



Manufacturing new  
possibilities.

Half-yearly Activities Report 2022-23



February 28, 2023

## ASX Announcement

### GENERAL BUSINESS

### ADDITIVE MANUFACTURING

Armaments

Ballistic Protection

Structures

Tooling

Embedded Sensors

### COATING & REPAIR

Metal Restoration

Wear Resistance

Corrosion Protection

Conductive Coating

Inductive Coating

Radiation Shielding

# Half-year Activities and Results Report FY2022-23

## Highlights:

- Increase in revenue in the half year by 21% up to \$2.8 million
- Sale of first D523 Systems into the Australian transport industry
- Titomic USA enters renewable energy sector with first D523 sale
- Revenue imminent from the completed installation of the glass mould coating system at Vetropack
- Expanding the relationship with Boeing by continuing flight qualifications of Titomic Kinetic Fusion manufactured components
- Launch of the new D623 medium-pressure cold-spray System with two sold for ~\$270,000
- Establishment of presence in the mining and marine industries via resellers
- Titomic enters Asian and Middle Eastern markets via reseller channel
- MSI Viking and ADS, Inc. reseller agreements strengthening presence in the USA
- \$5.1 million capital raise completed
- Titomic Europe awarded Horizon Europe grant of ~\$400,000
- Titomic receives \$768,000 R&D tax incentive
- Royalty payments to the CSIRO reduced and paused for 3 years
- Titomic receives re-certification of quality standards AS9100D, ISO9001, and ISO27001

**Titomic Limited (ASX: TTT) ("Titomic" or the "Company")** provides its appendix 4D and results for the 6 months to 31 December 2022 (H1 FY2023).

### Herbert Koeck, Managing Director of Titomic, commented:

"Titomic continues to make strong progress in expanding its business through new channels and partnerships while moving strongly toward commercial outcomes with large commercial entities.

Titomic's cash reserves have been further strengthened by a recent \$5.1 million capital raising, which has been supplemented by \$2.2 million in placement funds from joint venture partner Repkon. This investment is a testament to Repkon's support of Titomic's innovative manufacturing technology and further solidifies their position as a stalwart partner of Titomic.

The partnership between Titomic and Repkon has enabled the two companies to combine their respective technologies, multiplying their capabilities and realising cutting-edge solutions. With this financial boost and the continued support of Repkon, Titomic is well-positioned to expand its reach in the global market and continue delivering advanced manufacturing solutions that provide novel solutions to meet the needs of a wide range of industries.

Further, we are thrilled with the progress we have made in the United States, where we have secured multiple reseller agreements with MSI Viking and ADS Inc, providing us with strong inroads into this key market.

We're also proud to have further innovated and built upon our product line, which expands our offerings and allows us to provide world-leading and bespoke solutions to our customers in a time where many

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companies are looking to reduce costs and secure their supply chains. Titomic now boasts the widest range of cold spray equipment globally, catering to the needs of multiple industries.

Titomic's overall progress is strong, with a growing sales pipeline, strong prospects, and a cash position that has been bolstered by cost-saving measures such as the implementation of a share scheme in lieu of partial salaries.

With our strengthened financial position, we are well positioned to increase sales across all channels and regions, particularly through Titomic USA, while continuing to improve and progress our joint venture and machine operations."

## Operational Update

### Sales Update

#### Sale of first D523 Systems into the Australian transport industry

Titomic began its first sales of D523 low-pressure cold spray systems into the Australian transport industry through purchase orders totaling \$314,900. The engine remanufacturing and rail transport businesses adds in-house capability for ongoing component services and repairs, maximising equipment uptime while minimising maintenance costs. Titomic is seeing demand grow for D523 Systems across several industries due to these added capabilities.

#### Titomic USA enters renewable energy sector with first D523 sale

Titomic USA has sold its first D523 System to Fire Island Wind, a company which forms part of the Cook Inlet Region Inc. group. The D523 will be used to apply corrosion-resistant aluminium by hand onto the steel structures, creating long-lasting corrosion protection, thereby reducing maintenance costs and turbine down-time.

#### World's first automated glass mould coating system

On May 19, 2022, Titomic announced the sale of an automated glass mould coating system to Vetropack in Austria, a member of the International Partners in Glass Research (IPGR). The installation of the system is largely complete and is currently undergoing Site Acceptance Testing. Titomic anticipates receiving certification from TÜV Austria imminently which will allow the system to operate.

TÜV is a well-respected organisation that provides certifications and inspections for equipment across Europe, and their safety and certification protocols are considered to be extremely rigorous. Once Titomic receives certification from TÜV, subsequent inspections are expected to be completed more quickly, allowing for accelerated sales and installations into the European and American glass manufacturing markets and other IPGR partner companies.

## Major Commercial Advances

#### Continuation of flight qualifications with Boeing

Titomic continues to work collaboratively with Boeing, contributing to their bid for the Australian Government's JP-9102 program. Titomic has provided multiple test components to Boeing which have performed as expected and the Company continues to progress with this commercial partnership.

