminations				(3,413,897)
Total assets				8,150,295
Liabilities				
Segment liabilities	4,931,423	3,364,164	2,480,698	10,776,285
Intersegment eliminations				(3,306,366)
Total liabilities				7,469,919

Titomic Limited
Notes to the consolidated financial statements
31 December 2023

2. Operating Segments (continued)

Consolidated - 31 December 2022	Australian segment \$	USA segment \$	European segment \$	Total \$
Revenue				
Sales to external customers	920,423	107,330	424,053	1,451,806
Intersegment sales	6,431	-	753,280	759,711
Total sales revenue	926,854	107,330	1,177,333	2,211,517
Grants revenue	541,542	-	-	541,542
Other revenue	786,045	-	-	786,045
Interest revenue	7,953	-	-	7,953
<i>Intersegment eliminations</i>	(6,431)	-	(753,280)	(759,711)
Total revenue	2,255,963	107,330	424,053	2,787,346
EBITDA	(5,290,138)	(1,017,210)	(5,812)	(6,313,160)
Depreciation and amortisation	(809,877)	-	(118,451)	(928,328)
Loss before income tax expense	(6,100,015)	(1,017,210)	(124,263)	(7,241,488)
Income tax expense				-
Loss after income tax expense				(7,241,488)
Assets				
Segment assets	12,440,405	87,816	1,980,862	14,509,083
<i>Intersegment eliminations</i>				(4,208,910)
Total assets				10,300,173
Liabilities				
Segment liabilities	6,218,343	2,106,746	521,334	8,846,423
<i>Intersegment eliminations</i>				(2,173,631)
Total liabilities				6,672,792

3. Revenue

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Revenue from contracts with customers	2,307,511	1,451,806
R&D tax incentive	1,011,607	786,045
Government grant	767,177	541,542
Interest received	24,495	7,953
Other revenue	96,020	-
Total Revenue	4,206,810	2,787,346

4. Remuneration expense on Tri-D and Dycomet transaction

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Cash remuneration	-	18,881
Share based payments (US)	38,374	279,342
Provision of tax payables on behalf of employees related to purchase of business	-	8,777
Share based payments (EU)	41,174	-
	79,548	307,000

4. Remuneration expense on Tri-D and Dycomet transaction (continued)

On 09 July 2021, the Company entered into an Asset Purchase Agreement. In the Agreement, Tri-D Dynamics Inc. (Tri D) agreed to sell substantially all the assets and liabilities of the company. This transaction did not meet the definition of a business and therefore was not accounted for in accordance with AASB 3 *Business Combinations*. Pursuant to the agreement, Titomic agreed to a compensation structure comprising two cash payments of USD\$500,000 each to be paid after six months and twelve months of the transaction date (09 July 2021), refund of income tax levied by IRS to each founder - total amounting of USD\$112,500 and issuance of USD\$500,000 worth of equity shares of the Company to each individual (determined as at the transaction date) with first, second and third tranche due after 12, 24 and 36 months respectively, after the transaction date. Payment of this employment compensation is subject to the continued employment of the Tri D employees in the business.

The Company's obligations for the consideration described above do not apply if, on the date for delivery of cash as well as equity shares, any of Founders are or have become a "Bad Leaver" as defined in the asset purchase agreement.

As such, the Company has accounted for these cash and share-based payments in accordance with AASB 119 *Employee benefits* and AASB 2 *Share-Based payment*.

5. Share based payment expense

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Share based payment expense - directors	1,841,590	412,561
Share based payment expense - employees and consultants	50,920	358,423
	<u>1,892,510</u>	<u>770,984</u>

6. Trade and other receivables

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
<i>Current assets</i>		
Trade and other receivables	615,144	305,874
Space grant receivables	581,250	-
Other receivables	4,623	103,307
Research & Development Tax Incentive	1,011,607	-
	<u>2,212,624</u>	<u>409,181</u>

7. Inventories

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
<i>Current assets</i>		
Raw material on hand	2,392,986	1,778,629
Work in progress	1,122,818	1,290,036
Finished goods - at cost	269,123	401,141
Less: Provision for obsolescence	(1,161,289)	(736,553)
	<u>2,623,638</u>	<u>2,733,253</u>

