

28 February 2022

## Titomic achieves operational milestones in H1 FY2022

**Titomic Ltd (ASX:TTT) (Titomic or Company)** is pleased to release results for the 6 months to 31 December 2021 (H1 FY2022).

### H1 FY2022 Highlights

- Revenue \$2.3m up 479% on prior corresponding period (pcp) (H1 FY2021: \$0.4m).
- Confirmed purchase orders of \$2.4 million as of 31 December 2021.
- Repkon becomes \$2.5m strategic investor.
- Strategic acquisitions of Dycomet Europe and Tri-D Dynamics USA.
- Modern Manufacturing Initiative Grant awarded of \$2.325 million enabling 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.
- Sale of TKF1000 System to leading research organisation TWI UK.
- \$9.9 million raised through successful share placement and share purchase plan.
- Net Operating Loss of \$6.2 million, prior to acquisition accounting adjustments, an improvement over pcp (loss of \$7.0 million).
- Cash reserves of \$13.8 million.

**Herbert Koeck, Managing Director of Titomic, commented:** "The last six months have seen the Company evolve our business model through multiple revenue streams in more focused defence and aerospace markets which we expect to bear fruit in subsequent reporting periods significantly more than the Company envisaged only a short time ago.

We have had a machine sale to leading research organisation TWI UK and we have harnessed our ability to provide market-ready solutions with best-in-class Cold Spray Additive Manufacturing technology on a global scale. We acquired a leading European cold spray technology company Dycomet which brings numerous new applications and capabilities making us the only global supplier of low, medium, and high-pressure systems. In addition, the acquisition of Tri D has given us better access to US markets."

### Operational Update

#### Key Customer becomes 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.



## Completion of Strategic Acquisitions

Leading European cold spray technology company Dycomet Europe B.V. (Dycomet) was acquired in early December 2021. 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 turn-key product portfolio and a European base to target local customers in the aviation, automotive and research sectors, with Dycomet's existing customer base including household brands Rolls-Royce, Mercedes, Airbus, Siemens, VW and several leading universities. The transaction 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 followed the successful acquisition of Tri-D Dynamics, which was completed early in the half, accelerating the expansion of Titomic's US presence and broadening the service offering and product portfolio in the region.

## Low Carbon emission "Green" Space-based applications

Titomic was awarded a Modern Manufacturing Initiative Grant by the Australian Federal Government to manufacture and commercialise low carbon emission "green" titanium space vehicle demonstrator parts for the Australian space sector and export markets. The grant is for \$2.325 million, with \$930k received. It will form part of a planned total eligible project expenditure of \$4.65 million to build and commercialise space vehicle parts using green titanium, heterogeneous material blends, and high-performance coatings for radiation shielding and hypersonic protection.

With support of the grant, Titomic signed an agreement with Boeing to investigate the application of sustainable "green" titanium to produce space components, which adds to existing commercial partnerships in the space industry including Inovor Technologies, Australia's only sovereign commercial satellite manufacturer. 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.

## Triton Systems Agreement

In October 2021, Titomic entered into a non-binding agreement with Triton Systems, a leading US-based product development and technology company with over a decade of experience in additive manufacturing. The agreement provides 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 Cold Spray Additive Manufacturing process.

## TKF1000 Sale to Leading Research Organisation TWI UK

In August 2021, the Company received a purchase order from TWI of GBP1.2 million (circa. AUD\$2.3m) to supply a TKF 1000 System and this is expected to be shipped in May 2022. TWI is a leading research and technology organisation in the UK.

## Financial Update

Titomic delivered a stronger financial result in H1FY2022 with revenue increasing 479% over H1FY2021 to \$2.3 million, up from \$0.4 million pcp. Growth was strong in the half year, where revenue increased 194% from strong customer engagement. Included in total revenue are government grants and other adjustments totalling \$1.7 million for the half.

The Company's expansion strategy resulted in an increase in customer interest evidenced by \$2.4 million backlog of confirmed orders as at 31 December 2021. Titomic expects to deliver these confirmed orders throughout FY2022 while also securing new orders and growing its sales pipeline.

Overall operating expenses increased by 16% to \$8.64 million, up from \$7.4 million for the same period last year, primarily from 2 new acquired business units

Titomic reported a net loss of \$7.5 million, lower than H1 FY2021 (loss of \$7.0 million). This can be explained as strong revenue growth offset by recognition of future acquisition costs of \$1.3 million.

The Company is funded to execute its growth strategy with \$13.8 million in cash reserves following the completion of \$9.9 million raised through a successful share placement and share purchase plan and a \$2.5 million strategic investment from Repkon. Titomic's balance sheet provides adequate funding for future activities.

## Corporate Update

### **\$9.9 million capital raise completion**

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 34,615,385 shares at the price of \$0.26 cents per share, raising approximately \$9.0 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.

### **Board and Executive changes**

On 1 July 2021, Herbert Koeck joined the business as Chief Executive Officer of Titomic, following the announcement of his appointment on 19 May 2021. Post balance date, on 28 January 2022 Mr Koeck was promoted to Managing Director of the Company.

On 1 November 2021, Joanna Walker stepped down as Chief Financial Officer due to other external commitments and has been replaced by Jon Nield, a long term Titomic employee.

In late December Titomic co-founder and Non-Executive Director Richard Fox announced his retirement from the Board. Post balance date, Mr Fox stepped down from the Titomic Technical Advisory Committee and Andreas Schwer stepped down as Chairman but continues as a Non-Executive Director. Humphrey Nolan, who has been a Director of the Company since July 2020, was elected as Chairman of the Board on 28 January 2022.

### **AS9100D & ISO Certifications**

Titomic finalised AS9100D certification in July 2021, a crucial and advantageous quality management system for successful defence and aerospace manufacturers. Titomic also made progress on its Cybersecurity compliance journey in the period, notably passing the ISO 27001 Certification Body Surveillance Audit in December, which is a significant requirement to operate in the global defence sector.

### **New Head Office in Melbourne**

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

*This announcement has been authorised for release by the Board of Titomic Limited.*

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**Contact:****Investors**

Adrian Mulcahy

Market Eye

[Adrian.mulcahy@marketeye.com.au](mailto:Adrian.mulcahy@marketeye.com.au)

Ph: +61 438 630 422

**Media**

Tristan Everett

Market Eye

[Tristan.everett@marketeye.com.au](mailto:Tristan.everett@marketeye.com.au)

Ph: +61 403 789 096

**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](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.