#### Launch and sales of new D623 medium-pressure cold spray system

Titomic has developed a new medium-pressure cold-spray system known as the Titomic D623, further expanding the Company's product line and commercial offering. The new System is capable of depositing harder metals compared to the D523, enhancing the System's key capabilities such as wear-resistant

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coatings and restoration of high-wear parts, among other additional product innovations. The first two sales of the D623 were made to German-based Neue Materialien Bayreuth GmbH and the Universidad Rey Juan Carlos in Madrid, Spain, with these sales totaling ~\$270,000.

## Reseller Activity

### Establishment of presence in the mining industry via the reseller channel

Titomic established a presence in the mining and reseller industries with a stock order from mining engineering company, Brauntell – a Titomic Authorised Service Provider and Reseller – for D523 cold-spray Systems (Systems) for \$395,000 in August 2022. The Systems will further enhance Brauntell's product offering within maintenance and repair servicing, enabling operators to re-shore and bring maintenance and repair efforts in-house to heighten self-sufficiency, leading to reduced lead times and increased profitability and productivity.

### Titomic enters Asian marine sector with reseller Alliance Singapore

Titomic has further expanded into Asia by entering into a reseller agreement with Alliance Pte Ltd ("Alliance"). Alliance will market Titomic Kinetic Fusion cold spray systems as an official reseller within Malaysia and Singapore. Alliance is targeting the corrosion and coatings segment of the Singaporean and Malaysian marine market.

### Strengthening presence in the USA with MSI Viking and ADS, Inc. reseller agreements

Titomic entered a reseller agreement with a US-based supplier of manufacturing technologies, MSI Viking, and tier-1 military supplier; ADS, Inc. (ADS). MSI Viking purchased a D523 demonstrator System to generate sales opportunities by utilising the D523 to provide repair services. MSI Viking has exclusivity within 11 states across Eastern and Southern USA, and will service these areas from five MSI Viking locations.

ADS has the non-exclusive right to market and sell Titomic Kinetic Fusion Systems within the US, including low-to-medium pressure cold spray systems such as the D523 and D623, automated Integrated Spray Booth units, and high-pressure Titomic Kinetic Fusion additive manufacturing systems.

### Entering the Middle Eastern market through Repkon as a reseller

In August 2022, Titomic signed an agreement with Repkon Foreign Trade and Marketing Inc. to become an official reseller of Titomic systems within Turkey, the United Arab Emirates, and Saudi Arabia. The agreement provides access to, and creates a strong presence in, the key market of the Middle East. Titomic is now able to sell consumables, service contracts, and manufacturing systems into the aerospace and defence sectors in the region.

## Financial & Corporate Update

### Half year results update

Total revenue was up 21% to \$2.8 million, including an increase of more than double in sales to customers to \$1.5 million. Revenue also included government grants and other revenue of \$1.3 million.

Titomic's underlying operating loss was at \$6.0 million for the half year, up 3.9% on the pcp. While Titomic more than doubled customer sales, the Company had a 2.1% increase in expenses to \$10.0 million from \$9.8 million in the pcp. This increase was primarily due to higher Sales and Marketing expenses following resumption of overseas trade events and expanded customer activity in the US, further supporting increased future sales growth.

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### Titomic Europe awarded Horizon Europe grant

Titomic will receive €260,000 (~\$400,000) in CoBRAIN funding to research and develop applications of artificial intelligence and machine learning within cold spray applications. The outcomes of the research will assist Titomic in optimising cold spray processes for manufacturing with new and existing materials and metals. The CoBRAIN program will develop novel hard metals for corrosion and wear resistance and validate an integrated material engineering workflow.

### Titomic capital raise update

Titomic advised the ASX on December 5, 2022 that it had received commitments from new and existing sophisticated and institutional investors to raise \$5.1 million via a strongly supported share placement (Placement) at \$0.16 per share, including a \$2.2 million strategic investment from Repkon Makina ve Kalip (Repkon) and significant investment from Titomic's Directors, Mr Herbert Koeck and Mr Dag Stromme. Funds have now been received from Repkon.

### Research & development tax incentive

Titomic has received a \$786,045 research and development tax incentive from the Australian Government.

### Restructure of CSIRO royalties

Titomic's co-founding technology partner, the CSIRO, has agreed to pause Titomic's minimum royalty payments of \$150,000 per year for three years. After the three-year period, the CSIRO has agreed to reduce this minimum royalty payment amount for the following five years.

### Titomic receives re-certification for quality standards AS9100D, ISO9001, and ISO27001

During the half year, Titomic received a review of its business quality systems and was found to have complied with all relevant standards and has retained its AS9100D and ISO9001 quality certifications and ISO27001 IT & Cybersecurity certification.

Titomic continues to work with all staff to create the safest and best work practices while consistently meeting customer requirements, all applicable statutory and regulatory requirements, and expectations for all stakeholders' mutual benefit.

### Cost reductions

Based on the current economic climate and in the interest of commercial longevity, Titomic has undertaken cost-reduction measures, including an employee equity scheme which provides equity in lieu of partial salaries - which has had a significant uptake by staff - and by a reduction of overall current and forecast expenditures.

### Titomic Summons

As announced on December 6th, 2022, 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 will vigorously defend. Titomic is planning to file its defence in March 2023.

*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](http://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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