Titomic Limited
Notes to the consolidated financial statements
31 December 2023

8. Trade and other payables

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,107,754	645,127
Accrued expenses	162,369	63,279
Other payables	316,431	270,631
	<u>1,586,554</u>	<u>979,037</u>

9. Other financial liabilities

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
<i>Current liabilities</i>		
CSIRO IP liability	-	660,714
Contract liabilities	1,691,417	857,846
Lease liabilities	424,011	406,853
	<u>2,115,428</u>	<u>1,925,413</u>
<i>Non-current liabilities</i>		
CSIRO IP liability	1,296,586	993,785
Lease liabilities	517,855	704,670
	<u>1,814,441</u>	<u>1,698,455</u>

The CSIRO liability is made up of the net present value of the performance criteria as defined as follows:

The Company has exclusively licensed the IP for three royalty-bearing licences owned by the Commonwealth Scientific and Industrial Research Organisation (CSIRO). The licences are in respect of:

- (1) **Patent Application No PCT/AU2013/000318** "A Process For Producing A Titanium Load-bearing Structure", and any applicable Know-How and relevant subject matter;
- (2) **Patent Application No PCT/AU2009/000276** "Manufacture of Pipes" using Titanium and Titanium Alloys; and any applicable Know-How and relevant subject matter; and
- (3) **Patent Application No PCT/AU2013/001382** "Method of forming seamless pipe of titanium and/or titanium alloys", and any applicable Know-How and relevant subject matter.

On 20 December 2023, a deed of variation to Technology Licence Agreement has been signed between the Company and CSIRO, to revise the existing financial obligations of the Company.

In this agreement, all research fee and minimum royalty payment obligations prior to this deed have been waived or otherwise extinguished, and an amended schedule for minimum royalty payment is structured as below:

Financial Year ending 30 June	Minimum annual royalty (\$)
2023 - 2024	-
2025 - 2029	75,000
2030 - 2032	150,000
2033 - 2035	225,000
2036 - 2038	300,000

Titomic Limited
Notes to the consolidated financial statements
31 December 2023

9. Other financial liabilities (continued)

The above obligations are discounted using an indicative discount rate of 7.09% p.a. and have been spread over the corresponding periods to revalue of CSIRO liability.

10. Issued capital

	31 December 2023 Shares	30 June 2023 Shares	Consolidated 31 December 2023 \$	30 June 2023 \$
Ordinary shares - fully paid	912,741,707	238,989,955	70,737,257	63,790,575

Movements in ordinary share capital

Details	Date	Shares	Issue price / value	\$
Balance	1 July 2023	238,989,955		63,790,575
Issue of share capital	03-Jul-2023	75,000,000	\$0.01	750,000
Issue of share capital	24-Jul-2023	549,624,440	\$0.01	5,496,244
Issue of share capital to employee(s)	31-Jul-2023	96,083	\$0.16	15,297
Issue of share capital to employee(s)	07-Aug-2023	1,818,095	\$0.04	72,058
Issue of share capital to employee(s)	22-Aug-2023	115,601	\$0.14	16,543
Issue of share capital to employee(s)	13-Sep-2023	450,000	\$0.43	193,500
Issue of share capital to employee(s)	27-Sep-2023	110,427	\$0.14	15,504
Issue of share capital to director(s)	08-Nov-2023	187,344	\$0.12	22,500
Issue of share capital to employee(s)	08-Nov-2023	123,893	\$0.12	14,880
Issue of share capital to employee(s)	16-Nov-2023	99,068	\$0.09	9,233
Issue of share capital to director(s)	06-Dec-2023	25,000,000	\$0.01	250,000
Issue of share capital to employee(s)	08-Dec-2023	153,785	\$0.06	8,904
Issue of share capital to employee(s)	08-Dec-2023	473,016	\$0.26	120,619
Issue of share capital for Dycomet consideration	12-Dec-2023	500,000	\$0.21	105,381
Issue of share capital to director(s)	20-Dec-2023	20,000,000	\$0.02	340,000
Less: transaction cost arising on shares' issue		-	\$0.00	(483,981)
Balance	31 December 2023	912,741,707		70,737,257

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on any winding up of the entity in proportion to the number of shares held. At shareholders meetings each ordinary share owned entitles each shareholder to one vote.

The Consolidated entity's capital management objectives are:

- To ensure the consolidated entity's ability to continue as a going concern.
- To provide an adequate return to shareholders.

