

31 January 2022

Review of Operations Q2 FY2022

Titomic Ltd (Company) (ASX: TTT) is pleased to provide its Appendix 4C cash flow and activity report for the period ended 31 December, Q2 FY2022.

Q2 FY2022 Highlights

- Repkon becomes \$2.5m strategic investor
- Acquisition of leading European cold spray technology company Dycomet Europe B.V.
- Collaboration with Boeing to create parts with 'green' titanium
- Non-binding agreement with Triton Systems to develop applications in the US marketplace with Titomic Kinetic Fusion (TKF) Cold Spray Additive Manufacturing (CSAM)
- Successful completion in October of \$9.9m (before costs) share placement to new and existing institutional investors and successful completion of a share purchase plan to existing shareholders which raised \$924,000
- New Melbourne head office

Hebert Koeck, Chief Executive of Titomic, commented: "During this quarter we made further progress towards achieving our future ambitions to be the leading JV player in delivering market-ready solutions with best-in-class CSAM technology on a global scale. The need for Titomic's technology is growing as the manufacturing industry undergoes major structural shifts with companies reducing product development timelines and re-examining production methods.

"Our proven processes, patented Titomic Kinetic Fusion and industry leading technology platform are gaining momentum in the defence and aerospace sectors. However, we are building our business model through multiple revenue streams into the defence and aerospace markets. In addition to machine sales for component manufacture, and their ongoing revenue from consumables and servicing we are moving into strategic investor partnerships and joint ventures with component manufacturers. They tend to offer two main benefits – they allow both parties to accelerate faster than they could do on their own, and we also leverage their expertise and gain access and revenue from their own customer bases. Repkon and Dycomet are excellent examples of that."

Operational Update

Repkon becomes \$2.5m strategic investor

In December one of Titomic's customers Repkon Makina ve Kalip (Repkon) completed a \$2.5 million strategic investment in Titomic.

Repkon is a Turkish based designer, manufacturer and supplier of metal forming machines for the global defence and aerospace industries with a head office in Istanbul. This investment followed Repkon entering into a non-binding Heads of Agreement to form a joint venture with Titomic in March 2021 to build a production facility for the manufacture of weapons system barrels designed by Repkon and manufactured using Titomic's Kinetic Fusion Technology.



Dycomet Europe B.V acquisition

In December Titomic acquired leading European cold spray technology company, Dycomet Europe B.V. (Dycomet).

Dycomet is a Netherlands-based company manufacturing, supporting and using low and medium pressure cold spray solutions as well as supplying high pressure cold spray systems to several industries across Europe. Dycomet provides Titomic with a strong European business with a complementary product portfolio and creates a European base to target local customers in the aviation, automotive and higher education sectors. It is also immediately revenue accretive with forecast additional annual revenue of 1.0 million euros together with a healthy pipeline of customer orders in Europe.

Dycomet's extensive knowledge of cold spray solutions will provide Titomic's European customers with local support and capability. Dycomet's portfolio includes turn-key cold spray solutions, research and development services via an in-house laboratory, software development and the provision of servicing, spare parts and consumables for its systems. Its clients include household brands such as Rolls-Royce, Mercedes, Airbus, Siemens, VW and several leading universities.

Several synergies that will be immediately realised between the businesses, include additions to Titomic's comprehensive product portfolio, wider product offers to current customers, use of complementary machinery sets from both sides, Titomic's ability to service and maintain additional industry machinery in Europe and provides technical and sales functions in the region.

Boeing collaboration for green titanium space components

During the quarter Titomic signed an agreement with Boeing to investigate the application of sustainable "green" titanium to produce space components. This is part of the \$2.325 million Australian government Modern Manufacturing Initiative grant to explore and commercialise the production of space vehicle and satellite parts using the local titanium mineral resource.

Under the agreement, Boeing will provide the design and engineering expertise to enable Titomic to demonstrate its cutting-edge kinetic fusion additive manufacturing technology on the production of space parts, initially for JP9102.

If the demonstration shows that using green titanium produces highly resilient, lightweight components it will have broad-ranging large scale additive manufacturing technology application across the space sector.

New head office in Melbourne

Titomic has leased a new Head Office building next door to its Melbourne manufacturing facility. The new building is more flexible and ideally suited to support Titomic's changing business needs.

The new building will allow Titomic to co-locate its engineering teams, upgrade its laboratory and accelerate its ability to deliver the innovative TKF Cold Spray Process. The building is better positioned and provides cost savings over the three-year tenure through reduced rent and other efficiency gains. It also provides a layout that facilitates increased productivity and more collaboration between the co-located sites.

The combined work campus enables Titomic to flex and reshape its work environment, ready for its future needs, allowing for dedicated secure work locations, further enhancing its cyber security and defence capabilities. The new Head Office will be operational by 1 March 2022.

Triton Systems agreement

In October Titomic entered into a non-binding agreement with Triton Systems, providing Titomic with another entry into the US Defence, Homeland Security, Aerospace, Automotive and Energy sectors through an established and well-regarded local supplier of uniquely designed and performance-specified components. Titomic and Triton will develop applications in the US marketplace using Titomic's patented TKF CSAM process.

Research and development grants update

During this quarter, Titomic submitted the first report under the Australian Federal Government Modern Manufacturing Initiative Grant, indicating that the required progress has been made in line with the agreement. This report has been confirmed which has enabled Titomic to recognise \$722,000 as grant income in the quarter.

Corporate Update

\$9.9 million capital raise completion

During October and November 2021, the Company successfully completed a \$9.9 million capital raise to new and existing retail and institutional investors with such proceeds enabling the Company to accelerate commercialisation and JV activities, establish offshore sales offices and operational facilities, and to fund working capital.

The capital raise was structured via an Institutional Placement issuing 34,096,155 shares on 22 October 2021 at the price of \$0.26 cents per share, raising approximately \$9 million (before costs).

In addition, a Share Purchase Plan allowed shareholders to purchase up to \$30,000 worth of fully paid ordinary shares at the same \$0.26 cents issue price, raising a further \$924,000 through the issue of 3,553,835 new fully paid ordinary shares.

Retirement of Richard Fox as Director

In late December Titomic co-founder and Non-Executive Director Richard Fox announced his retirement from the Board. Mr Fox will continue to chair the Titomic Technical Advisory Committee.

ISO 27001

Titomic also made progress on its Cybersecurity compliance journey in the period, notably passing the ISO 27001 Certification Body Surveillance Audit in December.

COVID-19 Update

Throughout the quarter, the COVID-19 pandemic continued to impact the supply chain and the Company's ability to target and finalise some sales opportunities. Despite the challenges, Titomic has at all times operated in accordance with COVID-19 health and safety guidelines to protect the staff and ongoing activity.

Annual General Meeting

The Annual General Meeting of the Company was held on 15 December and all resolutions were passed.

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 digital manufacturing solutions for industrial scale metal additive manufacturing using its patented Titomic Kinetic Fusion® (TKF) technology. The TKF technology provides unique capabilities for producing commercially viable additively manufactured metal products competing directly with traditional manufacturing methods. Titomic provides OEM production and R&D services from their TKF Smart Production Bureaus to the global Aerospace, Defence, Shipbuilding, Oil & Gas, Mining and Automotive industries. Titomic also provides an extensive range of metal powders for 3D Printing especially Titanium and super alloys whilst providing sales and support services for their TKF production systems. For more information please visit: www.titomic.com.