11. Share based payments reserve

(a) Tri-D & Dycomet shares reserves

Tri-D Dynamics Inc.

On 9 July 2021, the Company entered into an Asset Purchase Agreement with Tri-D Dynamics Inc. As part of the consideration, the Company agreed to issue USD 500,000 worth of equity shares to each individual in 3 tranches 1, 2 and 3 years after the acquisition date. Issue of these shares is contingent on continued employment in the business.

11. Share based payments reserve (continued)

On 13 September 2023, all employees under the contingent consideration agreement had departed the Company and opted for various severance packages, resulting in all shares reserves for the Tri-D Dynamics Inc. acquisition being converted into shares or forfeited.

Dycomet NL

On 30 November 2021, as part of the acquisition of Dycomet NL, the Company agreed to issue 500,000 shares per year at the end of 1 year, 2 years and 3 years after the acquisition date. Each of these yearly issues of shares is contingent on a key employee being retained in employment by the company.

In December 2022 and December 2023, the shares belonging to the first 2 tranches were issued as the contingent condition was met.

(b) Directors & Employees Rights Reserves

The Board has recently conducted a review of Current Directors Incentives to align the interests of the Board and Shareholders, as such, consideration has been given to the remuneration of the Directors. At the Annual General Meeting on 23 November 2023, Shareholders approved resolutions for all performance rights currently held by Directors as at the date of the Meeting to be forfeited by the relevant Directors, and adjusted performance rights to be issued at the same time.

The cancelled performance rights are set out in the table below:

Grant date	No. of performance rights	Hurdle price	Exercise price	Expiry date	Fair value (\$)
01/07/2020	1,833,333	\$0.80	\$0.00	01/07/2025	1,131,298
01/07/2020	572,917	\$0.80	\$0.00	01/07/2025	501,500
01/07/2020	572,917	\$0.80	\$0.00	01/07/2025	501,500
01/07/2020	252,083	\$0.80	\$0.00	01/07/2025	220,660
02/05/2022	6,655,808	\$0.40	\$0.00	02/05/2027	967,314
02/05/2022	4,000,000	\$0.40	\$0.00	02/05/2027	581,336
02/05/2022	2,000,000	\$0.40	\$0.00	02/05/2027	290,669
02/05/2022	2,000,000	\$0.40	\$0.00	02/05/2027	290,669
02/05/2022	2,000,000	\$0.40	\$0.00	02/05/2027	290,663
	<u>19,887,058</u>				<u>4,775,609</u>

Concurrent with the cancellation of performance rights, the Proposed Director Incentives with adjusted performance rights set out in the table below will be issued:

Grant date	No. of performance rights	Hurdle price	Exercise price	Expiry date	Fair value (\$)
23/11/2023	40,000,000	\$0.03	\$0.00	23/11/2026	592,000
23/11/2023	40,000,000	\$0.05	\$0.00	23/11/2027	564,000
23/11/2023	40,000,000	\$0.07	\$0.00	23/11/2027	468,000
	<u>120,000,000</u>				<u>1,624,000</u>

(c) Directors Options Reserves

The Board has recently conducted a review of Current Directors Incentives to align the interests of the Board and Shareholders, as such, consideration has been given to the remuneration of the Directors. At the Annual General Meeting on 23 November 2023, Shareholders approved resolutions for all options currently held by Directors as at the date of the Meeting to be forfeited by the relevant Directors, and adjusted unlisted options to be issued at the same time.

11. Share based payments reserve (continued)

The cancelled unlisted options are set out in the table below:

Grant date	No. of unlisted options	Hurdle price	Exercise price	Expiry date	Fair value (\$)
02/05/2022	500,000	\$0.00	\$0.40	31/05/2027	37,000
02/05/2022	600,000	\$0.00	\$0.60	31/05/2027	39,000
02/05/2022	600,000	\$0.00	\$0.80	31/05/2027	34,800
02/05/2022	800,000	\$0.00	\$1.00	31/05/2027	40,800
	<u>2,500,000</u>				<u>151,600</u>

Concurrent with the cancellation of unlisted options, the Proposed Director Incentives with adjusted unlisted options set out in the table below will be issued:

Grant date	No. of unlisted options	Hurdle price	Exercise price	Expiry date	Fair value (\$)
23/11/2023	52,500,000	\$0.03	\$0.00	23/11/2026	777,000
23/11/2023	62,500,000	\$0.05	\$0.00	23/11/2027	881,250
23/11/2023	27,500,000	\$0.07	\$0.00	23/11/2027	321,750
	<u>142,500,000</u>				<u>1,980,000</u>

(d) Forfeited security reserves

The forfeited share rights and options reserve is the prior reporting periods' share-based payment expense attributable to performance rights and options expired or cancelled during the current reporting period.

(e) Movements in reserves

Movements in each class of reserve during the current financial half year are set out below:

	Directors and employee rights reserves	Directors options reserves	Tri-D and Dycomet shares reserves	Forfeited security reserves	Other reserves	Total
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	2,671,931	117,719	420,577	3,862,738	750,000	7,822,965
Share-based payment expenses for the year	166,033	143,209	46,850	-	-	356,092
Transfer to issued capital upon issue of shares	(223,479)	-	(370,940)	-	(750,000)	(1,344,419)
Transfer to profit or loss upon forfeiture	1,239,825	3,443	32,698	-	-	1,275,966
Transfer to forfeited reserves upon forfeiture of rights	(2,378,724)	-	-	2,378,724	-	-
Transfer to forfeited reserves upon forfeiture of options	-	(121,162)	-	121,162	-	-
Transfer to forfeited reserves upon forfeiture of shares	-	-	(62,849)	62,849	-	-
Balance at 31 December 2023	<u>1,475,586</u>	<u>143,209</u>	<u>66,336</u>	<u>6,425,473</u>	<u>-</u>	<u>8,110,604</u>

11. Share based payments reserve (continued)

(f) Others

Advanced payment for share capital issued post previous financial year end

An advanced payment has been made to the Company in the previous financial year end for share capital to be issued in the current financial half year. This amount is \$750,000, equivalent to 75,000,000 shares at \$0.01 share price. All these shares were issued in July 2023.

Employee incentive plan (1)

In July 2022, the Directors established a new Employee LTI plan and for certain retention incentives. The plan is designed to align the interests of eligible employees more closely with the interests of the Company by providing an opportunity for eligible employees to receive an equity interest in the Company. This allotted certain employees share rights, which would vest over time (first tranche vested virtually immediately and shares were issued in early Sept 2022). The remaining shares vested over a period of 2 years. The only condition to be satisfied was that the employee remained employed at vesting date. There were no market conditions or other restrictions on the shares.

The share rights were valued at the market closing price on 29 July 2022 of \$0.255. There is no adjustment for the impact of discounting as it is deemed to be immaterial.

Employee incentive plan (2)

In January 2023, the Directors established a 6-month incentive plan for all employees. Under the plan, employees are able to opt in to salary sacrifice up to 10% of their monthly gross salary for rights over shares in the Company. The rights vest 6 months after each salary sacrifice event. If the employee remains employed a further 12 months later, they become entitled to an additional 50% of rights (bonus).

As at 31 December 2023, all 886,201 rights, apart from bonus rights, under this employee incentive plan (2) had been fully converted into shares.

12. Events after the reporting period

The Company has completed all Space Grant activities as of 31 December 2023, and its end of project report was submitted in late January 2024. As a result, the Company has recognised a further \$581,250 grant revenue for the reporting period, and expect to receive the final tranche of cash of \$581,250 in the 3rd quarter of the current financial year.

The Company has completed and lodged its R&D Tax Incentive claim for financial year ended June 2023 and expects to receive an estimated \$1,011,607 rebate in the 3rd quarter of the current financial year.

In January 2024, the Company acquired its 49% shareholding in the Repkon Titomic Joint Venture for \$24,555.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Consolidated entity's operations, the results of those operations, or the Consolidated entity's state of affairs in future financial years.

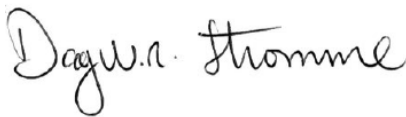
Titomic Limited
Directors' declaration
31 December 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Dag W.R. Stromme
Chairman

29 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Titomic Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Titomic Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

A handwritten signature in blue ink. The signature appears to be 'Katherine Robertson' and is written in a cursive, flowing style. Above the signature, the letters 'BDO' are written in a similar blue ink.

Katherine Robertson
Director

Melbourne, 29 February 2024